

# The Coca Connection: Conflict and Drugs in Colombia and Peru

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Volume 25, Number 2, Winter 2005

URI: [https://id.erudit.org/iderudit/jcs25\\_2art05](https://id.erudit.org/iderudit/jcs25_2art05)

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Publisher(s)

The University of New Brunswick

ISSN

1198-8614 (print)

1715-5673 (digital)

[Explore this journal](#)

Cite this article

Felbab-Brown, V. (2005). The Coca Connection:: Conflict and Drugs in Colombia and Peru. *Journal of Conflict Studies*, 25(2), 104–128.

Article abstract

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## **The Coca Connection: Conflict and Drugs in Colombia and Peru**

by  
*Vanda Felbab-Brown*

### **ABSTRACT**

*Analysis of the connection between the narcotics economy and insurgent movements in Peru and Colombia shows that access by belligerents to the illicit economy greatly strengthens the insurgent movements. However, the belligerents' gains are not simply in the form of financial assets and enhanced military capabilities as frequently assumed, but are also in the form of expanded strategic and tactical options and, crucially, improved relations with local populations. Premised on the desire to reduce the physical capabilities of the belligerents, government attempts to defeat the insurgency through crop eradication not only fails to significantly reduce the belligerents' capabilities, but are also often counterproductive. Crop eradication only strengthens the bond between the belligerents and the local population, and deprives the government of vital intelligence on the belligerents.*

### **INTRODUCTION**

There is widespread recognition that access by insurgents to gains from drug production and trafficking contributes to the intensification and prolongation of intrastate military conflict within countries. Based on the premise of the ability of anti-government forces to exploit local drug economies, the United States has given anti-narcotics policy – emphasizing crop eradication – high priority in its relations with Afghanistan, Colombia, and Peru, among other countries. The United States also insists that other Western countries adopt the same strategy. This approach to the problem, however, neglects the underlying dynamics of the drug-economy/conflict nexus, and can undermine government stabilization, the war on terrorism, and ultimately, even the counter-drug efforts.

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The basic connection between the drug economy and intrastate conflict is a well-established fact – the recent history of Peru and Colombia being the most prominent cases in point. However, despite detailed descriptive analyses of the Latin American cases, a systematic and multifaceted theory of how the drug economy shapes military conflict and how the dynamics of military conflicts feed back into the drug economy is lacking. The standard “narco-guerrilla” approach ignores key dynamics of the nexus between drugs and conflict by singularly focusing on belligerents’ financial gains. My analysis provides a more comprehensive theory of the drug-insurgency nexus by showing that belligerent groups follow a learning curve in exploiting the illicit economy and hence obtain not only financial benefits, but also political legitimacy and direct military benefits. These two additional sets of gains have direct implications for counterinsurgency and counter-terrorism policies.

Research on the Peruvian “Shining Path” (*Sendero Luminoso* or *SL*), one of the most effective and most brutal Maoist guerrilla movements, shows that access to drugs was a key determinant of its ability to expand. It was only after 1986, some 15 years since its founding, that the Shining Path was able to escalate its insurgency to a level of violence that posed a serious threat to the Peruvian state. 1986 was the year that the SL guerrillas took control of the Upper Huallaga Valley, the biggest coca-production region of the world. By levying a five percent tax on the coca paste sold by the *campesinos* to the traffickers who exported it to Colombia, the SL was able to raise around \$30 million a year just from the tax.<sup>1</sup> With this amount of money, it could organize itself more as a regular military force, procure better weapons, and improve logistics. The large and stable supply of money also allowed the SL to significantly expand its operations beyond its base in the Ayacucho province and from the countryside to the cities, even threatening Lima. And the number of people killed in the conflict rose dramatically to over 3,000 a year in 1989 and 1990.<sup>2</sup>

In Colombia too, the Revolutionary Armed Forces of Colombia (FARC), the most prominent insurgency group, was able to significantly escalate and prolong the militarized conflict after 1980, when it secured control of the country’s drug-producing regions. This took place at the time of increased coca and poppy production in Colombia, the so-called “coca boom.”<sup>3</sup> By the end of the 1990s, the guerrillas had expanded their control to over 600 municipalities, nearly two-thirds of the total. Over the period, the number of combat engagements between guerrilla units and the Colombian military escalated from under 100 to over 500 a year by the mid-1990s, and, as President Alvaro Uribe embarked on a strong counteroffensive, to well over 2,000 in 2003.<sup>4</sup> During the late 1990s, the FARC also established an urban branch whose strength some authors put as high as 12,000 men and women with access to explosives and arms.<sup>5</sup>

Involvement with the narcotics economy also contributed to the expansion of another powerful, nongovernmental, armed actor in Colombia, the paramilitaries. Private armies or militias have existed in Colombia at least since the

1960s, originating as private protection units for cattle-ranchers and large landowners (usually referred to as *autodefensas*)<sup>6</sup>, for emerald mafias, and ultimately since the early 1980s for narcotraffickers. Frequently fighting in support of the regular military services and brutalizing the rural population suspected of sympathizing with the guerrillas, the paramilitaries have not only provided protection to their patrons against leftist guerrilla kidnappings, extortions, cattle rustling, and land seizure, but have progressively become an independent actor, deeply involved with land seizure as well as with the drug economy.

This observable correlation between combatants' involvement in the drug economy and the expansion of militarized conflict provides an inadequate basis for understanding the causal mechanisms at work. A deeper understanding of the underlying dynamics is revealed by a systematic investigation of the drug-economy/insurgency nexus in Peru and Columbia focusing on the following:

- The advantages that the insurgents gain from access to drug production and distribution include enlarged financial assets and improved military capabilities, an expansion of strategic and tactical options, and, crucially, an improvement in relations with local populations.
- Involvement in the drug industry by one belligerent movement provides other belligerents with a successful *modus operandi* and insurgents learn from each other how to most effectively exploit illicit substances. Far from merging into a conglomerate actor, the belligerents and the drug dealers often have competitive interests and problematic relations. Hence, the "narco-guerrilla thesis" has little accuracy and policy usefulness.
- Governments' drug eradication policies are counterproductive in the overall struggle against the belligerents. They strengthen the relationship between the wider populations and the belligerents while their impact on the belligerents' physical capability is questionable. Government suspension of drug eradication during a campaign against the belligerents, on the other hand, will deprive the insurgents of critical political gains by undermining the relationship between the wider population and the belligerents, while increasing the willingness of the population to provide the government with intelligence on the belligerents.

These findings and the analysis underling them are elaborated below. They differ significantly from the view prevailing in the US government and much of the standard literature on "narcoterrorism."<sup>7</sup> The "narcoterrorism/narcoguerrilla" thesis assumes that belligerents simply gain greater financial resources from their access to the illicit economy, which they can convert into greater military capabilities and conflict expansion. Consequently, the logic goes, if the government eradicates the illicit drug economy, the belligerents will be weakened and defeated. This narcoterrorism thesis ignores not only the extreme difficulties encountered in successfully eradicating the illicit drug economy in a particular country,<sup>8</sup>

but also the highly unpredictable effects of eradication on the profits of the belligerents and the important side-effect of strengthening the bond between the belligerents and the local population. Eradication thus does the opposite of winning the hearts and minds of the people.

## **THE ADVANTAGES BELLIGERENTS DERIVE FROM ACCESS TO THE DRUG ECONOMY**

The first and most obvious gain by the insurgents is the increase in their ability to fund their operations and procure weapons. The Shining Path in Peru was able to raise at least \$30 million a year since 1987 until its demise by imposing a five percent “revolutionary tax” on coca paste sold by the *campesinos* to the traffickers who exported it to Colombia. This income was later supplemented by the *traquatero barons* who paid a facilitation fee of \$10,000 to \$15,000 for providing a safe airstrip for each takeoff by an aircraft carrying coca paste out of the Upper Huallaga Valley – this alone brought in about \$75 million.<sup>9</sup>

Although dynamite stolen from mines continued to be used more often than any other weapon by the Shining Path throughout its campaign, after getting access to drugs the guerrillas could also procure weapons such as machine guns, G-3 and FAL automatic rifles, US-made hand grenades, and mortars. The *Sendero* also was able to pay high salaries to its combatants; indeed, both the amount and the numbers of persons receiving funds was very large by Latin American standards.<sup>10</sup>

FARC’s overall income is estimated to be hundreds of millions of dollars annually.<sup>11</sup> Estimates of FARC’s income from taxing the illicit economy fluctuate between \$60 and \$100 million per year. The protection rents extracted by guerrillas from narcotraffickers in 1996 amounted to \$600 million, and less than \$200 million annually in 1997 and 1998.<sup>12</sup> Representing at least 50 percent of the overall income for the FARC and around 20 percent for another leftist guerrilla movement, the ELN (the National Liberation Army – *Ejercito de Liberacion Nacional* – a “national liberation” movement inspired by the Cuban revolution and drawing on Christian Liberation theology), drug profits are further supplemented with income from kidnapping, and extortion from oil companies and other large businesses.<sup>13</sup> The overall income of the FARC could be as high as \$300 million a year, although \$100 million a year is a more likely number.<sup>14</sup>

