Officials of the Bush administration continue to claim that implementation of the correct policy mix has succeeded in halting even one of the most insidious trafficking and production patterns, the so-called balloon effect. This is a bold proclamation. Since President Ronald Reagan declared the War on Drugs in the early 1980s, U.S. officials have often claimed success, such as when the infamous Colombian cartels were destroyed in the mid-1990s, or when Bolivia eradicated coca in record time later in the same decade. However, these short-term successes were quickly overshadowed by the persistence of the industry and its ability to accommodate itself to the boldest policy efforts. Still, Washington appears confident that this time is different and that an intensification of current efforts will lead to greater successes.

U.S. officials have long yearned for good news from the Andean region, particularly Bolivia, Peru, and Colombia, and have declared any minor improvement a major victory. Numbers related to crop eradication, cocaine seizures, precursor confiscations, and arrests became the main indicators in a three-decade war that appeared to be going nowhere. Most critics of U.S. policy seriously doubted that the supply-side approach to fighting drugs would succeed without a major change in focus. These same critics remain skeptical of the Bush administration’s claims.

Success in the Andes currently refers mainly to Colombia, where the United States has found great support for its eradication- and interdiction-dominated policy from the Alvaro Uribe administration. Previous Colombian governments also supported U.S. initiatives; the difference today is the widespread popular support President Uribe enjoys, which has permitted him to push U.S.-backed efforts as part of a strategy aimed at eliminating guerrilla groups. In the other Andean countries, not only is there no Alvaro Uribe, but socio-political and economic conditions are also very different.

This paper examines whether counter-drug efforts in the Andes are succeeding to the degree proclaimed by the Bush administration: has U.S. policy finally managed to disrupt the balloon effect that has defeated previous efforts? It assesses ongoing initiatives in Bolivia, Colombia, and Peru, taking into account the broader context in which they are pursued. Although some reasons exist for U.S. officials to be optimistic about the direction counter-drug policy has taken, the complex international and domestic context in which it is being pursued will likely undermine long-term success.

(continued on page 3)
In 2002, the Inter-American Dialogue launched a working paper series on Colombia. We sought to devote sustained and high-quality attention to what is among the hemisphere's most urgent challenges, looking especially at ways of helping the country move toward greater peace and security. The aim was to stimulate a wider public debate on the complex issues facing key decision makers, actors, and analysts with regard to the Colombian conflict. We offered diagnoses and interpretations of the current situation, as well as ideas for policy prescriptions that could usefully contribute to resolving the country's multiple and deep-seated problems.

With this paper, the Dialogue is extending the focus of the series to the broader Andean region, encompassing Ecuador, Bolivia, Peru, Venezuela, as well as a continuing concern with Colombia. The expanded scope reflects the natural evolution of a Dialogue initiative begun in June 2001—originally known as the Colombia Working Group, and now as the Andean Working Group. The initiative is made up of a select and diverse group of analysts and former policy officials from the Andean region, other Latin American countries, Europe, Canada, and the United States. The working group serves as a core of advisors, a “brain trust” for the Dialogue on the Andes, a central priority for the institution. The group's goal is not necessarily to reach agreement and produce consensus documents. Rather, it is to encourage as much imagination as possible, and generate ideas and proposals that help shape thought and action on Andean challenges in constructive ways.

This paper, written by Eduardo Gamarra, the director of Latin American and Caribbean Studies at Florida International University and a highly respected political scientist, tackles one of the central challenges facing the Andean region. The drug problem is particularly serious in Colombia, Bolivia and Peru—the three countries treated in this paper—and has profound and widespread implications for institutions of democratic governance. Gamarra highlights the importance of state capacity in addressing the problem, and argues that the current policy approach is unlikely to succeed in the long term. He offers some suggestions for improving the effectiveness of drug policy in the region. Gamarra's perspective does not necessarily reflect the views of the Working Group or the Inter-American Dialogue.

Since the situation throughout the Andean region is highly dynamic, with events unfolding with unusual velocity, it is nearly inevitable that some of what appears in these papers will seem out of date, overtaken by new developments. Still, the central points and arguments remain relevant, and we hope that a steady production of thoughtful interpretations of what is affecting the region will lead to better insights on the problems and more realistic and effective policy recipes.

We are pleased to acknowledge the assistance provided for our work on Colombia ans the Andean region by the Ford Foundation, the Swedish International Development Agency (SIDA), the German government, and the United States Institute of Peace (USIP). We are grateful to USIP for supporting the production of this report.

