

The CIA Finally Gets One Right!

September 2000 Intelligence Analysis:

“PLAN COLOMBIA May Fail to Work”

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INTRODUCTION

As noted in *SubmergingMarkets™'s* recent piece on “**Intelligence Failures**,¹” these are indeed tough times indeed for the CIA and the other 13-14 members of the US [intelligence community](#). Lest the CIA perceive that it gets no respect, however, we have recently surfaced at least one case where the agency may have done a better job. Even here, however, the agency’s foresight appears to have (so far) been largely wasted on its political masters. Instead, the US Government has embarked on a really quite radical policy of increased intervention that is having profound consequences.

The case in point is a September 2000 [Intelligence Report](#) on “[Plan Colombia](#),” the multi-billion dollar drug eradication, counter-narcotics, and counterinsurgency program that was established since then by the Colombian Government, with the help of more than \$3.13 billion of US military and economic aid – including \$743 million this year alone, and a [requested \\$688 million for 2004](#), more than 80 percent of all US aid to Latin America (!)

This report, recently obtained by *SubmergingMarkets™* Contributing Editor [Jeremy Bigwood](#) under a US Freedom of Information Act ([FOIA](#)) request, was prepared by the [CIA’s DCI Crime and Narcotics Center](#) for top members of the US government, including the members of President Clinton’s National Security Council, the Secretary of Defense, and the [US Drug Czar’s office](#). These officials and their successors under President Bush have always expressed great confidence in Plan Colombia’s ability to reduce coca production and curb cocaine trafficking – and also help defeat narco-terrorism and bring peace, economic

¹ See “Intelligence Failures,” www.submergingmarkets.com, February 9, 2004.

development, and social justice to Colombia, where an [increasing proportion](#) of the population – up to 60 percent, in some recent studies -- still dwells in poverty.

This CIA document, [Plan Colombia's Potential Impact on the Andean Cocaine Trade: An Examination of Two Scenarios](#), raises serious doubts about all these expectations. It suggests that, even apart from its other harmful side-effects, **Plan Colombia** may have actually just spread coca production and cocaine trafficking, as well as political instability and even guerilla activity, to other parts of Colombia, and to other Andean countries like Ecuador, Peru, Bolivia, and Venezuela.

That conclusion supports those critics who have long maintained that the supply of coca is very elastic, so that it defies any simple “supply-side” cures like eradication or interdiction. As the conservative magazine [The Economist](#) noted recently, there may well be a "balloon effect," with increased eradication in one area just expanding production elsewhere – especially in more remote, mountainous, and cloudier regions where crop spraying is harder, or in nearby countries where the police and military are weaker or more corrupt.

Moreover, as this CIA study notes, wholesale coca eradication may just destroy large amounts of ordinary food crops like cassava, which are much less robust than coca. That, in turn, would alienate thousands of local farmers, creating new recruits for radical movements like the FARC, and helping to spread their influence to new regions of Colombia and other Andean countries.

THE CIA'S PROGNOSIS

After decades of traditional law enforcement efforts, in the mid-1990s, partly because of US pressure, Colombia began experimenting with eradicating coca by spraying chemicals from small, US-provided "OV-10 and Turbo Thrush" crop-duster" airplanes, protected by heavily-armed helicopters. The aerial spraying program has been the subject of law suits in both the US and Colombia because of its destruction of food crops, and potential harm to the environment.

The CIA report examined two alternative scenarios regarding the effects of this eradication program. In the first scenario, it assumed that 50 percent of southern Colombia's coca acreage would be eradicated by the year 2005. According to the report, this degree of eradication

"(W)ould simply encourage substantial new cultivation elsewhere in Colombia. Farmers probably would be able to compensate for their losses by growing elsewhere in Colombia; therefore, only a limited number of growers in border areas would cross international boundaries to plant new fields."

The second scenario considered by the report looked at the effects of a 80 percent reduction in coca acreage in southern Colombia:

"...(T)he 80-percent scenario would almost certainly lead to increased cultivation in neighboring countries as traffickers in Colombia faced the prospect of declines in potential cocaine production.....While Colombian traffickers likely will try to make up for declines in domestic production by increasing their importation of cocaine base from neighboring countries, especially Peru, they may choose instead to increase cocaine production outside of Colombia.