The annual income from the drug economy received by the AUC, a right-wing paramilitary group, is believed to be around \$75 million annually, approximately 70-80 percent of the group’s total income.<sup>15</sup> This income is supplemented by protection rents from big business, oil companies, and cattle ranchers who hire the paramilitaries for protection from the guerrillas. According to US Ambassador to Colombia, William Wood, the AUC controls 40 percent of Colombia’s drug trafficking.<sup>16</sup> Together the FARC, the paramilitaries, and the

ELN are involved in more than 70-75 percent of coca grown in Colombia.<sup>17</sup> Colombia is the world's principal producer and distributor of refined cocaine, generating roughly 80 percent of global production.<sup>18</sup> All three belligerent groups in Colombia have increasingly begun to diversify their income portfolios to include opium as well.<sup>19</sup>

As in Peru, these vast financial profits are used for multiple purposes, including most obviously financing military campaigns. Both the FARC and the AUC were able to greatly improve their weapons procurement and logistics as a result of the drug money. For example, although at first dependent on the army for weapons, after tapping into the drug money, the AUC independently acquired numerous aircraft, including 11 Cessna, four shipping planes, and 14 helicopters with military equipment, such as Black Hawks. The paramilitaries also sought to expand their base by offering higher salaries to their fighters than do both the FARC and the ELN.<sup>20</sup>

Involvement in the drug trade also allows the belligerents to expand their strategic and tactical options. As the belligerents' procurement and logistics capabilities become reliable, they can optimize their operations by engaging regular forces in large battles, expanding their operations into the cities, or attacking high-impact targets to instill terror. They no longer need to deplete time and energy by attacking remote arsenals, local police and army stations, banks, and even farms to procure supplies and weapons. After 1986, for example, the SL no longer felt the need to acquire weapons by seizing police and military caches.<sup>21</sup> Blowing up a mall with dynamite requires considerably less time, energy, and military proficiency than physically securing a military arsenal in order to obtain its weapons. It will also generate greater terror. In short, by successfully exploiting the drug economy belligerents are able to optimize their grand strategy with their military tactics.

The third kind of gain belligerents obtain from access to the production and distribution of illicit substances is improved relations with local populations. These improved relations include greater legitimacy with the local populace, provision of intelligence to the belligerents by the population, and denial of intelligence on the belligerents to the military (this intelligence provision will be discussed in greater detail below). Belligerents gain this political capital by protecting the production and distribution of illicit substances, and by providing the large poor rural population with a reliable source of livelihood. This livelihood is not only stable, but also far more comfortable than the alternatives open to poor, minimally-mobile peasants. The price that traffickers can offer for coca leaves surpasses the price peasants can get for cocoa pods by between two and eight times, for rubber by four times, and for maize by more than 40 times.<sup>22</sup> Moreover, the plant *Erythroxylum coca* grows in poor, acidic, tropical soil unsuitable for many legal crops, requires little care, is very durable with a lifespan of 30 years, and allows for three to four harvests a year. Growing illicit crops also eliminates the high transaction costs otherwise incurred by transporting legal crops to mar-

kets in areas with very poor transportation systems. The raw drug ingredients are picked by the drug traffickers directly from the farmers. In the Caguan area controlled by the FARC, for example, drugs became so profitable for the lower strata of the population that it attracted a large population of migrants, many of whom accept the FARC guerrillas as the guardians of their “narco-economy.”<sup>23</sup> The drug trade provides these migrants not only with economic opportunities in growing coca or poppy, but also in processing and marketing.

The belligerents provide multiple services to the coca peasants. First, they give them protection from the police and anti-narcotics squads who destroy the coca fields. In the case of Peru, the support base of the *Sendero Luminoso* grew greatly as a result of the rural population’s tremendous resentment toward their own government for its coca eradication program that threatened their livelihood.<sup>24</sup> The FARC gained similar popular support in Colombia by protecting coca and heroin production from the government’s anti-narcotics squads. Intensified coca eradication produced serious social conflict and further delegitimized the Colombian government.<sup>25</sup> Moreover, given the high level of corruption in the military and police, the peasants are often forced to pay drug rents to the law enforcement officials whose treatment of the peasants is often more arbitrary and threatening than that of the guerrillas.<sup>26</sup> This was the case until the mid-1990s when the FARC solidified its control over drug-cultivation regions, and started treating the peasants with increasing brutality.<sup>27</sup> Crop eradication policies have also led to the forcible expulsion of peasants from lands used for drug production and the burning of their homes, further increasing the scope of protection services the FARC can provide to peasants, and hence its political legitimacy.

Although often brutal themselves, the guerrillas also protect the peasants from exploitative and cruel drug dealers. Prior to the SL protection, Peruvian peasants were vulnerable to being killed by the *narcos* if they failed to deliver a certain amount of coca leaves, even if the reason was the eradication of the crop by the anti-narcotics squads.<sup>28</sup> The SL also negotiated better prices for the peasants from the traffickers. In Colombia too, the guerrillas have provided protection from both the *narcos* and the paramilitaries. They also demanded that the narco-traffickers pay better wages to the *cocaleros*. In areas where guerrilla presence is weak or nonexistent, the price of labor paid by the *narcos* is lower than in places with a strong guerrilla presence.<sup>29</sup> However, in contested areas, especially when first entering those zones, the AUC would pay greater prices to peasants than the FARC and ELN, and offer to cancel their debts to the two guerrilla forces, thus trying to buy off peasant allegiance.<sup>30</sup> In essence, the guerrillas function as security providers, even if brutal, and political and economic regulators.

This dynamic has weakened since the late 1990s, after both the FARC and AUC consolidated control over their areas of coca cultivation and displaced the small- and medium-sized drug traffickers who used to deal with the peasants. Neither group now feels a need to buy peasant allegiance by raising prices for coca leaves and paste or protecting them against the brutality of the traffickers.<sup>31</sup>

Increasingly, the FARC, like the AUC, resorts to massacres, forced displacements, indiscriminate bombardment of villages, kidnappings, and assassination of village leaders.

Another source of political gain for the belligerents derives from using drug money to provide social services that would otherwise be lacking in the regions they command. The large financial resources obtained from coca production allowed the Shining Path to improve public services, such as water supply, sewage, transportation, and street cleanup, whenever it took over a village.<sup>32</sup> The Shining Path also provided a system of law and order, even if a brutal one, that was previously missing. In Colombia, the FARC has used drug money to establish local clinics and organize public works, such as construction of infrastructure and provision of means of transportation. The FARC has also taken over other roles of the state by dispensing justice, and stipulating laws regarding the carrying of arms, fishing, hunting, working hours, liquor consumption, prostitution, drug abuse, and tree cutting.<sup>33</sup> Indeed, in many municipalities, the FARC has been the sole provider of essential public services. The AUC also emulates this strategy and provides social services, such as hospitals, and a system of law and order, even if a brutal and unaccountable one, such as restrictions on prostitution and alcohol consumption.

Another form of political gain that belligerents can obtain from their protection of the production of illicit substances is nationalist legitimacy. The *Sendero Luminoso* was able to turn widespread resentment against the United States-sponsored coca-eradication program into a nationalist campaign. The FARC also plays the nationalism card, often speaking about the US campaign in Colombia as another Vietnam. In the areas the FARC controls, billboards have been put up which read: *Plan Colombia: los gringos ponen las armas Colombia, pone los muertos* ("Plan Colombia: The gringos supply the arms, Colombia supplies the dead").<sup>34</sup> FARC's shooting at Colombian and Dyncorp's fumigation planes is cheered by the rural population as not only protecting their livelihood, but also as a nationalist cause. The 2002 change in US policy that allows US aid to Colombia to be used not only for antidrug purposes but directly for antiguerrilla missions is likely to play further into the hands of the FARC's attempt to exploit a nationalist cause. Although the popular legitimacy of the FARC has declined in recent years for a variety of reasons, including the failure of peace negotiations under President Pastrana, the atrocities committed by the FARC, and the general war exhaustion in Colombia, the guerrillas' protection of the peasants' subsistence economy has provided them with a new and important basis of local support and political legitimacy. Indeed, the guerrillas' political support is strongest in the areas of drug production, such as Guaviare, Caqueta, and Putumayo.

