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Subcommittee on the Terrorism, Nonproliferation, and  
Trade  
Of the  
House Committee on Foreign Affairs

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**“Narcoterrorism and the Long Reach of U.S. Law  
Enforcement”**

Mr. Chairman and Members of the Subcommittee:

I am honored to have this opportunity to address the Subcommittee on the important issue of the relationship between the drug trade and criminal and belligerent groups. Illicit economies, organized crime, and their impacts on U.S. and local security issues around the world are the domain of my work and the subject of my Brookings book, *Shooting Up: Counterinsurgency and the War on Drugs*. I have conducted fieldwork on these issues in Latin America, Asia, and Africa. I will focus my comments on the general dynamics of the drug-violent conflict nexus and the role of belligerent actors and crime groups and then provide a survey of the manifestations of these dynamics in Afghanistan, Mexico, Colombia, and West Africa. I will conclude with some policy implications for U.S. policies for dealing with this difficult and complex problem.

### **I. The Complex Dynamics of the Drug-Terror Nexus**

Organized crime and illegal economies generate multiple threats to states and societies. They often threaten public safety, at times even national security. Extensive illicit economies can compromise the political systems by increasing corruption and penetration by criminal entities, undermine the legal economies, and eviscerate their judicial and law enforcement capacity.

Yet, although the negative effects of high levels of pervasive street and organized crime on human security are clear, the relationships between human security, crime, illicit economies, and law enforcement are highly complex. Human security includes not only physical safety from violence and crime, but also economic safety from critical poverty, social marginalization, and fundamental under-provision of elemental social and public goods such as infrastructure, education, health care, and rule of law.

Multifaceted institutional weaknesses are at the core of why the relationship between illegality, crime, and human security is so complex. For many, participation in informal economies, if not outright illegal ones, such as the drug trade, is the only way to satisfy their basic livelihood needs and obtain any chance of social advancement, even as they continue to exist in a trap of insecurity, criminality, and marginalization. The more the state is absent or deficient in the provision of public goods – starting with public safety and suppression of street crime and including the provision of dispute-resolution mechanisms and access to justice, enforcement of contracts, and the provision of socio-economic public goods, such as infrastructure, access to health care, education, and legal employment – the more communities are susceptible to becoming dependent on and supporters of criminal entities and belligerent actors who sponsor the drug trade and other illegal economies.

By sponsoring illicit economies in areas of state weakness where legal economic opportunities and public goods are seriously lacking, both belligerent and criminal groups frequently enhance some elements of human security of those marginalized populations who depend on illicit economies for basic livelihoods, even while compromising other aspects of their human security and undermining national security. At the same time, simplistic law enforcement measures can and frequently do further degrade human security. These pernicious dynamics become especially severe in the context of violent conflict.

Belligerent groups thus obtain far more than simply increased physical resources from their participation in illicit economies. They also derive significant political capital – legitimacy with and support from local populations - from their sponsorship of the drug and other illicit economies, in addition to obtaining large financial profits. They do so by protecting the local population's reliable (and frequently sole source of) livelihood from the efforts of the

government to repress the illicit economy. They also derive political capital by protecting the farmers (or in the case of other illicit commodities, the producers) from brutal and unreliable traffickers (bargaining with traffickers for better prices on behalf of the farmers), by mobilizing the revenues from the illicit economies to provide otherwise absent social services such as clinics and infrastructure, as well as other public goods, and by being able to claim nationalist credit if a foreign power threatens the local illicit economy.

Criminal groups too provide public goods and social services, suboptimal as they may be. For example, such public goods provision has allowed Brazil's drug gangs to dominate many of Brazil's poor urban areas, such as in Rio de Janeiro (at least until the adoption of a government to pacify the slums known as the UPP). Criminal groups and belligerents can even provide socio-economic services, such as health clinics and trash disposal.

In short, sponsorship of illicit economies allows non-state armed groups to function as security providers and economic and political regulators. They are thus able to transform themselves from mere violent actors to actors that take on proto-state functions.

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

Four factors determine the size of the political capital which belligerent groups obtain from their sponsorship of illicit economy: the state of the overall economy; the character of the illicit economy; the presence (or absence) of thuggish traffickers; and the government response to the illicit economy.

