

INTELLIGENCE SCOTOMAS IN  
CENTRAL AND SOUTH AMERICA

*The Proteus Monograph Series*

*Volume 1, Issue 4*  
*March 2008*

# Report Documentation Page

Form Approved  
OMB No. 0704-0188

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE <b>MAR 2008</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2008 to 00-00-2008</b>	
4. TITLE AND SUBTITLE <b>Intelligence Scotomas in Central and South America</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>U.S. Army War College, Center for Strategic Leadership, 650 Wright Avenue, Carlisle, PA, 17013-5049</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

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**INTELLIGENCE SCOTOMAS IN  
CENTRAL AND SOUTH AMERICA**

by

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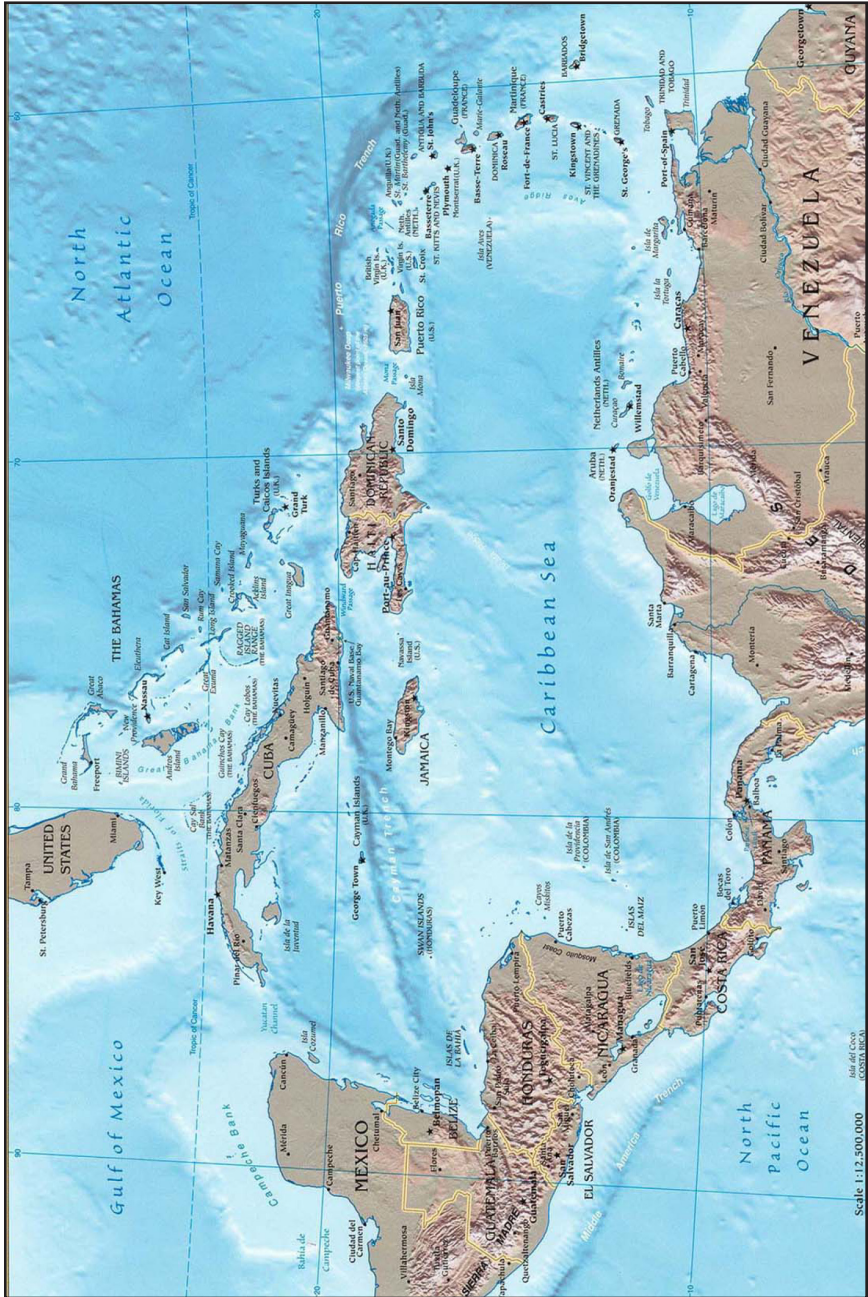
# Maps

## South America



Source: CIA. From the Perry-Castañeda Library, University of Texas at Austin.

# Central America



Source: CIA. From the Perry-Castañada Library, University of Texas at Austin.



# Mexico



Source: CIA. From the Perry-Castañada Library, University of Texas at Austin.

## Introduction

“Why should I care?” This response from a U.S. Army staff officer may seem like a strange introduction to a monograph on national security issues, but it actually strikes at the crux of the problem. The comment was made by a lieutenant colonel assigned to the Department of the Army’s G-3 office when told that there were significant problems emerging in South America. He is far from alone in his reflexive analysis, or lack thereof. It is indicative of the understaffed, overworked, and terminally focused attitude that permeates everything in the Pentagon. Combat pilots call this target fixation, and for the Department of Defense, the current target is Iraq and the Middle East.

For decades events in Central and South America have rarely broken through the consciousness of any administration, let alone the American people. Were it not for illegal immigration or drug busts, there would be almost no news from Latin America on mainstream television. Globally, only unpopulated Antarctica seems to have less coverage, though, because of the global warming controversy there are increasing citations about the dangers of its melting ice shelf. Largely due to the lack of international reporting, American citizens remain blissfully unaware of intense conflicts that have smoldered for a long time and of the burgeoning relationships between this area and potential adversaries of the United States. Worse, the perceived military importance afforded South America can be gauged by simply tracking the Pentagon’s *Early Bird*, the daily compendium of articles deemed newsworthy for the Department of Defense. Less than once a week there will be a section titled *The Americas*, which includes the entire Western Hemisphere.

Self-imposed ignorance of geography and history are American hallmarks. These create scotomas, or blind spots, that impede our global vision and thus negatively impact foreign policy. A July 2007 *Zogby* poll concluded, “American adults show a stunning ignorance about the region.”<sup>1</sup> In reality, it has been at our peril that we have

ignored our southern neighbors and the ever-emerging conflicts that are so prevalent and pervasive that they have a name, *La Violencia*.

Most scholastic papers assume the readers have a general knowledge of the topic and have grasped the basics, including key locations, historical precedence, and relevance to the current situation. Unfortunately, few Americans make an effort to explore the world beyond our borders. When it comes to Latin America, most people know little about events that have impacts on their lives. Even among military officers, who are expected to have broader backgrounds, few could identify the countries of the region if presented with a blank map. Importantly, they generally have only the most generic understanding of the emerging situation and why it is important to our future.

## The Imperative

This monograph begins with a brief overview of the South American continent and the territory between there and the United States. This is followed by a series of individual analytic reports addressing key issues, both historic and current, for some of the countries involved. The paper then discusses multinational concerns and major demographic and political shifts that are already occurring and why they are important to North American national interests. Included are international issues that combine social, economic, political, and security factors that should be of concern to everyone. Finally it will connect the dots that clearly indicate that the generally unrecognized tensions in Latin America are integrally intertwined with global issues. Worth noting is the range of documentation cited. While they are as factually correct as possible, some sources reflect various institutional biases. Sometimes their facts are at variance with other facts for the same set of circumstances. This implies matters of perception. In most of the world, *perception is reality*, and the respondents—individuals and nations—act accordingly.

When this paper was proposed, I assumed that the American myopic view, or scotoma, of things south was a product of inadequate intelligence. In the process of preparing this report, I came to another conclusion. Before 9/11, all of the information necessary to predict that

catastrophic event was resident inside the intelligence community, and there were individuals shouting warnings, which tragically fell on deaf ears. Similarly, today the necessary information about discordant events throughout Latin America is available to analysts and operators.

The time has past for minor, disjointed tactical interventions. Rather, we need a strategic shift in policy if we are to foster harmonious relations with our southern neighbors and hope to stem the tide of a far larger infestation of crime and terrorism.

## **Setting the Stage**

Contrasts between perceptions and reality about the area abound and are worth a brief discussion. For most Americans, Central and South America are at best tourist destinations or, more negatively, the procreation grounds of illegal immigrants. South America is a huge continent with a range of diversity that is difficult to imagine and which probably spans a greater breadth than even the Dark Continent, Africa. Far from homogeneous, the people represent a wide variety of cultures, ranging from technologically advanced, cosmopolitan groups, to “uncontacted people” still living in ever-shrinking forested areas of Amazonia. As an example, it was in late May 2007, that the eighty-seven member Metyktire tribe first made contact with Western civilization on the Menkregnoti reservation, about 1,200 miles northwest of Rio de Janeiro.<sup>2</sup> It is known that other tribes exist in the vastness of the Amazon, but due to prior experiences, anthropologists and religious missionaries are prohibited from initiating contact. Too frequently their lack of natural immunity to Western diseases has had catastrophic consequences, as tribal populations were devastated.

At the other end of continuum is the intense urbanization issue. Latin America holds three of the top ten most populous cities in the world: Mexico City, number two with over 19.4 million citizens; Sao Paulo, number four with over 19 million; and Buenos Aires, number ten with 12.5 million inhabitants. Sprawling and geographically complex Rio de Janeiro is not far behind with 11 million. Brazil alone has eight cities listed on the global top 100 list, each containing more than three

million people. Altogether, Latin America already has fifty-eight cities with more than one million people. All of these cities are still growing, most quite rapidly.<sup>3</sup>

Problems related to ethnicity are more of an issue than might be anticipated by a casual observer. The population base comes from three very diverse groups. Initially there were indigenous peoples on the continent and in Central America. When and how they appeared is still in question, but it is known that several relatively advanced civilizations had arisen over a period of centuries. The first Western groups to come were European explorers, predominantly Spanish and Portuguese. As they settled, the need for farm and mining labor quickly turned to acquisition of slaves from Africa. In fact, far more slaves were sent from Africa to South America than came to the northern continent. About 3.6 million slaves were imported to Brazil alone, with others going to every other country in Latin America and the Caribbean. Rebellions and massacres were common, and violence was an accepted form of governance. A second wave of European immigrants arrived in the early twentieth century. Following World War I, large German and Italian contingents came to Argentina, Chile, Uruguay, Paraguay, and Bolivia. Representatives from many other European countries arrived as well.

While integration in large urban areas was more easily accommodated, ethnic strife continued, especially in the interior. Natural inhabitants paid a heavy price for their interactions with the burgeoning settler population. To this day, armed confrontations continue to occur between indigenous people and those looking to take resources from the land.

In addition to the exploding population, Latin America is recognized as the area having the greatest socio-economic disparities in the world. There are areas, such as sub-Saharan Africa, that are poorer, but Latin America holds the most extremes in wealth distribution.<sup>4</sup> According to a United Nations regional appraisal, 205 million people live in poverty, including about 80 million in extreme poverty.<sup>5</sup> Extreme poverty is defined as not able to meet basic dietary needs, and the recent trend shows a slight increase in the number of people who do not get enough food to survive. That increase comes despite some increased overall

wealth in the Andean region as a result of increased prices for minerals mined there and social programs initiated in some countries to attempt to improve the quality of life for the poorest people.

These economic figures belie a philosophical promise that freedom will necessarily bring prosperity and poverty will thereby be ameliorated. In 2004, U.S. Trade Representative Robert B. Zoellick noted that “the Americas should be the ‘proving ground’ of the notion that in such a world ‘hundreds of millions of people are lifted from poverty through economic growth fueled by free trade.’”<sup>6</sup>

The physical environment and natural resources are inextricably intertwined with human development. The Amazon basin, an area equal in size to the entire United States, floods to depths of up to thirty feet every year. Interestingly, the indigenous people do not have a word for jungle. They speak of the wet or dry forest, describing whether or not it becomes inundated. With few permanent roads, major transportation arteries rely on boats. These include ocean-going vessels, which can transit from the mouth of the Amazon River all the way to Iquitos, Peru, a distance of 2,220 miles. As no roads cross the Andes to the west, the Amazon is the sole mode for moving bulk goods. In this region, distance is not measured in miles, but in travel time by boat.<sup>7</sup>

Excessive logging and farming in the Amazon have become international ecological issues. Satellite photos indicate that as much as 47 percent of the area has been cut to meet demands for hardwood and to clear new farms. The Amazon is considered to be “the lungs of the Earth,” and there is considerable concern about the impact of deforestation on future oxygen supplies for the entire planet.<sup>8</sup> Internally, battles are fought over ownership of the land; indigenous people are often forced to evacuate or die. This region of the world maintains exceptional biodiversity, and there is considerable concern about extinction of critical species. A significant point of contention has been the exploitation of natural herbal medicines by foreign pharmaceutical companies, sometimes called “biopiracy.” These pharmaceutical giant researchers have repeatedly learned the methods of the indigenous *curanderos*, and then taken their medicines to extract the healing secrets. Once curative components have been identified, the pharmaceutical

companies have synthesized them into new drugs and filed patents, claiming new discoveries. The indigenous people, who have willingly shared their phenomenal knowledge of the natural healing properties of the Amazon's region's unique biota, are then left completely out of the profit.<sup>9</sup>

The Andes, running 4,400 miles, are the longest mountain chain in the world, even exceeding the Himalayas. The highest point is Aconcagua in Argentina at 22,841 feet. The highest commercial airport in the world is at El Alto (La Paz) Bolivia, which is 13,400 feet in elevation. Importantly, the Andes are rich in iron, gold, silver, and copper, and mining is profitable—for the owners. Generally, however, the hardy people who have evolved the physical capabilities to thrive at high altitudes have not shared in the prosperity.

The northern Andes are still volcanically active. Over the eons they have erupted repeatedly, spreading ash that weathers to a marl soil that is exceptionally good for agriculture. While many plants flourish in this rich soil, including high-grade coffee, by far the most profitable have been coca and poppies. While most vegetation thrives, any notion that alternative crops will provide comparable profit is simply specious.

Each of the factors listed, and several others, plays an important role in establishing the current geopolitical environment of Latin America. It is a complex milieu of dense, overpopulated urbanization, extreme poverty, intolerable economic disparity, social instability, and a physical environment that favors drug cultivation. Then consider the historic and expanding relationships between narcotics-fueled organized crime elements with their links to indigenous insurgencies and international intervention from Islamist groups such as Hezbollah. With minor exceptions—officials directly involved in South American affairs—these factors remain a scotoma. To most other policy makers, these situations have not reached a critical point at which an action imperative becomes mandated. This is a serious miscalculation.

## *Brazil*

The homicide rate in Latin America is high, but Brazil boasts a figure that is over five times higher than the United States. That equates to more than fifty thousand murders per year. The large cities are especially dangerous, and tourists are warned about venturing out at night unless in police-patrolled areas. This is true even for well-established venues such as the beaches at Copacabana and Ipanema where, despite the inviting waves, no one strolls along the ocean at night. Carjacking is so prevalent that after darkness falls no one stops for red lights anywhere in Rio or Sao Paulo, and the law accommodates that behavior. Running a red light may be risky, but stopping for one is too likely to put the driver at the end of a gun.<sup>10</sup>

The wealthy tend to live in heavily guarded high-rise complexes or outside of town on estates with a number of armed guards. To quote a business owner these “high-rises are the castles of the twenty-first century.”<sup>11</sup> Each of his family members is driven in their personal armored car, almost never alone or unarmed.

