Madame Chairman and Members of the Caucus:

I am grateful for this opportunity to discuss the security crisis in Central America as well as efforts in the region and by the U.S. government to respond to a rapidly deteriorating situation.

The dimensions of the citizen security crisis in Central America cannot be overstated. Recent headlines have served to underscore the rapid advance of organized crime in the region, and the horrific levels of violence associated with it. Earlier this month, dozens of gunmen entered a farm in Guatemala’s Petén region, murdering and decapitating 27 people. Guatemalan authorities as well as speculation in the press have blamed the Zetas, a violent Mexican drug trafficking cartel increasingly active in Guatemala and other parts of Central America.1 Whether a vengeance killing following the murder of a presumed drug lord, or a struggle among between the Zetas and Mexico’s Sinaloa cartel for the control of territory and smuggling routes, the massacre underscores the vulnerability of the civilian population in unsecured border areas between Mexico and Guatemala, where narcotics and human trafficking flourish. In response, the government of President Álvaro Colom has declared a state of siege similar to the one declared from December 2010-February 2011 in the department of Alta Verapaz.

The growing presence and activities of organized crime groups in Central America has worsened an already alarming crisis of citizen security. In mid-2010 the Organization of American States’ (OAS) Inter-American Commission for Human Rights reported that

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Latin America has the highest levels of youth violence in the world. UN figures indicate that the rate of youth homicide in Latin America is more than double that of Africa, and 36 times the rate of developed countries. An oft-referenced study by the United Nations Development Program (UNDP) noted in 2009 that the seven countries of Central America—Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama—register the highest levels of non-political violence in the world; this observation has been echoed in statements by our own Department of Defense. The situation is most acute in the countries of the so-called “Northern Triangle”—El Salvador, Guatemala, and Honduras. In El Salvador alone, sixty-eight percent of homicide victims are between the ages of fifteen and thirty-four, and nine out of ten victims are male. Countries such as Costa Rica, Nicaragua, and Belize are also witnessing rising rates of insecurity associated with the increased presence of organized crime.

A recent study published by the World Bank helps to put the numbers in context: although the combined population of Central America is equivalent to that of Spain, in 2006, Spain registered a total of 336 murders, while the corresponding number in Central America was 14,257. Grim as they are, murder rates in Central America capture only the most extreme form of violent crime, which also includes assault, robbery, and domestic violence. Indeed, with respect to youth violence, the United Nations estimated in 2010 that for every fatality, there were 20-40 victims of non-fatal violence.

**Drug Trafficking Has Exacerbated Already High Levels of Violence**

Crime and violence in Central America have multiple drivers, but none appears more responsible for the dramatic increase in violence than the illegal drug trade. The World Bank noted in 2011 that drug trafficking constitutes “the main single factor behind rising

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levels of violence in the region,” indicating that crime rates are more than 100 percent higher in drug trafficking “hot spots” than in other areas. Crime and violence cause trauma and suffering for individuals as well as communities; they also have become a serious development issue, with “staggering economic costs” at the national level.9

The growing activity of organized crime groups in Central America, particularly drug traffickers, takes advantage of the region’s weak and fragile institutions as well as its geographical proximity to North American drug markets. While there is significant variation among the countries of the region, in most cases dysfunctional judicial systems have long fostered high levels of impunity and corruption. Processes of police reform and professionalization in the wake of peace settlements in Guatemala and El Salvador have been—to put it generously—incomplete. The region’s porous land borders and extensive coastlines are not adequately controlled, making them vulnerable to exploitation by criminal groups. Additional factors include high levels of youth unemployment, 10 inadequate educational opportunities, particularly at the secondary level,11 and an abundance of illegal light as well as heavy-caliber weapons (reflecting inadequate programs of post-war disarmament and reintegration as well as illegal weapons flows from the United States).

Criminal networks—including some originating during the era of internal armed conflict—have operated in Central America for decades (moving drugs, contraband, arms, and human beings). But there is no doubt that pressures on drug cartels in Mexico have led to the expansion of organized crime in the contiguous territories of Central America.12

9 Rodrigo Serrano-Berthet and Humberto López, op. cit.

10 The countries of the Northern Triangle have human development indicators (compiled by the United Nations Development Program) that are among the lowest in Latin America. The three countries similarly rank low on the World Bank’s Human Opportunity Index, with scores as much as twenty points below the average for Latin American and the Caribbean. UNDP, op. cit, and José R. Molinas, Ricardo Paes de Barros, et. al., Do Our Children Have a Chance? The 2010 Human Opportunity Report for Latin America and the Caribbean (Washington, D.C.: The World Bank, 2010), 55.