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

In a nutshell, supporting the illicit economy will generate the most political capital for belligerents when the state of the overall economy is poor, the illicit economy is labor-intensive, thuggish traffickers are active in the illicit economy, and the government has adopted a harsh strategy, such as eradication, especially in the absence of legal livelihoods and opportunities.

In addition, both criminal entities and belligerent groups also often provide security. Although they are the source of insecurity and crime in the first place, they often regulate the level of violence and suppress street crime, such as robberies, thefts, kidnapping, and even homicides. To function as providers of public order and rules brings criminal groups important support from the community, in addition to facilitating their own illegal business since illicit economies too benefits from reduced transaction costs and increased predictability.

Both organized-crime groups and belligerent actors, such as the *Primero Comando da Capital* in Sao Paulo's shantytowns, can also provide dispute resolution mechanisms and even set up unofficial courts and enforce contracts.

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

The extent to which criminal groups and belligerents provide these public goods varies, of course, but it often takes place regardless of whether the non-state entities are politically-motivated actors or criminal enterprises. The more they do provide such public goods, the more they become de facto proto-state governing entities.

Nonetheless even criminal groups without a political ideology often have an important political impact on the lives of communities and on their allegiance to the state. They also often have political agendas, even without having an ideology.

But although criminal groups and belligerent groups often interact with illicit economies in the same way, they have not morphed into a homogenous monolithic entity. Rather a crime-terror nexus is far from stable or necessarily inevitable. Indeed, such relations are often characterized as much by violent conflict between the criminal organizations and the terrorist groups as by cooperation. Moreover, how successfully outside terrorist groups navigate new territories where they may be drawn to because of the presence of illicit economies depends on their intelligence capacity, their cultural and human terrain awareness, their understanding of the complex relationship between official politicians, governing elites and illegal economic networks.

## **II. Some Key and Some New Areas of the Nexus of Organized Crime and Violent Conflict**

### ***Afghanistan***

Perhaps nowhere in the world does the presence of a large-scale illicit economy threaten U.S. primary security interests as much in Afghanistan. There, the anti-American Taliban strengthens its insurgency campaign by deriving both vast financial profits and great political capital from sponsoring the illicit economy. The strengthened insurgency in turn threatens the vital U.S. objectives of counterterrorism and Afghanistan's stability plus the lives of U.S. soldiers and civilians deployed there to promote these objectives. However, the Taliban derives

large income from many economic activities, taxing anything with areas of its influence – be it poppy, sheep herds, illegal logging, economic aid programs, or trucks carrying supplies to U.S. troops.

Moreover, many actors other than the Taliban derive profits from such war economies, including the drug trade, such as many official and unofficial powerbrokers linked to the Afghan government. The large-scale opium poppy economy thus intensifies widespread preexisting corruption of Afghanistan government and law enforcement, especially the police forces.

A failure to prevail against the insurgency will result in the likely collapse of the national government and Taliban domination of Afghanistan's south, possibly coupled with civil war. A failure to stabilize Afghanistan will in turn further destabilize Pakistan, emboldening the jihadists in Pakistan and weakening the resolve of Pakistan's military and intelligence services to take on the jihadists. Pakistan may likely once again calculate that it needs to cultivate its jihadi assets to counter India's influence in Afghanistan – perceived or actual.

But the seriousness of the threat and the strategic importance of the stakes do not imply that aggressive counternarcotics suppression measures today will enhance U.S. objectives and global stability. Indeed, just the opposite. Premature measures, such as extensive eradication before legal livelihoods are in place, will simply cement the bonds between the rural population dependent on poppy for basic livelihood and the Taliban, limit intelligence flows to Afghan and NATO forces, and further discredit the Afghan government and tribal elites sponsoring eradication. Nor, given the Taliban's large sources of other income, will eradication bankrupt the Taliban. In fact, eradication so far has failed to accomplish that while already generating the above mentioned counterproductive outcomes.

After years of such inappropriate focus on eradication of the poppy crop, the new counternarcotics strategy for Afghanistan, announced by U.S. government officials in summer 2009, overall meshes well with the counterinsurgency and state-building effort. By scaling back eradication and emphasizing interdiction and development, it helps separate the Afghan rural population from the Taliban. A well-designed counternarcotics policy is not on its own sufficient for success in Afghanistan. But it is indispensable. Counterinsurgent forces can prevail against belligerents profiting from the drug trade when they increase their own counterinsurgency resources and improve the strategy.