It has long been debated as to when intense crime transitions into insurgency or irregular warfare. Response to crime is relatively simple and requires intensive law enforcement. However, insurgency or irregular warfare are more serious matters. Events in some areas of Brazil over the past few years suggest that matters have become extremely serious, beyond the scope of local law enforcement. To quote retired Major General Alvaro Pinheiro, “Extreme urban crime and violence have increased many Brazilians’ sense of insecurity, undermining the institutionalization of democratic governance.”<sup>12</sup> Major General Pinheiro was the head of all Brazilian Army special operations forces, so when he discusses destabilization of the government, it is reasonable to infer that the actions of the criminals have transcended to a category of urban guerilla warfare.

Lieutenant Colonel Eduardo Jany, U.S. Marine Corps (USMC), assigned to the Marine Liaison Element in Brasilia in 2006, provided extensive insight into the extent of the criminal activity in that country. Jany was born in Brazil but moved with his family to the United States



as a young boy.<sup>13</sup> While a member of the USMC Reserve, he became a lieutenant with the Seattle Police Department. A unique combination of cultural, linguistic, and law enforcement skills allowed him to obtain insights into the situation that were not available to traditional observers. At a large conference for senior law enforcement officers in Brasilia, Lieutenant Colonel Jany discussed the problems associated with police work in that country with Commander Charles “Sid” Heal of the Los Angeles County Sheriff’s Department (LASD). Commander Heal had previously in his career headed the LASD SWAT unit as well as the Special Enforcement Bureau. He retired from the U.S. Marine Corps Reserve as a CW5 who had been deployed on many combat missions, including Desert Storm and Operation Iraqi Freedom.<sup>14</sup> Between them, those two officers were in a better position to analyze Brazilian law enforcement operations than almost any other combination.

For perspective, most police officers in the United States will never fire a weapon, except on a range, during their entire career. It was learned that in some of the most crime-ridden sectors of Brazil, police officers engaged in multiple gunfights on a daily basis. They do not patrol as one- or two-man units, but rather in military squad and platoon size elements. Jany reported on districts that refused to replace windows in patrol cars because supervisors believed “they would just be shot out again.” In examining videotapes of various crime scenes, the actions taken by both police and lawbreakers had all of the characteristics of combat operations.<sup>15</sup> General Pinheiro has also commented on the resemblance between police-criminal interactions and traditional combat missions.<sup>16</sup>

The level of violence against police is almost unimaginable when compared with law enforcement in the United States. One of the worst shootouts to occur in America was a bank robbery in North Hollywood, on 28 February 1997. In that incident, two heavily armed robbers wearing complete body armor were able to sustain many direct hits from police weapons. They just stood there, in the open, and fired back at the police, who were heavily outgunned. Despite the sensational aspects of that event, only two criminals were involved and both eventually died at the scene—including one from a self-inflicted shot under his chin. There were sixteen police officers and civilians

wounded during this shootout. In fact, the North Hollywood robbery changed how law enforcement agencies across the country are armed and how they respond to violent crime.<sup>17</sup>

Compare that incident to two incidents in Brazil. In September 2004 a bus containing forty-six police officers was robbed on one of the country's main interstate highways.<sup>18</sup> On 16 February 2006 in Rio de Janeiro, another busload of police was ambushed and taken under fire by assault rifles and machineguns. That attack resulted in three police being killed and ten wounded. The bus was completely destroyed. This attack was reportedly in retaliation by drug gangs for enforcement actions that had been taken against them.<sup>19</sup> In these incidents, none of the gang members involved were killed.

The violence in the major cities of Brazil has raged for years. In general, police have tried to maintain order in business districts and tourists areas with varying degrees of success. However, there are many slum areas or shantytowns, called *favelas*, which are completely controlled by drug gangs. The dominance in some of these areas is so great that police will almost never venture into those criminal-infested neighborhoods, even in substantial numbers. As can be expected under such conditions, violence is rampant, and major crimes often go unreported. That is one reason why the actual murder rate for the country is not accurately known.

In April of 2007, the fighting moved very close to the downtown area of Rio de Janeiro when rival gangs became involved in a three-way gunfight between themselves and the police. The *Favela* they were vying for control of was Morro da Mineira, but the fighting spilled into neighboring areas. When the shooting was over, police had killed four criminals, gang members had killed nine more, and the spray of bullets had wounded several other people, including innocent bystanders. While no police officer was killed in this incident, thirty-nine had already died in Rio between January and April.<sup>20</sup> For contrast, fifty-five police lost their lives throughout the United States in the entire year of 2005.<sup>21</sup>

Drug gangs have been instrumental in prison violence for many years. Again, the level of violence is hard to contemplate using American standards. In 1992, prisoners took over the Carandiru *Casa de Detencao* prison in Sao Paulo State. This was a violent uprising that brought a strong reaction in the form of a police raid on 2 October. In the end, 111 prisoners died when police stormed the prison. Brazil does not have the death penalty, and some human rights organizations believe that the response was too extreme and constituted de facto capital punishment.<sup>22</sup> The gang members have never forgotten that incident.

In the years since the Carandiru incident, the gangs have continued their fight for territorial control and drug distribution rights both in prisons and on the streets. Leaders often consolidated power by murdering the rival gangs' officers. Riots were used to cover many of these actions, and it was not uncommon for beheadings to occur as a means of intimidation. Usually underlings would capitulate when they saw their leader's head chopped off in front of them. Terror is a powerful tool in constrained environments such as prisons. It is estimated that about five hundred prisoners are murdered each year in the Brazilian prisons. There are also many so-called suicides, so murder is probably under reported.

For perspective, in 2005, the entire U.S. prison system had less than fifty homicides. That is with a much larger prison population; the unfortunate American statistic is that we had 2,393,798 people incarcerated at the end of that year.<sup>23</sup> This relative safety may explain why foreign drug dealers agree to extradition to serve their prison terms. They have a much higher chance of survival here.

In May 2006, a new level of violence was experienced. Timed to coincide with Mother's Day, riots of an unprecedented scale broke out in Sao Paulo. These were initiated by the *Primeiro Comando Capital* or PCC, (in English, the First Capital's Command). The PCC was under the direction of a ruthless leader, Marcos Willians Herbas Camacho, who goes by the nom de guerre, "Marcola." Taking advantage of lax security and the presence of many visitors to the prison, his forces struck—but not just within that prison. Marcola was able to coordinate simultaneous riots in up to eighty prisons in the states

of Sao Paulo, Parana, Mato Grosso do Sul, and Bahia as well as in Brasilia. Significant armed attacks also took place in Sao Paulo city. Many hostages were taken, and in three days 161 people were killed, including forty-one police officers and prison guards. There were 293 coordinated attacks against police stations and patrols, courts, stores, and businesses, including seventeen banks. The weapons employed included machine guns, assault rifles, hand grenades, and handguns. The urban guerillas also attacked the public transportation system and destroyed buses by burning them.<sup>24</sup> It was reported that they had used improvised explosive devices (IEDs) against some of the buses leaving the metropolitan area.

According to General Pinheiro's analysis, the "crude reality showed that with urban guerilla tactics and sophisticated command and control, communications, logistics, and superior intelligence networks, the organized crime had demonstrated its large amount of power, deeply traumatized the population, and left the State hostage for one week."<sup>25</sup>

Marcola was able to accomplish this operation with military precision by a violent combination of leadership and intimidation. The PCC had imposed a taxation system. At that time, Sao Paulo had about 140,000 prisoners; another 500,000 people outside the prison walls supported those prisoners. Taxes were imposed of \$25 per month for inmates and about \$225 for those outside. The PCC took in an estimated several million dollars per month from these sources. This tax system remains in place. In addition, the PCC was funded by extortion, with an estimated one hundred incidents a day. They also conduct about 70 percent of all of the kidnappings in the area. If more money was needed to fund an operation, they robbed banks.<sup>26</sup>

Corruption plays a significant role in supporting this violence. The PCC believes that the Brazilian legal system is a weak link. For exploitation of that vulnerability they have eighteen lawyers serving their leadership, and, they are now sending their own students to law school. They are reportedly paying full scholarships for law students that either support them directly or indicate that they will enter into appropriate political positions. They also pay for students who will enter the Brazilian security system.

Lawyers were key to the May 2006 uprising. They are allowed to enter the prisons and meet with their clients without being searched. It was by this means that Marcola's organization was able to obtain many cell phones, two-way radios, and computers with external access.<sup>27</sup> It was not just one or two phones and a few weapons that were smuggled into the prison. This was a wholesale effort, as was demonstrated by the breadth of the coordination that had taken place before the riots were initiated. It is also reported that lawyers bribed civilian officials to obtain vital information regarding PCC operatives. This was then passed on to Marcola's people. These same lawyers are also instrumental in manipulating the legal system by buying perjured testimony and acting as go-betweens for private communication.

It should be noted that the attacks were not all one sided. As might be expected, given the high fatality rate among police officers, there were those who hunted down PCC supporters outside of prison and killed them as well.<sup>28</sup> Violent events did not stop after the May rebellion had subsided nor were they restricted to the PCC operations. Smaller incidents happened in July of 2006, and an influential television reporter was kidnapped in August of that year. The demand was that *O Globo*, the biggest television network in the country, broadcast a video created by the PCC.<sup>29</sup> On 28 December of that year, a Rio gang, *Comando Vermelho*, attempted to initiate a similar uprising in that city. Using machine guns and hand grenades, drug gangs attacked twelve police stations around Rio de Janeiro. In all, nineteen people were killed, including two police officers. Tragically, seven people were burned alive when the terrorists torched the buses that they were riding. As before, these attacks were triggered from inside a prison.<sup>30</sup>

Extreme violence has continued within the prisons, even as President Lula has pledged to spend several billion dollars to build new prisons and establish social programs for inmates. On 23 August 2007, inmates rioted and gained control of the Ponte Nova prison in Minas Gerais State, which is located southwest of Rio de Janeiro. In this horrendous incident, one gang rounded up twenty-five rivals, locked them in a cell, and burned them alive.<sup>31</sup>

The fighting has not all been one-sided. In response to the actions of drug gangs spilling out of the *favelas*, private militias have been formed that conduct paramilitary, but extralegal operations. It is frequently reported that these vigilante groups are comprised of off-duty police officers, prison guards, and firefighters, all of whom are sworn to uphold the law.<sup>32</sup>

These groups have been operating for several years, and it is claimed that these death squads execute hundreds, if not thousands, of people. In fact, the BBC noted that in 1999 an unofficial list of death squad homicides had as many as 14,000 victims.<sup>33</sup> More recent reports by federal law enforcement officials addressed hundreds of such deaths in the northeast states.<sup>34</sup> While hundreds of police officers have been arrested for involvement in these illegal operations, the problem is not abating and may be increasing. It is noted that most of the victims are shot in the head or chest at very close range.<sup>35</sup>

Currently, there is an on-going power struggle for control of the *favelas* in the Rio de Janeiro area.<sup>36</sup> As of July 2007, it was estimated that up to ninety-two of about seven hundred communities were under the control of the anti-drug-gang militias. The body count from internal fighting is quite high and is often compared with traditional combat zones.<sup>37</sup> Masked assailants dressed in black, often in platoon-sized groups, or larger, characterize these operations. Both sides are heavily armed and pay little regard to the innocent civilians who, due to socio-economic status, are hopelessly caught in the slums.

Vigilante justice is not limited to the crime-ridden inner cities. Throughout Brazil's rural areas, availability of law enforcement is often limited. Disputes over land and mining rights are common. There are continuous conflicts over squatter's rights; property deeds for land are rare, which fuels the problem if natural resources are in the area. Some of the rural settlers feel that the state and federal governments have abandoned them and do not provide an adequate justice system.<sup>38</sup>

In fact, there is a very large organization called *Movimento dos Trabalhadores Rurais Sem Terra*, or as it is better known, MST, that is involved with appropriation of land for redistribution to the landless.

MST claims more than one and half million landless members and is active in twenty-three of the twenty-seven states in Brazil. In addition, MST has other international contacts with organizations attempting land reform, including official support for the Palestinians. The MST describes itself as a peaceful organization that only wants to help peasants gain access to land that is not being cultivated, which is indeed a noble cause.<sup>39</sup>

The issue of socio-economic disparity was mentioned earlier. MST is but one organization that seeks to address those problems, albeit a large and very active one. The group was founded in Paraná in 1984, largely because of the living condition of poor farmers under the military dictatorship that ran Brazil at the time. They noted at the time that just 3 percent of the people owned two-thirds of all of the arable land.<sup>40</sup>

MST's political activity is not limited to Brazil, and they actively engage the U.S. military from an adversarial position. Their aim is to force closure of the School of the Americas, now called the Western Hemisphere Institute for Security Cooperation (SOA/WHINSEC) in Fort Benning. In fact, in November 2007, MST and other social activists demonstrated in Columbus, Georgia, at the gates of Fort Benning. In the MST announcement they state, "The racist system of violence and domination that is being promoted by institutions like the SOA/WHINSEC, employs military solutions as the one-size-fits-all 'solution' for social problems throughout the world."<sup>41</sup>

Regional protests are not limited to military issues.<sup>42</sup> MST is also actively working to inhibit large scale agribusiness. In a letter to Brazilian society, they "declared that it will continue to 'struggle so that all large landholdings are expropriated, with properties of foreign capital and the banks a priority.'" MST goes on to that they "will combat multinational corporations...that seek to control seeds and Brazilian agricultural production and commerce."<sup>43</sup> This is an important issue, as one of the key points is to take an adversarial position in the bio-fuel controversy. For the last few years, Brazil has been touted as a leader in energy independence via the wide-scale development of ethanol made from sugarcane.<sup>44</sup> The advances made in alternative energy production have been noted by U.S. leaders from both parties, including President

Bush and Senator Obama.<sup>45</sup> Obviously, for bio-fuel to be a major energy source requires huge amounts of sugarcane, grown on large plots of land.

The confrontational approach used by MST on some occasions, but not all, has resulted in problems with police agencies. One example includes the attempt to break through police lines at the capital in Brasilia in May 2005. This left many people and police officers injured. Additional friction has resulted when the landless farmers attempt to settle on farms that they believe are abandoned or unused. One such encounter occurred on 29 January 2007 when MST representatives attempted to take over 1,200 hectares of land located between the Federal District and the State of Bahia. According to reports, eighty military police invaded the encampment “using violent means.”<sup>46</sup>

The violent confrontations have caught the attention of Human Rights Watch (HRW). In their January 2007 report, they stated “Police violence—including excessive use of force, extrajudicial executions, torture, and other forms of ill-treatment—persists as one of Brazil’s most intractable human rights problems.” Speaking to rural violence, HRW noted that threats to landless farmers continue, and in 2005, a total of 38 people were killed and 166 wounded by police.<sup>47</sup>

There are other concerns regarding the tactics of MST. A senior Brazilian police official, who wishes to remain unidentified, described another scenario. There is no argument that fallow land can be settled and claimed by landless farmers. However, this officer noted that at times threats have been made against the landowners. Specifically, they are instructed to leave certain parcels of land uncultivated or risk consequences to them or their families. If the farmer complies, the intimidation makes the land in question available for settlers to take.<sup>48</sup>

While there are several areas in Brazil that experience considerable violence, the society there is still functioning quite well. The Brazilian government has long recognized the problems and has taken many positive actions to improve security. In particular, they created the National Secretariat of Public Security (SENASP) to address the crime



issues, and progress is being made. Of note was the success of the Pan American games held in July 2007, involving 5,500 athletes from forty-two countries. Prior to the event there were major concerns about security for the tens of thousands of spectators. However, a SENASP-coordinated security plan worked well.