11 By 2008, the number of primary-school age children who were enrolled in school reached 94 percent in El Salvador, 95 percent in Guatemala, and 97 percent in Honduras. But progress in expanding access to basic education, was not matched in enrollment rates in secondary school, which were only 55 percent in El Salvador and 40 percent in Guatemala (figures for Honduras are not available) Figures are from the World Bank, World Development Indicators, and United Nations Educational, Scientific, and Cultural Organization (UNESCO) Institute for Statistics, cited in Aaron Terrazas, Demetrios G. Papademetriou, and Marc R. Rosenblum, “Demographic and Human Capital Trends in Mexico and Central America, Draft, Migration Policy Institute, February 2011, 10-13.

Figures from the State Department paint an especially stark portrait. The State Department’s Bureau of International Narcotics Control and Law Enforcement estimated that in 2008, 42 percent of the cocaine entering the United States transited Central America directly from South America. By 2010, the estimate of the amount of cocaine smuggled to the United States through Central America had jumped to 60 percent of the total. This dramatic increase over a two-year period represents a major shift in trafficking patterns, and Guatemala and Honduras play pivotal roles in these networks. Admiral James Winnefeld, head of the U.S. Northern Command, recently told Congress that nearly all the cocaine destined for the United States crosses the Mexico-Guatemala border. Outgoing U.S. Ambassador to Honduras Hugo Llorens similarly estimated that approximately 42 percent of cocaine flights leaving South America for other parts of the world go through Honduras.

Central America is a classic representation of the unrelenting dynamic of the drug trade over the past several decades, in which improvements in one country or sub-region translate into deterioration elsewhere. The “balloon effect” usually describes the phenomenon by which reductions in coca cultivation in one country lead to increases in another. But the balloon effect is much more pernicious; all aspects of organized crime—from cultivation of drugs to production to all forms of illegal trafficking—constantly change shape as traffickers adapt to increased enforcement to meet persistent levels of demand and corresponding levels of profit. Central America is paying a heavy price because of this constantly shifting scenario.

The Need for a Comprehensive Approach

The U.S. government has been slow to respond to the ways that increased counter-drug enforcement throughout the Andes would affect Mexico and other countries closest to the world’s largest drug market in North America. Central America was initially an afterthought as the United States and Mexico launched Plan Mérida in 2007-2008. However, faced with the deteriorating situation in Central America, the Obama


14 Winnefeld made his remarks before the Senate Armed Services Committee. See Anna Mulrine, “Pentagon: Central America ‘deadliest’ non-war zone in the world,” Christian Science Monitor, April 22, 2011.

administration has increased its support for the countries of Central America through CARSI, and for the Caribbean through the CBSI.\textsuperscript{16}

The broad goals of CARSI—to reduce the levels of violence, foster economic and social opportunity, prevent the transit of contraband and criminals, expand law enforcement, judicial, social and educational opportunities, among others\textsuperscript{17}—appear to be greatly at odds with the level of resources committed or proposed. Given the gravity of the situation in Central America as well as the pace of ongoing deterioration, there is reason to question whether levels of assistance will constitute a “game-changer” in the overall dynamic of organized crime in the region.\textsuperscript{18}

Between Fiscal Years 2008 and 2010, for example, Central America was slated to receive $260 million, with an additional $100 million in each of the following two fiscal years (FY 2011 and FY 2012). Despite initial delays, the disbursement of funds appears to have accelerated. U.S. financial support, while a substantial increase over previous years, still constitutes a drop in the bucket when compared to the amounts provided during the years of the Central American wars: more than $6 billion to El Salvador alone between 1980 and 1992. Similarly, U.S. assistance to Colombia totaled has totaled $8.699 billion from FY 2000 through FY 2012.\textsuperscript{19}

Maximizing the use of scarce U.S. resources in a time of shrinking budgets requires close coordination with other donors (including the Inter-American Development Bank, the World Bank, and the agencies of the U.N. system) as well as significant cooperation across the multiple U.S. agencies—the State Department, Agency for International Development, DEA, FBI, ATFE, Homeland Security, and others—involved in the efforts to improve citizen security and combat organized crime in Central America. The United States should make every effort to respond to—and actively foster—the development of both national and regional security plans that provide a comprehensive and operational roadmap for addressing questions of long-term institutional reform and capacity building (in both the security and rule of law arenas) while addressing the underlying social conditions and lack of opportunity that serve as incubators for social violence.

Getting from here to there is not easy. The countries of Central America have very different levels of institutional capacity as well as political will to confront organized


\textsuperscript{17} See The White House, Office of the Press Secretary, “The Central America Citizen Security Partnership,” Fact Sheet, March 21, 2011, 1-2 (released during President Obama’s trip to El Salvador, Chile, and Brazil).

\textsuperscript{18} Steven Dudley, op. cit., 88.

\textsuperscript{19} The figure includes $400 million requested I Fiscal Year 2012. See June S. Beittel, “Colombia: Issues for Congress,” Congressional Research Service, March 18, 2011, 32.
crime and support the reforms—institutional as well as social—necessary to make a
difference. Resources are essential, but financial support from the international
community can only go so far if elites in the region refrain from paying taxes and
politicians and societies are unwilling to increase the rate of taxation as a percentage of
GDP. Throughout the region, there is a need for an increase in domestic resources to
fight crime and its underlying social causes. This necessitates fiscal reform that increases
tax revenue across the board, improves the equity of the tax burden, and improves the
transparency and accountability of government spending.