Michael Shifter
Vice President for Policy
Drug Policy and the State in the Andes
The Andean region illustrates the difficulties faced by democratic governments in attempting to break the pattern of short-term success and long-term failure in tackling the drug problem. Although common themes emerge, significant country variations in the scope and manifestation of the drug problem in the region mean that a one-size-fits-all counter-drug policy is not only likely to fail, but may even exacerbate the problems in each country.

The most serious challenge in each Andean country is the fragility of the state and its institutions. This in turn affects the extent to which Andean countries have successfully adopted the basic components of counter-drug efforts. It also explains why these countries have failed to resolve such issues as civil society representation, tax collection, a long-term economic development strategy, and basic law enforcement. State weakness in the Andes is demonstrated by three key indicators that vary by country and over time.

1. The state has historically failed to exert full control over national territories and, more importantly, to monopolize the legitimate use of force. Geographical control does not simply entail the presence of border guards, military contingents, and the like. It refers more broadly to the presence of state institutions that are sufficiently credible that the average person will respect them and abide by their rules. In terms of fighting drugs, insurgents, and other security challenges, an absent or weak state ensures that successes are usually short term, since illicit activities can simply move to areas where the state is not present.

2. Andean states have failed to deliver basic services, a function of the state that gives citizens a sense of being linked to the polity. This failure ranges from the almost complete absence of health care and educational services to the lack of infrastructure such as roads. It also shows up dramatically in the inability of the state to guarantee basic public security. The great paradox is that reforms adopted to promote the inclusion of citizens into the political system led instead to opportunities for greater civil discontent and the proliferation of illicit activities such as drug production. At the same time—and perhaps of greater significance—viable institutions to sustain the long-term success of counter-drug policies are incipient at best in Bolivia and Peru and are arguably healthy only in Colombia.

3. State weakness is also a product of low institutional credibility, which only compounds the already overwhelming challenges to law enforcement and counter-drug policy. Legislatures, judiciaries, and the police are uniformly distrusted throughout the Andes. This lack of support for and trust in institutions is linked to the overwhelming perception that the political actors who run them are corrupt and ineffective.

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2 The problems of state weakness and the drug war in the Andes were analyzed by Francisco Thoumi in Political Economy and Illegal Drugs in Colombia (Boulder: Lynne Rienner, 1995). See also his more recent Illegal Drugs, Economy and Society in the Andes (Washington, DC: Woodrow Wilson Center and Johns Hopkins University, 2003), which provides the best book-length study of the impact of drug policy in the region.

3 The overwhelming distrust of institutions in countries such as Bolivia renders them ineffective in law enforcement and drug control matters. A prominent Bolivian columnist noted in February 2003, following a police riot and attempted assault on the presidential palace that ended in a shootout with the army, that the police could at best be described as 50 percent armed labor union and 50 percent organized crime. Similar descriptions exist of Peruvian, Ecuadorian, and Colombian police forces.
The weak states of the Andes mean that the United States has rarely encountered a viable interlocutor capable of implementing its policy prescriptions. U.S. efforts have run into ineffective law enforcement and other problems associated with a lack of political will. Thus, when a government such as Uribe’s comes around, the general sense in Washington is that a corner has been turned. But relying on a single individual to claim long-term success is a risky proposition, even if Uribe may be reelected in 2006.

Public sentiment in the Andes reflects the declining legitimacy of representative democracy, a profound questioning of neoliberalism, overwhelming anti-Americanism, and a sense that drug policies are simply U.S. hegemonic attempts to exert control over the region. The Andes is caught between the siren song of the Venezuelan Bolivarian Revolution and the emergence of powerful social movements that reject counter-drug efforts on the one hand, and, on the other, Colombia’s exceptional “Uribe moment,” alongside weak promises that free trade with the United States will resolve all of the region’s problems.

For weak and troubled democratic governments struggling to achieve political stability, fighting drugs is just one more challenge. The context in which counter-drug efforts are implemented is, therefore, particularly important. The following sections assess the situation in Bolivia, Colombia, and Peru, respectively, as each country pursues counter-drug initiatives mainly in response to a U.S.-designed policy.