The belligerents' sponsorship of the illicit economy also reduces the alienation of the peasants caused by the belligerents' brutality, although competition over control of the drug economy can lead to new atrocities against the popula-



tion. An exceedingly brutal movement, Sendero routinely resorted to smashing the heads of its victims with stones in public or cutting their throats with knives. The SL's excessive brutality was highly counterproductive. A pattern developed of the peasants' initial acceptance, or at least tolerance, of the SL, progressively eroded by the Sendero's increasing brutality, followed by the peasants' mounting dissatisfaction.<sup>35</sup> Yet in the UHV drug region the SL did not feel the need to use the same brutal methods it employed elsewhere since the peasant support was widespread without the need to resort to violence. And the UHV remained the stronghold of the Sendero even after its popularity waned elsewhere.

## **HOW THE INSURGENCY-DRUG ECONOMY CONNECTION EVOLVES**

Belligerents tend to exploit drugs opportunistically rather than starting out with drug exploitation as a central feature of their grand strategy, even though the insurgency-drug nexus may eventually become a pervasive feature of the military conflict. Moreover, once a belligerent group in a particular region figures out how to derive advantages from its control of illicit substances, other belligerent groups are likely to emulate their competitors' successful policies. The access by belligerents to drugs thus has a contagion effect, providing a successful *modus operandi* for other groups to emulate.

*Sendero Luminoso* did not originally seek actively to extract profits from illicit substances. It only began to turn drugs to its purposes when it was pushed into the UHV by the governmental counteroffensive in other provinces – Ayacucho, Huancavelica, and Apurimac – which until then had been the main areas of the Shining Path's operations. By chance, the UHV also happened to be the main coca production region in Peru. But even after the SL seized the area, it did not immediately exploit the drug windfall. In fact, the SL's first reaction was to prohibit the “anti-Marxist” drugs, as it prohibited prostitution and tried to limit the consumption of alcohol. However, the strong negative reaction from the peasants made the SL give in and eventually to actively encourage the production of illicit substances.<sup>36</sup> While the SL turned out to be very inflexible with respect to its other practices, such as the forcible recruitment of children as young as eight or ten and the prohibition of legal crop markets, the political costs of prohibiting the drug economy were so large that the SL had to reverse its policy toward coca.

It took some time for the Shining Path to learn how to effectively exploit coca production in the region. At first, it simply taxed the peasants' cultivation of coca. Later the SL learned that it could make even more money by also providing protection to the *narcos* and their coca-paste and cocaine labs, and charging them an airstrip fee for each plane that took off in the area controlled by the SL. Next, the SL used the coca gains to pay for the provision of social services. Finally, the SL also branched into other phases of cocaine-production and distribution. In Xion, for example, *Sendero* became involved in currency exchange.

The Colombian *narcos* would arrive in the area with US dollars that they would need to change for Peruvian *intis* to carry out their transactions in Peru. Before the involvement of the SL with the currency exchange, the *narcos* would change money in the banks in Xion. However, once the SL guerrillas diversified their drug economic portfolio into currency exchange, they insisted that all currency exchanges be carried out through them, cutting large profits in the transactions and acquiring hard currency.<sup>37</sup>

The SL's exploitation of the drug windfall provided a *modus operandi* for other guerrillas operating in the country. The middle-class, urban-based Tupac Amaru Revolutionary Movement (MRTA – *Movimiento Revolucionario Tupac Amaru*)<sup>38</sup> emulated the SL by investing in the drug business. Although originally focusing on the cities, the MRTA expanded its activity from the center of its operations, Lima, to the UHV, following the SL's example. Its goal was not to instill fear in the population, but to attract support and obtain funds by controlling the drug economy and providing the peasants with profitable livelihoods and the *narcos* with protection.<sup>39</sup> The competition for the drug benefits led to a military conflict between the MRTA and the Shining Path, in which the drug traffickers sided with the Shining Path and which the Shining Path eventually won, substantially pushing the MRTA out of the drug business. The MRTA never succeeded in gaining considerable control of the UHV and the coca production, but the significance of being involved in the illicit economy was not lost on it.

Similarly in Colombia, the FARC stumbled on the coca profits unintentionally. By the early 1980s, the FARC entered coca-producing regions where at least 300,000 people were directly dependent on the coca economy for basic subsistence. The Marxist group's original reaction was to oppose the cultivation of coca and marijuana since the guerrillas considered drugs counterrevolutionary.<sup>40</sup> This policy, however, proved vastly unpopular with the local populace. Fearing the loss of its social base, the FARC recognized that it needed to tolerate coca production.<sup>41</sup>

Like Peru, at first the FARC tapped into only the most basic component of the drug industry, the taxing of the coca farmers.<sup>42</sup> But once it discovered the multiple potential benefits, it sought to participate in other aspects of drug production. The guerrillas have levied new tariffs on other illegal transactions, from importing precursor agents to refining cocaine, and have demanded rents from the *narcos* for coca paste, protection of labs, and the provision of airstrips. They also protect trafficking routes and engage in some drug transportation within Colombia.

However, the extent to which the belligerent groups (as opposed to the Colombian drug cartels) are themselves trafficking in cocaine and heroin outside of Colombia is questionable. Both groups sell drugs to cartels – Colombian, Mexican, and increasingly others – for distribution in consumer countries. The AUC is clearly more involved with trafficking outside of Colombia than the

FARC and is possibly trying to establish its own drug distribution networks.<sup>43</sup> This growing involvement beyond the borders of Colombia is due to the AUC's transformation as many prominent traffickers, such as Diego Fernando Murillo a.k.a. Don Berna and Victor Manuel Mejia Munera, have bought themselves leadership positions in the AUC to take advantage of AUC peace negotiations with the Colombian government and avoid extradition under the resulting lenient treatment of the paramilitaries.<sup>44</sup>

The nature of both the SL's and the FARC's participation in the illicit economy offers little to support the "narco-guerrilla thesis" that equates the motivations and interests of the drug dealers with those of the belligerents. In fact, the FARC-*narcos* relationship has been extremely problematic, and the competitive interests of the two groups have led to the involvement of the paramilitaries in the drug economy. True, the drug dealers initially benefited from FARC's presence in the drug-growing regions. The guerrillas established law and order in areas of their control, and ensured that peasants delivered on their promised production. The FARC also protected the fields from the Colombian and US anti-narcotics squads. Yet progressively, the relationship deteriorated as the FARC demanded greater rents for its services and greater prices for the peasants, and began to cut out intermediaries. In reaction, the drug dealers turned to the paramilitaries to provide the services previously delivered by the FARC. By the late 1980s, the *narcos* had used the paramilitaries successfully to rid the business of guerrilla influence in areas such as Santander, Antioquia, Norte Santander, Cesar, Meta, Cauca, Casanare, Huila, Boyaca, Caqueta, Putumayo, Uraba, and Cordoba. The major areas of conflict between the FARC and the paramilitaries remained the major areas of coca production: Guaviare, Putumayo, and Caqueta, which both movements sought to dominate. In the bidding war over the coca trade, the paramilitaries pandered to the *narcos'* interests by providing less physical protection to the peasants and by not supporting peasants' efforts to increase prices for their products.<sup>45</sup> Yet in domains where bargaining over the *narcos*, allegiance was not involved, the paramilitaries emulated the guerrilla strategy of paying for absent social services with drug money.

The demise of the Medellin and Cali cartels in the 1990s allowed the paramilitaries to diversify their operations into other aspects of drug production and trade in emulation of the FARC's earlier attempts. Due in part to its control of Uraba and other areas close to the border with Panama, a main contraband route, the AUC was able to inherit the narco-trafficking network and contracts in the interior of the country and international markets. In addition to taxing the coca farmers, the paramilitaries provide protection for processing labs, and at least some of the paramilitary groups appear to be directly involved in cocaine production and actual trafficking. This dynamic has become more pronounced as drug traffickers bought positions of leadership in the AUC in the late 1990s.

Moreover, the relationship between the AUC and the drug cartels has also been far from easy. Although the paramilitaries emerged out of groups such as

MAS (*Muerte a Secuestradores*) established by the traffickers to protect themselves from extortion by the leftist guerrillas, turf wars between the two (increasingly merged) actors and among their various factions have been intense.<sup>46</sup> The relationship between the Norte Del Valle cartel and AUC former leader Carlos Castano is perhaps the best known. In March 2003, Castano apparently suggested to members of the cartel that they strike a deal with the United States to stop the drug business in exchange for immunity from extradition. Some kingpins seemed amenable, but others, such as Don Berna and Castano's own brother, Vincente, were vehemently opposed. A bitter struggle exploded inside the cartel, and the faction that wanted to continue with the drug trade is believed to have killed Castano.<sup>47</sup> A top pro-drug figure in the AUC, Salvatore Mancuso, took over the leadership of the movement.