Successful eradication and interdiction programs combined with Bogota's aggressive extradition policy would create an increasingly hostile environment for the drug trade and induce many traffickers to take their business into neighboring countries. This would result in a further decentralization of the Andean cocaine trade, with multiple centers of cocaine production and an increasingly complex web of trafficking networks. [REDACTED WORD]....

Significant spillover of coca cultivation and drug trafficking from Colombia into neighboring countries is likely if Plan Colombia achieves levels of eradication approaching our 80-percent scenario.....Peru, and to some extent Bolivia, would face increased market pressures that probably would fuel a resurgence in coca cultivation. Already, Peru's cocaine trade - dealt a significant blow by a potent combination of interdiction, eradication, and alternative development successes in the late 1990s - is showing signs of recovery; and Colombian traffickers are making increased use of Ecuadorian, Venezuelan, Brazilian, and Panamanian territory to reach the US and European cocaine markets. Although less likely, rising coca prices resulting from Colombian supply shortages could put at risk Bolivia's significant accomplishment in dramatically reducing its illegal coca supply."

IN HINDSIGHT...

This September 2000 CIA analysis appears to have already proved astonishingly insightful. Strictly speaking, of course, it was not a "forecast" at all – it merely laid out two plausible "what if" scenarios, and didn't choose between them. However, the potential negatives associated with the spillover effects assumed by the second scenario should have put any policy maker on notice that they were playing with fire. Unfortunately, both the Clinton and Bush administrations ignored this possibility.

Indeed, as argued in more detail in [our related analysis of drug war history](#), over the long run, the long-run effects of US "supply-side" policies toward drug enforcement and coca eradication have been nothing short of disastrous. There have been **several negative effects**:

- First, the dismantling of the Colombian cocaine cartel in the 1990s opened up coca farming and the entire cocaine industry to scores of independent producers and distributors. Ironically, this “success,” combined with a long-term exogenous reduction in the demand for cocaine that little to do with increased drug enforcement, combined to produce to a *dramatic long-term fall* in cocaine “street” prices in the US and Europe since the 1980s. This may be good news for cocaine users. But it is just the opposite of the effect we’d like to see, if the aim is to discourage drug use.
- Second, US policies helped to actually stimulate coca farming, diverting it from Peru and Bolivia to Colombia, which traditionally had focused on cocaine laboratories and left the production of leaves or “base” to its neighbors. In the late 1990s, this surge in coca farming, in turn, provided an enormous new source of income – by way of the taxes they levied on the farms, as well as direct trafficking for Colombia’s armed guerillas, led by the FARC on the left and the AUC on the right.
- As the CIA predicted, Plan Colombia, backed by US funding and direct military assistance, is now encouraging coca farming to spread to other areas inside Colombia, as well as to neighboring countries like Ecuador, Venezuela, and Brazil, as well as Bolivia and Peru.
- Even more important, the resulting **militarization** of the cocaine trade meant that what had formerly been mainly a law enforcement problem has now become a serious political and national security problem, involving not only for Colombia but all its neighbors. This is having destabilizing political effects on the whole region. Among the key side-effects:
 - A mounting civil war in Colombia over [coca eradication](#), and a [humanitarian crisis throughout Colombia](#), with 2.6 million refugees.
 - A new populist government in Bolivia that derives a great deal of its momentum from the anti-eradication movement, and mounting pressures on Ecuador’s new populist government, led by Lucio Gutierrez.
 - The revival of left-wing guerillas and the reported appearance of the FARC in Peru; the internationalization of FARC activities in other Andean countries;
 - Growing tensions between Venezuela’s populist leader Chavez and the US, and Colombia, with [several clashes recently reported](#) between Venezuela’s National Guard and Colombian armed forces.

Given all this instability, it now appears likely that Plan Colombia's "success" will depend on whether it is quickly followed up by **a Plan Ecuador, a Plan Peru, and a Plan Venezuela, and a Plan Bolivia**. This is a recipe for endless civil wars, not for peace and the kind of economic development that is the only real solution to the "coca farming problem." Would that the senior national security advisors and drug czars who designed these clever strategies had paid a little more attention to their long-run effects, as well as to the lowly CIA analysts who seem to understand them. **Where is "worst-case" analysis when we really need it?**

