

CATO INSTITUTE

POLICY FORUM

PLAN COLOMBIA:

SHOULD WE ESCALATE THE WAR ON DRUGS?

Tuesday, March 13, 2001

Moderator:

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With:

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The Cato Institute

F.A. Hayek Auditorium

Washington, D.C.

## P R O C E E D I N G S

DR. CARPENTER: Good afternoon. Welcome to our Policy Forum, "Plan Columbia: Should We Escalate the War on Drugs?" I am Ted Galen Carpenter, Vice President for Defense and Foreign Policy Studies at the Cato Institute.

Plan Colombia was born amidst controversy. Critics immediately contended that the effort to aid the Colombian Government in fighting narcotics trafficking could embroil the United States, if not in a Vietnam style quagmire, at least something akin to El Salvador in the 1980's. Critics also contended that the United States would be strengthening the Colombian military, an institution that has had something less than a sparkling human rights record.

Finally, a more recent criticism that the notion that we can assist the Colombian Government in battling narcotics trafficking without getting involved in the underlying multi-sided civil war is terribly naive. In fact, what we find in Colombia is an emerging failed State; that therefore, if the United States is going to be involved in this effort to combat narcotics trafficking we are going to end up with that mission that the current administration supposedly dislikes, the mission of nation building.

We have a very able panel to discuss these and other issues here this afternoon. Our first speaker is Russell Crandall, who is an Assistant Professor of Political Science at Davidson College in Davidson, North Carolina. Dr. Crandall has a Ph.D. in international relations from Johns Hopkins University, and his doctoral dissertation there was "The Eagle and the Snowman: U.S. Policy Toward Colombia During the Presidential Administration of Ernesto Samper." That dissertation was nominated by Johns Hopkins University for the American Political Science Association's Award for Outstanding Doctoral Dissertation.

He has published a number of articles in professional journals and in such publications as the Wall Street Journal and the Christian Science Monitor. He has just returned from a trip to Colombia. Later this year he has a book coming out from Lynne Reiner Publishers, "Deeper Into a Conflict: United States Policy Toward Colombia."

Russell Crandall.

RUSSELL CRANDALL,  
DAVIDSON COLLEGE

DR. CRANDALL: Thank you, Ted. And thank you, Ian, for this kind invitation to speak here at Cato today.

What I would like to do in my brief talk here is spend a few minutes looking back. I think for most of you, with the current focus on Plan Colombia, the question has been: Where is United States policy going? I think to understand that question more fully, it is worthwhile to spend a few minutes looking where it has been.

I think to really understand the current context of why the United States Government has decided to send \$1.3 billion in mostly anti-drug aid to Colombia has its roots in United States policy toward Colombia in the early 1990's. At this time, if you recall, most of the coca cultivation in South America was taking place in Bolivia and Peru. That coca was then transported into Colombia, where it was processed into cocaine and shipped either to Western Europe or the United States via Central America, Mexico or the Caribbean.

At the time, the United States anti-drug policy was one that was primarily focused on dismantling the Colombian cartels. This was called the Kingpin Strategy. The thinking was: all we need to do here is go after the top leaders of the cartels, the Medellin and Cali cartels specifically, go after the intellectual component of the drug trafficking, and once we do that, we will then take away the infrastructure and the ability for the cocaine to be processed and shipped to the United States.

One of the great ironies of this time was how successful United States anti-drug policy, or the Kingpin Strategy, was. By the middle 1990's, Pablo Escobar, who had been imprisoned and then escaped, was dead. All of the Medellin and Cali cartel leaders, or almost all of them, were either dead or in prison. The Kingpin Strategy had worked.

At the same time, in 1994, Ernesto Samper was elected President of Colombia. Around the time of his election, news came out, reports that made their way to the United States Embassy, that Samper had received \$7 million in campaign contributions from the Cali cartel. The United States reacted with alarm, and basically, over the course of the next several years, Samper became an enemy. Normally the United States had enjoyed warm relations with various Colombian administrations, but now Ernesto Samper, who increasingly in Washington was viewed as a narco-President, was, along with the cartels, seen as an obstacle to the United States anti-drug efforts. And the United States went after Samper.

Not only did the U.S. revoke his visa in 1996, making him only the second head of State, after Kurt Waldheim, to ever receive this dubious honor, but in 1996 and 1997, the United States decertified Colombia for not doing enough on the drug front, a diplomatic slap in the face that is normally reserved

for rogue states such as Myanmar and Afghanistan, not long-time allies such as Colombia.

So, the United States policy in Colombia was doing what it was intended to do. It was dismantling the Cali cartel. It was dismantling the Medellin cartel. And it was also putting tremendous pressure on this narco-President, Ernesto Samper.

By the end of Samper's term, 1997-1998, the United States Government began to realize the counterproductive nature of its "get Samper at all costs" policies. In fact, Washington realized that the Colombian state was at its weakest point just when dynamics in the countryside -- the growth of paramilitary groups, the increased strength of the two main guerilla groups, the FARC and ELN, were becoming stronger than ever. So, by 1998, the United States was faced with a seemingly imploding situation in provincial Colombia, and, at the time, an ineffective and illegitimate state that was intended to correct the situation.

Fortunately for the United States, there is no such thing as a reelection in Colombia. And, by 1998, Ernesto Samper was not running for reelection. There was an election where, as I think all of you know, Andres Pastrana was elected.

By the next year, events in Colombia continued to unravel from Washington's perspective. I think two or three events in particular. One was the murder of three United States environmental activists. A few months after, the ELN's hijacking of a plane from Bucaramanga to Bogotá, the Avianca Airliner. And then, soon after that, the ELN's kidnapping of an entire church congregation in a suburb outside of Cali. Alarm bells went off in Washington. Something needed to be done, something other than the Kingpin Strategy, something other than isolating Samper.

This new dynamic was taking place at the exact same time that the nature of the drug trade was changing dramatically. I have mentioned that the cultivation used to take place in Bolivia and Peru, and then would be transported and processed in Colombia. Well, for a variety of reasons, for a fungus that affected the coca cultivation in Bolivia and Peru, and also the United States-led efforts to shut down what is called the "air bridge," of transporting the raw coca, or at least the semi-processed coca, into Colombia, we had an explosion of coca cultivation in Colombia; above all, in southern Colombia, in the province of Putumayo, for example. That created even greater revenues for not only the guerrillas, but also paramilitaries active in the region.

The United States looks at the situation and decides that Pastrana is the ally, the reliable ally, that can help right this situation. And, in 1999, Colombia becomes, at least from Washington's perspective, a crisis case. For many years Colombia had, at least domestically, had tremendous troubles, high levels

of violence, but, seen from the United States, it was manageable. It was not the out-of-control crisis that it is now considered to be.

By the summer of 1999, you see Secretary of State Madeleine Albright, you see Thomas Pickering and others, beginning to pick up the issue and saying, "We need to do something," based on the fact that there is greatly increased drug cultivation and the revenues going to the armed belligerents in southern Colombia, and based on the fact that we need to do something, the realization that we need to do something, to compensate for the damage we did while we isolated the Samper administration.