The Obama strategy appropriately focuses on two tracks – interdiction of Taliban-linked traffickers and rural development to wean the rural population of dependence on poppy. But implementation of the strategy critically influences its effectiveness and there are some elements for concern where better balancing of short-term imperatives and long-term sustainability would be highly desirable.

The *interdiction* element has been geared toward Taliban-linked traffickers. ISAF forces from those countries that want to participate in the interdiction program – mainly the U.S. and U.K. forces – have concentrated on reducing the flows of weapons, money, drugs, precursor agents, and improvised explosive device (IED) components to the Taliban, with the goal of degrading the Taliban's finances and physical resources through interdiction. Although tens of interdiction raids have now been conducted, especially in the south, and large quantities of opium and IEDs have been seized in these operations, it is questionable whether the impact on the Taliban's resource flows has been more than local. Large-scale military operations to clear the Taliban from particular areas, such as in Marja, Helmand, have also of course affected the insurgents' funding capacity and resource flows in those particular areas. But so far, the cumulative effects of the *narcotics interdiction* effort to suppress financial flows do not appear to

be affecting the Taliban at the strategic level. This is because, as explained above, the Taliban fundraising policy has long been to tax any economic activity in the areas where the insurgents operate. The strongest effect of focusing interdiction on Taliban-linked traffickers appears to be at least temporarily to disrupt its logistical chains since many of its logistical operatives handle both IED materials and moving drugs. In combination with ISAF's targeting focus on mid-level commanders, the prioritization of the counternarcotics-interdiction focus is probably palpably complicating the Taliban's operational capacity in Afghanistan's south, where both the military surge and counternarcotics efforts have been prioritized.

Whatever its benefits on disrupting the Taliban's logistical chains, the interdiction policy also has a negative side-effect of signaling to Afghan powerbrokers that the best way to conduct the drug business in Afghanistan is to be linked to the government of Hamid Karzai, further undermining the domestic legitimacy of the Afghan government and rule of law. But tackling corruption in Afghanistan is a no-easy task because of the international community's continuing dependence on problematic, but "useful" interlocutors, competing priorities, and the domestic political sensitivities and dependencies of the Karzai government.

*A comprehensive sustainable rural and overall economic development* is critical for Afghanistan's future, including for its ability to reduce the drug cultivation and trade in the country. But the so-called economic stabilization programs that are a key aspect of the rural development program are of concern because they are not highly effective and can be counterproductive. Their goal is to keep Afghan males employed so that economic necessities do not drive them to join the Taliban and to secure the allegiance of the population who, ideally, will provide intelligence on the insurgents. Under this concept, U.S. economic development efforts have prioritized the most violent areas. Accordingly, the vast majority of the \$250 million USAID Afghanistan budget for 2010 went to only two provinces: Kandahar and Helmand.<sup>1</sup> In Helmand's Nawa district, for example, USAID spent upward of \$30 million within nine months, in what some dubbed "[the] carpet bombing of Nawa with cash."<sup>2</sup>

Although U.S. government officials emphasize that these stabilization programs have generated tens of thousands of jobs in Afghanistan's south, many of the efforts have been unsustainable short-lived programs, such as canal cleaning and grain-storage and road building, or small grants, such as for seeds and fertilizers. Characteristically, they collapse as soon as the money runs out, often in the span of several weeks.

There is also little evidence that these programs have secured the allegiance of the population to either the Afghan government or ISAF forces or resulted in increases in intelligence from the population on the Taliban. Nor have these programs yet addressed the structural deficiencies of the rural economy in Afghanistan, including the drivers of poppy cultivation. A microcredit system, for example, continues to be lacking throughout much of Afghanistan. In fact, many of the stabilization efforts, such as wheat distribution or grant programs, directly undermine some of the long-term imperatives for addressing the structural market deficiencies, such as the development of microcredit or the establishment of local Afghan seed-banks and seed markets and rural enterprise and value-added chains. Shortcuts such as the so-called Food Zone in Helmand and similar wheat distribution schemes elsewhere in Afghanistan are symptomatic of the minimal short-term economic and security payoffs (but

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<sup>1</sup> Rajiv Chandrasekaran, "In Afghan Region, U.S. Spreads the Cash to Fight the Taliban," *Washington Post*, May 31, 2010; and Karen DeYoung, "Results of Kandahar Offensive May Affect Future U.S. Moves," *Washington Post*, May 23, 2010.