The relationship between the AUC and the drug cartels gives more evidence than the relationship between the FARC and the cartels to the notion that some of the belligerent groups and the drug traffickers have merged into a conglomerate actor. However, what is crucial is the fact that even if a conglomerate actor, the new AUC, which has both a drug cartel mafia section with considerable influence over large cities and a military branch, is far from being monolithic.<sup>48</sup> Great tensions and infighting exist among its various factions. Moreover, many boutique cartels still exist in Colombia, that have not been incorporated into the AUC. These divisions can be exploited by policy makers. Instead, however, there is a real chance that the very mild terms of surrender proposed by President Uribe for the AUC will result in a new AUC-connected drug mafia solidifying its control over the state in the Atlantic coast region and many cities in Colombia.

A final interesting development in the learning curve of the belligerent groups regarding the drug trade is the increasing cooperation between the FARC and the AUC with respect to the drug trade. Although in many regions, including Putumayo and Catatumbo, vicious fighting over the control of the trade and the cultivation territory goes on, in some regions, such as the Serrania de San Lucas, there appears to be at least tacit coexistence between the two belligerent groups. While the leftist guerrillas there controlled the cultivation area, the AUC controlled the rivers, and hence transportation of both coca paste and precursor agents. Yet smuggling from there has continued. This could have only happened if the two groups were in a tacit collusion.

In the late 1990s, the drug *modus operandi* also spread to the ELN. Under the leadership of guerrilla priest, Father Manuel Perez, the ELN showed reluctance to enter the drug business for religious reasons. Perez established extortion from oil companies as the ELN's main source of income, but resisted getting involved with drugs.<sup>49</sup> Although the ELN extorted large amounts of money from the oil business, it was unable to compete with the FARC and resist the paramilitaries and the military. By 1998, its membership and number of combatants were stagnating, and it suffered serious military defeats.

Since Perez's death in 1988, however, those who have been arguing in favour of tapping into the drug trade appear to be gaining ground within the ELN. While it still denies the extraction of rents from the narcotraffickers themselves, it provides, at minimum, protection to around 3,000 coca peasants in south Bolivar and North Santander even as the movement has entered into peace negotiations with the government.<sup>50</sup> These negotiations have collapsed and restarted several times since 2003. Consistent with its proclaimed national liberation credo, the ELN has also attempted to reap nationalist benefits from its position toward drugs by condemning foreign interference, opposing extradition, and advocating crop substitution in Colombia and demand reduction abroad as the means to reduce the drug economy.<sup>51</sup> The ELN appears to have learned that if it wants to be competitive with the other insurgent groups, it needs to emulate their drug practices. However, the ELN is increasingly weakening and losing both its military capabilities and its small share of the drug trade. Segments of the ELN appear to be falling under the control of the FARC.

## **GOVERNMENT RESPONSES TO THE INSURGENCY-DRUG NEXUS**

Crop eradication, the dominant response of the US government toward an insurgency-drug nexus, neglects the underlying dynamics of the phenomenon and undermines government-stabilization efforts, the military effort against the belligerents, and frequently even the counterdrug effort itself. Indeed, unless and until substantial economic development of the rural areas has been achieved, and unless and until means are found to significantly reduce the international demand for drugs, the government's temporary acquiescence to the peasants' growth of illicit plants may well be the best way to deprive the belligerents of key support from the local population and to motivate the population to provide the government with crucial intelligence on the belligerents. Sequencing the counter-terrorism/counterinsurgency and eradication efforts and adopting counternarcotics strategies to the counterinsurgency effort, such as by concentrating on interdiction during the military phase, enhances the effectiveness of both.<sup>52</sup>

Efforts to eradicate crops and combat drug-traffickers strengthen the alliances between the belligerents and the peasants, and the belligerents and the drug-traffickers, and hamper the government's overall strategy for defeating the belligerents. This finding might at first seem counterintuitive. If control of illicit substances increases the strength of the belligerents as argued earlier, wouldn't preventing the belligerents from accessing the drug money also help to eliminate the belligerents? Such logic, in fact, underlies much of the current US policy. However, as argued above, access to illicit substances provides the insurgents not only with financial profits, but also with political legitimacy and support from the populace. This support is crucial for the long-term survival of the insurgency. Moreover, the record shows that when the government temporarily tolerates the

production of illicit substances, the local populace becomes willing to provide important intelligence on the whereabouts of the belligerents, a crucial requirement for defeating the belligerents, as will be shown in detail below.<sup>53</sup> If the government attempts to negotiate an end to the violence with the belligerents, simultaneous drug eradication will undermine the willingness of the belligerents to participate in the peace talks since it can threaten their capacity to resume violence should the talks fail, thus appearing as a trap.

Of course, tolerating the production of illicit substances may allow the belligerents to gain somewhat greater financial benefits from taxing the farmers in their sphere of influence since the farmers may increase the amount of coca or poppy they produce. However, this increase in the belligerents' financial gains is not automatic, and depends on the extent of the demand for drugs and the existing saturation of the market. Nor is the decrease in financial profits due to eradication policies automatic. Eradication policies are frequently woefully ineffective. For example, US eradication efforts in Peru between 1989 and 1992 resulted in a tiny reduction of coca fields from 121,300 hectares to 120,000, according to US government surveys.<sup>54</sup> The financial losses to the guerrillas were not significant. Similarly, in Colombia, despite massive drug eradication efforts in the 1990s, the amount of coca grown in South America stayed about the same, around 200,000 hectares until 2002. Eradication policies simply shifted the production of coca deeper into the jungle, or into another country; the so-called balloon effect. According to a study by the General Accounting Office, the total coca acreage increased in Colombia in the early 2000s despite the number of coca hectares eradicated.<sup>55</sup> The massive aerial eradication campaign under Plan Colombia appears equally ineffective. After an initial decrease in coca production in Colombia during 2003, the record-high aerial spraying in 2004 not only failed to achieve any further decreases in the acreage of cultivated coca, but also failed to prevent a renewed increase in the acreage of cultivated coca from 281,323 acres in 2003 to 281,694 acres in 2004, despite the proclamations of US government officials that by the end of 2004 there would be no significant plantations of mature coca left in Colombia to supply the cocaine trade.<sup>56</sup> Moreover, despite the logic of eradication being to push up prices so high that addicts will not be able to afford the drugs, US street prices of crack, cocaine, and heroin have been falling steadily and are much lower today than 20 years ago at the beginning of the drug war, while their purity remains the same.<sup>57</sup>

Even if eradication policies were much more effective in reducing drug production in source countries, their impact on the belligerents' financial resources would still remain questionable. Trying to bankrupt the drug industry by reducing supply and raising the transaction costs for the traffickers has a highly unpredictable effect on the prices. A shortage of supply can push prices up so high that the belligerents actually make more money. The Taliban's decision to prohibit cultivation of opium in Afghanistan in 2000 was motivated precisely by such a desire to boost farmgate prices for opium that had been steadily declining

during the 1990s as well as to placate the international community.<sup>58</sup> But even in the unprecedented event that new drug cultivation in a particular region were effectively eliminated, resulting in the complete drying up of the belligerents' new financial inflows, the impact on the belligerents' staying power would still be questionable. The magnitude of the blow to their physical capabilities would depend on the extent to which the belligerents had accumulated resources and their ability to adapt by finding new ways of financing. In short, efforts to bankrupt the belligerents by eradicating drug cultivation have highly uncertain effects on the capabilities of the belligerents while they have the definite effect of alienating the local population from the government.

The case of Peru is especially illustrative of these dynamics. Initially, in 1982 when the Peruvian government started taking the Shining Path seriously, it did not attempt to interfere with the drug trade. The area of SL's operations was placed under a state of emergency (EMZ), and the political-military command in the area concentrated on suppression of the guerrillas and largely ignored anti-drug operations. The army general in charge of the emergency zone, Julio Carbajal D'Angelo, maintained that the coca business was in fact beneficial to the Peruvian economy since it provided thousands of peasants with a source of livelihood and generated large foreign exchange revenues for the country.<sup>59</sup> He also maintained that involving the military in the fight against drugs could subject his officers and soldiers to the temptation of corruption. The general's policy of keeping the antidrug squads from operating earned him significant support from the local peasants as well as the drug traffickers. Both the peasants and the traffickers provided Carbajal with intelligence that allowed him to drop platoons of soldiers along the SL's escape routes and throughout the region of its operations. Consequently, Carbajal was able to disperse the guerrillas' columns in 1984 and pushed them out of the Upper Huallaga Valley.<sup>60</sup>

Significantly, this period of acceptance of the peasant drug economy was also a period of great military brutality, the so-called dirty war, which tremendously alienated the peasants. Indeed, the bond between the peasants and the guerrillas was the strongest during this early time. But despite the military's brutality and positive peasant-SL relations at the outset, the peasants were still willing to provide the military with intelligence when it did not attempt to eradicate the coca fields.