So, together, Washington, some influential members of Congress, and the Embassy in Bogotá, came up with this idea of Plan Colombia. The question is: First of all, what would Plan Colombia intend to do?

And the broader problem of supporting the Colombian state, of promoting peace, of stabilizing and promoting and reforming a stronger Colombian military were all issues that, as Ted mentioned in his introduction, have very, very significant political consequences domestically. We know of the Vietnam syndrome. We know of the quagmire and the reluctance that many here in this country have of a greater involvement in a country such as Colombia, where easy fixes are quite unrealistic.

And, for better or for worse, but clearly better for domestic political purposes, the United States packaged Plan Colombia as, effectively, an anti-drug strategy. Why? I think, one, because that is what the United States cares about more than anything else in Colombia, no matter the level of violence, no matter the state of the peace process, no matter the brutality of the paramilitaries. I think we should make no mistake that the priority number one in Colombia remains drugs.

Two, we know here in this city the drug war is much more politically palatable to a lot of members of Congress and also, more broadly, with the American public than any type of interaction with the Colombian military, any type of broader-based, more complex strategies, that perhaps, if we are really talking about saving Colombia, I think a strong case can be made that those are called for.

So, in many ways, I think you can argue that Plan Colombia remains effectively an anti-drug operation. We do see greater emphasis, at least from before its implementation, of some softer-sized judicial reform, alternative development, but the lion's share, I think, not only of the composition of the air, but also of the United States' objectives in Colombia is the anti-drug efforts.

So far, what is happening? I never doubted when I saw the specifics of Plan Colombia that in terms of what it was attempting to achieve that it would be a tremendous success. We would take a number of helicopters. We will train three counternarcotics battalions. We will push into southern Colombia, where now finally the light at the end of the tunnel existed, where the coca cultivation was so concentrated, we just needed to go in with one hard hit and we could take care of the problem.

So far, and this will continue over the course of the next few years, that policy has been quite successful. If you look at the numbers of hectares of coca that the United States-led efforts have eradicated in the last several months, it is impressive.

If you look at the resistance from the FARC, so far it has not been as great as expected. So, a success -- or is it? One, there is a popular analogy that has floated around both academia and policy circles for many years of the "balloon effect," that if you push in one area fighting drugs, it is bound to pop up somewhere else. We did see that when the United States pushed in Bolivia and Peru, we had the drug cultivation pop up in Colombia, with some very deleterious effects.

The big question, I think, for a lot of folks in the United States Government was: Would there be a balloon effect in Putumayo, when they pushed in at this highly concentrated area of coca cultivation? I think it is too soon to tell, and I sure hope there is not, but from the reports I am receiving, we are already seeing increased coca cultivation in other neighboring areas of Colombia, where, up until recently, there had been much less.

Back in 1997 and 1998, I was a relief worker in Colombia. And some of these areas that I used to work in, local residents would tell me time and time again when I would ask them about the civil conflict, they would say, "You know what? Here in Narino," for example, a part of Colombia that neighbors Putumayo, "we are poor, but we don't have the drugs, we don't have the guerrillas and we don't have the paramilitaries." And that is changing. I think a strong case can be made that that is a direct result of U.S.-led anti-narcotics efforts in Putumayo.

Now, to conclude, I think we are all asking, how will this policy, Plan Colombia, this infant born in the Clinton administration that is clearly going to become an adolescent in the Bush Administration, how will the Bush administration pick it up and nurture it? Where is it heading?

I think, in some ways, I wish I had a more apocalyptic prescription, but I think in many ways, U.S. policy will continue pretty much as it has been going. One, because it is a much more

politically appealing and politically successful plan than perhaps -- and we can talk about this more in the Q and A session -- of providing a more comprehensive engagement of, say, the Colombian state and more specifically the Colombian military. But already the political capital in passing Plan Colombia has been spent. And anything that the Bush administration does to nurture this and continue this doesn't look like a dramatic policy shift, and most likely will not bring up the large questions of what are we doing down there, that something of a broader shift would surely provoke.

It is also clear that with the potential for a balloon effect and the destabilization from Putumayo into other areas, it is not just going to move into other areas of Colombia, but also into other countries. And that makes a domestic issue a regional issue overnight. As was initially proposed during the last months of the Clinton administration, I think it is clear that the Bush administration will continue with the idea that Step 2, Plan Colombia 2, is to support some of Colombia's neighbors, such as Ecuador and Peru, in the spill-over, the effects there.

I think, for U.S. policymakers, there needs to be a lot of caution, because governments in Quito and in Lima have seen the amount of largesse that Washington has provided for Colombia, and they are quite wise in knowing that if they come hat in hand to the United States Government, there is probably going to be a ready audience of congressmen and policymakers here in Washington that will provide them with sums of money, I think, above all, because there is so much concern about the impact of Plan Colombia that we need to do everything to offset that impact so at least the United States does not look responsible for all this destabilization.

So, I think I would like to be brief. I think some time in the question and answer session can allow for a little bit more fertile discussion, so I think I will end my comments there.

Thank you very much.

(Applause.)

DR. CARPENTER: Thank you very much.

Our second speaker is James F. Mack. Mr. Mack is a career member of the Senior Foreign Services of the United States Department of State. He is a graduate of Cornell University. And he has received numerous awards from the State Department for superior service.

He has been posted to quite a number of countries in Southeast Asia and numerous countries here in the Western Hemisphere, including El Salvador, Ecuador, and most recently as Ambassador to Guyana.

For our purposes today, his current post is the most relevant. He is Deputy Assistant Secretary in the Bureau of International Narcotics and Law Enforcement Affairs.

James Mack.

(Applause.)

JAMES F. MACK, BUREAU OF INTERNATIONAL NARCOTICS  
AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE

AMBASSADOR MACK: Thank you very much, Ted.

It is a pleasure to be here to talk with you about our efforts, the efforts of the United States Government, to stem the flow of cocaine from the Andean producer nations to the United States.

First, I would like to comment on Dr. Crandall's presentation. It was absolutely superb, right on. I wondered if you were reading from a script that I often read from. I really don't disagree with anything that Dr. Crandall said about his historical interpretation of why we are where we are and where we are attempting to go.

I would like to bring you up to date on what is happening. First of all, I would like to say that we are focused on the Andes with respect to cocaine because that is where cocaine comes from. We believe our international efforts to reduce the flow of cocaine into the United States can be most successful if we go to the source.

I am not trying to denigrate here the efforts of those who are involved in interdiction, that is to say, trying to stop cocaine after it is produced and after it leaves the shores of South America and moves north. A lot of excellent work is done there, and it is an essential part of our overall strategy. But for those who saw the movie, "Traffic" recently, as I did, you can grasp the difficulties, and the greater difficulties, one deals with in stopping it the farther away from the source that one attempts to stop it.