In another innovation, the government also recently announced plans to create the Citizen Security National Program (PRONASCI) to address problems in the most violent regions of the country. At a cost of over four billion dollars, PRONASCI is working on a fully integrated program of both policing and social initiatives.<sup>49</sup>

Brazil, with its dynamic economy will provide a driving force for whatever emerges in Latin America. However, it is large and diverse and still faces many problems. The current government under President Lula is decidedly leftist leaning. Throughout the continent, indigenous people are assuming an increasingly vocal role in governance and Brazil is no exception. If a stable democracy is to continue to evolve, it is essential that social disparity be ameliorated. It is most critical that the government brings *La Violencia* under control, and does so without further alienation of the disenfranchised.

### ***Paraguay and the Tri-Border Area***

While corruption and violence abound in Latin America, Paraguay ranks high on the list of the most problematic countries in the region. Of specific international concern is the juncture at which Paraguay, Brazil and Argentina are geographically contiguous. This zone is known throughout the world as the infamous Tri-Border Area (TBA).

The exceedingly poor, landlocked country of Paraguay has become a focal point for smuggling and for terrorist support activities. The U.S. State Department reported that “Paraguay does not exercise effective immigration or customs controls at its borders.” They also state that Paraguay has “yet to demonstrate the ability to monitor and detect money laundering.” The report goes on to state, “The United States remains concerned that Hizballah and HAMAS were raising funds in the TBA by participating in illicit activities and soliciting donations

from extremists with in the sizable Muslim communities in the region and elsewhere in the territories of Argentina, Brazil and Paraguay, although there was no corroborated information that these or other Islamic extremist groups had an operational presence in the area. The governments of the Tri-Border Area have long been concerned with arms and drug smuggling, document fraud, money laundering and the manufacture and movement of contraband goods through the region.”<sup>50</sup>

In another State Department report, the fundraising ties to “radical Islamic groups, including Hezbollah and Hamas” were cited. That report went on to state, “The tri-border area is also believed to be South America’s busiest contraband and smuggling center, where billions of dollars are generated from arms trafficking, drug smuggling, counterfeiting, intellectual property-rights violations, and other crimes.”<sup>51</sup>

Paraguay has been politically volatile, with multiple coup attempts in the past two decades and forty-five attempts occurring in the past century. Supporters of General Lino Oviedo, who was already in jail for a prior coup in 1998, launched the most recent coup attempt in May 2002.<sup>52</sup> Until 1989, Paraguay was governed by a military dictatorship. Trust between the citizens and security organizations is tenuous, as most coup attempts have involved military and police officials.

Criminals from many parts of the world find refuge in the TBA. Major crime figures from Russia, Japan, China, Nigeria, Lebanon, and Syria have been reported in the area.<sup>53</sup> However, of most concern to counterterrorism experts are the overt connections to Middle Eastern terrorist organizations. The U.S. Treasury Department has named several of the key players. Muhammad Yusif Abdallah, the manager and owner of a shopping center in Ciudad del Este, Paraguay, reportedly pays a percentage of his profits to Hezbollah and has served as a courier to meet with their security services in Lebanon. In addition to fundraising activities and sponsorship of terrorist rings in the TBA, Abdallah has been involved in trafficking in counterfeit U.S. currency, false passports, and credit card fraud.<sup>54</sup>

Other terrorist supporters include Hamzi Ahmad Barakat, another storeowner in the same shopping center. He is suspected of similar criminal activity and of funding Hezbollah. Hatim Ahmad Barakat collects funds from Chile and is believed to be managing a terrorist group. Muhammad Fayez Barakat is responsible for the financial networks and arranges money transfers to Lebanon. Muhammad Tarabin Chamas serves in the Hezbollah's counterintelligence element in the TBA and maintains contact with sponsors in both Lebanon and Iran. The list continues, but the picture of terrorist support is quite clear.<sup>55</sup> It appears that many of the approximately 25,000 Arabs living in the TBA are very actively involved in these illegal activities.

The amounts of money being moved are quite significant. For example, Kassem Hijazi, a Lebanese businessman was transferring large amounts of money through his Ciudad del Este business called Telefax and hiding the identities of the people responsible. Carlos Maza of the U.S. Department of Homeland Security stated, "From the evidence and documentation we saw, it was clear that this man was moving large sums, hundreds of millions of dollars through its [Telefax's] doors." Examples are quoted of amounts up to \$100,000 being sent to companies in Beirut that do not appear to exist. Both Hijazi and Sheik Taleb Jomha, Muslim leader in the TBA, state that the money is simply going to help the poor.<sup>56</sup> The U.S. Department of Homeland Security was involved in the investigations as much of the money passing through Paraguay was coming from New York banks.

There are other connections between Paraguay, America, and Hezbollah. Another Ciudad del Este businessman, Sobhi Mahmoud Fayad, is believed to have sent tens of millions of dollars to Hezbollah. This was done through his charity called the Martyrs Foundation.<sup>57</sup> The Iranian-based Martyrs Foundation also had an office in Dearborn, Michigan, where it is called Goodwill Charitable Organization. That office was raided and closed by the U.S. Treasury Department in July 2007. The Treasury Department news release notes, "The Martyrs Foundation is an Iranian parastatal organization that channels financial support from Iran to terrorist organizations in the Levant, including Hizballah, Hamas, and the Palestine Islamic Jihad."<sup>58</sup> The

U.S. and Paraguay chapters were also sending contributions to those organizations.

Hard currency is not the only form of finance that is being traded illegally. Gold, which is standardized all over the world, is also moved to support terrorist activities and the drug trade. Paraguay has been very active in transferring gold to the United States. So much so that the U.S. Immigration and Customs Enforcement (ICE) determined that the amount of gold shipped to the United States, “far exceeded that country’s total gold production.” As a result of this ICE investigation, twenty New York jewelers were prosecuted for money laundering.<sup>59</sup>

The openness of crime in Paraguay is startling. Colonel William Mendel wrote that approximately 70 percent of the 600,000 automobiles were stolen. As a hot commodity, they are often traded for drugs. Even the former president, Gonzalez Macchi, was found to be in possession of a stolen BMW while he was still in office. At the same time, his wife had a stolen Mercedes.<sup>60</sup> Smuggling from Ciudad del Este is epidemic, and much of the illicit goods cross the borders on the connecting bridges. When pressure is applied at these border crossings, the smugglers simple reroute the large shipments via the extensive waterways that connect the countries.<sup>61</sup> Due to taxation in Argentina, cigarettes are an attractive product. Even basic agricultural products such as chickens can provide sufficient profit to make the trade lucrative for criminals.

In contrast to the constant turmoil in the Paraguayan territory in the TBA, Foz do Iguacu, a city of about 200,000 people in Brazil, is relatively calm. The city is the hub for a major tourist center for visitors attracted to the gigantic and picturesque falls that roar between Brazil and Argentina. It is also home to Itaipu Dam, located on the Upper Paraná River. This massive hydroelectric dam can generate 14,000 megawatts of power. Though virtually unknown in the United States, Itaipu generates the most electrical energy in the world. Itaipu provides 93 percent of the electrical energy for Paraguay and about 25 percent of Brazil’s requirements. This hydroelectric facility reportedly exceeds the output of ten nuclear reactors. Given the strategic importance of the facility, the immediate area is heavily patrolled by multiple security

elements, including the 34th Infantry Battalion.<sup>62</sup> Ironically, the security provided by Brazil's forces also provides a safe place to live for some of the major criminals from Paraguay.

Lieutenant Colonel Phillip Abbott described the terrorist-friendly environment in a *Military Review* article as follows. "The TBA's dangerous combination of vast ungoverned areas, poverty, illicit activity, disenfranchised groups, ill-equipped law-enforcement agencies and militaries, and fragile democracies is an open invitation to terrorists and their supporters. Undeterred criminal activity, economic inequality, and the rise of disenfranchised groups with potential to collaborate with terrorists present a daunting challenge."<sup>63</sup>

Recognizing the fragility of the political situation in Paraguay, the U.S. government has been cautiously supporting Paraguay's efforts to build a more stable democracy. The current president of Paraguay, Nicanor Duarte, is not very popular with the people, but he is scheduled to leave office in 2008. During his tenure there have been efforts to create a legal system that can effectively deal with rampant financial crimes, intellectual property infractions, and document fraud. American efforts to assist have brought marginal results, but the pace of advancement has been frustrating. However, Duarte is given good marks for supporting U.S. efforts in the Global War on Terror (GWOT), specifically in tracking financial transactions following 9/11.<sup>64</sup>

There has also been limited military assistance, predominantly from special operations forces that provide training for Paraguayan forces. These training missions normally run between two and six weeks. In fact, American troops are prohibited from staying longer than forty-five days at a time and the personnel are limited "to a few dozen." Between the summer of 2005 and December 2006, there were thirteen joint military exercises with American units.<sup>65</sup>

One concern for U.S. policy makers should be the improving relationship between Paraguay and openly leftist leaning countries, including Communist Cuba. In recent months Duarte has been speaking quite favorably about Hugo Chavez of Venezuela and President Evo Morales of Bolivia. Duarte even spoke approvingly of

arms purchases made by Chavez. The impact of these relationships will be discussed in more detail later, but neither Chavez nor Morales are on friendly terms with Washington. For now, it is unclear who will lead Paraguay after the 2008 elections.

### *Argentina*

Argentina is the third party in the TBA. In fact, Argentina has had a problem with Islamic terrorists since at least the early 1990s. On 17 March 1992, the Israeli Embassy in Buenos Aires was bombed, killing twenty-nine people and injuring more than 240 others. At the time a terrorist organization called *Islamic Jihad* took responsibility for the attack. However, it was the view of the U.S. State Department that the operation was actually carried out by Iranian backed Hezbollah. This position was later acknowledged in a Hezbollah promotional video that was released on 4 April 1997.<sup>66</sup>

On 18 July 1994, another bombing occurred in Buenos Aires, this time destroying the Argentine-Israeli Mutual Association (AMIA) Jewish Center. The death toll was eighty-six in that incident and another three hundred wounded in the blast. The possible role of Osama bin Laden and al Qaeda in these attacks has been raised due to the similarity of the bombings in Buenos Aires and those in Nairobi, Kenya, and Dar es Salem, Tanzania. As a minimum it is believed that al Qaeda was involved in the training of the Hezbollah terrorists. All intelligence agencies examining the bombings believe the planning for these attacks occurred in the TBA.<sup>67</sup>

Argentine intelligence officials have been concerned about accomplished terrorists transiting their country. A 1999 report indicated that Al-Sa'id Hasan Hussein Mokhless had been in Argentina and gone to the TBA. That is significant, as he was the Egyptian believed to be behind the 1997 attack on sightseers at Luxor that left sixty-two people dead and nearly crippled Egypt's once-booming tourist trade.

The AMIA case did not end with the initial investigation. In late 2006, an Argentine special prosecutor issued arrest warrants. Some were for high-level Iranian officials. Others were for Hezbollah members who

had been involved in the attack in Buenos Aires. Based on extensive investigation it was concluded that bank accounts belonging to a Shi'ite cleric, Mohsen Rabbini had received more than \$150,000 from Tehran to support the attack. Rabbini had been chosen to receive the money because he was serving in a diplomatic capacity as a cultural attaché and thus had immunity from prosecution. His responsibilities in the attack included obtaining explosives and vehicles and coordinating all logistical preparations. The prosecutor went so far as to indict former Iranian President Ali Akbar Rafsanjani, thus indicating how high up they believed culpability went. The U.S. State Department assessment stated, "Members of the Iranian government's highest echelons planned out how the attack would occur and entrusted its execution to the Lebanese terrorist organization (Hizballah)."<sup>68</sup>

Internal anti-Semitic support for these attacks was philosophically endorsed. In fact, following the bombings, an Argentinian sociologist, Norberto Ceresole, claimed that the attacks had actually been carried out by Israeli forces. This is similar to the claims of American government involvement in the attacks of 9/11.<sup>69</sup>

Over the past few decades the economy of Argentina has fluctuated wildly, with a severe downturn in 2001–2002. Since then they seemed to have stabilized the economy, but only after drastic financial measures were taken to bring rampant inflation under control. The internal struggle called *The Dirty War*, which took place between 1976 and 1983, is officially in the past. But, while agreements were worked out between the military and the civilian populace, all is not forgotten. To this day, each week in the Plaza de Mayo in Buenos Aires, mothers of *the disappeared* still protest with pictures of missing children. It was estimated that 9,000 people disappeared during the military junta's reign; though some human rights groups place the number at 30,000.

Of particular concern was the role that the Catholic Church played in these terrorist operations. In a trial that began in August 2007, it was claimed that the clergy were complicit with the junta in causing many deaths and covering up these events. A Spanish court reported that "the catholic hierarchy approved drugging dissidents and dropping them from planes into the Atlantic Ocean during the 'vuelos de muerte' as a

Christian form of death.”<sup>70</sup> Although there were amnesty agreements established when the junta was disestablished, those laws were struck down by the Argentine Supreme court in 2005. There now are a few hundred former military officers in jail or pending trial. As evidenced by the demonstrations at the trials, all has not been forgotten. Other demonstrations related to political and socio-economic issues occur daily.

Like other Latin American countries, Argentina has a high crime rate. While not as severe as Brazil, it is quite significant and the totals are unknown. Crimes are more likely to be reported in wealthier districts, and kidnapping for ransom is a serious threat. Criminals also engage in *virtual kidnappings* in which ransom demands are made, by gangs that are not holding the missing person. It is indicated that these criminals are usually armed and will shoot at the first hint of trouble or impending arrest. Police officers are killed on a weekly basis. As in Brazil, carjacking is a significant problem. Also of concern is that, as a continuation of the chain from Paraguay, Argentina is a transit point for large illegal drug shipments to Europe.<sup>71</sup>

While illegal financial transactions continue to occur, in general Hezbollah in Argentina has been relatively quiet. Over the past few years there have been periodic small bombings that seem more intent on sending a message than doing damage or causing injuries. Frequent targets have included American-owned companies such as Ford, CitiBank, Blockbuster Video, and that ever-popular symbol, McDonalds. A few government buildings have also been bombed, but there are rarely any casualties. These attacks have been carried out by a variety of small terrorist organizations, including the Che Guevara Anti Imperialism Command, the Mariano Moreno National Liberation Commando, and the Dario Santilla Command.<sup>72</sup> In the major cities there is more concern about potential civil unrest than terrorist attacks.<sup>73</sup>

## *Chile*

While Chile seems to play a very small role in international terrorism, there are a few connections that are worth watching. Marcola, the vicious



Brazilian ringleader of the PCC who led the prison uprising in 2006, is reported to have been influenced by a notorious Chilean terrorist Mauricio Norambuena, known by his nom de guerre “Comandante Ramiro.” Marcola and Norambuena served prison time together after Norambuena was arrested for the high-profile kidnapping of a businessman in Sao Paulo. He was already an experienced terrorist and belonged to the *Frente Patriótica Manuel Rodríguez*, or FPMR. It was through Norambuena that Marcola learned how to attempt to attack and destabilize the state’s security structure.<sup>74</sup>

There is a substantial Middle-Eastern population base in Chile, including immigrants from Lebanon, Syria, and Palestine. In following the Hezbollah financial trail from Paraguay to Lebanon, there are repeated references to business ties to northern Chile.<sup>75</sup> This international support appears to be very low-key and attracts little attention from Chilean authorities.