The crucial role of government policy toward narcotics was demonstrated again in the next phase, when President Alan Garcia Perez, with support from the United States, adopted stringent anti-drug operations. The police resumed coca crop eradication and coca paste interdiction. The animosity of the local population toward the police and the military and its alienation from the government grew exponentially, despite the end of the dirty war. Peasants stopped providing the military with intelligence on the SL. The strategy of provoking a split between the *narcos* and the SL failed. In fact, the more aggressively the government and the US Drug Enforcement Agency went after the traffickers, the greater the pro-

tection the traffickers sought from the *Sendero*, and the closer the cooperation between the *narcos* and the SL grew.

The misconceived anti-narcotics approach to the anti-guerrilla policy culminated in the Spike fiasco. In March 1989, a new controversial herbicide spray, Tebuthiuron, also known as Spike, was applied in the UHV. The coca growers were profoundly disturbed by this new threat to their livelihood, and by its potentially devastating ecological and health effects. The *Sendero* capitalized on the outrage of the *cocalero* farmers and with their support launched a military attack that resulted in one of the worst defeats the Peruvian government suffered in the valley.<sup>61</sup> Significantly, this was one of the rare instances where the peasants actively fought alongside the SL.

The pendulum swung once again, as the Peruvian military reinstated a strategy of not combating the coca trade. Bad experience with Spike led some Peruvian politicians to question the wisdom of the anti-drug operations in light of the overall guerrilla effort, fearing that repressive enforcement measures would only lose the hearts and minds of the Peruvian peasants to the Shining Path. Primarily as a result of these concerns, the Bush administration's \$35 million anti-drug aid was rejected by President Garcia in April 1990, and President Alberto Fujimori in September 1990.

In April 1989, army Brigadier General Alberto Arciniega assumed control of the EMZ. From the outset, he made it clear that he would concentrate on defeating the guerrillas, and not combating drug trafficking. He believed that gaining the cooperation of the local populace was crucial for winning the anti-guerrilla war. Arciniega argued that in order to fight the SL it was necessary "to change the situation to keep the coca grower, the group which Sendero supports in order to accomplish its goals, from being subject to harassment. If we can persuade the people to join us, the war is won."<sup>62</sup> General Arciniega's acquiescence to the coca trade received an unprecedented level of popular support. With intelligence provided by both the peasants and the drug traffickers, Arciniega was able to strike at the Sendero in successive waves and the military appeared to be gaining the upper hand.

Although effective in terms of the overall counterinsurgency effort, the Peruvian government's tolerant narcotics approach did not last long. As a result of information provided to the United States government by the Peruvian police that strongly disliked Arciniega, the general was accused of receiving bribes from the *narcos*. Arciniega vehemently denied the charges, but because he was seen as a political liability and tensions existed in his relationship with Fujimori, and the US anti-drug forces applied pressure, the general was removed from his post after having directed the counterinsurgency for seven months. Following his removal, the military moved closer to the position of the police and the United States government, i.e., suppressing coca cultivation. But again, the public mood turned against the military.<sup>63</sup> Disillusioned with the government, the peasants



stopped providing intelligence on the guerrillas to the military. Aware of the peasants' poor economic conditions and the absence of the economic assistance promised by Arciniega, the SL stepped in and made the drug traffickers pay higher prices to the peasants for coca leaves. The peasants were grateful and again embraced the SL, whose support base grew once again.

Even though Fujimori dismissed Arciniega, he quickly learned that in order to win the counterinsurgency effort he could not continue with coca eradication. Although Fujimori, and his adviser Vladimir Montesinos, managed to build very good relations with the United States, eradication stopped. Virtually no coca was eradicated between 1990 and 1999, and the anti-drug effort switched to interdiction. Fujimori candidly expressed his reasons for abandoning the forced eradication policy:

An effective program of repression that leaves the peasants without other alternatives would sharply increase the numbers of those in extreme poverty and could unchain a civil war of unsuspected proportions . . . We will not repeat the errors of President Ngo Dinh Diem of Vietnam who, during the 1950s, pitted himself against the informal, common law order of the peasants . . . We will not push the peasants and their families into the arms of the terrorists and drug traffickers.<sup>64</sup>

Winning the hearts and minds of the people became an important part of the strategy.

Ultimately, the *Sendero Luminoso* was defeated, but the eradication of coca was not a factor contributing to the victory. An intelligence operation that led to the capture of Guzman in 1992 and his order to his troops to surrender, combined with extensive amnesties for guerrillas who turned themselves in, laid the basis for the elimination of the guerrilla movement.<sup>65</sup> Following the British approach in Malaya between 1948-60, the Peruvian counterinsurgency strategy sought to expand state presence into remote regions and win the hearts and minds of the people by providing security, either by establishing military presence in the remote areas or by arming and training the peasants who formed defense militias – *rondas campesinas* – and by providing basic services and goods, such as road repair, medical services, school supplies, and clothes.<sup>66</sup> Significantly, after the capture of Guzman when the numbers and strength of peasants' self-defense *rondas* snowballed throughout Peru, areas of strongest SL support remained the coca-growing regions.<sup>67</sup> Anti-drug efforts centered on interdiction; and Operation AIR BRIDGE, which targeted the planes taking off with coca paste and cocaine to Colombia, proved very effective at disrupting the supply lines, at least until the traffickers switched to using river boats instead of airplanes and until the bulk of coca cultivation shifted to Colombia. A government policy that tolerated the peasants' production of coca thus generated both vital intelligence on the guerrillas and greatly weakened the guerrillas' support base.

The anti-drug campaign in Colombia also reveals the highly uncertain impact of eradication on the physical resources of the guerrillas and the certain effect of alienating the local population. The first indicator of this phenomenon was the increase in peasants' resentment toward the government after the execution of crop eradication measures. Following large-scale fumigations in 1996, for example, peasant farmers and settlers organized massive protest marches against the government, with more than 200,000 participants.<sup>68</sup> Moreover, apart from the visible manifestations of the peasants' resentment toward the government, crop eradication also left many peasants jobless, thus driving them into the hands of the insurgents.

A second indicator was the preferences of many Colombian government officials. The governors of six Colombian states most affected by the fumigation policy have campaigned against aerial spraying.<sup>69</sup> Similarly, some members of the Colombian military have at times voiced objections to combining the counter-guerrilla war with the anti-narcotics war. According to the Colombian National Security Doctrine, the way to contain the guerrilla threat is to go after their peasant base of support and their urban supporters, a policy which is compromised by crop eradication.<sup>70</sup> Editorials in leading Colombian newspapers have also frequently stressed the counterproductive effects of crop eradication on anti-guerrilla efforts.<sup>71</sup> Unlike current President Uribe, who is an enthusiastic supporter of the US crop eradication program, former President Andres Pastrana was occasionally reluctant to follow the spraying program as aggressively as US officials demanded. Gonzalo de Francisco, Pastrana's national security adviser, commented that the US applied constant pressure to accelerate the pace of coca spraying, viewing it as cheaper and quicker than alternative development and crop substitution. Pastrana instead focused on reaching a peace agreement with the FARC.<sup>72</sup> At least implicitly, Pastrana thus acknowledged the problematic impact of the anti-narcotics efforts on bringing peace to Colombia.

However, Pastrana's peace negotiations with the leftist guerrillas also failed in part because of the continued crop eradication. Refusal by the US government to talk with "narcoguerrillas" as well as stepped up fumigation efforts helped undermine the FARC's trust. This further deteriorated in mid-2000, as the US Congress approved a \$1.3 billion contribution to Plan Colombia, President Pastrana's effort to generate resources for "peace, prosperity, and the strengthening of the state." FARC statements repeatedly denounced the US outlay – \$860 million of it went to Colombia, mainly for the armed forces, police, and drug-crop fumigation – as foreign intervention and gesture of bad faith.<sup>73</sup> The anti-narcotics efforts thus undermined the trust of the guerrillas during the negotiations and threatened their resources and popular base, making it unappealing and potentially dangerous for them to continue in the negotiations.

Then, between 2001 and 2003, the US-Colombian drug eradication campaign appeared to score unprecedented success. As a result of President Uribe's willingness to allow herbicide planes to spray anywhere and any time, the culti-

vation of coca in Colombia fell by a record 30 percent in 2002.<sup>74</sup> But despite a massive spraying campaign in 2004, the acreage of cultivated coca remained the same. Obviously, the desperate peasants have found a way to replant after eradication. The difficulties in observing coca cultivation in new areas in the jungle and the new practice of increasing the number of plants per acre, peasant adaptations not captured by standard assessments of coca cultivation, likely mean that coca production continues to be higher than acknowledged by the US government.