I am not going to talk about demand reduction either. That is, I am sure, a subject for a whole other discussion here sponsored by Cato. I am sure you have probably done this in the past. Obviously, demand reduction is an absolutely essential part of dealing with this problem.

But once again, the closer to the source that one deals with the cocaine problem, I believe, the more successful we can be. Yes, in the early part of the 1990's, when the era of the linear strategy, the Kingpin Strategy, going after the Cali cartel and the Medellin cartel were in high dungeon, that was the focus. And yes, what happened was those who controlled the business, the big folks, today they are either dead or in jail,

almost to a man. But the business was atomized, and it continued to produce cocaine.

That is why our effort today is not solely focused, or even primarily focused, on narcotics trafficking organizations, at least the State Department's focus is not that. It is to reduce the supply of the coca leaf. Because, as long as we are dealing with cocaine, until somebody figures out how to synthesize it -- and I am sure they will -- but up to this point, one must have a coca bush about that tall, depending on how old it is, in order to produce coca leaves from which an alkaloid is extracted and eventually it turns into cocaine.

So, our focus today is implementing policies toward the coca leaf-producing nations that will reduce the production of coca leaf. We do it a couple of ways. In Peru, we were quite successful, as Russell pointed out. I was in fact there as the Narcotics Coordinator at the time. We worked very closely with the Peruvian Government and, by the way, President Fujimori, in better times, who decided that cocaine was really bad for Peru.

He authorized the shoot-down of aircraft carrying cocaine base from the coca-producing areas of Peru to Colombia. There happened to be about a 1,000-mile trip involved. And we were able to give the Peruvian means of finding out when aircraft would be arriving in the area. The Peruvians met them with rather low-tech aircraft -- they turned out to be rather low-tech -- and shot down or forced down enough of those aircraft -- those who refused to land, and most of them did in the early days -- enough to deter the flow of aircraft to Peru that would have been necessary to move all those 500-and-some-odd tons of cocaine every year up to Colombia for final processing.

The result was, as the coca bushes kept producing the leaves and as the leaves were harvested and as the alkaloid was extracted from the leaves by the farmers in a very crude sort of way, production piled up. It wasn't moving out. And the law of supply and demand came into impact and the price went down because the producers couldn't sell it. It went down so far that, after a couple of years of this, it went down way below the cost of production.

So, farmers simply began to let the coca leaf alone in the field. They did not even attempt to harvest it in many cases. The jungle grew back, because that is what it does in the areas of Peru where coca leaves grow. It is grown in basically the Amazonian slope of the Andes. And over a period of about 18 months of not doing anything, the bush takes over and, between the years of about 1995 when we started this to about 2000, two-thirds of all the coca bushes, or more than that, of the coca bushes in Peru ceased to exist.

In Bolivia, the approach was a little bit different. We tried -- and I will admit this, and I wasn't part of this but my government was -- we tried an effort to alternatively develop Bolivia out of cocaine production. Farmers were rewarded for manually exterminating, cutting down, their coca bushes. When they did that, the Government of Bolivia rewarded them with a couple of thousand dollars per hectare. That is about 2.4 acres. So, the farmers happily cut down their coca bushes, then happily marched farther into the bush and planted some more.

So, at the end of the day, 10 years later, we had, yes, successfully alternatively developed that part of the country, the Chipara, which is a valley, the part of Bolivia where most of the cocaine raw material came from. They were doing quite well developing alternatives to coca. However, they continued to grow coca.

At that point, the Banzer government came into power. President Banzer launched his dignity campaign. Because, like a lot of Bolivians, he did not want to feel ashamed of walking around the world with a Bolivian passport and being subject to body searches and all sorts of indignities. He launched his Plan Dignidad, in which he said, "Fine, we will continue to alternatively develop these people, but we will not complementarily develop that part of the world." That is to say, we believe in an alternative to coca, but we are not going to have a complement to coca, which had been the case before.

So, the farmers then were told that they would either eradicate themselves or the Government of Bolivia would do it for them. In many cases, the Government of Bolivia did do it for them. And about a month ago, the Bolivian Government celebrated the death of the last coca bush in the major cocaine-producing part of Bolivia, which is the Chipara.

So, we have been quite successful in Bolivia and Peru. In fact, now those areas that used to produce probably 80 or 85 percent of all the cocaine raw material now produce probably 20 to 25 percent, and it is declining.

When I used to give briefings to members of the congressional delegations that would cycle through Peru, I used to refer to Peru as the Saudi Arabia of coca. It no longer is. Colombia is the Saudi Arabia of coca, among other things.

While all this process is going on, of course, the folks who produced cocaine for a living weren't going to sit idly by and lose their business. And, for a variety of reasons, they decided to bring the raw material production closer to home, where they could control it better. This is, of course, coincided with another phenomena that Dr. Crandall was referring to, which was a further slippage of Colombia into its ongoing internal conflict, in which vast areas of Colombia were, and

remain, outside of the control of the Colombian Government. Included in those vast areas are virtually all of the coca-producing areas of Colombia.

A rather terrible synergy developed between the cocaine traffickers and the FARC, the insurgents, and more recently the paramilitary groups, by which all of them fed off the coca business. So, you had an insurgency that was moving along at a level which, to the leadership of Colombia, was, let's say, tolerable to them -- not to most people, but to them -- a tolerable level. It was then given an enormous infusion of capital by the direct involvement of the illegal arms players in Colombia in the cocaine business.

All of a sudden, their coffers were running over. And despite the fact that none of the insurgent groups in Colombia, to my knowledge, receive any, at this point, foreign assistance -- that is to my knowledge anyway -- they were so well endowed through extortion, kidnapping, and now cocaine trafficking, that they were thoroughly, totally self-sufficient. In fact, I have seen a study, whose source I will not reveal, that we cannot figure what the heck FARC does with all the money it gets from cocaine. They are making so much money they could probably double the size of their armed forces, which are now at about 17,000 people.

Which brings me to Plan Colombia and the point where, as Dr. Crandall so aptly discussed, that things are really going to hell in a hand basket in Colombia. We did have a democratically elected government. This is not an authoritarian regime. These are people who in many ways think like we do, and were alarmed by an insurgency that was growing by leaps and bounds. We were alarmed by production of cocaine that was growing by leaps and bounds. Although the Government of Colombia's focus was the insurgency and reaching some sort of accommodation with the insurgents, our main focus was getting a handle on narcotics coming out of Colombia.

That remains our main focus, and I believe will remain our main focus. I do not believe this administration is going to deviate into counterinsurgency at all. But the two objectives, the Colombian objective, which is to bring an end to the insurgency, and ours, which is to dramatically lower the amount of coca coming to the United States, are not diametrically opposed efforts or goals. In fact, they are very complementary in this case. This is good complementarity, I would say.

Because, to the degree to which the FARC, the armed actors, the illegal and the paramilitary, but particularly the FARC at this point, is denied access to resources from cocaine trafficking, it will be weakened. And to the degree it is weakened, it will be less willing to want to continue its

insurgency into the future. So, both we and the Government of Colombia see eye to eye on the general focus of how things ought to move in the future.