Guatemala has a particularly poor record in this regard. Despite years of pressure by the
international community to raise taxes in the wake of the 1996 peace accord, the tax rate
remains one of the lowest in the entire hemisphere. In 2010, the government increased
social spending—not in and of itself a bad thing—but did so at the expense of the budgets
for law enforcement and the judicial sector.20 Among other things, this has stymied the
efforts of a handful of those in the government—the Attorney General and the crusading
human rights activist now at the helm of police reform—to implement changes.21

The situation in El Salvador is more promising; the government of President Mauricio
Funes has undertaken a purge of the police force, is targeting social investment to
municipalities with high levels of violence and exclusion, and is attempting a broad-
based national dialogue on socio-economic issues. The intense, ongoing polarization of
Salvadoran society is a key obstacle to the success of these efforts. Nicaragua also has a
promising record of social prevention policies and police reform that have kept youth
violence in check and enhanced citizen security at the community level; in 2011 the State
Department called the Nicaraguan Navy “one of Central America’s most effective
agencies in narcotics interdictions.”22

In focusing on the countries of the “Northern Tier,” the U.S. government should also
remain mindful of countries such as Costa Rica, Belize, and Nicaragua, where drug
trafficking is increasing but, for a variety of reasons, has not reached the crisis
proportions that exist elsewhere in the region. Ignoring these nations now practically
guarantees that a greater crisis will develop at some point in the near future. Areas of
priority should include what is being done elsewhere in Central America: assisting
security institutions to control “ungoverned spaces,” reinforcing judicial institutions,
establishing or reinforcing independent Inspectors General to investigate and weed out
corruption, and expanding social protection networks. Working preemptively in these
areas is preferable to responding to a situation once it has gotten out of hand.

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21 See Fernando Carrera, “Quién ayuda al narco?” El Periódico (Guatemala), May 19, 2011; For a video of
the presentation of Guatemala’s Presidential Commissioner for Police Reform, Helen Mack, see
http://www.wilsoncenter.org/index.cfm?topic_id=1425&categoryid=34F61C49-AF18-8F3B-9CD0E09642AB4BF1&fuseaction=topics.events_item_topics&event_id=632402.
22 U.S. Department of State, INCSR 2011, op. cit.
The Central America countries themselves have made important strides in coordinating regional efforts against organized crime and in approaching the international community jointly for financial support. In early May Central American foreign ministers, police chiefs, and other security officials met in San Salvador under the auspices of the Central American Integration System (SICA) to devise a regional security plan (they were joined by officials from the Dominican Republic). SICA’s secretary general estimated the cost of the plan to be approximately $953 million and that initial approaches were being made to European donors. 23 A follow-up conference will be held in Guatemala June 22-23. In addition, the General Assembly of the Organization of American States, to take place in San Salvador in June, will focus on the issue of citizen security. It is important that the United States and other donor nations respond creatively and in good faith to these initiatives from the region and work to strengthen regional mechanisms of coordination as well as policy implementation. At the same time, Central American countries must make further efforts to make operational coordination and cooperation meaningful.

The Obama administration has made significant efforts over the last two years to reorient the domestic anti-narcotics budget towards demand reduction. Redefining the drug abuse problem in the United States as a public health problem has translated into more resources for treatment and prevention, with additional increases of one percent and eight percent, respectively, proposed for Fiscal Year 2012. While drug consumption and demand is a growing problem within Latin America—particularly as narco-trafficking organizations pay in product rather than cash 24—it is nevertheless the case that Central America’s problem with organized crime is a direct consequence of the demand for narcotics from the United States, still the largest market in the world for cocaine and other drugs.

As we adopt the framework of “shared responsibility” for the scourge of drug violence throughout Mesoamerica, we must be mindful of the need to do more: to combat the traffic in small arms and automatic weapons flowing from North to South; to combat money laundering, particularly in dollarized economies such as El Salvador’s; and to seize, rather than avoid, opportunities for broader debate on U.S. demand reduction and anti-drug strategies, as called for by many in Congress. In particular, it would be an important symbolic as well as substantive step for the Senate to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Items, known as CIFTA. CIFTA was adopted by the OAS in 1997, over a decade ago, and submitted to the Congress the following year by then-President Bill Clinton.

It is no exaggeration to say that crime and violence abetted by organized crime constitute central threats to democratic governance in Central America and the survival of democratic institutions. The task is not only to increase law enforcement and judicial


24 Douglas Farah, op. cit.
capacity, but also to address the poverty, exclusion, and lack of opportunity that provide a vast breeding ground for crime and violence throughout the region.