Eradication proponents argued that the eradication successes of early 2000s would dry out the insurgents' source of income, paralyze the insurgency, and thus ultimately end the conflict in Colombia. These promises have so far failed to materialize. First, there is no indication that the FARC is hurting financially.<sup>75</sup> In fact, US drug czar John Walters explained the lack of a cocaine price increase by insisting that the FARC has been feeding the market with stockpiled cocaine to maintain supply.<sup>76</sup> This then leads one to question how large the FARC's and the paramilitaries' stockpiles are and how long the belligerents can continue operating once their stockpiles are depleted? Can the suppression of drug production be sustained until and after the depletion of the belligerents' supplies? Although the paramilitaries have been engaged in contentious peace negotiations with the Colombian government and they promised to relinquish their control of the drug trade, they have not done so and continue to reap vast financial benefits from the drug trade. Moreover, given the very large annual profits both the FARC and AUC gained from the drug trade for many years, it is quite possible that the belligerents have accumulated enough resources to continue operating for many years without new income coming in.

Second, despite a combination of the eradication campaign under Plan Colombia and a military offensive against the FARC under Plan Patriota, the leftist guerrillas do not appear to be defeated. President Uribe has launched 15,000 troops and special forces, backed by American-supplied helicopters, against the guerrilla strongholds in the southern jungles after clearing FARC from the mountains around Bogota, with the goal of recapturing the territory, disrupting the guerrillas' logistical and training bases, and killing or capturing its senior leaders. No doubt, Plan Patriota has scored some successes. Police have been placed in every municipality. The FARC has been pushed further away from the roads, and travel within Colombia is easier. Moreover, Colombian officials claim that the FARC has lost some 6,000 of its members through desertions, captures, and casualties. Yet, after what may well have been several months of tactical retreat, the FARC struck again in the spring and summer of 2005 with a string of deadly attacks against the military. Moreover, a leading Colombian security analyst, Alfredo Rangel, notes that while the FARC attacks have been smaller and less deadly since Uribe came to power, their frequency has not diminished.<sup>77</sup>

In a vast jungle terrain, disrupting guerrillas' logistical and training bases, and eliminating its leaders is an intelligence-intensive effort. Although much

information about current intelligence gathering is classified, there are clear indications that the Colombian government is depriving itself of local intelligence by pushing ahead with eradication. One episode illustrates this dynamic. A government official in charge of administering alternative development programs visited villages where the FARC was known to operate. His expectation was that the FARC would oppose the programs since the diminished cultivation of coca would reduce the guerrillas' income. In each village he visited, however, the FARC not only failed to oppose the programs but encouraged them. The explanation the official received from representatives of the villages was always the same. "The FARC knows that if it opposed the alternative developments programs, we [the villagers] would tell the government how to capture the FARC. It needs to cooperate with our wishes so that we do not give the government the intelligence."<sup>78</sup> The moral of the story, of course, is that the local population knows the whereabouts of the guerrillas, but as long as the government threatens the population's livelihood and as long as the guerrillas sponsor that livelihood, the population chooses not to provide vital intelligence on the guerrillas to the government. Eradication thus undermines intelligence-gathering, the key to success in counterinsurgency operations.

## CONCLUSION

A systematic analysis of the underlying dynamics of and reasons for the observable connection between the drug economy and military conflicts where source crops of narcotics – opium poppies or coca (as in Peru and Columbia) are important sources of income – finds that this nexus is difficult to break. It also reveals that important presuppositions in the anti-drug policies being promoted by the United States are counterproductive to efforts to reduce the international trade in illicit drugs and the belligerencies that are exacerbated by the illicit drug economy. These findings and their policy implications are summarized below.

The advantages belligerents gain from access to drug production and distribution are not simply the improvement of capabilities due to an increase in financial profits, but also an expansion of strategic and tactical options, and crucially improved relations with the local population. The involvement in the drug industry by one belligerent movement provides others with a successful *modus operandi* and belligerents learn from each other how to effectively exploit illicit substances. Moreover, the belligerents and the drug dealers have competitive interests and often highly problematic relations. Thus, the "narco-guerrilla" thesis has little accuracy or usefulness for policy. Finally, government drug eradication policies are counterproductive in the overall struggle against the guerrillas. The effects of trying to reduce the guerrillas' capability by crop eradication are highly uncertain while the alienation of the peasants from the government is substantial. Indeed, a government's temporary acquiescence to drug cultivation does deprive the insurgents of popular support while encouraging the provision of

intelligence by the population to the government, a crucial requirement for the defeat of the guerrilla movement.

The elimination of military conflict in countries plagued by the insurgency-drug nexus is hampered by premature eradication before the belligerents are defeated. Efforts to bring an end to the military conflict will be enhanced if local governments, many of which are reluctant executors of crop eradication, are permitted to temporarily suspend eradication. Meanwhile, the need to control the drug problem in the developed world is better served by a combination of interdiction at the borders and demand reduction in consumer countries. Although border interdiction would not stop the supply of illicit substances to the demand countries, it would eliminate the host of counterproductive effects associated with source country eradication, and the money spent would double up as money invested in homeland defense against terrorism.

To the extent that source-country policies are adopted by Western governments, they should focus on alternative development, interdiction, and money-laundering countermeasures. Comprehensive alternative development that goes substantially beyond crop substitution and includes comprehensive rural developments will not in the short run defeat the belligerent movement, but can in the long run increase the chances for stability once the belligerents have been defeated as well as eliminate some of the causes of the conflict. Unlike crop eradication, money-laundering countermeasures do not alienate the local population and have the potential of dealing a much greater blow to the finances of the belligerents. Therefore, a sequential approach, which first attempts to defeat the belligerents and only later focuses on eradication has a much greater chance of success than simultaneously undertaking both efforts.

## Endnotes

My analysis in this article has benefited from the insights and counsel of Kenneth Oye, Barry Posen, Chappell Lawson, Thomas Christensen, Roger Petersen, Seyom Brown, Steven Levitsky, Martha Crenshaw, Stacy VanDeveer, Robert Gray, Carolina Santa Maria, and the anonymous reviewers. I would also like to thank officials of the US, Colombian, and Peruvian governments and the OAS as well as nongovernmental policy experts in the US, Colombia, and Peru for their interviews.

1. "Los Intis de la Coca," *Peru Economico*, September 1987. For an overview of Sendero's rise and evolution, see David Scott Palmer, "Terror in the Name of Mao: Revolution and Response in Peru," in Robert J. Art and Louise Richardson, eds., *Democracy and Counterterrorism: Lessons from the Past* (Washington, DC: United States Institute of Peace Press, forthcoming).
2. Richard Clutterbuck, *Drugs, Crime, and Corruption* (New York: New York University Press, 1995), p. 26. See also, Cynthia McClintock, "The Evolution of Internal War in Peru: The Conjunction of Need, Creed, and Organizational Finance," Cynthia J. Arson and I. William Zartman, eds., *Rethinking the Economics of War: The Intersection of Need, Creed, and Greed* (Washington DC: Woodrow Wilson Center Press, 2005), pp. 52-83.
3. Francisco Thoumi, *Political Economy and Illegal Drugs in Colombia* (Boulder, CO: Lynne Rienner, 1995). As Thoumi maintains, the interdiction policies applied in Peru and Bolivia made Colombia a substitute area of production to satisfy the market demand.