A few years ago a few minor terrorist incidents occurred. These too seemed intent on expressing dissatisfaction rather than causing casualties. In one 2004 attack, a restroom at the Brazilian Consulate was destroyed by a bomb. In another, a local bank received minor damage from an explosion.

Like Argentina, Chile is still emerging from a period of military dictatorship. In 1973, General Augusto Pinochet led a military coup that overthrew the democratically elected government of Salvador Allende. Actually, Allende won the election on a tiny plurality with only 37 percent of the vote. A leftist during a strongly anti-communist era, Allende was not held in favor of the U.S. Government, which was actively involved in his overthrow. Like Argentina, Chile invoked extremely harsh measures against dissidents. It is claimed that 2,279 people were murdered by the regime, and that over 30,000 tortured in government prisons. Human rights groups quote figures as high as 5,000 disappearances. In 1990, after sixteen and a half years of military rule, Pinochet was ousted and fled the country. He remained free in Europe until the British High Court ruled that he could be extradited for trial in Chile. He died on 10 December 2006, but his legacy of oppression did not die with him.

In fact, there have been socio-economically motivated riots on several occasions in the past few years. Student riots in 2006 were the largest in three decades. Other smaller riots have continued into 2007 and are unlikely to abate anytime soon. Considering that some of these altercations broke out over the country's reluctance to pay modest student transportation costs, it is worth exploring what their military has been doing.

Chile's military has undergone a dramatic transformation. In the past decade they were reduced in size from 120,000 to 40,000 troops. However, thanks to an arcane law that provides a percentage of the income from copper mining directly to the military, there is funding to buy equipment, whether needed or not. With copper now demanding a price 400 percent higher than a few years ago, Chile has been able to acquire \$2.79 billion in new weapons, more than any other country in Latin America. Despite the extremely rugged topography of this Andean country, they bought one hundred German Leopard II main battle tanks, which weigh sixty-two tons (an important number in a country with bridges that cannot accommodate that weight). From the United States, Chile added twenty-eight F-16's, complete with AMRAAM missiles and laser-guided bombs. For their navy, Chile bought eight missile frigates and maritime patrol aircraft. More puzzling is the acquisition of two French Scorpene class electric-diesel attack submarines, which can stay submerged up to fifty days. While Chile does have a very long coastline on the Pacific Ocean and does touch on the Atlantic Ocean, these submarines do not have a defensive mission.<sup>76</sup>

### *Peru*

Peru has an extended history of political instability, irregular warfare, and terrorism. Best known of the insurgent groups is *Sendero Luminoso*, or The Shining Path. Sendero espouses Maoist philosophy and has conducted many violent attacks against police, the military, and the government infrastructure in Peru. Initially they operated in rural areas populated by poor indigenous people. Reacting to weak central government control of these areas, Sendero chose to fill a perceived void in governance. Among the actions taken by Sendero in the outlying

areas was to beat and kill people who were not viewed favorably by the local people. These included rich merchants and the appointed leaders of collective farms.

One of the concerns of President Alan Garcia was a potential rise in power of the Peruvian military. His prior term in office had ended in a coup, and civilian authority of the government was only regained in 1980. Due to the tenuous civil-military relationship during the period of Sendero's early development, their activities drew no reaction from the military. This allowed the organization to gain a foothold in three Andean regions, Ayacucha, Huancavelica, and Apurimac. These areas were then declared to be an emergency zone. Another factor, viewed from a U.S. perspective, was that during most of the Sendero development period through the mid-1980s, Peru was closely tied to the former Soviet Union, including agreements for military assistance.

After getting established in the rural areas, Sendero adopted urban guerilla techniques and conducted attacks against the government infrastructure in Lima. Their tactics included blowing up electrical transmission facilities and the targeted assassination of political leaders. As the guerilla war began to falter, Sendero initiated some extremely brutal and very unpopular tactics designed to frighten villages into submission or support. In the mid-1980s, the terrorists entered a number of villages and massacred men, women, and children.

The military response to Sendero attacks was often very aggressive, catching innocent peasants in the middle. According to the Truth and Reconciliation Commission (TRC) report in 2003, it is estimated that more than 22,000 people died in the fighting between Sendero and the military, and another nearly 47,000 just disappeared. It is estimated that about half of the victims were killed directly by Sendero, while the military accounted for about one-third of the casualties.<sup>77</sup>

Under President Alberto Fujimori, significant military pressure was brought to bear against Sendero. However, Fujimori's methods would later bring not only criticism, but an arrest warrant. In April of 1992, then-President Fujimori closed the elected congress and parts of the court system. As an emergency measure he also set aside parts of the

constitution. These efforts proved immediately effective, but had long-term consequences that will impact future situations. The capture and imprisonment of the Sendero founder, Abimael Guzman, in September 1992 led to dispersal of many of their units and rapid decline in their terrorist activities. Despite the success in suppressing Sendero, it was accomplished at the price of extensive human rights violations.

Given the ignoble history and loss of leadership of the group, it would be expected that the movement would eventually self-extinguish. However, Sendero Luminoso, while crippled with many key leaders in jail, was not eliminated. Recent years have seen a resurgence of their activity, albeit with a somewhat splintered organization. In 2004, a new leader, Comrade Artimo, announced resumption of violent activities.

Low-level attacks commenced shortly thereafter, and the unit strength, believed to be a few hundred, seems to be increasing. In December 2005 they attacked a police patrol, killing eight officers. Since then there have been limited small attacks and attempts to influence local elections.

Of particular concern to the government is a strategic shift from armed confrontation to operating in the political and justice arena. This appears to be taken from the pages of Sinn Fein and the Irish Republican Army and may be of more concern to the government than fighting guerillas in the field.<sup>78</sup> In 2003 the Peruvian courts ruled that the extreme measures used to capture Guzman and other key leaders had violated their civil rights. The dramatic court decision meant that 1,200 prisoners arrested under President Fujimori's crack down could ask to have their cases reviewed by civilian courts rather than the military tribunals that had convicted them. The ruling resulted from a tactic orchestrated by Guzman and his organization to pursue political solutions.<sup>79</sup> More than one hundred of those convicted have served out their sentences and returned to their local communities.<sup>80</sup>

The ironic twist of fate is that former president Fujimori is under arrest and being held under house confinement by Chile. When his third term was collapsing, Fujimori went to Japan for a meeting, resigned his position, and asked for political asylum, as he also held

Japanese citizenship. In November 2005, he flew to Chile via Mexico, where he was arrested on arrival based on an international warrant for murder. Chile has thus far refused to extradite Fujimori to Peru. He is formally charged with authorizing the extrajudicial killing of a number of Sendero personnel via sanctioned death squads.

The U.S. State Department's current assessment of Sendero is as follows:

*Although previous Peruvian administrations nearly eliminated SL [Sendero Luminoso] in the 1990s, the organization, now entwined with narcotics trafficking, reemerged and remained a threat. Now estimated to include hundreds of armed combatants, [SL] conducted 92 terrorist acts in remote areas. While the new SL is shorter on revolutionary zeal than its predecessor, reports suggested it was attempting to rebuild support in the university system, where it exercised considerable influence in the 1980s. Meanwhile, the drug trade provided SL with a greater source of funding to conduct operations, to improve relations with local communities in remote areas, and to gain recruits. Lack of government presence in these areas and deterioration in Peruvian security capabilities complicated efforts to counter or disrupt SL activity.<sup>81</sup>*

Another infamous terrorist group, Movimiento Revolucionario Túpac Amaru (MRTA, or Tupac Amaru Revolutionary Movement), still exists in Peru but with marginal influence. Less violent than Sendero, Tupac Amaru has attempted to take on a Robin Hood image. Their biggest operation, the armed take-over of the Japanese ambassador's home in Lima, ended tragically for them. In April 1997, after a standoff of four months, Peruvian commandos stormed the residence in Operation Chavin de Huantar. The raid was facilitated by an extensive tunneling operation that allowed the special operations forces to get under the buildings. All of the terrorists died in that attack. Controversy has blotted the raid, as it was suggested that most of the Tupac Amaru members were shot in the head at close range after they had surrendered. In 2002, military courts absolved the Peruvian forces of any guilt.<sup>82</sup>

Small units have continued to operate in remote areas. The MRTA did suffer a setback in 2006 when the number two military leader was killed by Peruvian forces and about forty followers drowned when their boat capsized.<sup>83</sup>

### *Venezuela*

At the top of the list of concerns in South America must be the U.S. relationship, or lack thereof, with Venezuela. Oil, social revolution, and a vehemently anti-American foreign policy make a powerful nexus, and all are embodied within the current president, Hugo Chavez. Despite domestic resistance and consternation with his governance, Chavez has succeeded in extending his influence well beyond the borders of his country. Given our societal proclivity for unalloyed simplistic explanations for complex issues, many Americans see his policies and proclamations as illogical and erratic. However, it would be a serious mistake to view Chavez merely as a paranoid-schizophrenic with an overly active imagination concerning the potential for a U.S. invasion. Rather, he has demonstrated both an innate survival instinct and the capacity to play effectively on the world stage and to orchestrate geopolitical situations that would seem far beyond his grasp.

A most meaningful quote from *Time Magazine*, when they selected Hugo Chavez as one of the one hundred most influential people in the world for 2005, actually sums up the most important point of this monograph. *Time* stated, "The rise of Venezuela's left-wing President, Hugo Chavez, is a lesson in what can happen when the U.S. disses an entire continent."<sup>84</sup>

The ascent to power for Chavez was far from smooth. As a career military officer, he rose to national recognition when he organized a coup d'état attempt in 1992. While the action quickly failed, Chavez was allowed to speak publicly on television, which convinced many poor people that Chavez was a leader who would stand up against a corrupt government. After serving only two years in Yare prison, he was pardoned by a new president, Rafael Caldera, and he began to build his political base.

The philosophical foundation of his ideology is termed the *Bolivarian Revolution* after the Latin American patriarch, Simon Bolivar. Chavez constantly returns to this theme that South America has the potential for political-economic integration that can provide an alternative to perceived U.S. hegemony.<sup>85</sup> While predominantly focused on domestic policy, Chavez promotes a sovereign, autonomous leadership role for Venezuela while opposing globalization and neoliberal economic policies. He works toward a multipolar world that can fend off America.<sup>86</sup>

Initially elected as President of Venezuela in 1998, Chavez has had a bumpy path during his three terms in office. His policies are socialistic in nature, and he moved to stop privatization of Venezuela's natural resources. The key to the country's economic wealth is that the huge petroleum reserves remain owned by the government. Access to Venezuelan oil, the fourth largest source of imported petroleum, is a major issue for the United States.<sup>87</sup> In 2002 in response to the firing of the management of the state-owned company, Petroleos de Venezuela S.A. (PDVSA), there were massive national strikes, and the Commander-in-Chief of Venezuela's armed forces, General Lucas Rincon Romero, announced on nationwide television that Chavez had resigned and named an interim president. Two days later, forces loyal to Chavez rescued him and returned him to power.

Chavez was convinced that the United States was either behind the coup attempt, or at least had supported the perpetrators. While Chavez claims to have proof of American intervention, the State Department claims to have had no improper involvement in those activities. In fact, according to the U.S. Ambassador to Venezuela, they had actually warned Chavez before the attack that an attempt was imminent.<sup>88</sup> While the coup was averted, tension between Chavez and management of the PDVSA continued. In response to the strikes in December 2001, he fired the upper management and 18,000 of their employees, creating an internal oil shortage.

Over the intervening years Chavez has continued to be plagued with domestic problems. The validity of his reelections has been repeatedly questioned, especially a recall election in 2004. Many national television

and newspaper executives stated their opposition to Chavez's policies, but at some risk to their businesses. In 2007 Chavez did not renew the broadcast license for Venezuela's second largest television station, RCTV, an action opposed by 70 percent of the people. However, there have also been successes in domestic antipoverty programs. Infant mortality has dropped significantly, literacy for adults has increased, and better medical care has been made available for the many people who had been left out. There have also been some land reforms through the granting of free titles to thousands of peasants.<sup>89</sup>

In addition to changing conditions in Venezuela, Chavez has been developing a philosophical following with poor people throughout Latin America. According to Colonel Manwaring, "he is providing political leaders-populists and neo-populists, new socialists and disillusioned revolutionaries, and submerged *nomenklaturas* worldwide-with a relatively orthodox and sophisticated Marxist-Leninist-Maoist model for the conduct and implementation of a successful regional 4GW 'Super Insurgency.'"<sup>90</sup>

For a deeper understanding of Hugo Chavez and his policies, the military reader is commended to obtain the articles by Colonel Max Manwaring of the Strategic Studies Institute of the U.S. Army War College.<sup>91</sup>

To understand how Chavez could accomplish such a feat as a regional revolution, one should look to the key relationships he has formed. Early in his presidency he formed a strong bond with Fidel Castro and communist Cuba. In recent years, as Castro's health began to fail, Chavez has frequently served as an emissary and acted as his spokesperson.

In an overtly anti-American move, Chavez initiated contact with Mahmoud Ahmadinejad, President of Iran. This was done at a time when the United States and European Union countries were expressing dismay at Iran's continued quest for nuclear weapons. This high profile, in-your-face, action bears some similarities to the former Cuba-Soviet brinkmanship. In return for his vocal support for Iran in the international standoff over nuclear development, Chavez was awarded



the Islamic Republic Medal, which is Iran's highest state medal. In his discussions in Iran Chavez reportedly stated, "Let's save the human race, let's finish off the U.S. empire."<sup>92</sup>

In addition, Chavez has made various agreements with President Putin to be supplied with Russian weapons systems worth about one billion dollars. Among the recent purchases were thirty Sukhoi SU-30 jet fighters, and thirty helicopters.<sup>93</sup> He placed an order for 100,000 AK-103 assault rifles, which is obviously far more than the country could possibly need for its army that numbers about 80,000 forces, according to their own reporting (Jane's Information Group estimates a much smaller force with 34,000 soldiers and 23,000 national guard troops). However, Chavez has stated he wants to train up to two million reservists, ostensibly to repel an American invasion. Actually, a reserve force of that size would be larger than that of the United States.<sup>94</sup> Other reports place the total arms purchases at over three billion dollars and include even more military planes and helicopters.