I want to talk now a little bit about what we are doing in Colombia. As we reached the point in 1979 when things were very, very difficult, the Government of Colombia -- and obviously we spoke with them many, many times -- the President of Colombia came up with his Plan Colombia strategy, which was a rather grand, comprehensive approach to deal with the problems of insurgency; counternarcotics; economic collapse, another problem that was occurring, in part caused by the enormous growth of the insurgency; the need for justice reform, as the justice system simply was not working; a tremendous, hideous level of human rights abuses -- he wanted to deal with those altogether in one grand scheme, and he labeled it Plan Colombia.

He came to us and asked us whether we would support him. The deal was this: Colombia would put about \$4 billion into the program for first three years of the program. It was a six-year program but he focused on the first three years. The idea was going to be that the U.S. would put up what turned out to be about \$900 million roughly for the first couple of years. The Europeans and other donors ideally would come up with about \$1 billion. The IFI's, the international financial institutions, would come up with \$600 million to \$900 million, et cetera. This would total up to roughly -- and this is a rather squishy figure -- about \$7.5 billion.

We came through with our approach to it. The IFI's seem to be coming through with theirs. The other international donors, which includes UNDCP, U.N. agencies, Europeans of various nationalities, the European Commission, Japan, and some countries in Europe that are not part of the E.U., have come up with -- and my figures are not quite precise, but I would say somewhere in the neighborhood of \$300 million or \$400 million; a couple or \$230 million from the Europeans, and then if you add in the U.N., you will probably get up to \$500 million or so.

So, Colombia doesn't have all the wherewithal it needs to do what it has to do, but it does have a pretty good start. And there will be other rounds of donors' conferences coming up. The most proximate is one that will occur in Brussels at the end of April of this year.

But just to get back to the proposal that we worked out with Colombia, because Colombia had the grand strategy of Plan Colombia, and then as Congress debated our assistance and passed the package, which had six components. There was a push in southern Colombia, interdiction, which also involved interdiction outside of Colombia, as well; alternative development, and we talked about that a little bit; institutional reform, a serious

problem, a government that was not working in many cases and it would have to work a little better in order for all these things to work; assistance to the countries in the region, Peru, Ecuador, Bolivia, Brazil to a lesser extent, Panama, Venezuela, Trinidad and Tobago. Those were the major building blocks of the proposal.

There was some criticisms, criticisms like, well, it is too Colombia-focused. That was the first criticism. The second criticism was it is too focused on our assistance. The Europeans criticized that was it was too focused on what they called "the hard side," the interdiction/eradication side.

Our answer to that was: Well, you, the Europeans, weren't going to come up with any interdiction support. And unless you do interdiction, unless you do eradication, some of which is forced -- a lot of it which was going to be forced, particularly in the early days -- farmers are not going to stop growing coca. They are not going to do it. There has to be a stick with the carrot. It can't be just offering assistance to people; you also have to have some coercive measure as well or it will not work.

In that regard I might note that, guess what, when we started with the Colombian Government, with our assistance, we started spraying in southern Colombia for the first time in many parts of Putumayo, which is the ground zero of coca production, where the coca is -- I have never seen such dense coca. I have been everywhere coca is grown in the world, just about, and I have never seen it where it is as far as the eye could see. It looks like Iowa. But this was a wonderful, juicy target for spraying, I can assure you. You didn't have to turn on and off your nozzle. You could just turn your nozzle on and it went straight until you ran out. So, it is an optimum situation for attempting to eradicate coca.

But, once that is started, guess what? All sorts of folks, communities, began showing up at the doorstep of the Government of Colombia saying, "Yes, we want to participate in the Government of Colombia's alternative development program. We want to enter into a deal." Which the government is gradually doing. And they're signing pacts with the government as communities. And the deal is this: You don't spray us for 12 months, we will cut down our coca. You give us means to grow alternative crops, some of which are food crops and some of which are cash crops, long-term, involving credit extension services, et cetera, and also involves infrastructure, health clinics, schools, that sort of thing, improved roads, and we will essentially take ourselves out of the coca-producing business.

That is precisely what the objective is. We are in the first months of this. And I cannot tell you that it is going to

work perfectly, and it probably will not. I can tell you it will not work perfectly. But I can tell you that there is enormous interest on the part of the people of Putumayo for joining up.

There is also enormous interest on the part of the people of Putumayo, and other departments in the southern part of Colombia, to stop spraying. In fact, four Governors, naturally representing their constituents, many of whom are in the business of producing cocaine for a living, are up in Washington as we speak, lobbying to stop spraying.

Well, I guess they are representing their constituents very, very well. I would, I guess, if I were elected. But the fact of the matter is they want to do alternative development, which is fine. But, once again, unless you do spraying, people are going to forget the other side of the equation. They are going to forget that they have to destroy their own coca, eradicate their own coca. Or it will not happen.

Looking forward, answering some of the criticisms that we have had that say "too Colombia focused," Dr. Crandall referred to the balloon effect, an absolutely valid issue to raise. That is why phase two, which will be unveiled in a number of weeks, will increase the relative proportion of our assistance that will be going to the other Andean countries. It will also increase the relative part of our assistance going into what we call the soft side, the institution building side, as well. There will be more money for alternative development, et cetera.

Because, once again, it is one thing to spray the heck out of all the coca farmers down there, but unless you can get the farmers who are willing to do other things, unless you can fix them in place long term, growing something that is legitimate, once you take your hand off the throttle, they will go right back to growing coca. So, you have to give them something else to do. You just can't simply say "no." It just won't work. I am not trying to discuss the ethics of what they are doing. I am trying to be very pragmatic. People have to be given alternatives. These are poor, in many cases desperate, people, who are doing this because they see no other alternative, in a country that has roughly 20 percent unemployment.

So, that is the thrust of the future. We have just begun. Plan Colombia is now just being implemented. Yes, there is a military component. But that military component is based on increasing the capacity of the Army of Colombia, units that we are training; and vetting for human rights violations, by the way, before we are allowed to train them. Training them to go in and conduct counternarcotics missions in a very, very hostile environment in which the police simply could not operate and survive.

That involves largely providing helicopter airlift so they can get into these places and get out and move around without being ambushed. It involves providing very specific training to three counterdrug battalions that have been chosen very selectively and trained over a period of several months, the last of which will go through the process by the end of May.

Our hope is that, as the year goes on, we can finally cap growth of coca production in Colombia, which last year, in fact, increased by 11 percent, although that was a lower increase than has been the case for the last five years. We hope to cap it and then begin to achieve the goals set by the Government of Colombia, which we heartily endorse, which would be a 30 percent reduction in two years nationwide, and a 50 percent reduction in Putumayo in two years, and a 50 percent reduction nationwide in five years. We think that is achievable.

At the same time, we think it is possible to hold the line on regrowth and resurgence of coca production in the other two only coca-producing countries, which are Bolivia and Peru, which are the two countries that are most likely to receive efforts by coca farmers to go back and plant. We suspect that people go back to work where they used to work rather than try to find new areas to work in.