**Bolivia: Short-Term Success and Unintended Consequences**

In 2000, under the leadership of President Hugo Banzer Suárez, Bolivia claimed to have successfully moved away from an illicit drug economy. Under the so-called Dignity Plan it launched in 1998, the government pursued a controversial crop eradication scheme in the coca-producing Chapare region. In three years, it managed to eradicate most of the coca crop; today, the Chapare is no longer a significant area of coca cultivation.\(^4\)

However, the Dignity Plan’s success came at a high cost. Economic recession and political turmoil, resulting from a series of factors too complex to analyze fully here, contributed to a pattern of instability that almost ended Bolivian democracy.\(^5\) In brief, the Plan’s success paradoxically contributed to the consolidation of a national political movement led by Evo Morales, the head of the Chapare’s coca grower unions and a candidate for the Movimiento al Socialismo (MAS). Attempts to limit Morales’s ascendancy only strengthened the movement into one of Bolivia’s most powerful political forces.

Political tensions came to a head during the 2002 elections, which Evo Morales and MAS seemed poised to win.\(^6\) The coca growers may have lost their influence in terms of crop cultivation, but they had gained national stature and significant political power in the legislature.

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\(^6\) In this they were aided by the statements of former U.S. Ambassador Manuel Rocha, whose warning—issued a few days before the elections—that Bolivia would lose U.S. support if it voted for individuals linked to the drug industry led to an incredible surge of support for Evo Morales in the June 29, 2002, vote.
Particularly from the U.S. perspective, Morales’s leadership of the coca growers’ movement threatened the future of Bolivia’s counter-narcotics efforts. The country found itself with the unenviable policy dilemma of either satisfying U.S. pressures to carry out draconian crop eradication measures, which inevitably stirred the wrath of Morales and his supporters, or resisting U.S. pressure to prevent a direct confrontation between coca-growing peasants and government eradicators.

The balancing act ultimately failed. On October 17, 2003, President Gonzalo Sánchez de Lozada was forced to resign and turn power over to Carlos Mesa, his vice president. The transfer of power marked a last-ditch effort to avert the complete collapse of Bolivia’s deeply troubled democracy. So far, Mesa’s time in office has signaled a dramatic change in ruling style. Like Sánchez de Lozada, Mesa has faced conflicting pressures from the coca growers’ unions and U.S. policy. Unlike his predecessor, however, Mesa appears to have found a precarious middle ground that has brought peace to the Chapare albeit increased tensions in the Yungas region, where most of the coca production appears to have shifted. In a few instances of confrontation with Yungas-based coca growers, the government was forced to sign pledges that it would not pursue eradication measures. In the Chapare, where coca production is still at an all-time low, Morales and his supporters argue that, for that reason alone, eradication efforts should stop.

The Mesa administration has sent a clear message to the United States that his government will not dismantle the counter-narcotics structure that has been in place or introduce a policy shift. Mesa assumed the leadership of CONALTID, the country’s drug control coordinating body, and has initiated efforts to control the trafficking of coca leaf from the Yungas. The only strategy thus far in place is a system of roadside checkpoints to control the movement of coca and cocaine out of the Yungas and the transit of precursor chemicals into the region. Mesa may be playing a populist card to placate coca growers, while seeking greater U.S. assistance for alternative development efforts.

An important development since Mesa’s ascension to power has been the role played by Morales and MAS. It is clear that Morales has become one of the main reasons for the relative stability and success of the Mesa government in quelling social discontent. The key to Morales’s success has been a shift away from the coca issue—which will always be his home base—toward other issues such as natural gas exports. In this sense, he has become a pragmatic politician who has constructed a national movement and who has shown himself to be willing to work constructively with the Mesa government. For this reason, the United States appears to have been willing to allow the Bolivian government significant maneuvering space. This may not be the case for much longer, especially if coca cultivation figures in the Yungas region continue to climb. Moreover, despite Morales’s significance in the Chapare, he has been unable to control the leaders of the Yungas cocalero movement, who are more prepared to use violence to prevent eradication efforts.

7 In 2003, coca cultivation in the Chapare dropped by 15 percent. While the Mesa government claimed credit for this success, the Chapare interdiction effort was largely conducted by the ousted Sánchez de Lozada administration. According to the State Department’s 2004 International Narcotics Control Strategy Report (INCSR), this decline was “offset by a 26 percent increase in the Yungas resulting in an overall increase of 17 percent or 4,050 hectares.” At the same time, the INCSR notes that Bolivia has become a key transit country for Peruvian cocaine destined for Argentina, Brazil, Chile, and Paraguay. Yungas coca is increasingly being used for the production of cocaine in laboratories that dot the altiplano. It is also clear that the coca cultivation frontier has expanded into areas such as the Yapacani province of Santa Cruz and even into some of Bolivia’s national parks.