<sup>2</sup> *Ibid.*

substantial medium-term costs) mode with which the internationals have operated in Afghanistan. The result: persisting deep market deficiencies and compromised rule of law. There is a delicate three-way balance among long-term development, the need to generate support among the population and alleviate economic deprivation in the short term, and state-building. Merely prioritizing short-term expediency over long-term sustainability and the fostering of good governance – whether on the battlefield in the form of militias or in the agricultural field in the forms of unsustainable quick-impact projects -- will ultimately undermine stability and development.

### *Mexico*

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

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

Beyond Merida is designed to also significantly enhance the capacity of the government of Mexico. Social programs sponsored by the U.S. fourth pillar, such as *Todos Somos Juarez*, aim to restore hope for underprivileged Mexicans – 20% of Mexicans live below the extreme poverty line and at least 40% of the Mexican economy is informal – that a better future and possibility of social progress lies ahead if they remain in the legal economy. Such bonds between the community and the state are what at the end of the day will allow the state to prevail and crime to be weakened. But they are very hard to effectuate – especially given the structural deficiencies of Mexico's economy as well as political obstacles.

Notwithstanding the level of U.S. assistance so far, including having generated over several thousand newly trained Mexican federal police officers, Mexico's law enforcement remains deeply eviscerated, deficient in combating street and organized crime, and corrupt. Corruption persists even among the newly trained police. Expanding the investigative capacity

of Mexico's police is an imperative yet frequently difficult component of police reform, especially during times of intense criminal violence when law enforcement tends to become overwhelmed, apathetic, and all the more susceptible to corruption. The needed comprehensive police reform will require sustained commitment over a generation at least.

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

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

### *Colombia*

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

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

Yet the government of President Santos needs to be given major credit for recognizing the need to focus rigorously on combating the *bandas criminales*. The government also deserves credit for focusing on combating street crime and urban violence and for unveiling a well-designed plan for combating urban crime, *Plan Nacional de Vigilancia Comunitaria por Cuadrantes*, emphasizing crime prevention, community policing, and local intelligence.

Critically, with all its emphasis on social policies, the Santos Administration has yet to move away from the ineffective and counterproductive zero-coca policy of inherited from Colombia's previous administration. The zero-coca policy conditions all economic aid on a total

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

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

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

## **West Africa**

Although the next section briefly sketches illicit economies in West Africa, it is important to emphasize that despite some overall common characteristics of West African countries, their political arrangements and institutions, patterns of economic (under)development, and integration of illegal economies into the political terrain are hardly uniform. Nor is West Africa a monolithic region. Rather, it is characterized by a great diversity of political, economic, and social institutional arrangements and historic developments and legacies. There are great differences in political institutionalization, the quality of governance, economic performance and potential, and overall state-building trends in the region. Politically, economically, socially, and culturally, Ghana is not the same as Equatorial Guinea, for example. Nor does Senegal's development over the past twenty years mimic that of Cote d'Ivoire or Liberia. West Africa's various countries continue to experience divergent trends, with some previously affected by predatory rentier behavior and wars over economic rents showing important progress recently in managing their resources and combating illegal economies, while others have failed to do so.

In West Africa, the level of drug trafficking—especially cocaine from South America en route to Europe—has increased dramatically over the past decade. Driven by the newly intensified demand for cocaine in Western Europe, the shrinking of demand for cocaine in the United States, and the pressure on cocaine smuggling from interdiction operations in the Caribbean, the level of trafficking through West Africa has increased to a quarter of Europe's annual consumption.<sup>3</sup> With some countries, such as Guinea-Bissau, appearing to be overrun by

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<sup>3</sup> United Office on Drugs and Crime (UNODC), *Cocaine Trafficking in West Africa: the Threat to Stability and Development* (Vienna: UNODC, 2007).

drugs and significant political instability, coups, and assassinations linked to organized crime and the drug trade in the country, analysts worry about the threat that the drug trade poses to the rule of law, political stability, and the quality of governance in the region.