But you have to touch all the keys. You have to work a whole lot of areas simultaneously. You cannot just be Johnny One Note and work in Colombia, because it will not work. Which is the reason why we believe in and we support and we will attempt to get the Congress of the United States to support a broadened Andean approach to deal with the problem.

Thank you.

(Applause.)

DR. CARPENTER: Our final speaker is my good colleague, Ian Vasquez. Ian is the Director of the Project on Global Economic Liberty here at the Cato Institute. He has a master's degree from the School for Advanced International Studies at Johns Hopkins University. He has been here at Cato now for roughly a decade.

He has published articles in a number of professional journals, as well as the op-ed pages of major newspapers around the United States. He has two books to his credit. The first one is "Perpetuating Poverty: the World Bank, the IMF and the Developing World," and his more recent book, published just last year, "Global Fortune: The Stumble and Rise of World Capitalism."

Ian Vasquez.

(Applause.)

IAN VASQUEZ,

## CATO INSTITUTE

MR. VASQUEZ: Thank you.

After listening to the previous report, I almost forgot which country we were talking about. In fact, it is difficult to come up with a more destructive policy toward Colombian society than has been the policy of the United States toward Colombia in recent years.

Since the 1980's, Washington has pressured successive Colombian governments to literally do the impossible: to eliminate drug trafficking and drug production in Colombia. Washington has helped to go after drug lords, to dismantle drug cartels. It has certified, decertified and recertified Colombia. It has been involved in drug interdiction and, more recently, as we have just heard, drug eradication efforts. But it has not reduced the production of drugs in Colombia or, for that matter, affected the flow of drugs into the United States, or its price, which has gone down in the United States.

Largely, as a result of U.S. drug policy, Colombia in recent years has seen a dramatic expansion of coca production, the rise of paramilitary forces, and the strengthening of Marxist guerrillas that now control vast parts of Colombian national territory. Colombia is the paramount example of what Nobel economist Milton Friedman was referring to when he said, "As a nation, we have been destroying foreign countries because we cannot enforce our own laws."

President Pastrana's response to this alarming deterioration in Colombia is Plan Colombia. A central feature of Plan Colombia is the escalation of the drug war as a way of de-linking the guerrillas from the profits earned in the drug trade, and, in that way ending, somehow, the civil war. But precisely because Plan Colombia sees the drug war as a solution, it is severely flawed. And the outcome of Plan Colombia will likely be the opposite of what is intended. In other words, our intensification of the types of policies that have brought Colombia to its current predicament will not only produce the same kinds of results, but they will be more severe.

Washington's policy toward Latin America should be the promotion of civil society, of limited constitutional government there, and of free markets. Although U.S. officials claim that that is the policy of the United States toward Colombia, the U.S. policy actually is working at cross purposes. And that is because anti-narcotics concerns have been the defining feature of U.S. policy toward Colombia.

As a result, Colombian society has been disrupted in many ways. The most obvious, of course, is the spread of violence and corruption. We often hear that drug trafficking is

responsible for the violence we hear about in Colombia. But, of course, it is not drug trafficking, but drug policies, that itself, first creates the huge black market premium for the illicit narcotics industry, and secondly, after creating one of the richest industries in the world, it pushes that industry outside of the legal framework of the market.

As we discovered in the United States in the 1920's and 1930's, prohibition in Colombia has resulted in an increase in violence as mafias have basically used extralegal means to settle disputes, to battle for turf, and to basically do business. In the process, the very institutions of civil society have been undermined in Colombia. Those include the judiciary, the legislative branch and the executive branch, all of which have suffered from corruptions at all levels over the years.

It also includes the media, which has been intimidated by drug traffickers and others, and the business and financial sectors, which must cope with the \$4 billion to \$6 billion in estimated earnings that distort the economy and that result in perverse investment and money-laundering schemes that then affect legitimate businesses in the rest of the economy.

This means that even the laudable goals of Plan Colombia, the strengthening of the rule of law, judicial reform and those types of institutional reforms, will be undermined by that other part of Plan Colombia, which is the escalation of the drug war.

What is worse, U.S. policy has actually helped to fuel the civil war in the country. Guerilla groups, as we have heard, have benefited handsomely from the black market premium of the drug war, earning anywhere from \$100 million to \$500 million per year from taxing drug traffickers and increasingly from becoming directly involved in the production and transport of drugs.

When Peru faced similar problems with the Shining Path in the 1980's and early 1990's, Harvard Professor Robert Barrow observed that "The U.S. could pretty much achieve the same results if it gave aid money directly to the terrorists." This is exactly what is going on in Colombia today.

It is bad enough that Washington has helped to undermine civil society in Colombia. But the price structure of the drug industry shows what a futile effort the supply side campaign is. When one kilogram of cocaine costs \$2,000 in Colombia, and costs \$60,000 in the United States, the scope of the problem begins to become evident. The costs of producing and smuggling cocaine into the United States are only a fraction, maybe 10 or 13 percent, of the final retail value of the drug. So, even if interdiction and eradication efforts are somehow much more effective than they have proven to be in the past, they would only be viewed as additional costs. Indeed, they are

viewed as additional costs by the drug trafficking industry, additional costs of doing business, and will have virtually no effect on the final retail price of the drug in the United States.

But the price structure will also undermine another feature of Plan Colombia. That is, its emphasis on crop substitution and alternative development plans. It will do so for the same reason that alternative development has failed everywhere it has been tried over the past 20 years. Alternative development plans simply don't have a good record.

Why is that? Because the illegal drug industry will always be able to outbid the government-sponsored schemes for growing legal crops. Indeed, over the past few months, where the Colombian Government has been eradicating coca fields in Colombia, the price of coca in many areas in Colombia has already doubled. And in other parts of the region, such as in Peru, the price has more than doubled in recent months.

The second reason that we shouldn't expect that these alternative development programs would work is simply because central planning schemes don't work. Price support policies and subsidized credit and other state-induced encouragements to develop agriculture are not new ideas in Latin America. Those are precisely the types of programs that the region is trying to get away from. Yet, the United States aid is pushing them back in that direction. If it costs too much to get a pineapple to the market or if the soil in a particular area is not good for growing corn, then the state should not be pouring in scarce resources to encourage those types of activities.

Again, it is astounding to me that many U.S. politicians, who profess to be free marketeers, will throw themselves and their full support for these dubious development plans which really hold little promise for peasant farmers, all in the name of fighting the war on drugs.

Short of turning a country into an armed camp, then, eradication efforts also cannot be relied on to be effective. Whereas officials have claimed success in the past, those successes have tended to be ephemeral successes or at best hollow ones. A case in point is one that both speakers have already made, and that is the dramatic reduction of coca production in Peru and Bolivia in recent years. It has been claimed a victory by U.S. officials, but it was directly responsible for the 150 percent rise in coca production in recent years, in Colombia, which in turn, of course, has been responsible for a dramatic increase in the financing of the FARC guerrillas.