“ In Bolivia, the Dignity Plan’s success paradoxically contributed to the consolidation of a national political movement led by Evo Morales.”
Meanwhile, in the Chapare, Morales’s own cocaleros have tired of waiting for government promises of an independent (read non U.S.-funded) study of the legal uses of coca, a pause in eradication efforts, and U.S. assistance funds to the municipal governments of the region. Unless Mesa follows through with these promises in the near future, the Chapare is once again likely to be plagued by road blockades and violent confrontations between security forces and coca growers.

Mesa’s (and Bolivia’s) principal problem is the weakness of the state and its lack of legitimacy to enforce even simple policy decisions. Institutional weakness to carry out the most basic tasks has hampered every democratic ruler of Bolivia since 1982, and attempts to construct stable institutions have failed dramatically despite the progress made in the last decade.

At every juncture, Mesa’s hold on power remains questionable. Although his popularity ratings have remained high in the Andean regions of the country, they have dropped well under 50 percent in the wealthier lowlands of eastern Bolivia, where residents believe that he has given in to demands from the more indigenous, western part of the country. Every week or so, one group or another calls for his resignation. Mesa’s strategy depends on his popularity. As his approval ratings have dropped, Bolivia’s future once again looks grim.

The long-term prospects for drug control success depend less on Mesa’s ability to remain in power and more on the role Evo Morales and MAS will play in the coming period. Morales is a significant national contender and, as a result of the municipal elections held in December 2004, he will have a strong presence at the local level beyond the Chapare and even in major urban centers. MAS is also likely to play a major role in the constituent assembly, which may meet in 2005. While Morales has become more pragmatic of late, to continue to play a major political role and perhaps one day become Bolivia’s president, he must keep his cocalero base happy—and the only way to do that is to play the anti-American and anti-interdiction card. If Morales and MAS reach political office, Washington will have to invent creative ways of dealing with them.

**Colombia: Will Reelection Portend Long-Term Success?**

For nearly a decade, Colombia has been the principal cultivator of coca and poppies, the largest producer of cocaine and heroin, and the single largest trafficker of these two drugs. The country’s three-decade-plus war against drug traffickers has gone through a series of cycles, each characterized by the industry’s chameleon-like ability to transform itself and survive. Today the entire focus of the effort is on combating armed groups such as the Fuerzas Armadas Revolucionarias de Colombia (FARC), the Ejército de Liberación Nacional (ELN) and the Autodefensas Unidas de Colombia (AUC), which control all facets of illicit drug production in Colombia.

President Uribe’s ascension to office in August 2002 raised high expectations for an electorate that had tired both of a vitiated peace process with the FARC and the violence experienced by average citizens. This gave Uribe significant latitude to deal with the crisis and steer the war against armed groups in a radically different direction.³

³ Although Colombians understand that the illicit drug industry fuels the intensity of violence in their country, the promise of defeating the guerrillas is at the root of Uribe’s popularity. For this reason, Colombian public opinion has not condemned allegations by foreign journalists that Uribe had ties to the cocaine cartels in the 1980s.
Nearly three years into his term, Uribe's popularity has not ebbed, although his autonomy to pursue certain policy options has been somewhat reduced.

Uribe's chances of solving Colombia's economic problems looked slim at the beginning of his term. During his administration, however, the country's fiscal crisis has been brought under control. Uribe's promise of sober economic policies have allayed international fears and restored credibility to the economy, although high levels of foreign direct investment have not yet materialized, and socioeconomic indicators such as unemployment are unlikely to improve soon. Nevertheless, the perception of an improved economic situation has led many citizens who left the country in search of better opportunities to return to Colombia.

Uribe's democratic security policy is a success, if measured in terms of restoring a state presence in areas once controlled by guerrilla or paramilitary forces. The average Colombian feels safer today than in the past several decades, and the tradeoff between increased security and reduced civil rights is one that most people apparently are willing to make. The strategy has worked for nearly three years, and most Colombians appear to agree that it will take many more years to end the war and defeat the armed groups. The sustainability of the plan and of Colombia's counter-drug efforts appears to be wedded to continuity of the Uribe administration. In this regard, Colombians overwhelmingly believe that Uribe is the key not only to the success of the war on the armed groups but to Colombia's future.

One of the most significant components of Uribe's efforts is the Patriot Plan launched in early 2004, by which the armed forces aim to recapture all territories controlled by the FARC. Since the FARC has controlled some territories uninterruptedly for the last four decades, the government's highly ambitious objective of establishing a permanent state presence in these reconquered areas raises the question of whether a single government can in a very limited period of time restore the state to areas where it has never really been present, much less in control.