4. Nazih Richani, *Systems of Violence* (Albany, NY: State University of New York Press, 2002), p. 49; and “You Do the Maths,” *The Economist*, 10 January 2004, p. 30. Clashes between the guerrillas and government forces were near an all-time high during 2004, but attacks by the guerrillas against undefended or weakly defended targets dropped from a peak during 2001-02 to their long-term averages. The activity of the right-wing paramilitary group, the AUC, has declined as the AUC is engaged in peace negotiations with the government. Their military activity, however, has not ceased altogether, and the paramilitaries continue to attack civilians and engage in combat with the left-wing guerrillas. For details, see Jorge Restrepo, Michael Spagat, and Juan F. Vargas, “The Dynamics of the Colombian Civil Conflict: A New Data Set,” Center for Economic Policy Research Working Paper No. 4108, November 2003; and Jorge Restrepo and Michael Spagat, “The Colombian Conflict: Uribe’s First 17 Months,” April 2004, at <http://www.rhul.ac.uk/economics/Research/WorkingPapers/pdf/dpe0409.pdf>.
5. Alejandro Reyes, “La Violencia Política,” in Marc Chernick, ed., *Prevención de conflictos y alerta temprana: El caso de Colombia* (Washington DC and Bogota: United Nations Development Program, Georgetown University, and Universidad de los Andes, 2005).
6. The term “self-defense groups” is also used for community-based militias, as distinct from the mobile hit squads for hire by drug dealers and large landowners. In practice, the two groups frequently overlap.
7. See, for example, Press Conference with Under Secretary for Political Affairs, Department of State, Marc Grossman, Bogota, Colombia, 5 March 2003, at <http://www.scoops.co.nz/mason/stories/WO0303/S00095.htm>; Barry R. McCaffrey, *The Drug Scourge as a Hemispheric Problem* (Carlisle Barracks, PA: Strategic Studies Institute, US Army War College, August 2001); Grant Wardlaw, “Linkages between the Illegal Drugs Traffic and Terrorism,” *Conflict Quarterly* (Summer 1988), pp. 5-26; Douglas J. Davids, *Narco-terrorism* (Ardsey, NY: Transnational, 2002); and Rachel Ehrenfeld, *Funding Evil* (Chicago, IL: Bonus Books, 2005). See, also Paul Collier and Anke Hoefler, “On the Economic Causes of War,” *Oxford Economic Papers* 50, no. 4 (October 1998), pp. 563-73; Paul Collier and Anke Hoefler, “Greed and Grievance in Civil Wars,” 21 October 2001, at [http://econ.worldbank.org/files/12205\\_greed-grievance\\_23oct.pdf](http://econ.worldbank.org/files/12205_greed-grievance_23oct.pdf).
8. See, for example, Patrick L. Clawson and Rensselear W. Lee, III, *The Andean Cocaine Industry* (New York: St. Martin’s Griffin, 1998); and Ted Galen Carpenter, *Bad Neighbor Policy* (New York: Palgrave Macmillan, 2003).
9. Enrique Obando, “Civil-Military Relations in Peru, 1980-1996: How to Control and Coopt the Military (and the consequences of doing so),” in Steve J. Stern, ed., *Shining and Other Paths: War and Society in Peru, 1980-1995* (Durham, NC: Duke, 1988), pp. 323, 385-410; and Clutterbuck, *Drugs*, p. 46.
10. The common salary range of SL soldiers – \$20-\$500 per month – was about three to eight times the salaries of most of Peru’s school teachers. Cynthia McClintock, *Revolutionary Movements in Latin America: El Salvador’s FMLN and Peru’s Shining Path* (Washington, DC: United States Institute of Peace Press, 1998), p. 292. For comparison, the salary of senior military generals in Peru was less than \$200 per month, and about \$10 for enlisted personnel. David Scott Palmer, “Peru, the Drug Business and Shining Path: Between Scylla and Charybdis?,” *Journal of Interamerican Studies and World Affairs* 34, no. 3 (Autumn 1992) p. 70.
11. Mark Chernick, “Negotiating Peace Amid Multiple Forms of Violence,” in Cynthia J. Arson, *Comparative Peace Processes in Latin America* (Washington, DC: Woodrow Wilson Center Press, 1999), pp. 166-67.
12. Richani, *Systems*, p. 75. It is likely that these numbers are exaggerated. Given the clandestine nature of the trade and the extreme difficulties in estimating cocaine profits from already imperfect measures of acres cultivated with coca, many experts believe that the FARC and the AUC

- actually make approximately \$100 million a year from drugs. See, for example, Francisco Thoumi, *El Imperio de la Droga: Narcotráfico, economía y sociedad en Los Andes* (Bogota, Colombia: Instituto de Estudios Políticos y Relaciones Internacionales (IEPRI)-Editorial Planeta, Universidad Nacional de Colombia and Planeta Editorial, 2002), p. 59-62.
13. Gonzalo Sanchez, "Introduction: Problems of Violence, Prospects for Peace," in Charles Berquist, Ricardo Penaranda, and Gonzalo Sanchez, eds., *Violence in Colombia 1990-2000: Waging War and Negotiating Peace* (Wilmington, DE: A Scholarly Resources Inc. Imprint, 2001), p. 24. All groups have income from other criminal and sometimes also licit economic activities, such as gold, coal, cattle, real estate speculation, etc. For details, see Eduardo Pizarro, *Una democracia asediada* (Bogota, Colombia: Norma, 2004), p. 185.
  14. Richani, *Systems*, p. 75. A study by the Colombian police puts FARC's and the AUC's income at \$105 million per month. *Colombia National Police Internal Document A-4523* (Government of Colombia, December 2000), quoted in Edgardo Buscaglia and William Ratliff, *War and Lack of Governance in Colombia: Narcos, Guerrillas, and U.S. Policy* (Stanford, CA: Hoover Institution on War, Revolution, and Peace, 2001), No. 107, p. 26.
  15. In a Colombian TV interview, the AUC leader Carlos Castana asserted that 70 percent of the AUC's income came from drugs.
  16. Ambassador William Wood quoted in International Crisis Group, "War and Drugs in Colombia," *Latin America Report* no. 11 (27 January 2005), p. 16, at [http://www.crisisgroup.org/library/documents/latin\\_america/11\\_war\\_and\\_drugs\\_in\\_colombia.pdf](http://www.crisisgroup.org/library/documents/latin_america/11_war_and_drugs_in_colombia.pdf).
  17. Buscaglia and Ratliff, *War*, p. 5.
  18. US Department of State, *Bureau for International Narcotics and Law Enforcement Affairs, International Narcotics Control Strategy Report* (Washington, DC: 2000).
  19. The leftist guerrillas used to control about 70 percent of the poppy-producing municipalities; the right-wing paramilitaries aligned with the narco-traffickers are estimated to control about 26 percent of the municipalities. Camilo Echandia, "La Amapola en el Marco de las Económicas del ciclo Corto," *Análisis Político* no. 27 (January-April 1996). The paramilitaries, however, have made a systematic effort to control a greater portion of the heroin trade, and have probably succeeded. Colombia is now the Western Hemisphere's largest producer of heroin. Afghanistan is the world's largest producer of heroin.
  20. Richani, *Systems*, pp. 124, 148.
  21. McClintock, *Revolutionary*, p. 341.
  22. David Whynes, "Illicit Drugs Policy in Asia and Latin America," *Development and Change* no. 22 (1991), pp. 475-96; and Clutterbuck, *Drugs*, p. 42.
  23. Camilo Echandia Castilla, *El Conflicto Armado y las Manifestaciones de la Violencia en las Regiones de Colombia* (Bogota, Colombia: Presidencia de la Republica de Colombia, Oficina del Alto Comisionado para la Paz, 2000), p. 79.
  24. Jose E. Gonzales, "Guerrillas and Coca in the Upper Huallaga Valley," in David Scott Palmer, ed., *Shining Path of Peru* (New York: St. Martin's, 1994), pp. 126-30. See also, Enrique Obando, "U.S. Policy toward Peru: At Odds for Twenty Years," Lynn Eddy-Zambrano, trans., in Brian Loveman, ed., *Addicted to Failure: US Security Policy in Latin America* (Lanham, MD: Rowman and Littlefield, forthcoming).
  25. Interview with Jorge Devia Murcia, governor of Putumayo, Colombia Update, published by Colombia Human Rights Committee of Washington, DC, 12, no. 1 (Summer/ Fall 2000), p. 7.
  26. Jenny Pearce, *Colombia: Inside the Labyrinth* (London: Latin American Bureau, 1990), p. 173.

27. Author's interviews with Colombian experts, Fall 2005. See also, Alfredo Molano, *Loyal Soldiers in the Cocaine Kingdom: Tales of Drugs, Mules, and Gunmen* (New York: Columbia University Press, 2004).
28. Raul Gonzales, "Coca y subversion en el Huallaga," *Que Hacer* no. 48 (September-October 1987), p. 67.
29. Richani, *Systems*, pp. 99, 110.
30. Former AUC leader Carlos Castano (presumed dead) recounted such price wars in his memoirs. Alberto Aranguren, *Mi Confesion* (Bogota, Colombia: Oveja Negra, 2002).
31. Author's interviews with Colombian experts, Fall 2005.
32. LaMond Tullis, *Unintended Consequences: Illegal Drugs and Drug Policies in Nine Countries* (Boulder, CO: Lynne-Reinner, 1995), p. 22; Cyrus Ernesto Zirakzadeh, *Social Movements in Politics: A Comparative Study* (New York: Longman, 1997), p. 213.
33. Richani, *Systems*, p. 89. The FARC also arranged for the provision of social services by black-mailing major international companies and forcing them to invest in local schools, vocational training, etc. Buscaglia and Ratliff, *War*, pp. 8-9.
34. Daniel Lazare, "A Battle Against Reason, Democracy and Drugs: The Drug War Deciphered," in NACLA's *Report on the Americas XXXV*, no. 1 (July/August 2001), p. 17.
35. Based on interviews with the population under SL's control, Carlos Degregori argues that while the peasants welcomed some level of order established by the SL, they abhorred the level of brutality with which the SL tried to enforce the rules: "'punish, but don't kill' marks the level of peasant acceptance." Carlos Ivan Degregori, "Harvesting Storms: Peasant Rondas and the Defeat of Sendero Luminoso in Ayacucho," in Stern, ed., *Shining and Other Paths*, p. 137.
36. Author's interviews with Peruvian experts, Peru, Summer 2005.
37. Gabriela Tarazona-Sevillano with John B. Reuter, *Sendero Luminoso and the Threat of Narcoterrorism* (Washington, DC: Center for Strategic and International Studies, 1990), p. 121.
38. The MRTA was created in late 1983 as an armed Marxist alternative to the Shining Path. A follower of Che Guevara's "foco-strategy," the MRTA often operated through "Robin Hood" tactics, such as stealing food trucks and distributing the food to the poor, and attacking symbols of capitalism.
39. James Anderson, *Sendero Luminoso: A New Revolutionary Model?* (London: Institute for the Study of Terrorism, 1987), p. 1.
40. Presentation by Jose Olarte (mayor of Calamar, Guaviare) at the Georgetown University and National Endowment for Democracy Conference on "Local Government Amidst the Armed Conflict: The Experience of Colombian Mayors," Georgetown University, Washington, DC, 27 September 2000. Quoted in Angel Rabasa and Peter Chalk, *Colombian Labyrinth: The Synergy of Drugs and Insurgency and Its Implications for Regional Stability* (Santa Monica, CA: RAND, 2001), p. 26.
41. Juan Guillermo Ferro, "Las FARC y su relacion con la economia de la coca en el sur de Colombia: Testimonios de Colonos y Guerrilleros," *L'ordinaire Latino-americain* (IPEALT, Universite de Toulouse-Le Mirail), no. 179, January-March 2000.
42. Chernick, "Negotiating Peace," p. 166. The FARC's overall taxation system is progressive, and the poor peasants are exempted from at least some taxation.
43. International Crisis Group, January 27, 2005, p. 10.
44. For details on AUC transformation, see Adam Isacson, "Peace or Paramilitarization?," July 2005, at <http://ciponline.org/colombia/0507ipr.pdf>.