Time and again, interdiction and eradication programs simply displace cultivation and production to other areas. And indeed, that is the fear of neighboring countries, especially

Ecuador, Venezuela, Brazil and so on, that have already seen signs of this type of spill-over effect happening as displaced peasants and drug traffickers and guerrillas have been crossing those borders.

So, far from having a stabilizing effect, I think that Plan Colombia is more likely to have a destabilizing effect in the region.

I should mention, by the way, that there is increasing evidence of coca production, and now cocaine production, something that we hadn't seen so much of before, in Peru in the past year. So, the drug trade has not in fact gone away from Peru. It is in fact coming back in its traditional and now in its more advanced forms there.

Thus, far from severing the link between guerrillas and drug trafficking as is intended, anti-drug policy has actually created that link and managed to strengthen it. That has been true with regards to paramilitary groups, as well.

I think that a much better policy for Colombia would be to use the Peruvian experience of the early 1990's as a possible model. During that time period, Peru managed to break the links between drug trafficking and the Shining Path guerrillas by effectively stopping its prosecution on the war on drugs and concentrating almost entirely on its efforts to fight the guerilla groups. Indeed, at the time, Fujimori claimed, "Peruvian-American anti-drug policy has failed." And from 1990 to 1995, there simply wasn't any eradication going on in Peru.

Part of that same program was to allow peasants to arm themselves, to defend themselves, by forming self-defense groups. Because as in Colombia today, in Peru, the rebel groups were not at all popular. They did not have popular support. So, that helped very much to defeat the Shining Path. It did so by removing the financial support that the Shining Path had enjoyed. And it did so by having them confront groups that were serious about defending themselves and that were finally allowed to do so. It also did so because it stopped pushing peasants directly into the arms of the guerrillas, which is exactly the type of thing that is going on in Colombia today.

By contrast, Colombia followed a different strategy, one in which self-defense units were never given the full authority to protect themselves, and then they were phased out legally with paramilitary forces taking their place, all in the context of an escalating war on drugs. Colombia's weak state now faces three well-armed and well-financed opponents: guerrillas, drug traffickers and, at least officially, paramilitaries. An end to the drug war in Colombia won't solve, of course, all of Colombia's troubles, but it will make them far more manageable.

It will also make possible the reconstruction of civil society in Colombia and the pursuit of the rule of law and much needed economic reforms. Colombia may have been a paragon of stability during the lost decade of the 1980's, while the rest of the region was stagnating and even going backward, but since the 1990's, the rest of the region, in terms of economic reforms, has surpassed Colombia.

In a rating of economic freedom, out of 123 countries, Colombia ranks number 88. So, there is a lot that Colombia needs to do in terms of basic economic reforms, which would do a lot to help the economic situation in the country, which it has been prevented from doing because of the all-consuming drug war and the problems that it has brought to the country.

As far as the United States goes, I think that it will be very difficult to withdraw the anti-drug aid from Colombia, especially if the Colombian quagmire becomes even more complicated. I think that there will be few leaders in the United States who will want to appear to look weak or defeated if it comes to that. Yet, that is precisely the type of scenario which we should expect.

Washington, therefore, can help to promote a more manageable situation in Colombia. At the very least, Washington should recognize that its drug abuse problem at home cannot be solved, and indeed has not been solved, through foreign policy initiatives. So, it should stop prosecuting, at the very least, the international phase of the war on drugs. In that way, the U.S. could stop pouring fuel on Colombia's fires.

Thank you.

(Applause.)

DR. CARPENTER: Thank you very much, Ian.

We have about 25 minutes or so left for questions and comments. I would ask you to please wait to be recognized. When I call on you, please wait for the microphone to come around so that we can all hear your question. I would ask you to keep your questions or comments very brief. If a question is directed to a specific member of the panel, please indicate that. Otherwise, we would assume it is directed to the panel in general. I would also ask you to please identify yourself and any affiliation that you have.

Yes?

MS. SCHWARTZ: I am Emily Schwartz from Bloomberg News.

I have a question for Mr. Mack. You mentioned the Governors today. I heard them speak. They said that they would like to see the U.S. provide no further military aid, although they said they would like substantial social aid or economic aid; they need all the help they can get. What kind of mix do you foresee in 2002 aid package? There is an expectation that there

should be about \$500 million for Colombia and \$500 million for other countries. I was wondering if you could address those projections and say what are the prospects for cutting military aid.

AMBASSADOR MACK: I don't want to steal the march on the President of the United States as he announces to Congress what the numbers are exactly. But I can tell you, as I said before, the relative proportions of assistance will tend to rise, relatively, towards the soft side in assistance to Colombia and relatively more assistance will be going to the Andean countries.

Does that answer your question?

MS. SCHWARTZ: What's your response to their call for a cessation to military aid?

AMBASSADOR MACK: I think it is inappropriate and it is not going to happen. If we were to sever all military assistance to Colombia -- and that assistance, by the way, is all focused on units involved trying to reduce the production of cocaine; they are not units that are engaged primarily in counterinsurgency -- if we were to do that, that would mean that the government could not project its presence or mask in the southern parts of Colombia where, at the present time, the Colombian military forces are unable to operate successfully.

A lot of the assistance that we are providing the Colombians is going to the purchase of helicopters, which will enable them to move around fairly easily in that part of the country. That is an essential component of the eradication approach, and any interdiction approach. Without the mobility that the helicopters provide and the trained counternarcotics troops that are part of the package, I think that it would be very difficult, if not impossible, to begin to reduce substantially the amount of cocaine coming out of that part of Colombia.

DR. CARPENTER: Yes, another question?

MR. MCDERMOTT: My name is Jeremy McDermott. I am the BBC correspondent for Colombia. I have one observation and a question directed at Mr. Mack. Then I would like to make a more general observation.

Sir, you talked about ballooning and hopefully the measures that you will take to prevent the ballooning back into other parts of the Andean region. What about internal ballooning? As far as the areas under drug cultivation in Colombia, they are a very, very small amount of the available land that could be put under drug cultivation. Vichada, Amazonas, there are huge areas under FARC control which have not even been touched.

Most of the coca farmers within Putumayo are not from Putumayo. Most of them have passed through and they will

continue passing through and moving on. It is very easy to clear jungle and to plant coca crops. That is question number one.

My observation is that the Kingpin Strategy worked in the sense that the Medellin and Cali cartels were dismantled. However, much of the remnants of the Medellin cartel are now moving down to the paramilitaries. This has created and this is creating an immense polarization in Colombian society. The paramilitary phenomenon is not simply 8,000 members of the AUC. It is a public reaction in many parts of the country where this phenomenon is corrupting local government and creating a right-wing backlash in society, which I fear that the United States is fueling.

AMBASSADOR MACK: I didn't hear the question for the last part. Was there a question there?

MR. MCDERMOTT: No. That was simply an observation ON whether the U.S. has considered the results of this.