More recently Venezuela purchased 5,000 modernized Dragunov 7.62 mm sniper rifles with advanced scopes. The Dragunov is a battle proven weapon with an effective range of 1,300 meters when using match ammunition. This buy is well beyond anything needed for the traditional defensive needs of Venezuela.<sup>95</sup>

There is also speculation the Venezuela is seeking a submarine fleet. Reports indicated Chavez wants to obtain between five and nine diesel-electric submarines. While not a significant threat to the American fleet, they could prove to be a nuisance should a conflict arise.<sup>96</sup>

Within Latin America, Chavez has also been expanding his interactions. He wasted no time in supporting Evo Morales, who was elected President of Bolivia. As Ecuador tilted more to the left, Chavez was there for support. Using his oil revenues as a basis, throughout most of South America, Chavez has been actively exploring a series of bilateral agreements. He met with President Nestor Kirchner of Argentina in 2004 to discuss establishing a 12,000 kilometer gas pipeline as part of a multi-country network. While Venezuela had already bought near a billion dollars worth of bonds from cash-strapped Argentina, Chavez

offered to buy another \$300 million in government bonds.<sup>97</sup> Later Kirchner agreed to provide shipbuilding expertise and farm machinery to Venezuela.<sup>98</sup>

Chavez has met with President Lula of Brazil in attempts to mend fences. Among the agreements was a deal signed to have Venezuela's PDVSA help build an oil refinery in Brazil while Brazil's Petrobras would help drill for oil in Venezuela.<sup>99</sup> Paraguay was allowed to buy oil from Venezuela at a 25 percent discount. Uruguay was also allowed a cut-rate deal on oil and announced plans to upgrade their La Teja refinery to process Venezuelan crude. With Fidel Castro, Chavez agreed to exchange oil for doctors and other medical assistance.<sup>100</sup> In this deal, Castro would send 30,000 professionals to Venezuela. Not coincidentally, PDVSA opened their Caribbean headquarters in Cuba. In the Caribbean area, Chavez successfully courted many of the small countries of the Caribbean Community Group by offering generous sales of petroleum at reasonable prices.<sup>101</sup>

To understand the extent of the assistance provided by President Chavez to neighboring countries, the Hispanic American Center for Economic Research examined the contributions for 2007 to the month of August. They found that he had already dedicated \$8.8 billion to Latin America and the Caribbean nations. Since influence is also afforded with these contributions, examples are worth noting:

- Nicaragua, \$3.55 billion for an oil refinery
- Nicaragua, \$340 million for grants to supply oil and electrical generators
- Bolivia, \$240 million for exploration of oil fields
- Bolivia, \$170 million to build liquid natural gas extraction plants
- Nicaragua, \$189 million to supply generators and build an electricity plant
- Haiti, \$136 million to build an oil refinery and an electrical generation plant
- Jamaica, \$63 million for the state to but into an oil refinery
- Cuba, \$8 million for natural gas re-gasification plant

- Bolivia, \$100 million to purchase government bonds
- Guyana, \$10 million, debt forgiveness and shelters for homeless
- Dominica, \$150 million for housing, airport upgrade, and scholarships
- Ecuador, \$25 million for low interest loans
- Multiple countries (17), financing of preferential oil deals<sup>102</sup>

Of all of the countries in South America, only Colombia seems to have a troubled relationship with Venezuela, despite sharing common borders. Of course Colombia has close ties to the United States and is actively engaged in the war on drugs. There have been accusations that Venezuela has helped to arm the Colombian resistance group *Fuerzas Armadas Revolucionarias de Colombia* (FARC or Revolutionary Armed Forces of Colombia). There have been armed confrontations and occasional incursions. In 2007, Colombia acknowledged that two soldiers captured in Venezuela had in fact been sent on a counternarcotics mission. Their bodies were found in the region in a city dump and eventually returned to their families. Some observers believe that Chavez gives tacit permission for the drug organizations to transit the border areas. In Caracas, senior officials stated there was no government connection to these deaths. In his view, it was probably guerilla forces operating in the area that killed the Colombian agents.<sup>103</sup>

This tension continues to escalate. In 2005, President Alvaro Uribe of Colombia reportedly sent agents into Caracas to kill senior FARC officers who were hiding there. Nevertheless, economic incentives keep the two countries as trading partners despite ideological incompatibilities.<sup>104</sup>

There are active extremist Islamic organizations in Latin America, including Hezbollah Venezuela. Chavez has made anti-Israeli comments when in Iran, and Israel is concerned about the activity of Hezbollah in that country. The Israelis believe that the same group that planted bombs at the American embassy had planned to attack the Israeli embassy next. It is believed that one of the bases for Hezbollah in Latin America was at Margarita Island, a free-trade zone that is home to a sizeable Arab Muslim community.<sup>105</sup> There have been Islamic attacks

against U.S. interests in Venezuela. On 23 October 2006, Islamic extremist members placed two pipe bombs outside the American Embassy in Caracas. One of the perpetrators was immediately arrested and identified as an Islamist terrorist.<sup>106</sup>

In addition to his anti-Semitic commentary, there is some concern about Chavez's ideological embrace of one of the most famous terrorists in the world. In 1994, Carlos Ilich Ramirez, better known as Carlos the Jackal, was arrested after an international hunt lasting decades and is now serving a life sentence in a French prison. Like Chavez, Ramirez was also from Venezuela and was raised in a family that supported Marxist philosophy. While many heinous acts have been attributed to Ramirez, the most infamous was the takeover of the December 1975 OPEC meeting in Vienna and the kidnapping of over sixty delegates.<sup>107</sup> What is of current concern is the Chavez has openly addressed the avowed terrorist, Ramirez as "his friend" in a 2006 meeting in Caracas.<sup>108</sup>

There is some evidence of Hezbollah tacit support for Chavez. Prior to the December 2006 elections in Venezuela, Hezbollah Venezuela indicated they would suspend terrorist actions, "for respect to the revolution and its leader." This is certainly an indication that this organization understands that Chavez provides an environment that is advantageous to their philosophy and operations.<sup>109</sup>

Despite considerable internal opposition, Chavez is looking to extend his term of control. While he won reelection for a third six-year term in 2006, the Venezuelan constitution would prevent him from running again in the 2012 election. Chavez moved to have the term limits restriction removed by having the constitution amended. In December 2007 an election was held on that issue, and Chavez narrowly lost his initiative with a 51 to 49 percent vote.<sup>110</sup> Given his propensity for holding on to power, and at least four years remaining on his current term, it is highly likely that he will engineer another attempt to retain his office. The presidency is critical, as he sees this as a necessary step to continue his socialist inspired transformation of Venezuelan society.<sup>111</sup> Chavez has stated that he intends "to deepen this revolution," and he has invoked the mantra of his mentor, Fidel Castro: "Fatherland, socialism or death."<sup>112</sup>

The relationship between the United States and Venezuela can be characterized between strained and tumultuous. In 2006, Secretary of State Condoleezza Rice declared that Venezuela as “not fully cooperating” with our antiterrorism efforts. Therefore, an arms ban was established on 17 August of that year and became law on 1 October. The Secretary also noted concerns about Chavez’s “persistent public criticism of U.S. counterterrorism efforts.” It is believed that Venezuela allows terrorist groups, such as Colombia’s FARC and ELN (the National Liberation Army, or *Ejército de Liberación Nacional*), safe haven, providing them a place to rest with impunity. It was also indicated that Chavez has signed an “amicable settlement” to facilitate the naturalization of Basques who support the terrorist group ETA in Europe.<sup>113</sup>

Chavez holds the United States in absolute contempt, and this is a message that seems to resonate well in parts of the developing world. His response to the State Department declaration concerning lack of cooperation may be exemplified by his rancorous comments delivered in his address to the United Nations on 20 September 2006. Along with the diatribe of vitriolic ad hominem comments about President George W. Bush, he stated in apocalyptic terms that “the hegemonic pretensions of the American Empire are placing at risk the very survival of the human species.”<sup>114</sup>

Like the Fundamental Islamist’s view of a new global caliphate, Chavez seems to envision a revolution that encompasses Latin America and the Caribbean. As Colonel Manwaring notes, such extravagant ventures rarely come to fruition and there are heavy debts to be paid as states fail. He correctly states, “The current threat environment in the Western Hemisphere is not a traditional security problem, **but it is no less dangerous**” (emphasis added). Throughout the GWOT, American military leaders have consistently noted that armed force will not resolve these situations and that all aspects of national power must be brought to bear. It is noteworthy that Chavez, while creating an elusive vision, well understands that notion and is taking steps to employ his national assets to gain support for his objectives. That is what makes the situation too critical to ignore.

## *Bolivia*

Despite the abundance of natural resources, Bolivia remains the poorest country in South America. The geographic constrictions are enormous. Landlocked, to the west it is bounded by the mighty Andes blocking access to the Pacific Ocean. On the north and east lies the prodigious Amazon and expansive Mata Grosso. It was not always that way, but in the misbegotten war, *Guerra del Pacifico*, 1879–1883, Chile took the nitrate rich land from Bolivia and left them no contact with the ocean.<sup>115</sup> Now the Bolivian Navy is territorially limited to part of Lake Titicaca, at 12,500 feet in altitude, the highest navigable body of water in the world. Faced with dire conditions, the Andean Bolivians still joke about starting a new war with Chile then quickly surrendering just to regain access to the sea.<sup>116</sup>

Bolivia has the largest concentration of indigenous people of any country in Latin America, an estimated 60–70 percent. Whatever economic benefits have come to the country, they have not managed to elevate their meager way of life. It was only in 1952 that indigenous people achieved the right to vote, and conditions in Bolivia have been compared with an unofficial apartheid.<sup>117</sup>

Bolivia does have considerable mining operations. Resources include tin (the most in the world), zinc, tungsten, antimony, silver, iron, lead, and gold. However, the mining techniques used have come into conflict with environmentalists, who are rightfully concerned about the effects of mining remnants and by-products. Of significant interest are the natural gas reserves, second on the continent only to Venezuela, and estimated at 54 trillion cubic feet. Ownership of these resources is a key issue in Bolivia.

Although experts had predicted a close race requiring a runoff election, in December 2005 Evo Morales was elected President of Bolivia. This was very significant, as Morales, leader of *Movimiento al Socialismo* (MAS), was the first Aymara Indian to win the office. His nearest challenger was an American-educated former president who trailed by over twenty points. Clearly, the majority, and often

disenfranchised, people of Bolivia wanted a change, and Morales had offered that.<sup>118</sup>

Experts stated that Morales' win indicated, "a deep rejection of Bolivia's established political parties, which had become increasingly divorced from civil society in the 1990s and unable to offer meaningful economic policy alternatives."<sup>119</sup> Morales was a vocal opponent of the U.S. drug eradication program as well as economic liberalization—the policies on privatization of industry, free trade, etc., being championed in the region by American economists. This message resounded quite well with the indigenous farmers for whom growing coca was the most profitable way to make a living. In fact, Morales himself was a coca grower.

In addition to the coca issue, many people were against laws that privatized the countries natural resources. The indigenous population felt that the benefits of those actions went to the mining companies and only a few of the elite-class citizens in the country. Among his early actions after election—as promised in his campaign—Morales decriminalized coca cultivation, nationalized the country's natural gas industry, and enacted land reform measures.<sup>120</sup>

The U.S. national interests in Bolivia during recent administrations have traditionally revolved around coca production and Bolivian relations with Peru and Colombia.<sup>121</sup> Counterintuitively, the American-initiated successful efforts to eliminate coca plants set the stage for far more problematic confrontations in the future. For a time in the 1990s, Bolivia averaged an economic growth rate of four percent annually. However, the destruction of coca cultivation caused the economy to contract. As in other places in the world, alternative crops, such as bananas, simply cannot compete economically with coca.<sup>122</sup>

The nationalization of the natural gas companies brought an outcry from foreign owners, but was generally supported in the country. Morales has successfully coerced these foreign owners to sign new contracts, ones that are far more favorable to Bolivia. This is not without increasing tensions with Brazil, which was one of the largest stakeholders in Bolivian gas. From these efforts, the gas revenues to the

government are expected to rise dramatically, and profits are expected to exceed \$6 billion in the next four years.<sup>123</sup>

According to the U.S. State Department, terrorists from various organizations operate in, or transit through, Bolivian territory. These organizations include Sendero Luminoso and Tupac Amaru from Peru. The latter was believed to be rebuilding its capabilities in Bolivia and was receiving aid from supporters in La Paz. There are also interactions with Colombian narcotics and revolutionary organizations. The counterterrorism efforts are considered inadequate due to a lack of resources, corruption, and a weak legal system. Bolivia also has ineffective money laundering laws that do not meet international standards.<sup>124</sup>

Because Bolivia has power centralized in the executive branch, Morales wields considerable weight in governmental affairs. But it is another issue that has the U.S. State Department more concerned. That is his increasingly strong relationships with Hugo Chavez in Venezuela and Fidel Castro of Cuba. Morales' socialist philosophical position is more closely aligned with those leaders than with the capitalistic views of America. In a recent interview with German magazine, *Der Spiegel*, Morales stated, "Capitalism has only hurt Latin America."<sup>125</sup> He also graciously praised Fidel Castro for all of the support Cuba has provided, especially with their doctors, and noted that they have provided twenty basic hospitals.

Of some philosophical concern should be Morales' admiration for the Argentinean-born insurgent, Che Guevara. It was after leaving Fidel Castro following the Cuban revolution that Guevara picked Bolivia as the next place from which to export his brand of communist ideology. He envisioned the country as his springboard from which he would influence the entire continent. Guevara, still known universally as simply Che, was eventually tracked down and killed in Bolivia. Still, his worldwide legacy endures as an inspirational communist leader.

One of Morales' first pre-inaugural actions was to conduct a worldwide tour looking for philosophical, political, and economic support. Stops ranged from Cuba to Europe and South Africa. Noteworthy



was his visit to Beijing and meeting with President Hu Jintao. While development of hydrocarbons was a key topic on their agenda, these leaders view their political stances as compatible and Morales' strong anti-U.S. speeches have won him support.<sup>126</sup> With long-term goals in mind, energy consuming China has been courting countries around the world that have an abundance of natural resources.

Morales' anti-American rhetoric includes comments such as, "The worst enemy of humanity is U.S. capitalism." Working cooperatively with the United States is going to be difficult at best. Morales did note that while Drug Enforcement Administration (DEA) agents remain in Bolivia, they no longer have uniforms or weapons.<sup>127</sup>

Like Chavez, Morales is reaching out to other Latin American countries that appear to have similar issues and concerns. To his internal audience he maintains that, while he is friendly with Chavez and Castro, they do not overly influence him. He is also working with Brazil and hopes to resolve the issues with Chile that have blocked ready access to the Pacific.