45. Richani, *Systems*, p. 112.
46. For details on the original protection groups, such as MAS, see Robin Kirk, *More Terrible Than Death: Violence, Drugs, and America's War in Colombia* (New York: Public Affairs, 2004).
47. International Crisis Group, 27 January 2005, p. 17.
48. See Isacson, "Peace or Paramilitarization"; and International Crisis Group, "Demobilising the Paramilitaries in Colombia: An Achievable Goal?," *Latin America Report* no. 8 (5 August 2004), at [http://www.crisisgroup.org/library/documents/latin\\_america/08\\_demobilising\\_the\\_paramilitaries\\_in\\_colombia\\_an\\_achievable\\_goal.pdf](http://www.crisisgroup.org/library/documents/latin_america/08_demobilising_the_paramilitaries_in_colombia_an_achievable_goal.pdf).
49. Pearce, *Columbia*, p. 283.
50. Alfredo Suarez Rangel, *Colombia: guerra en el fin de siglo* (Bogota, Colombia: Tercer Mundo Editores, 1998), pp. 12, 61-3.
51. Statements by the ELN reprinted in Berquist, Penaranda, and Sanchez, eds., *Violence in Colombia*, pp. 244-45.
52. The US government has frequently been opposed to such sequencing, single-mindedly emphasizing the reduction of the drug trade as its number one priority and also imposing it as a number one priority on the local governments. See, for example, Russell Crandall, *Driven by Drugs* (Boulder, CO: Lynne Rienner, 2002); and Coletta A. Youngers and Eileen Rosin, eds., *Drugs and Democracy in Latin America* (Boulder, CO: Lynne Rienner, 2005). However, as the case of Peru will illustrate, some governments have managed to undertake such a sequencing approach despite US pressure. Moreover, the United States has *de facto* also adopted such a sequencing approach during the war against the Taliban in Afghanistan. For details, see Vanda Felbab-Brown, "Afghanistan: When Counternarcotics Undermine Counterterrorism," *Washington Quarterly* (Fall 2005), pp. 55-72.
53. Apart from the case of Peru analyzed below, see also Felbab-Brown, "Afghanistan," for a similar dynamic in the case of Afghanistan.
54. US Department of State, Bureau of International Narcotics Matters [US-DS/BINM], *International Narcotics Control Strategy Report* (Washington, DC: US Department of State, March 1992), p. 107.
55. Jess T. Ford (Director of International Affairs and Trade Division, US General Accounting Office), Letter to Charles H. Taylor, US House of Representatives on "Drug Control: Coca Cultivation and Eradication Estimates in Colombia), 8 January 2003, GAO-03—319R.
56. "Report: Colombia Drug War Failing," at <http://www.cnn.com/2005/americas/04/01/colombia.coca.ap/index.html>. For an example of periodic optimistic declarations by US government officials that the complete elimination of South America's coca cultivation and cocaine trade is imminent, see Christopher Marquis and Juan Forero, "U.S. Announces Gains in Eradicating Andean Coca," *New York Times*, 22 March 2004.
57. US Office of National Drug Control Policy data reprinted under the Freedom of Information Act by the Washington Office on Latin America, at [http://www.wola.org/ddhr\\_data\\_measures.htm](http://www.wola.org/ddhr_data_measures.htm).
58. Felbab-Brown, "Afghanistan," p. 57. See also, LaVerle Berry, Glenn E. Curtis, and Nina A. Kollars, *Global Overview of Narcotics Funded Terrorist and Other Extremist Groups*, at [http://www.loc.gov/rr/frd/pdf-files/NarcsFundedTerrs\\_Extrems.pdf](http://www.loc.gov/rr/frd/pdf-files/NarcsFundedTerrs_Extrems.pdf).
59. It is important to recognize that, although the illicit economy does provide peasants with means of subsistence, its illicitness also results in negative consequences for the economy due to its effects on inflation and exchange rates. For a detailed analysis, see Mauricio Reina, "Drug Trafficking and the National Economy," in Berquist, Penaranda, and Sanchez, eds., *Violence in Colombia*, pp. 75-94.

60. Gonzales, "Guerrillas and Coca," p. 125.
61. *Ibid.*, p. 130.
62. Raul Gonzales, "Las armas de un general," *Quehacer* 62 (December 1989-January 1990), pp. 38-43. Even under Arciniega rule, however, there were allegations that the army still carried out human rights abuses, harassed the peasants, and that the number of disappearances increased.
63. In a revealing statement, a coca grower from UHV declared: "We are very disappointed, because we thought we had governmental and military support, but now we are thinking it was only Arniciaga who understood us and had the courage to live among us." Gonzales, "Guerrillas and Coca," p. 136.
64. Quoted in Clawson and Lee, *The Andean Cocaine Industry* (1998), p. 218.
65. The capture of Guzman shattered his image as an invincible god, reduced the decision-making capacity of the remaining *Sendero* since the organization was strictly hierarchically organized under Guzman, and secured further important intelligence on the remaining top echelons of the SL. See, for example, McClintock, *Revolutionary*, pp. 90-91.
66. The Peruvian government strategy in the Ucayali River Valley, one of the key drug-producing and trafficking regions, was exemplary of the effort. For details, see George H. Franco, "Battling Narcoterrorism: The Peruvian Experience in the Ucayali," *Orbis* (Summer 2004), pp. 505-16.
67. Orin Starn, "Villagers at Arms: War and Counterrevolution in the Central-South Andes," in Stern, ed., *Shining and Other Paths*, p. 239.
68. Adam Isacson, "The Tragedy of Alternative Development in Colombia," 3 December 2001, at <http://www.colombiareport.org/colombia92.htm>.
69. Winifred Tate, "Colombia's Role in International Drug Industry," *Foreign Policy in Focus* 4, no. 30 (June 2001), p. 2. Such statements are frequently dismissed by proponents of eradication as being issued by political leaders who are either handpicked by the FARC or are under threat.
70. Apparently some members of the Colombian military also believe that the narco-traffickers could provide important financial resources for fighting the guerrillas. A vast network of relations exists between the military and the narcotraffickers. Many Colombian military officers were implicated in narcotrafficking in 1998 in what was called the "Blue Cartel" because of the color of their uniforms.
71. See, for example, "Fumigacion sin resultados," *El Tiempo*, 8 October 1999; and Daniel Samper Pizano, "Otra vez Chicago," *El Tiempo*, 10 November 1999.
72. Scott Wilson, "U.S. Seeks to Avoid Deeper Role in Colombia," *Washington Post*, 9 March 2003.
73. Adam Isacson, "Was Failure Avoidable? Learning From Colombia's 1998-2002 Peace Process," The Dante B. Fascell North-South Center Working Paper Series, Paper No. 14, March 2003, at <http://www.miami.edu/nsc/publications/NSCPublicationsIndex.html#WP>, p. 7.
74. Phil Stewart, "Colombia trumpets UN study showing record drop in coca," *The Boston Globe*, 18 March 2003.
75. Author's interviews with US and Colombian government officials, Fall 2004.
76. United States Department of State, "Current Developments in Colombia in the Fight Against Drug Trafficking and Narcoterrorism, Foreign Press Center briefing by John Walters, Director, White House Office of National Drug Control Policy," (Washington, DC: Department of State, 29 July 2003).
77. "A New Offensive?" *The Economist* 374, no. 8415 (26 February 2005).
78. Interviews with US, Colombian, and OAS officials, Summer and Fall 2004.