AMBASSADOR MACK: With respect to your question about the internal ballooning effect, that is a very valid concern. The National Police of Colombia have made it their focus to go into those areas where coca cultivation begins to show up, go in there as soon as possible to eradicate. I don't know if you mentioned it, but somebody mentioned Narino, for example, an area that had not traditionally produced coca. The idea is to hit those areas with aerial eradication very, very quickly, after the production pops up, to dissuade people from doing just that.

By the way, I do want to comment on two things. One, the Plan Colombia assistance package supplemental will provide the Colombians with a much-increased capacity to deal with coca cultivation. Their capacity will double or more over the next 18 months. We believe, as the new aircraft come on line and new pilots are trained, et cetera, that they will be able to finally get a handle on the new coca expansion problem and begin to cut it back. So, this is not a problem that cannot be resolved with a vigorous policy on the part of the Government of Colombia to deal with it. We believe it can be dealt with.

Secondly, normally for coca production to be effective and efficient, you need a certain specific mass. It is not enough for a campesino to sneak off into the rain forest and whack down some coca bushes, and plant there, in splendid isolation for years. You really need a network to make it work. So, if you can get these outbreaks of cultivation early on, you can prevent it from spreading and that critical mass from developing. It is possible that one can do it.

Your point about the AUC is absolutely right. The AUC does in fact enjoy a certain amount of popular support. It is a monster in creation that is going to come back and haunt the Colombian state. The Government of Colombia at the senior level

understands that perfectly, and has a policy of thwarting the growth of the AUC. But it is not going to be a simple proposition because, as you pointed out, the AUC is operating in areas and in ways that the government is not operating and having some success in beating back the FARC and the ELN.

And people who feel that the central government has not been able to provide for their security are providing support to it, narco-traffickers among those. But there are also perfectly legitimate Colombian citizens that are providing support for the AUC. But, once again, it is the wrong way to go. It is becoming a Frankenstein monster that is going to come back and haunt the democratic State of Colombia.

DR. CRANDALL: I just wanted to add one quick point to that comment. It is clear that the paramilitary issue is one that is on the rise and, as Ambassador Mack pointed out, is becoming a Frankenstein that is threatening the ability of the Colombian state to control a number of areas. But I think more importantly is what this rise in the paramilitaries reflects. I think this tragic increase in their prowess is a direct reflection of a weak Colombian state. And I think the only way to fill this vacuum is with a stronger, more effective Colombian State. And a corollary to that is a stronger, more effective and more legitimate Colombian military.

While we lament the violence perpetrated by the paramilitaries, I think an equally important question is what we do to correct that. If we deny the Colombian military the ability to become the legitimate monopolizer of use of force, we risk perpetuating the paramilitary issue. The question then becomes: How do we get from here to there?

We know that the Colombian military continues to maintain links with the paramilitary groups. We know that the Colombian military is not the legitimate, respected, effective fighting force that it needs to be. But the status quo today in Colombia is unacceptable, especially the paramilitary violence. And the only way you are going to get from here to there is to start the reform process today.

The one caution I would give is that often times here in Washington the first response is that we, the United States, can do that. And only the Colombians can call for more reformed military, for a more effective state, to fill the vacuum of impunity that allows Carlos Castano and his men to do what they do in the Colombian countryside. I think that is something that the Colombian political and economic class have to ask themselves. Because before they make the commitment to act, there is no amount of U.S. assistance, whether it is anti-drug aid or whether it is direct military assistance, that will make a dent in the problem.

DR. CARPENTER: Ian?

MR. VASQUEZ: Beyond the Frankenstein problem that the paramilitaries represent, which I think is a direct result of the drug war, I think that this ballooning issue is a serious issue and it is a disturbing problem. Because in order for this notion of Plan Colombia to work, the Government of Colombia will have to maintain a perpetual force that oversees and harasses and intervenes in the activities of peasants in Colombia, essentially in an effort to eliminate their livelihood, something that we have not talked about on this panel and it doesn't seem that the U.S. policy is very much concerned with.

Where this has been done in its extreme form recently in Bolivia, it has caused serious social problems. The Chapali region that Ambassador Mack was talking about has seen a reduction in the growth of coca bushes, but it has also seen an increase in social tensions and riots and that type of thing, which has not been answered in any way by any government action that is suitable.

So, we can expect, even in Bolivia, for the problem to spill over. Colombia is an even bigger country, and I don't think this ballooning issue is going to be dealt with easily.

DR. CARPENTER: Yes, another question?

MR. BUSH: My name is Roman Bush. I am with the Swiss Embassy here in Washington.

I think that much in these very good presentations has been said about counterinsurgency and about crop eradication, but very little has been said about the ongoing peace process between the ELN and the government, and indeed the peace dialogue between the FARC and the government. I would just like to ask especially Jim Mack, under what conditions, for instance, would the U.S. Government be willing to participate in this ongoing peace dialogue?

AMBASSADOR MACK: I think you are referring to the peace process, the FARC/Government of Columbia peace process, not the ELN process. Yes, our position is that it is definitely premature. There are some issues that have to be dealt with. There is an accounting to be rendered by the FARC for the disappearance of three U.S. missionaries. There is also the case of the murder of three U.S. environmentalists by the FARC, with, once again, no accounting and no punishment of those responsible. And of course, the final thing is there is some likelihood that once those two other issues I raised are dealt with in a way acceptable to the U.S. Government, there is some prospect that the peace process would yield constructive results.

And when I say constructive results, I am talking about a resolution of the conflict; I am not talking about some sort of interim arrangement whereby prisoners are exchanged in the midst

of a conflict. I think until there is a prospect for real negotiations on the part of the FARC -- and to date they have not demonstrated, I don't believe, any serious interest in negotiations with the government -- there is not much point in the U.S. getting involved.

DR. CARPENTER: Russell?

DR. CRANDALL: Just a quick comment on the peace process. I have often made the point that in the United States drug policy there is no rearview mirror. That is, we tend to look at what we can fumigate, how we can interdict drugs, but we never look back on the 20-some-odd years that we have been fighting the same war and the profound lack of results.

I think sadly, in Colombia today, the peace process might be continuing without a rearview mirror also. If you look back two years, to when President Pastrana initiated his round of peace talks with the FARC and the ELN, there was high expectations that this would be the man who could bring peace to Colombia. In those two years, especially -- the ELN is a somewhat different issue, I think, above all because it is much weaker -- but the talks with the FARC have produced next to nothing in terms of concrete, demonstrable results.

I think the real worry is a growing disconnect between the government/FARC negotiations and the common perception and feelings of the Colombian people. What do I mean by that? I mean that many, many Colombians -- and I think it's exacerbated by the economic crisis of the last few years -- had become very disenchanted with the peace process. Yet it continues. If there aren't very soon some clear results that show that this effort and all of these compromises have brought benefits to Colombia, you are going to find more and more Colombians falling off the peace wagon, looking for a hard-line alternative.

I think this is an opinion of the Colombian people that needs to be respected and taken into consideration, that too much right now the Pastrana administration and FARC are caught up in their own game along with the international tension and the voice and the frustrations of the Colombian people have been largely neglected. I think we neglect that frustration at our own expense.