However, many of these institutional conditions have existed for years in West Africa and predate the emergence of the current intense drug trafficking through the region. Neither illicit economies nor the drug trade are new to West Africa. Indeed, the region has been characterized by a variety of illicit economies and their deep integration into the political arrangements and frameworks of the countries in the region. Much of the political contestation in the region has focused on getting access to the state to control rents from various legal, semi-illegal, or outright illegal economies—such as diamonds (Sierra Leone, Liberia), gold and other precious metals, stones, and timber (Liberia, and Sierra Leone), the extraction, monopolization, and smuggling of agricultural goods, such as cocoa (Cote d’Ivoire), trafficking in humans for sexual exploitation and domestic slavery (Mali, Togo, Ghana), oil (Nigeria), and fishing (often conducted illegally and destructively by international fleets from outside West Africa). Political contestation in these countries has often centered on taking over the state in order to control the main sources of revenue. In essence, the government has been seen as a means to personal wealth, not service to the people.

Fearing internal coups and yet facing little external aggression even in the context of very porous borders, many ruling elites in West Africa after independence systematically allowed their militaries and law enforcement institutions to deteriorate. To the extent that police forces—both street cops and anti-organized crime units—have been nurtured at all, they have mainly served as political tools to be used against political opposition and personal protection forces of ruling elites. Both law enforcement and the justice systems have been especially underdeveloped, under-institutionalized, and corrupt. Instead of having a professional ethic of serving and protecting all citizens, law enforcement in West Africa has often been highly abusive and rapacious. Police forces tend to be vastly undertrained and under-resourced for tackling either street crime or organized crime.

Yet it would be a significant and often inappropriate leap of analysis to assume that “the drug trade epidemic” in West Africa will necessarily challenge political stability and threaten the existing governments and power of ruling elites. To the extent that external drug traffickers make alliances with internal outsiders—former or existing rebels not linked to the official system or young challengers who seek social mobility in an exclusive system—the traffickers will develop a conflictual relationship with the state, and political instability may well follow. To the extent that the governing elite captures the new rents, a symbiosis between external (and internal) drug traffickers and the ruling elites may develop. Drug traffickers will enjoy a sponsored safe-haven, and while democratic processes and institutional development of the country will be threatened, political stability and the existing political dispensation may well be strengthened.

Similarly, whether the intensification of the drug trade in West Africa results in the emergence of a nexus with international terrorism is highly contingent on local conditions and the terrorist group’s skills. The level and shape of law enforcement against illegal economies in West Africa will critically influence the tightness of the crime-terror nexus. It is critical to avoid inadvertently driving the two actors together.

## Policy Implications

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

- ***Eradication of illicit crops has dubious effects on the financial profits of belligerents.*** Even when carried out effectively, it might not inflict serious, if any, financial losses upon the belligerents since partial suppression of part of the illicit economy might actually increase the international market price for the illicit commodity. Given continuing demand for the commodity, the final revenues might be even greater.

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

- ***Policies to interdict drug shipments or measures to counter money laundering, while not alienating the local populations from the government, are extraordinarily difficult to carry out effectively.*** Most belligerent groups maintain diversified revenue portfolios. Attempts to turn off their income are highly demanding of intelligence and are resource-intensive.

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

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

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

- ***Effectiveness in suppressing illicit economies is critically predicated on security. Without constant and intensive state presence and security, neither the suppression of illicit economies nor alternative livelihoods programs have been effective.***
- ***An appropriate response would be a multifaceted state-building effort that seeks to strengthen the bonds between the state and marginalized communities dependent on or vulnerable to participation in the drug trade for reasons of economic survival and physical insecurity.*** The goal of supply-side measures in counternarcotics efforts would be not simply to narrowly suppress the symptoms of illegality and state-weakness, such as illicit crops or smuggling, but more broadly and fundamentally to reduce the threat that the drug trade poses to human security, the state, and overall public safety.
- In the case of efforts to combat illicit crop cultivation and the drug trade, one aspect of such a multifaceted approach that seeks to strengthen the bonds between the state and society and weaken the bonds between marginalized populations and criminal and armed actors would be ***the proper sequencing of eradication and the development of economic alternatives.*** Policies that emphasize eradication of illicit crops, including forced eradication, above rural development or that condition alternative livelihoods assistance programs on prior eradication of illicit crops, such as Colombia's so-called zero-coca policies, have rarely been effective. Such sequencing and emphasis has also been at odds with the lessons learned from the most successful rural development effort in the context of illicit crop cultivation, Thailand. Indeed, Thailand offers the only example where rural development succeeded in eliminating illicit crop cultivation on a country-wide level (even while drug trafficking and drug production of methamphetamines continue).
- Effective rural development does require not only proper sequencing of security, alternative livelihoods development, but also ***a well-funded, long-lasting, and comprehensive approach*** that does not center merely on searching for a replacement crop. Alternative development efforts need to address all the structural drivers of why communities participate in illegal economies -- such as poor access to legal markets, deficiencies in infrastructure and irrigation systems, no access to legal microcredit, and the lack of value-added chains.
- ***But the economic approaches to reducing illegality and crime should not be limited only to rural areas: there is great need for such programs even in urban areas afflicted by extensive and pervasive illegality where communities are vulnerable to capture by organized crime,*** such as in Mexico. Often the single most difficult problem is the creation of jobs in the legal economy, at times requiring overall GDP growth. But GDP growth is often not sufficient to generate jobs and lift people out of poverty as long the structural political-economic arrangements stimulate capital-intensive growth, but not job creation.
- It is important that ***social interventions are designed as comprehensive rural***