The Uribe administration has been successful in its counter-drug efforts. U.S. officials correctly note that the success achieved under Uribe is in part the result of integrated U.S. military, police, counter-drug, development, and intelligence support to Colombia. Long-term success, they say, will be attained only if U.S. assistance

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9 Uribe's report to Congress on August 7, 2004, pointed out that, before he assumed office, nearly 2,000 mayors ruled over their towns and cities from elsewhere. The FARC used to take over at least three towns per month, and there were an average of 3,000 kidnappings each year. In two years, the Uribe government reduced the number of kidnappings to under 500, homicides were down to 22,000 from 35,000, and only 14 mayors were unable to return to their towns. Moreover, the administration claimed that coca production was down to 70,000 hectares from 166,000.

10 In recent surveys, 51 percent of Colombians supported Uribe's reelection in 2006. As of early August 2004, 79 percent supported his presidency (El Tiempo, August 9, 2004).

11 An excellent and brief evaluation of the impact of the Patriot Plan in the Caguan area can be found in Marta Ruiz, "El río de la Guerra," Semana, September 7, 2004.

12 One of the principal reasons provided for the counter-drug success of the Colombian government has been its overwhelming reliance on massive fumigation campaigns. In 2003, the Colombian National Police Antinarcotics Directorate sprayed more than 127,000 hectares of coca and 2,821 hectares of opium poppy. The effort has a number of significant critics, especially human rights organizations, which note that beyond the ecological consequences of the effort, peasants are showing some of the hazardous effects of chemicals. The outcry, however, has not been enough to halt or even minimize the campaign.
continues at current levels,¹³ and if the integrated approach continues. In fact, however, Uribe’s successes may be rooted more in the preparatory groundwork laid by the much-maligned government of Andrés Pastrana, which left office in 2002 after designing and initiating Plan Colombia.¹⁴

Despite Uribe’s remarkable first three years and the obvious progress that has been made on several fronts, it is still too early to claim success in Colombia. Security institutions alone have neither the size nor the capacity to exert the kind of presence required to control newly recovered areas. A state presence must therefore include more than just security forces. This is where the sustainability of the current success is called into question.

Among the factors that may affect the long-term sustainability of Colombia’s efforts are charges that security forces continue to violate human rights and that they collaborate with paramilitary groups, which have long been linked to drug-trafficking, torture and gross human rights violations. For some critics, the Uribe government is involved in an inconsistent strategy that favors the AUC over the FARC. Others have argued that the AUC have simply accepted government conditions that the FARC have refused.

In the final analysis, Uribe’s success, and its long-term sustainability, depends on four factors:

- First, it is based on the continuity and depth of U.S. assistance. The classification of Colombia’s armed groups as terrorist organizations and the demonstrated linkages of all armed groups to the illicit drugs industry have fueled U.S. urgency to help Colombia’s war and appear to have resulted in widespread support of Uribe’s methods in the U.S. Congress and in the Bush administration.¹⁵ Bush’s visit to Colombia in November 2004 not only provided a boost to Uribe domestically, but also signified that the Bush administration will seek and support a new version of Plan Colombia.

- Second, the success of the plan depends to a large extent on the interagency nature of the effort. Interagency cooperation is likely to continue as long as funds are available, and there is enough credit to go around.

- Third, Uribe’s reelection may be an important factor; more than his presence, however, the long-term sustainability of the policy will require the support of the Colombian state no matter who is in charge.

- Finally, the policy’s long-term success will depend on the extent to which it can respond to citizen demands for poverty alleviation, basic services, and public security. This last factor has the potential of undermining all others. It is also the one area for which the least amount of U.S. funding has been provided and for which the Colombian state lacks sufficient internal resources.

¹³ At present, Colombia ranks third in the world after Israel and Egypt in terms of U.S. military assistance. U.S. support for Colombia since 1997 amounts to $3.67 billion, with $3.01 billion going to security forces. In the same period, but especially since 1999, the United States has provided 84 helicopters, created new anti-drug brigades in the Navy and Army, trained more than 15,000 members of the military and police, fumigated more than 1 million hectares with herbicides, and supported 40,000 hectares of alternative development crop cultivation.

¹⁴ In this regard, the 2004 United Nations Office on Drugs and Crime Andean Coca Survey report notes that the 16 percent reduction of coca cultivation in Colombia in 2003 over the previous year’s figure was the third annual decrease since 2000.