There is opposition to Morales and his policies, especially in the eastern mining areas. The government has imposed heavy taxes on the mines. That led to the major protests as they directly affected a large number of minors working in cooperatives. The intent of increased taxes, according to Morales, was to impact the large companies, not individual workers. In October 2006 riots erupted and sixteen people were killed.<sup>128</sup> Weapons involved included both guns and sticks of dynamite thrown by protestors. In 2007 police confiscated a substantial amount of dynamite and hundreds of detonators from protestors. Morales indicated that he intended the tax to be imposed on large corporate mines, not those locally run. In late July 2007, Morales nationalized the Posokoni tin mines that produce 50 percent of Bolivia's production. Wages remain in dispute.<sup>129</sup>

In summary, while some dissention remains in Bolivia, Morales does have the support of the majority indigenous people. His policies—especially those related to coca production, which run counter to U.S. interests—are internally popular. For now, the nationalization

of natural resources appears to be bringing more money to the government, and he states this will be used to help average citizens. What economic necessities he currently lacks can be supplied by others, namely Chavez.

### *Ecuador*

Another poor Andean country has followed suit in the burgeoning indigenous revolution that is sweeping the southern hemisphere. With an established history of political instability, in December 2006, Ecuador elected a president who was described by *Time Magazine* before the election as, “a fervent anti-yanqui nationalist.”<sup>130</sup> To be sure, this young, multilingual, Quichua-speaking presidential candidate brought remarkable credentials, and not those expected of someone so vehemently opposed to American policies.

The new President of Ecuador is Rafael Vincente Correa Delgado of Guayaquil, the largest city in the country. At forty-four years of age, Correa is internationally schooled and holds a Masters degree in Economics from Université Catholique de Louvain in Belgium and more surprisingly a Ph.D. in Economics from the University of Illinois–Champaign-Urbana, which he attained in 2001. He organized a leftist party and is a proponent of what is being called “21st Century Socialism,” the definition of which is unclear.<sup>131</sup>

Though viewed as not as bellicose as Hugo Chavez, Correa has spoken very unkindly about the current U.S. administration. When asked to comment on Chavez’s diatribe at the United Nations, Correa responded by saying, “Calling Bush the devil offends the devil. Bush is a tremendously dimwitted President who has done great damage to the world.”<sup>132</sup> Unfortunately for Americans, it was his anti-U.S. politics that resonated well with the people of Ecuador and probably got him elected.

For a brief period in 2005, Correa served as the Minister of the Economy and Finance. While working there he was an advocate for poverty reduction and economic sovereignty. Correa is skeptical of the U.S. free trade policies and was known to shun the advice of the

International Monetary Fund. For those actions, then-President Alfredo Palacio requested Correa's resignation, reportedly at the urging of the United States.<sup>133</sup> Now that he is president, Correa has indicated that he is opposed to resumption of the free trade agreement discussions.<sup>134</sup>

Of immediate interest to the U.S. Department of Defense is the mutual agreement that allows American forces to use the facilities at the Manta Air Base. This base has been important to the efforts of U.S. Southern Command in their counternarcotics mission. The current agreement expires in 2009, and Correa has already indicated that he will not renew the contract.<sup>135</sup> Correa does not support the U.S. narcotics policies, and thus he becomes another leader in the region who will not cooperate in those efforts.

Ecuador has the second largest oil and gas reserves in South America. While it is a modest oil exporter, Ecuador lacks refining capability and thus must pay to import expensive petroleum products. The first oil boom, which took place in the late 1960s and early 1970s, produced about 3 billion barrels of oil, but very little of the money went to help the average people. However, those pumping the oil paid little attention to the fragile environment of Oriente Province, resulting in considerable, nearly irrecoverable damage. A class action lawsuit regarding environmental cleanup is still raging after many years. Basically it states that the oil companies, many American, dumped 18.5 billion barrels of contaminated water into unlined pits, thus befouling the estuaries and rivers leading to extensive health problems.<sup>136</sup> In September 2007, international courts seemed to be leaning in favor of the plaintiffs. Correa is already on record stating that Chevron's cleanup activities were "a fraud for the country." At stake is \$6 billion.<sup>137</sup>

The oil controversy is far from over, as a second attempt at a boom has been anticipated. Without bothering to tell the local inhabitants, in 1999 the government sold exploration rights to Amazon blocks to international oil companies. In 2005 the surveys began, much to the surprise of the local tribes. The Achuar, Shuar, and Kichwa peoples vowed to keep the test personnel out of the area, thus requiring military guards to be deployed. The Catch 22 is still not resolved. That is, balancing Ecuador's financial requirements against environmental

devastation.<sup>138</sup> However, the refinery problem for Ecuador may have a solution in site. In August of 2007, Hugo Chavez agreed to assist in the construction of a huge oil refinery on Ecuador's Pacific coast, one capable of refining 300,000 barrels per day. The amount pledged for the refinery was \$5 billion. In addition, Chavez contemplates the addition of a petrochemical plant at the cost of another \$10 billion.<sup>139</sup>

The State Department boasts that, in FY 2006, Ecuador received \$29 million total assistance from the United States.<sup>140</sup> When compared with the billions coming from Venezuela, one can but wonder which country will have the most influence.

According to the State Department, Ecuador's biggest counter-terrorism challenge has been the incursion of Colombian groups, such as FARC, into their territory along the northern border. The police of Ecuador believe they also have some domestic terrorists. While the groups are small, they have been able to plant low-yield explosive devices in a few cities. The police have expressed greatest concern about the Popular Combatants Group, a band of an estimated two hundred members. They also noted other groups with ties to Colombians, including the Alfarista Liberation Army and the Political Military Organization.<sup>141</sup>

## *Colombia*

Of all of the countries in Latin America, historically Colombia stands out as the most violent in the entire hemisphere. Coincidentally, it is one of the oldest democracies in the region, but one that epitomizes polar extremes in ideology. An amorphous puzzle, attempting to analyze the current situation in the country is inevitably colored by the investigator's political view. Proponents of the current hard-line approach see great improvements. Opponents claim that gains have been made, but at a cost that is unacceptable. Caught in between are the common citizens of the country and the American Congress, which appropriates considerable funding for *Plan Colombia*.

The violence in Colombia is not a new phenomenon, as conflicts costing hundreds of thousands of lives date back at least a century.

By the mid-1960s, several communist-inspired guerilla groups were emerging. These included the pro-Cuban “National Liberation Army” (ELN), the Maoist “People’s Liberation Army” (*Ejército Popular de Liberación*, or EPL), and the pro-Soviet “Revolutionary Armed Forces of Colombia,” best known as FARC, which became the largest guerilla group in the country. Both FARC and the ELN continue to be active today.<sup>142</sup>

During the 1970s and 1980s, Colombia became one of the world’s leaders in drug production and trafficking. As the drug cartels evolved, they developed a well-deserved reputation for extreme violence. The Medellin Cartel was most feared due to their propensity for killing in the most vicious of manners. Their actions brought on a response from the government, and after years of persistence, in 1993 that cartel was broken up. Attention was then turned to the infamous Cali Cartel, which tended to operate more like a business than a mob, but still did not eschew extreme measures when deemed necessary.

In 1997 by constitutional amendment, Colombia reinstated extradition for their citizens. This allowed for the United States to indict cartel members and have them sent to this country for trial. That proved to be an extremely useful tool for both countries. America got its hands on major drug figures, while Colombia was not burdened by having them languish in prison where supporters could offer them aid. The most famous case of privileged drug dealers was that of Pablo Escobar. At the height of his power, *Forbes Magazine* estimated that Escobar was the seventh richest person in the world. He gained internal popularity for contributions to the poor. Even though it was well known that he was a drug lord, Escobar was elected as an alternative member of Congress. In 1991, on a plea deal, and despite numerous murders, he went to prison for a five-year term. His wealth afforded him lavish luxuries despite his incarceration. However, fearing extradition to the United States, he escaped from prison only to be tracked down and killed.<sup>143</sup>

As the larger cartels broke up, smaller networks emerged that filled the consumer’s needs but with less aggressive means of enforcement. They learned that bribery and intimidation were extremely efficient

methods for accomplishing their mission. As a natural evolution, the nexus between drug cartels and insurgencies became almost infrangible.

For several decades the Colombian government has been engaged in counterinsurgency operations with varying approaches and degrees of success. Between 1998 and 2002, under the administration of former President Andres Pastrana Arango, appeasement was attempted with the guerilla movements. Internally, unemployment was high, thus facilitating countrywide insurgent attacks. There was support for doing anything that would lessen the epidemic terrorism. In addition to Pastrana's appeasement efforts, the popular response included formation of unofficial paramilitary groups to protect right-wing interests from the communist-inspired FARC and ELN elements.<sup>144</sup>

As part of an attempted settlement agreement, Pastrana ceded specified territories in the southwest that were to become a demilitarized zone (DMZ). The land involved, 51,000 square kilometers, or somewhat less than 4 percent of the country, was granted in return for peace negotiations with FARC. For comparison, this is an area about the size of Switzerland. The concept was that this area was to be considered a *peace laboratory*.

However, the guerillas did not keep their word and used the land to recruit and train additional forces. They also continued with their terrorist tactics, especially kidnappings and extortion. In contravention of the accords, FARC conducted attacks against the Colombian military forces stationed outside the DMZ. Expanding their drug efforts, 35,000 hectares were cultivated with coca to increase their revenue stream. In addition to these insurgent activities, FARC used this period to receive representatives from other international terrorist organizations. FARC leaders also invited Europeans to visit the area to try and convince them that they represented a popular political group, and in so doing, attempted to gain some legitimacy in international eyes.<sup>145</sup>

Despite obvious indications that the initial acquiescence was failing, Pastrana attempted to obtain agreement for providing a second zone, this one for the ELN. Based on the experience with the FARC zone,

popular support ran strongly against him. Facing another election in 2002, Pastrana finally ordered the military to reoccupy the zone of the failed peace laboratory.<sup>146</sup>

Colombia, more than any other country in Latin America, has supported U.S. interests, albeit at an extremely high cost. The terrorist activities that date back a few decades are unimaginable by American standards. One of the most infamous included the invasion of the Palace of Justice, the Colombian Supreme Court, on 6 November 1985. When the incident ended, 106 people were dead, including 11 Supreme Court justices. Major political candidates have been both kidnapped and killed in attempts to intimidate others and facilitate corruption. While current American congressional leaders often criticize Colombia for not doing enough to counter the drug industry, they tend to forget the extreme violence that this country experienced while developing an active democracy.

*In recent years under President Uribe, the security situation inside Colombia has exhibited some measure of an improvement. The economy, while still fragile, has also shown some positive signs with a 6.8 percent growth in 2006. While Colombia is still the world's largest cocaine producer, they do enjoy prosperity in other agricultural sectors as well, including coffee and cut flowers. Unlike other Latin American countries, Colombia's largest trading partner is the United States, and that does not count the illegal drug trade. While countering an insurgency, economic growth is both critical and hard to achieve. Security is the key issue, but a balanced approach requires more than application of police and military power.*

In a review of the Colombian military's actions, National Defense University Professor of Terrorism, Insurgency, and Counterinsurgency, Tom Marks, concludes that the operations have been quite successful and points to the expansion in Colombia's economy as a specific example of improvement. To attain this level of success has required sustained operations for a long period of time and at substantial personal price for those soldiers involved in the struggle. Marks argues that the counterinsurgency effort was more than a military campaign. He states,

“Ospina [Major General Carlos Alberto Ospina, Commanding General IV Division] was adamant that seeing the insurgents as merely narcotics traffickers or criminals or terrorists obscured the deadly symbiosis that drove the conflict. Whatever it engaged tactically, whether terror or drug trade, FARC was a revolutionary movement that sought to implement people’s war as its operational form, to include focusing upon the rural areas to surround the urban areas.”<sup>147</sup> Marks has a strong basis for his analysis. He has frequented many irregular warfare areas of the world and has made several trips to Colombia.<sup>148</sup>

In support of the improved economy, the American magazine *BusinessWeek*, in May 2007, carried a lengthy article supporting foreign investment in the country. The author, Roben Farzad, traveled to the country “to chronicle the investment miracle unfolding.” Noting that international investors now have a greater tolerance for risk, he indicated that the abductions and killings are sharply decreased in big cities and that has led to a rise in investments, from stocks to real estate. The Colombian economy is growing at a pace well above the Latin American average, and the once rampant inflation rate is being brought under control.<sup>149</sup> The message seems clear: improve security and the economy will follow.

Ambassador Myles Frechette, who has served in Colombia, provided a good, relatively neutral, analysis of that country’s situation. He opines that five distinct miscalculations were made when Plan Colombia was established. The first was unrealistic expectations for timelines. The current situation took decades to create and would not be fixed in six years as originally planned. Second, the international community did not contribute as expected. Third, the United States did not recognize Plan Colombia as nation building and wanted to focus on counternarcotics and counterterrorism. Fourth, that in addition to the military aspects, Colombia needs to strengthen the entire legal system and truly support the rule of law. Fifth, he notes that we did not understand the considerable cultural differences between our countries. President Uribe, while enjoying popularity, has not been able to mobilize the country. They still rely on the poor to provide troops, while members of the elite class are exempt from service.<sup>150</sup>



But there is another side to the equation, one that points to serious deficiencies in the security picture. It raises questions about whether Colombia is the poster child for counterinsurgency, or is poised for a new round of ideologic and armed confrontation.

In 2004 the Council on Foreign Relations commissioned a study titled, *Andes 2020: A New Strategy for the Challenges of Colombia and the Region*. The objective of the study was to “look toward preventing the outbreak of major conflict and mitigating current levels of violence.” That study was co-chaired by Dan Christman, a retired Army general who was once introduced to me as “the most cerebral man on E-Ring” (E-Ring refers to the upper echelon of the Pentagon). The study stated, “The security environment in Colombia and the Andes is sufficiently vulnerable to merit continued U.S. support for counterdrug and counterterrorism programs.” But it goes on to note an imbalance in emphasis and states,

*That imbalance will have to change over time with some of the money being spent on ‘drugs and thugs’ devoted instead to new priorities. These include sustainable rural and border development, including strategic land reform; political reforms to strengthen the rule of law and consolidate democratic institutions through increased accountability and transparency; trade and economic development, including increased access to markets and legitimate economic opportunities; and a multilateral counterdrug policy that also addresses the issue of demand in consuming countries.<sup>151</sup>*

This report indicates that the United States has been providing Colombia about \$700 million per year and that the amount is not likely to increase. Plan Colombia suffers from cyclical support, and each year proponents must fight for funding. In fact, a dichotomy exists, while the GWOT illuminates the problems posed by a proximal insurgency, the vast majority of anti-terror funding is allocated to a distant threat—the Middle East. Moreover, it is often easier to fund projects that are targeted against an articulated threat, than to obtain money for more generic improvement in living standards of the impoverished.<sup>152</sup>

As indicated earlier, the conflict in Colombia has not been just leftist guerillas. In addition to formal military action, right-wing militias, including death squads, inflicted significant casualties. Unfortunately, there were innocent civilians who were too often caught in the middle. Known as the *Autodefensas Unidas Colombia* (AUC), or United Self-Defense Groups of Colombia, they have often operated with at least the tacit support of some government officials. Technically, the AUC was also declared to be a terrorist organization. As part of Uribe's plan, these organizations agreed to demobilize and turn in their weapons as the government forces demonstrated control over their territory. This demobilization would not be a small task, as it was estimated that there were over 30,000 paramilitary fighters.<sup>153</sup>

Of those killed by paramilitary forces, a disproportional number came from trade unions, not FARC or the ELN. International trade organizations see this as a union-busting tactic employed to suppress workers and keep salaries low. There have been repeated headlines noting that Colombia has the highest murder rate for trade union leaders in the entire world.<sup>154</sup> Of the 144 trade union activists killed throughout the world in 2006, 78 came from Colombia.<sup>155</sup> John Sweeney, President of the AFL-CIO stated, "Colombia doesn't even comply with the most basic human rights."<sup>156</sup> Of the trade representatives killed, Amnesty International blamed the military for 43 percent and paramilitary forces for 49 percent of the deaths. They also noted that guerillas murdered just 2 percent and that nine out of ten cases went unsolved.<sup>157</sup> Obviously, if there is to be economic stabilization in the country, there must be some better accommodation of workers' rights and the ability to make a living wage. Failure to provide that environment ensures that there will be plenty of recruits for insurgent organizations.