*development or comprehensive urban planning efforts, not simply limited social handouts or economic buyoffs.* The handout and buyoff shortcuts paradoxically can even strengthen criminal and belligerent entities. Such buyoff approach can set up difficult-to-break perverse social equilibria where criminal entities continue to control marginalized segments of society while striking a let-live bargain with the state, under which criminal actors even control territories and limit state access.

- An effective multifaceted response by the state also entails other components:
  - Addressing street crime to restore communities' associational capacity and give a boost to legal economies;
  - Providing access to dispute resolution and justice mechanisms – Colombia's *casas de justicia* are one example;
  - Encouraging protection of human rights, reconciliation, and nonviolent approaches;
  - Improving access to effective education as well as health care – a form of investment in human capital;
  - Insulating informal economies from takeover by the state and limiting the capacity of criminal groups to become polycrime franchises;
- And creating public spaces free of violence and repression so that civil society can recreate its associational capacity and social capital.

• It is also important to note that *some alternative illicit economies, and new smuggling methods to which belligerents are pushed as result of suppression efforts against the original illicit economy, can have far more dangerous repercussions for state security and public safety than did the original illicit economy.* Such alternative sources of financing could involve, for example, obtaining radioactive materials for resale on the black market. If true, reported efforts by the FARC to acquire uranium for resale in order to offset the temporary fall in its revenues as a result of eradication during early phases of Plan Colombia before coca cultivation there temporarily rebounded, provide an example of how unintended policy effects in this field can be even more pernicious than the problem they are attempting to address.<sup>4</sup> The FARC's switch to semisubmersibles for transportation of drugs is another worrisome example of unintended consequences of a policy, this time of intensified air and maritime interdiction. The more widespread such transportation technologies are among non-state belligerent actors, the greater the likelihood that global terrorist groups will attempt to exploit them for attacks against the U.S. homeland or assets.

• Similarly, *in the absence of a reduction of global demand for narcotics, suppression of a narcotics economy in one locale will only displace production to a different locale where threats to local, regional, and global security interests may be even greater.* Considerations of such second and third-degree effects need to be built into policy. If counternarcotics policies, for example, shifted opium poppy cultivation from Afghanistan to Pakistan, the security consequences for the United States would be far more dire than even the highly undesirable poppy cultivation in Afghanistan.

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<sup>4</sup> Sybilla Brodzinsky, "FARC Acquired Uranium, Says Colombia," *Christian Science Monitor*, March 28, 2008.

- A policy design must be cognizant of the fact that it is unrealistic to expect that external policy interventions can eradicate all organized crime and illicit economies in a particular place or, for that matter, all drug trade in that place. ***The priority for the United States and the international community needs to be to combat the most disruptive and dangerous networks of organized crime and belligerency: those with the greatest links or potential links to international terrorist groups with global reach and those that are most rapacious and predatory to the society and equitable state and most concentrate rents from illicit economies to a narrow clique of people.*** These two criteria may occasionally be in conflict and thus pose a difficult dilemma. In addition to considering the severity of the threat posed to the international community and to the host state and society, the estimated effectiveness of policy intervention with respect to each type of groups needs to be factored into the analysis of such policy choices.
  