¹⁵ The Uribe government’s strong links to the Bush administration has drawn many critics, who note that the drugs and terrorism linkage in Colombia has been used to justify the continued expansion of U.S. military and other assistance. See, for example, the statement of Adam Isacson, Director of Programs, Center for International Policy, Committee on House Government Reform, June 17, 2004; and Thomas and Thomas, op cit.
Peru: Can an Unpopular President Carry out an Effective Counter-drug Policy?

During the decade-long presidency of Alberto Fujimori, from 1990 to 2000, party structures in Peru collapsed in the face of an attempt to construct an authoritarian regime legitimized through electoral processes.Contrary to the pronouncement of annual certification rituals, Fujimori and Vladimiro Montesinos, his intelligence director, developed an enormous structure of corruption which included significant links to drugs- and arms-trafficking industries.

Against this backdrop of overwhelming institutional weakness, the Peruvian government has since, under Alejandro Toledo, attempted to forge ahead with counter-drug initiatives. However, since the end of the Fujimori regime, the Peruvian drug industry has changed in important ways, with the cultivation of coca significantly expanded in two regions: the Apurimac-Ene Valley in Southern Peru and the Valle Monzón area in the Upper Huallaga Valley. In the former, the Peruvian government has taken a rather timid approach, mainly because of the presence of former Shining Path guerrillas who, it is feared, could organize major resistance to crop eradication.

The Valle Monzón area has witnessed the emergence of a major cocalero movement that has both mobilized against eradication campaigns and managed to rehabilitate abandoned coca plantations. In 2003, the Asociación de Productores de Alto Monzón mobilized against the government’s U.S.-backed effort to eradicate 8,000 hectares of coca. Initially, the Toledo administration tried a carrot-and-stick approach, offering compensation for eradication and recognition of the cocaleros’ right to organize. This approach did not sit well with Washington, and the Peruvian government was forced into a direct confrontation with cocaleros who complained that Toledo had gone back on his word. Facing increasing mobilization which included road blockades and marches on Lima, the government invoked a Fujimori-era anti-terrorist law to arrest and indefinitely jail Nelson Palomino, Peru’s most significant cocalero leader.

Given this social protest and mobilization, Peru’s counter-drug programs have been somewhat subdued. Government officials argued that the cocalero movement in Peru could “Bolivianize” the country, but thus far it has not had a major impact nationally despite instances in which coca growers managed to reach Lima to take their complaints directly to the president.

Similarly, the impact of Plan Colombia in Peru has been negligible. Contrary to expectations following the decline in coca production in Colombia, Peru too has witnessed a slight decrease in cultivation. In this sense, U.S. claims about containing the balloon effect are correct. More importantly, scant evidence exists of a linkage between Colombia’s FARC and armed groups in Peru. Such armed groups, which some believe are on the rise, have not staged a significant terrorist attack in Peru in more than two years. Claims that Shining Path has reemerged and is funding its activities with drug-trafficking proceeds are also highly exaggerated. In other words, at this stage, there is little reason to expect a major increase in these kinds of security threats.

Peru’s economy overall has performed relatively well, particularly vis-à-vis the Bolivian situation. Growth rates surpassed 4 percent in 2004, inflation stayed in the single digits, and foreign direct investment has begun—slowly—to rise. However, Peru’s economy also features a high deficit rate as a proportion of GDP, comparatively high unemployment and underemployment rates,
and very high poverty levels. Even so, the government appears to be managing the economy successfully—although this success has yet to translate into a sustainable effort that could offset the daily street protests against the government’s economic policy. Does a relatively healthy economy mean that Peru can more effectively combat drugs? At a minimum, it does appear to mean that the government, despite its weakness, can better control social unrest and move forward with some economic planning.

The gravest concern in Peru is the decline in support for President Toledo, who faces widespread rejection from the populace. This public discontent stems from a perception that the government has done little to move away from Fujimori’s neo-liberal policies. Questions about Toledo’s leadership augment the potential for unrest in the country and raise the possibility of an early departure from office. The president’s energies are, to a certain extent, focused on simply finishing out his term. The situation raises an intriguing problem throughout the region: what to do about an unpopular president in the midst of a crisis when the fixed term in office is a long way from expiring.