Part of a peace agreement between the AUC and the government includes both relinquishing arms and admitting to crimes. A general amnesty was not granted, but there was an acknowledgement that minimal sentences would be imposed on AUC members and that extradition would be rare. About 17,000 weapons were turned in along with 117 vehicles and even three helicopters.<sup>158</sup>

The terms of the demobilization legislation have brought criticism from many sources. Observers believed that the criminal elements of the AUC had sufficient influence over the Colombian Congress to ensure that few penalties would attach for prior crimes. Ambassador Frechette states, "The law as passed would bring little peace to Colombia and makes a mockery of justice, truth, reparations, and the rule of law."<sup>159</sup>

Despite claims of successful demobilization, the evidence bodes otherwise. In 2007, paramilitary commanders spoke openly about their activities and confirmed what human rights groups have been stating for years: specifically, that those people supporting these illegal organizations include top government officials, military commanders, and business leaders. Salvatore Mancuso, a self-identified paramilitary commander, stated at hearings at the Palace of Justice, "I am proof positive of state paramilitarism in Colombia." The attorney general's office estimates that these forces killed over 10,000 people since the mid 1990s. That may be a low figure, as some human rights organizations place the number murdered in several tens of thousands. By all measures, paramilitary members killed a lot of people. Mancuso identified General Rito Alejo del Rio, also known as "the *pacifier* of the Uraba region," as one of his contacts. Despite del Rio's ouster, complete with revocation of his American visa, President Uribe has continued to support him publicly.<sup>160</sup> In fact, there are allegations that even President Uribe's family has historic ties to both drug traffickers and paramilitaries. Among those levying these accusations is Senator Gustavo Petro, himself a former member of M-19. Uribe has responded by claiming that these claims are simply a political vendetta, and that the published picture of Santiago Uribe, the president's brother, and convicted drug lord Fabio Ochoa, shows a chance encounter.

Several problems emerged with these declarations of official responsibility. In the United States, congressional representatives expressed concern about Plan Colombia and support for current trade negotiations. The extent of the power of the paramilitary organizations reached well beyond armed groups patrolling selected territory. In some areas, these groups had control of, or influence over, local governments. One of the concerns is that they will retain too much power, with or without weapons. The Colombian government is sufficiently concerned

about U.S. reaction as to begin approaching European countries as possible sources for counternarcotics funds.<sup>161</sup>

American corporate complicity in supporting paramilitary organizations has been alleged. Under the Federal Drug Kingpin Statute, it is a violation of U.S. law to provide funding for such operations. In May 2007, Chiquita Brands International pled guilty to criminal charges and acknowledged that they knowingly made illegal payments. It is suspected that other corporations have also supplied money to the paramilitaries. Some observers believe that the U.S. Justice Department has failed to examine these cases. They think that economic interests have trumped the war on terror. According to an international trade expert from Cornell University's School of Industrial and Labor Relations, "paramilitary forces have infiltrated the highest levels of the [Colombian] government and the Bush administration is looking the other way." Arguing a double standard is operative, critics note that Colombian paramilitary groups have killed far more people than al Qaeda.<sup>162</sup>

In addition to the revelations of inappropriate relationships, there is strong evidence that many of the paramilitary forces have simply morphed into smaller criminal elements and are directly involved in the drug trade. These groups have been described as the next generation of paramilitaries. The size of these organizations is in dispute, but estimates range between 3,000 and 9,000 members. It has been reported that the government is treating these groups as simple criminal gangs, an inadequate response by all accounts. These new groups have not yet reached the power and sophistication of the AUC, but they are effectively cooperating with, and competing against, various drug smuggling organizations. Despite all actions, the flow of drugs remains unabated.<sup>163</sup>

Some areas have noted little difference between the former AUC paramilitary groups and current criminal gangs, often run by the same leaders. It is claimed that mid-level leaders identified themselves as foot soldiers to avoid prosecution, then took over the criminal groups. Bands with new names, such as the Black Eagles, the Black Hand, or the Machos, are still heavily armed and operate much like before the

demobilization effort. They continue to intimidate political candidates and engage in extensive drug smuggling to fund their efforts.<sup>164</sup>

The corrupting influence of drug money is not limited to insurgents and paramilitary groups. There has been some infiltration of the Colombian military forces that are engaged in counternarcotics operations. The Defense Minister, Juan Manuel Santos, states that he has fired 150 officers already. While the number of corrupted officials may be small, it only takes a few supporters in key places to do extensive damage. There have been several lieutenant colonels and majors arrested, and there are reports that several flag officers have also been implicated and resigned.

Some irrefutable evidence of collaboration came when a guerilla soldier was killed in July in Meta. He was carrying a portable hard drive that contained information about *Omega*, a highly sensitive counterinsurgent operation that targeted the guerilla leadership. In another case, a captured boat that was involved in smuggling was found to have navigational charts that identified the classified, exact locations of military patrol craft from Colombia, the United States, the Netherlands, and the United Kingdom. Investigators later found a payment receipt from the Norte del Valle cartel that contained a fingerprint of Rear Admiral Gabriel Arango, the flag officer in charge of naval operations in that area. It seems that the traffickers use biometrics as a means to insure loyalty.<sup>165</sup>

In contrast to other reports, the U.S. State Department paints a very optimistic picture for Colombia. The country is called “a regional leader for improving counterterrorism capabilities and for strengthening political will to combat terrorism.” The report notes that “terrorist groups were weakened as a result of aggressive actions by the military and police. The Uribe administration maintained its focus on defeating and demoralizing Colombia’s terrorist groups through its ‘democratic security’ policy.” The report lists a number of specific attacks by FARC and states that the AUC continued to demobilize. Totally absent from this report is any reference to the murders of innocent civilians by military units or paramilitary forces that have

been repeatedly documented by other sources and serve as a key source of friction between the government and many of its people.<sup>166</sup>

In 2003 the U.S. Army War College, in conjunction with the University of Miami and U.S. Southern Command, held a conference to discuss security issues in the Western Hemisphere. The report by Colonel Manwaring, and others, addressed the effects of the Colombian crisis and contained three insightful areas of consensus. First, “that confrontation, regardless of outcome, brings nothing but death, destruction, waste of valuable human and material resources.” Second, it is perceived that non-state actors, and other unconventional destabilizers, must be dealt with at the root-cause level, which is an internal problem. And finally, that stability can only be achieved by a multifaceted approach including political, economic, social, and military police efforts that do address both root causes and man-made causes of instability.<sup>167</sup>

Colombia remains an enigma that is difficult to analyze. From the reports listed it seems clear that conclusions reached by various organizations are often biased toward their respective institutional political and social philosophy. All agree that violence has diminished, but is far from gone. Human rights organizations indicate the cost of this reduction is too high and has been placed on the backs of innocent civilians. Those who see Colombia as the linchpin to the Andean region urge stronger action, especially as the influence of Hugo Chavez of Venezuela continues to wax and other nations in the area assume a more leftist/populist stance. However, vigorous efforts to block Colombian involvement in drug cultivation, processing, and transportation have failed to have any effect on the quantity available.

### *Guyana, Suriname, French Guiana, and Islands in the Sun*

Were it not for the mass murder-suicide of Jim Jones, and 912 of his followers that took place in Jonestown, Guyana, on 18 November 1978, almost no one in America would have heard of the country; at least not until June 2007. It was on 4 June that the FBI announced that they had broken up a terrorist plot to attack John F. Kennedy (JFK) International Airport in New York. The terrorists were charged with

conspiring to destroy buildings, fuel tanks, and fuel pipelines. They believed that this bombing attack would destroy the entire airport and do extensive damage to the Borough of Queens as well.<sup>168</sup>

The four people arrested all had ties to Guyana. Russell Defreitas was a naturalized U.S. citizen who had been born in Guyana. Defreitas was also a former employee at JFK and was the one who understood the layout of the facilities. In January 2007 it was he who had assessed the vulnerability of the airport, conducting video and photo surveillance to identify targets and designate escape routes. When employed there as a cargo handler, Defreitas had passed the necessary security checks to have access to airplanes and other sensitive areas of the airport.

Another person arrested was Abdul Kadir, who was a former member of parliament in Guyana. At the time of his arrest, boarding a plane from Trinidad to Venezuela, Kadir had plans to travel to Iran. In fact, intercepted conversations between the actors determined that they had expected assistance from Iran in carrying out this attack, but they were arrested before they could formally make that contact.<sup>169</sup> According to their expectations, this attack was to dwarf the attacks of 9/11 and “destroy the American economy for some time.”<sup>170</sup>

Also arrested in Trinidad were Kareem Ibrahim, an Islamic cleric and a native of that island, and Abdel Nur of Guyana. Reportedly they had sought assistance in Trinidad from Jamaat Al Muslimeen (JAM), a radical group that had attempted a coup there in 1990. According to the FBI, the group had connections with the senior leadership of JAM.<sup>171</sup>

Until the JFK Airport story broke, very few people in the United States even suspected that there were Islamic terrorists in the Caribbean area, let alone that they could strike in this country. In fact, except for holiday cruise lines and Harry Belafonte ballads, few Americans ever thought much about the region. There has been a thriving Muslim community in the area for hundreds of years. Islam first came with Muslim Mandingo and Fulani slaves from countries in West Africa who were brought in to cut sugarcane. In 1838, Islam was formally introduced with the arrival of Muslims from southern Asia. Somewhat

surprisingly to most observers, the Urdu language, usually associated with Pakistan, is spoken, or understood, by many people in the Caribbean area.<sup>172</sup>

It is now estimated that about 10 percent of the population in Guyana is Muslim, and there are varying numbers of Muslims residing throughout the Caribbean community. In all, there are probably 200,000 divided among fifteen small countries. They are so well integrated that Eid is a public holiday, as is Christmas.

However, among them are a few radicals, such as Yasin Abu Bakr, formerly known as Lennox Phillip when he was a police officer. Bakr was a leader of JAM and led the 1990 failed coup attempt that left twenty-four people dead in Port of Spain, Trinidad. Interestingly, Bakr has had publicized links with Hugo Chavez.<sup>173</sup> While few of these Island people seem to have time for terrorism, the New York City police commissioner called the Caribbean a “crucible in the foment of Islamic radicalism.”<sup>174</sup>

The JFK plot was hardly the first to be created by radical Islamists from the Caribbean area. On 21 August 2006, eleven suspects were arrested in the UK in connection with a plan to attack transatlantic flights. Among those arrested was Umar Islam, formerly Brian Young, a recent convert to Islam. In June 2005, Jermaine Lindsey, now known as Abdullah Shaheed Jamal, of Jamaica was a central figure in the bombing of the Piccadilly underground tube that killed twenty-six people. Earlier, in England, another Jamaican, Sheik Abdullah el-Faisal, born Trevor William Forest, was convicted for soliciting murder and was deported back to the Islands. Upon his return, el-Faisal began preaching hatred and praising Osama bin Laden. Among the people attending his lectures was James Ujaama, who assisted Richard Reid (aka the Shoe Bomber), who was himself the son of a Jamaican father.<sup>175</sup>

The government of Haiti remains extremely fragile despite years of support in the rebuilding effort. Poverty is epidemic. Crime continues to be rampant, and a weak justice system cannot cope with rising kidnappings, assaults, and human trafficking. The judiciary is



perceived as both incompetent and corrupt. The legal system has barely advanced since the Napoleonic codes were introduced. The prisons are vastly overcrowded, and 96 percent of the inmates of the National Penitentiary have never been tried and convicted. Street crime escalates daily. Since the domestic legal system is in a shambles, the ability to deal with international crime is also totally inadequate.<sup>176</sup>

There has been some progress in attacking criminal gangs, but success remains elusive. Many of the most-wanted leaders have been killed or captured. However, some have been able to bribe their way out of prison, or have been replaced by the next generation of gangsters who are equally as violent as their predecessors. As indicated in other countries, these problems cannot be fixed with a simple law enforcement approach. Unfortunately in Haiti, not only are state structures for governance extremely weak, but local administration is severely lacking. The rural areas, with 60 percent of the population, have been nearly abandoned when it comes to governance and social programs.<sup>177</sup>

While minor in scope, there are concerns about a return of an insurgency in Suriname. The former members of the “Jungle Commando” have expressed displeasure with the progress made since the Kourou peace agreement was signed in 1992. This is unlikely to be easily resolved in the near future.<sup>178</sup>

A few decades ago the countries of the Caribbean were granted independence from their former colonial empires. One interesting exception is French Guiana, which once served as a penal colony. This country remains an overseas department of France and is actually included in the European Union. It is the only country in the region that has the Euro as its currency. The country is under the protection of the French Foreign Legion.

The Caribbean Basin, like South America, ranks very low on America’s priority list. While there are cooperative programs, and President Bush has called the area our third border, efforts, other than counternarcotics, are fairly rare. The governments of these small countries vary in levels of stability. The money from drug smuggling is

so huge that it is hard not to corrupt some segments of any society. The routes may vary from time to time, but the smuggling continues almost unabated. Recent reports indicate that with a perceived permissive attitude in Venezuela, the smuggling efforts in the Caribbean are surging. Officials noted that drug flights through Hispaniola have increased four fold in the past two years.<sup>179</sup> Although anti-narcotics operations such as “Rum Punch” have intercepted several shipments, the flow is constant.<sup>180</sup>

Dr. Ivelaw Griffith, a former professor at the National Defense University and past President of the Caribbean Studies Association, provides a useful synopsis of the Caribbean situation. Griffith views the Caribbean as a strategic interest of the United States, one that requires greater attention. In addressing “problems without passports,” he is concerned about transnational threats that cannot be dealt with by any single country. There are four regional challenges. Crime is escalating in most countries, but especially Jamaica. This deteriorates the society and will hurt tourism, thus contributing to a downward spiral. There are too many illegal arms getting into the hands of criminal gangs, which is a serious problem. Drug operations, as already discussed, are regionally destabilizing. This includes massive money laundering transactions supported by loose banking laws. Finally, there are environmental problems exacerbated by numerous natural disasters that have left thousands dead and billions of dollars in damage. These countries are in need of additional assistance to rebuild critical infrastructure.<sup>181</sup>

According to Griffith, the Caribbean Basin does constitute the third border of the United States. As a proponent for the area, he believes that it is in America’s interest to increase attention and support to the area.