MR. VASQUEZ: Just to add one comment, I think the United States has been wise not to become involved in the peace process so far, especially given the context that Russell has just summed up. Peace processes tend to work best when all sides are ready to negotiate. And it is not clear, at least to me, that that is the case in Colombia. I just don't see that the United States would have much to gain from becoming involved in that situation right now.

AMBASSADOR MACK: I would like to add that at the current time -- and I discussed the wealth of the FARC -- I do not see any need on the part of the FARC or any incentive at this point that would push them to negotiate in good faith. They are rolling in money. They continue to grow in terms of numbers of adherents, fighters that they are able to either dragoon or recruit. And until they feel the pinch, they will not feel the need to negotiate in good faith.

That is why we believe that getting a handle on narcotics production in Colombia -- and the Government of Colombia believes this, too -- will create incentives for them to talk. Because to the degree their income declines, they will see the handwriting on the wall and begin to feel it is necessary to make the best deal they can as soon as they can. They are nowhere near that point at this time.

DR. CARPENTER: Another question in the back?

MR. PINCHON: Thank you. My name is Victor Pinchon. I am from the Americas Foundation. I am a Colombian. I went to the University of California back in the sixties, in San Francisco, during the War in Vietnam. So, I am an experienced individual and I know how marijuana got started.

I have a question in mind. Why do we continue to ignore the fundamental reason for the illegal drugs, which is the huge profit margin which is created in the market and distribution? None of the panelists addressed this issue. I think it is probably about time that the American people and everybody should, instead of addressing obviously the social cost of drug addicts, but if we eliminate the huge profit margins, we will not have Colombia producing the drugs to be sold here in the United States. It is critical that we should address this issue.

The problem is that everything else that has been talked about here is superfluous. If we could just address that issue, understanding, of course, the social price of the people who consume. This is a serious issue. Colombia, Latin America, is being destroyed. The governments don't work. There is no democracies really operating there. The people are not participating in the political process. We need to get that huge population into economic viability, to be producers, consumers, so that everybody wins. The United States could produce for those markets and get to be a successful hemisphere.

Please, could you comment on that taboo issue, this very serious issue about legalizing the problem?

DR. CARPENTER: Ian, since I think that you actually did touch on that, I'll give you a shot.

MR. VASQUEZ: I will answer quite briefly. I think I did touch on that. That was the central part of my talk. I do think that ultimately the solution is to deal with the end of

prohibition. Short of that, I think that it would be wise for the United States to end its drug war internationally and, in that way, not put the burden on Colombia.

I do think that we can't even enforce these laws successfully in the United States. As a result, we are literally contributing to the destruction of Colombian society. When you review all sorts of official plans from the Colombian Government and Washington on how to deal with drug trafficking, very little attention, if at all, is ever paid to the issue of the huge profit margins.

It is always one more crusade for getting a bigger drug seizure or jailing another kingpin or eradicating another piece of territory of coca. But it never is able to get its hands around the problem of the tremendous incentives, which no anti-drug policy can do away with.

DR. CARPENTER: We have time for just one more question.

MR. MILLIKAN: I am Al Millikan, Washington Independent Writers.

I also heard the Governors this morning at the Press Club. There was a press release from a Latin America Working Group that said the Colombian Army cites 75,000 acres of coca leaf out of around 295,000 cultivated annually, destroyed as of February 15, 2001. But then they mentioned that since the aerial fumigation began, peasant farmers have complained of adverse health effects, harm to livestock and inaccurate spraying techniques which kill licit subsistence crops such as corn and yucca.

They also quoted a New York Times article from January 31st where it states: I have the proof to show that it wasn't the coca farmers who have suffered. We believe people will go hungry. They have fumigated everything, fields and plantain rows and yucca and everything that people need to live on.

I am just wondering, it seems just like in Iraq and Serbia and Cuba, why is it the government policies that are followed seems to hurt so many innocent people?

DR. CARPENTER: I will give Mr. Mack the first shot at that.

AMBASSADOR MACK: This, I think, is equivalent to the charges by Saddam Hussein that we were bombing a baby formula factory during the Gulf War.

The fact of the matter is, number one, the herbicide that is being used is called Glycophase. It is EPA-approved. It has been used for 30 years. It is probably the most benign herbicide on planet earth. Ninety percent of all the Glycophase used in Colombia is used in association with licit agriculture; for example, coffee plantations where they don't want to till

because they plant coffee on slopes so they don't want erosion. It is used as a ripening agent for sugar.

In the United States, we use 10 times more than all of Colombia uses. And only 10 percent of what Colombia uses is used to spray coca. It does not persevere in the soil. It does not persevere in animals, including humans, fish, and birds. It is approved by the EPA in aquatic environments. It does not cause two-headed babies. That is a canard.

However, we are going to underwrite a survey yet again, a study in Putumayo, to look at these allegations. But I cannot conceive that they will prove true. The Glycophase is sold under one name or another in over 100 countries. As I say, it has been approved for years by the United States. Most recently, it was recertified by the EPA in the year 2000. I don't think they are going to come up with much. That is the health issue.

Now, let's talk about the yucca, plantain, corn, and rice charges. The spray planes are quite accurate. These are not guys wearing leather jackets, goggles and purple scarves. It is a very scientifically done spray application. Every time they spray, they know where they are going in advance. There are surveys done in advance. They use a process called sat-lock. They lock on to a satellite signal and they know where they are at any given time.

Can there be a mistake? It is possible. There will be mistakes. But the level of number of mistakes is relatively few. There is a compensation mechanism which, to be sure, needs to be improved. However, if a farmer is growing corn in association with his coca -- that is, inter-cropping -- the Government of Colombia considers that coca. Very often people will do that in order to either disguise or dissuade a spray pilot from spraying. That does not wash. That is considered coca. And if people are complaining that those who inter-cropped were sprayed, in fact that was a deliberate attempt by the government to kill the coca and there will be no compensation paid.

We will be doing an aerial survey of the areas that were sprayed very shortly. We will find out, one, how much coca was really killed as opposed to how much was sprayed and if there were legitimate crops that were separate from coca killed, then there will be a mechanism to compensate those who were impacted. But I think that the truth will show at the end of the day that those individuals are not very numerous.

DR. CARPENTER: Ian?

MR. VASQUEZ: I think the more important question is what gives the United States Government or the Colombian Government the right to go in and eliminate the livelihood of thousands of coca-growing peasants, especially when those actions have virtually no effect on drug consumption or drug prices in

the United States. That is a question that drug policy in Colombia rarely addresses itself to.

DR. CARPENTER: Thank you all very much. I'm afraid we don't have time for any more questions. We do have a reception beginning immediately after the event. Our speakers will be available and I'm sure you can interact with them on a more informal basis. Please join me in giving our speakers a round of applause.)

(Applause.)

(Whereupon, the Cato Institute Policy Forum was concluded.)