Unlike Bolivia, Peru continues to be an important producer and exporter of cocaine. Peruvian traffickers have developed significant linkages with Mexico, Brazil, Bolivia, and other countries that enable the commercialization of cocaine. Given the current weakness of the state in Peru, it is unlikely that it can muster enough strength to address this situation. For example, U.S. demands for Peruvian maritime interdiction are unlikely to be met unless more funding, training, and other resources are made available. Similarly, it is unrealistic to expect Bolivian collaboration in remote jungle border towns to prevent the trafficking of Peruvian cocaine to Brazil. While Brazilian collaboration is greater these days, it is still not sufficient to prevent Peruvian cocaine from reaching major cities around the world.

The U.S. State Department’s International Narcotics Control Strategy Report (INCSR) described 2003 as a banner year for Peru in terms of coca cultivation and other counter-drug measures. The INCSR gives Peru a high rating for reducing coca cultivation to 31,150 hectares, which it says is the lowest level since the mid-1980s. It also praises the country’s eradication efforts, both forced and voluntary, while warning that coca farming techniques in some areas have been enhanced.

The Peruvian situation reflects a rather precarious balance between an unpopular president presiding over a weak political system and a relatively controlled cocalero sector which has yet to establish a more concerted national movement, though the potential exists.

Lessons from the Three Cases
From this review of the war on drugs in the Andes and the socio-political situation in Bolivia, Colombia, and Peru, two observations are clear. First, success is an elusive concept. For many years, it was determined by measures such as hectares of drug crops under cultivation, tonnage of drugs produced, number of arrests, etc. With today’s added dimension of terrorism, however, should success be measured by the number of “narco-terrorists” killed? In Peru and Bolivia, where the terrorism connection is tenuous, such a definition of success might not be relevant at all.

16 For example, riots in the city of Arequipa in 2002 and elsewhere led to the canceling of privatization programs but did little to change the overall direction of economic policy. In fact, a subsequent major cabinet reshuffling brought back Pedro Pablo Kuczynski, the same person who oversaw the sale of public enterprises.
Second, short-term successes are followed by long-term processes of coping with their effects. This is particularly true in Bolivia. Eradicating coca without a serious plan to substitute for the coca-cocaine economy results in a remedy that may be worse than the illness. Nevertheless, this is a pattern that is likely to continue in each of the three countries surveyed in this essay.

Current U.S. policy in the Andean region is tied to the fate of the political incumbent in each country. Thus, progress appears to be on track in Colombia because of Alvaro Uribe’s overwhelming popularity and his ability to muster the political will to forge ahead with Plan Colombia and its successor agendas. In this sense, Uribe represents the best opportunity in that country for long-term institutional strengthening and re-establishing state presence in areas long dominated by armed groups. Relying on a single individual to carry out policy is a risky proposition, however. While it is likely that Uribe will succeed in his quest for reelection, that will not guarantee his long-term success. For, as the Bolivian situation shows, even a popular president like Carlos Mesa is not sufficient to cope with the long-term consequences of short-term counter-drug policy success—especially when his popularity wanes, and he offers no clear policy alternative. Mesa’s government is extremely weak and has no real institutional base. At the same time, Bolivia’s security forces are weaker even than the highly discredited political institutions that have been overrun by popular mobilization. Moreover, municipal and national elections could result in the coming to power of individuals with strong linkages to the cocalero movement that has been the target of counter-drug policy in the country. In Peru, an unpopular president presiding over a weak political system but a relatively stable economic situation has been able to pursue some counter-drug programs. Jail ing the leadership of the cocalero movement might have limited its capacity to forge the types of national alliances that characterize the Bolivian scenario. This short-term success, however, may generate the same kind of long-term results as the expulsion of Evo Morales from the Bolivian Congress. Clearly, Peru’s security forces are in better shape than Bolivia’s, but they are still unlikely to be able to cope with a highly mobilized society incited to violence by radical groups.

Ultimately, long-term success is linked to the capacity of these three countries to establish state presence throughout their territories, respond effectively to citizen demands for basic services, and maintain the credibility and reputation of their political and security institutions. This last is clearly the most difficult, elusive challenge of all—and one that is unlikely to be addressed at this time, given the current focus on eradication, interdiction, and counter-terrorism.

A Few Final Policy-Related Thoughts
A strong and legitimate state is the key to the long-term success of any policy. In the short term, therefore, the principal challenge is to develop and implement policies that will increase the probability that the state will be strengthened and that democracies will survive. Achieving these objectives in the Andes will require mechanisms that not only improve the performance of security institutions but also increase the state’s legitimacy and widen the base of support for its policy efforts. This is a difficult, but not impossible, task.

\[\text{In the December 5, 2004, municipal elections, Evo Morales’s MAS emerged as the only political party with a national presence, even though it did not win as many municipalities as it claimed it would. Morales is now well positioned to run for president.}\]
Since neither current policy nor the political, economic, or social context in which it is being implemented is likely to change in the foreseeable future, what feasible options are available to policymakers both in Washington and in the target countries?