- It is important to realize that ***indiscriminate and uniform application of law enforcement – whether external or internal – can generate several undesirable outcomes that need to be guarded against:***
  - First, the weakest criminal groups can be eliminated through such an approach, with law enforcement inadvertently increasing the efficiency, lethality, and coercive and corruption power of the remaining criminal groups operating in the region.
  - Second, ***such an application of law enforcement without prioritization can indeed push criminal groups into an alliance with terrorist groups – the opposite of what should be the purpose of law enforcement and especially outside policy intervention.*** Both outcomes have repeatedly emerged in various regions of the world as a result of opportunistic, non-strategic drug interdiction and law enforcement policies.
  
- Rather than rushing to assistance wherever organized crime reaches visibility, ***the United States need to engage in law enforcement, anti-organized crime, counternarcotics, and counterterrorism assistance with extreme caution.*** A do-no-harm attitude and careful evaluation of the side-effects of policy actions need to prominently figure in policy considerations.

There are multiple dangerous risks in rushing to provide external assistance:

- First of them is the danger that with minimal monitoring presence and rollback capacity of the United States on the ground, U.S.-trained law enforcement forces will “go rogue” and the international community will only end up training more capable drug traffickers or coup forces.
- Second, there is a not-insubstantial risk that some governments will come to see international counternarcotics or anti-organized crime aid as yet another form of rent to be acquired for their power and profit maximization, in the same way that anti-Communist or counterterrorism aid had often been manipulated. Such funds can be diverted for personal profits; or worse yet against domestic political opposition and undermine institutional development and effective and accountable governance in the country.
- Third, building up law enforcement capacity and intervening against illicit economies may often be perceived by local populations as antagonistic to their interests. Such a misalignment between state and societal interests may at the minimum limit the effectiveness of policy intervention; at worst compromise other, more important U.S. and international interests, such as to reduce violent conflict and suppress terrorism.

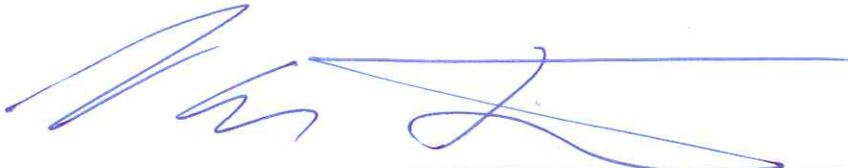
- The United States can limit these dangers by following some overarching guiding principles regarding extending outside assistance to suppress organized crime.
  - ***First, international assistance should be carefully calibrated to the absorptive capacity of the partner country.*** In places where state capacity is minimal and law enforcement often deeply corrupt, an initial focus on strengthening the police capacity to fight street crime, reducing corruption, and increasing the effectiveness and reach of the justice system may be the optimal initial interventions. Only once careful monitoring by outside actors has determined that such assistance has been positively incorporated, may it be fruitful to increase assistance for anti-organized crime efforts, including advanced-technology transfers and training. Careful monitoring of all anti-organized crime programs -- including their effects on the internal political arrangements and power distribution within the society and their intended effects on the power of criminal groups and their links to terrorist groups -- needs to be consistently conducted by outside actors.
  - Second, as detailed above, the international policy package needs to include a focus on broad state-building and on fostering good governance. ***Policy interventions to reduce organized crime and to suppress any emergent crime-terror nexus can only be effective if there is a genuine commitment and participation by recipient governments and sufficient buy-in from local communities.***

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

United States House of Representatives  
Committee on Foreign Affairs

“TRUTH IN TESTIMONY” DISCLOSURE FORM

Clause 2(g) of rule XI of the Rules of the House of Representatives and the Rules of the Committee require the disclosure of the following information. A copy of this form should be attached to your written testimony and will be made publicly available in electronic format, per House Rules.

<b>1. Name:</b>  VANDA FELBAB-BROWN	<b>2. Organization or organizations you are representing:</b>  
<b>3. Date of Committee hearing:</b>  10/12/11	
<b>4. Have <u>you</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>  <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>5. Have any of the <u>organizations you are representing</u> received any Federal grants or contracts (including any subgrants and subcontracts) since October 1, 2008 related to the subject on which you have been invited to testify?</b>  <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>6. If you answered yes to either item 4 or 5, please list the source and amount of each grant or contract, and indicate whether the recipient of such grant was you or the organization(s) you are representing. You may list additional grants or contracts on additional sheets.</b>    <b>7. Signature:</b>	

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