One area in which some promise still exists is alternative development. Especially in the three countries surveyed here, alternative development has become a key component of anti-drug policy and has been portrayed as the soft side of the interdiction effort. Over the last decade, alternative development has both expanded and moved beyond simple crop substitution to a number of creative initiatives that have resulted in job creation, export generation, and even sustainable development.

These initiatives represent a dramatic improvement over the old way of pursuing alternative development, which was limited to substituting illicit crops with licit ones. However, until such time as these programs garner a broad base of committed stakeholders who will vigorously defend them against the alternatives being offered by highly politicized coca growers’ movements, insurgents, or armed groups in the region, they can only produce narrow, short-term successes. Engaging the affected populations to develop a broader support base for these programs will continue to be the most critical challenge for policymakers.

An example of this challenge is the previous U.S. resistance to working with MAS-controlled organizations in Bolivia. And, on the other side, until MAS and its constituency in the Chapare and the Yungas fully support U.S.-funded alternative development efforts, these will continue to be promising but limited programs. While there is some progress in Bolivia on this front, in Colombia the permanent threat of violence from groups like the FARC, ELN, and AUC complicate the situation. No viable way to engage these groups currently exists. Peru’s case is more like the Bolivian experience; engagement with cocaleros remains a viable option.

One of the main lessons from decades of alternative development strategies is that these efforts are unsustainable in areas where state institutions are absent. This is certainly the case in some parts of Colombia, where armed groups prevent the implementation of these programs. In Bolivia and Peru, however, broad-based alternative development programs could, in fact, encourage state presence. This is probably most possible in Bolivia where these efforts could help strengthen municipalities in the Chapare even if they are controlled by anti-U.S. parties such as the MAS. In the long term, strong local governments could bode well for anti-drug efforts.

A second, related, issue involves a wide range of unintended consequences of policy initiatives that, in the long run, undermine the overall thrust of U.S. goals in the region. The clearest example of such a policy may be the overwhelming reliance on fumigation in Colombia. This is not to argue either in favor of or against fumigation. The point is simply that the policy undermines efforts to build state presence and legitimacy and renders the application of “softer” measures such as alternative development futile.

Fumigation has been lauded as the main reason for the decline in hectares under illegal cultivation in Colombia. However, anecdotal evidence also suggests that fumigation is driving farmers further into the web of support provided by armed groups that profit from drug trafficking. Ideally, all dimensions of current policy should support efforts to strengthen the state. This objective should not be sacrificed on the altar of short-term
victories that make for good statistical data but undermine the long-term sustainability of any anti-drug policy.

A final observation is that current U.S. policy appears to discourage any real engagement with the leadership of groups involved in the coca-cocaine or poppy-heroin circuits in the Andes. Although this tactic may be appropriate in Colombia, where armed insurgent groups are the principal actors and the leadership is clearly uninterested in engagement, it makes less sense in Bolivia and Peru, where the principal actors are farmers, unions, political parties, and social advocates. These groups rely on the openings afforded by democracy to stake their claim against current U.S. policy. Their leaders have national political aspirations and a chance of becoming significant contenders for power.

This trend presents a real dilemma, for the U.S.-stated objective of promoting democracy appears to run counter to efforts to force some of these groups out of the game. Excluding, shunting, demonizing, or pushing for the arrests of prominent leaders have yielded few positive results. In the present situation, strong pressure on governments to adhere strictly to anti-drug policy affects political stability and even encourages individuals who might otherwise work within the system to pursue other alternatives. This is clearly the case of Evo Morales, who has become a pillar of Bolivia’s admittedly feeble democracy despite U.S. attempts to discredit and exclude him from political life. Engaging the established and emerging political leadership of these sectors could at a minimum prevent their radicalization.

This is not an argument in favor of releasing any particular individual involved in some aspect of the drug trade, nor is it a call to begin unlimited negotiations with armed groups in Colombia. It is simply a word of caution: Efforts to demonize the leadership of these movements can backfire and result in the emergence of more radicalized and popular sectors that take advantage of the spaces provided by democracy to achieve greater political power and destabilize already weak democracies.

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