### *Central America*

Whereas Colombia has been successful in reducing their violent crime rate, countries in Central America have not been so lucky. Guatemala and Honduras are experiencing dramatic increases in murders and now are considered the most violent countries in the world.<sup>182</sup> While income inequality is a major factor, Central America is unfortunately

located between the biggest drug producing area in the world and the biggest consumer, the United States. Therefore, a vast amount of illegal drugs flows through the area, creating a criminal environment that perpetuates violence at a level unacceptable for civilized society.<sup>183</sup>

There are factors other than drugs that also contribute to the high crime rate, including an expanding youth population, high unemployment rates, urbanization, and the proliferation of illegal firearms. In addition, there is a long history of prolonged civil conflicts throughout most of the area coupled with an inadequate legal system that is both corrupt and has no political will to fight crime.

Levels of instability vary between countries, and even within some countries. Panama, for instance, continues to have problems in the Darien Region located south of the Panama Canal and along the Colombian border. There, FARC is active and they sometimes cross into Panama. The main problem in that area is smuggling.<sup>184</sup>

Of course the security of the Panama Canal ranks high as an international counterterrorism concern. Connecting the Pacific and Atlantic oceans, the canal reduces sea transport between America's east and west coast by about 8,000 miles. Approximately 14,000 ships with registry from all over the world transit the canal annually. Traversing the isthmus, these ships carry about 205 million tons of cargo, which represents about 4 percent of all of the goods shipped in the entire world. In order to increase the capacity of the Panama Canal, a \$5 billion expansion program began in September 2007. When completed, which is scheduled for 2014, the capacity will be doubled, and it will be able to accommodate larger ships, which currently must make the trip around Cape Horn. While the United States moves a majority of the canal's cargo, China also ships a great deal.<sup>185</sup>

Panama gets mixed marks in counternarcotics efforts. Because of its location, a great quantity of illegal drugs transits the area, often using hundreds of remote or abandoned airfields. A considerable amount of drugs also moves by both fishing vessels and cargo ships. More recently, there are shipments for internal consumption, which has increased concern about local corruption. Panama has instituted enforcement

programs that have seized money, diamonds, and gold. Despite public pronouncements regarding corruption by President Torrijos, very few high-profile cases are ever pursued.

While Panama does not use a large amount of chemicals in their domestic industries, substantial quantities move through the Colon Fee Zone. Of concern are the legal materials, known as precursor chemicals, which are used in the production of illegal substances such as cocaine and methamphetamine. It is believed that these are headed to the drug producing countries to the south.<sup>186</sup>

One of the most contentious situations in Central America is the relationship between Nicaragua and the United States. In 2006, Daniel Ortega was reelected as president of the country, albeit after many years out of office. It is problematic that Ortega was a leader of the Sandinistas when the American government was supporting his opponents, the Contras, in a lengthy civil war. During that ten-year conflict, it was the Soviet Union that supported Ortega. Once the fighting ended, Ortega ran the country for about eleven years before finally losing an election. Now that he has returned to power, he has wasted little time establishing contacts with countries that oppose the United States. Of course, he has good relations with both Chavez and Fidel Castro. But he has also traveled to Iran to express, and gain, support. His meetings with Mahmoud Ahmadinejad were widely covered in the media where he denounced the "Yanqui imperialists."<sup>187</sup> It is also reported that Ortega has reestablished diplomatic relations with North Korea.

In Nicaragua there is an unusual and quite sensitive counterterrorism concern that has been raised. Under the prior administration, Nicaragua obtained a number of man-portable air defense systems (MANPADS). These are shoulder-fired rockets designed to shoot down aircraft. While it was agreed upon that these weapons would be destroyed, the opposition-controlled legislature blocked that effort from moving forward. Obviously, availability of MANPADS to any terrorist organization is viewed as an extremely high threat.<sup>188</sup>

Ortega has only recently been sworn in for a five-year term, which he won on a barely legal plurality of about 37 percent. Given the failure of his previous attempt at establishing a socialistic based economy, most observers anticipate that he will only last one term.

As Guatemala headed for elections, the democratic process suffered greatly. Over fifty political candidates were assassinated in the fifteen months leading up to the elections. The country has a long history of civil wars and the last thirty-six-year conflict ended only a decade ago. The terrorism reached a point at which retired general Otto Perez Molina, a presidential candidate, moved into a tie for first place based on a tough stance on crime and by indicating that he would not hesitate to impose martial law. This small country had 6,000 murders last year. In the recent past, due to their history of repression, people were concerned about the reintroduction of military leadership. Now, the crime rate was so high that many voters saw tough law and order as an acceptable alternative.<sup>189</sup> While it was significant that General Molina gained popularity, the 4 November 2007 winner was Alvaro Colom, considered a center leftist.<sup>190</sup>

The political violence is being orchestrated by narco-terrorists who are working to enhance their control at every level of government. The candidates addressed the concern that Guatemala is becoming a narco-state. The country has major drug supply routes that constantly shift to stay ahead of law enforcement.<sup>191</sup> Addressing these concerns, Candidate Perez Molina, the current frontrunner, acknowledged that if they failed to confront the problems, "Guatemala is at risk of becoming a failed state."<sup>192</sup>

El Salvador may represent one of the biggest problems for the United States. From the slums of San Salvador have arisen several menacing gangs, called *maras*, a name taken from a viciously stinging ant. None of these *maras* has reached to notoriety of *Mara Salvatrucha 13*, best known as simply MS-13. The extreme savagery employed by gang members cannot be overstated. Description of their terror-evoking attacks would be befitting, or might even shame, a graphic horror novel. The gangs operate with apparent impunity and actively work to wrest control of cities. Colonel Manwaring labeled their

efforts, “coups d’streets,” meaning that the *maras* move methodically, physically taking control of the territory one block at a time.<sup>193</sup> In El Salvador it is claimed that fifteen municipalities have already fallen to MS-13.<sup>194</sup> Most worrisome about MS-13 is that they have already come to America and have spread from coast to coast and are appearing in almost every major city in the country.

In El Salvador, it is not uncommon for gang members to murder in broad daylight, just to intimidate any potential witnesses. Police response has been problematic on two fronts. It was reported that in 2004, 4,000 suspected gang members were detained by police. Of those only forty were successfully prosecuted. Those who do go to prison become more deeply indoctrinated, as an FBI agent stated, “It’s like a college for MS-13.”

The other side of the coin includes allegations of “social cleansing” by police or military. It was claimed that at least 2,000 youths have been dispatched by these practices. In support of those claims, four police officers were arrested in August 2007 for extrajudicial executions. The numbers could be debated, but death squads seem to appear every time a society experiences violence at a level that becomes intolerable.<sup>195</sup>

Some analysts believe that American deportation policies have contributed to the gangs in Central America. It is theorized that because they have spent time in gangs in the United States, have participated in violent crimes and drug-related activity, and then experienced our prisons, when they return to their home countries, they are hardened criminals. They have been indoctrinated in a gang culture, and they know how to create more effective organizations. Central America accounts for 95 percent of the U.S. deportation, with over 53,000 being sent to El Salvador, Honduras, and Guatemala. Other researchers believe that, as bad as it is, our deportation efforts are not adversely impacting the situation.

The role of the media is also debated. It was found in Honduras that there was competition between gangs to see which could conduct the terrorist act that would capture the most media attention. It is

also suggested that the media often exaggerated reports and that led to perceptions that cannot be overcome.<sup>196</sup>

Throughout most of Central America, individual countries and regional stability are threatened. In 2005, Ana Arana wrote in *Foreign Affairs*, “The *maras* [gangs] are bringing rampant crime, committing thousands of murders, and contributing to a flourishing drug trade. Central America’s governments, meanwhile, seem utterly unable to meet the challenge, lacking skills, know-how, and the money necessary to fight these supergangs.”<sup>197</sup> That quote was in a section titled, “While Washington Slept.” It appears that they are still sleeping.

### *Mexico*

While usually not considered as part of Central America, the proximity to the United States makes it essential that this interlocking piece, Mexico, be given some attention. In truth, the complex relationships that facilitate mutual economic interests and exacerbate counternarcotics smuggling, have had, and still deserve, independent studies. For this report, the major issues of concern are the criminally motivated, destabilization of local government, the continuous flow of a variety of contraband goods, and the introduction of terrorists across the southern border.

Any discussion of Mexican-American border crossing, legal or otherwise, sparks emotional responses. Looming large are the millions of undocumented workers who have flooded into the United States. In fact, Mexico ranks money sent from their citizens in the United States as the number two source of national revenue. It is second only to Mexico’s oil production and is thus a key part of their economy. Also noted is that, despite a substantial birth rate, the total population of Mexico remains constant due to those immigrating to the United States.

Debating what policies should, or should not, be employed is barely relevant. From a security standpoint, what is occurring is key, and that entails a large number of determined people who constantly develop innovative ways to enter this country. The problem can be understood

as an economic analogy to the laws of hydrodynamics. Just as liquids with pressure differentials seek a state of homeostasis, poor people seek to increase wealth. Intemperate measures, such as extensive fences and sensor systems, may work for some period, but sooner or later Katrina happens and you get New Orleans.

The overall stability of Mexico, while improving, is still fragile. The country underwent an economic collapse within the past two decades and is still undergoing recovery. While power has been transferred based on public elections, there is still considerable polarity. The current president, Felipe Calderon, was elected in July 2006 under an extremely narrow plurality (35.98%–35.31%), and Andres Manuel Lopez Obrador, his leftist opponent, has still not conceded the election.<sup>198</sup> Despite many complaints about the election results, and a perceived lack of transparency in the process, Calderon has taken control. However, he lacks sufficient popular support to take the dramatic actions required to address severe problems of corruption and escalating violence.<sup>199</sup>

While not the most important problem at the moment, resurgence of the Popular Revolutionary Army (*Ejército Popular Revolucionario*, or EPR), has brought about bombing attacks against PEMEX (Petróleos Mexicanos) facilities in several states. Though the EPR is quite small, and relatively unpopular, their actions have had significant consequences. The attacks have been timed to avoid loss of life, but they are seen as a direct challenge to the government. Between 3 and 5 July, they planted eight bombs along pipelines in Guanajuato State as part of a “national campaign of harassment.”<sup>200</sup> In other attacks, U.S.-owned businesses have been targeted by EPR. In August 2007 they placed a bomb at a Sears store and attempted to strike a Banamex bank, which is owned by Citigroup.<sup>201</sup>

At about 2:00 am on 10 September 2007, six bombs were detonated along Mexican gas and oil pipelines. Again these were government-controlled PEMEX facilities that were attacked, even though additional military protection had been assigned to them. The blasts were big enough to be felt for miles, and fires could be seen at a long distance. Again, the EPR did not cause any direct human casualties.<sup>202</sup> Some



observers note the similarity between the ERP attacks and those conducted by FARC in Colombia.

Almost forgotten, except to the people of Chiapas in southern Mexico, is the conflict that occurred there between the Zapatistas and the government in the early 1990s. Fighting for Indian rights, their guerilla army, called the *Ejército Zapatista de Liberación Nacional* (EZLN), emerged from the jungles and managed to capture several towns from the Mexican Army. Their goal was to precipitate a socialist movement of indigenous people. Popular support for the revolution did not materialize, and a peace treaty was signed in March of 1994.

Since then, however, the Mayan Zapatistas have continued under the leadership of Subcommandante Marcos, albeit as a political, not military, organization. Marcos still has thousands of followers, and he is struggling for improved human rights while blaming poverty on corrupt politicians. He advocates a need for social change. Tensions with the government are somewhat higher than might be initially perceived. In addition, the Zapatistas have established contacts with indigenous people from North America throughout the Southern Hemisphere. The movement is worth watching.<sup>203</sup>

By far the biggest danger to Mexico is the epidemic illegal drug trade, which has blossomed into levels of violence that could be described at least as insurgencies, or even as low intensity conflict. Three major cartels aggressively compete for this extremely lucrative business: Gulf, Sinaloa, and Tijuana. Each is supported with private mercenary groups that are equipped with military-type weapons. In their wake lie thousands of murder victims and few, if any, convictions. The police face corruption on a massive scale that infects all levels of government. For the underpaid local police officer, arresting drug dealers is not an option. They are given a choice known as *plata o plomo*, of “silver or lead.” In practical terms that means take the money or die.<sup>204</sup>

Murders of police officers that don't cooperate are not unusual. Brutality has increased, and beheading is often practiced as an effective means of intimidation. In a bar in Uruapan Mexico in 2006, gunmen broke up a party. Holding the group hostage they then dumped a

bag containing five severed heads on the dance floor.<sup>205</sup> In Aguaje, Michoacan, the head of prominent lawyer, Hector Espinoza, was hung from the archway of his home with a welcome sign attached.<sup>206</sup> In April 2006 in Acapulco, gang members kidnapped Mario Nunez Magana, the commander of a special strike force, along with one of his agents. Their heads were stuck on fence posts in front of the municipal police station. The attached note read, "So you will learn respect." In 2006 *The International Herald Tribune* reported:

*Even in a country accustomed to high levels of drug violence, the killings are unprecedented in their scope and brutality. In recent months the violence has included a brazen raid on a police station by men armed with grenades and a bazooka (PRG), a dramatic helicopter jailbreak, and daytime kidnappings. Seventy-one police officers, prison guards and federal agents, along with two judges and three prosecutors have been killed, all either gunned down or tortured. Among them were five police officers beheaded to terrify their colleagues.*<sup>207</sup>

Another problem for police is that they are often out-gunned. As indicated, the drug gangs are armed and function like military units. In one case, *Los Zetas*, they once were a military unit; American-trained special forces to be exact. Initially the Zetas were a group of Mexican special operations forces that defected en masse and became the enforcement arm of the Gulf Cartel. While they started operations in the border areas, their military-like raids have migrated to other states. It is also believed they have operations in the United States. This paramilitary group reportedly has morphed into a group of 2,000 strong and conducts operations with other gangs from Central America.<sup>208</sup> In addition to the Zetas, other paramilitary groups, such as *Los Negros* and *Los Numeros*, work with drug cartels and engage in kidnappings and murders. Chris Swecker, a deputy director of the FBI, in his 2005 Congressional testimony stated, "Their willingness to shoot and kill law enforcement officers on both sides of the border makes these paramilitary groups among the most dangerous criminal enterprises in North America."<sup>209</sup>

These gangs are so brazen that they sometimes advertise their crimes. Taking a page from Islamist terrorists, gangs have actually displayed executions on the Internet via YouTube. According to Reuters, one of the popular videos showed a man being shot in the head. Another showed an execution in which a man's face was nothing but a mangled mess. In another video a gang member is killed with a garrote, which was twisted until the victim's head came off. Gang members have even sung ballads to taunt rival groups.<sup>210</sup>

To curb unwanted reporting on the violence, gangs have threatened to kill foreign reporters working on drug-related stories. Backing up that claim, Reporters Without Borders states that nine journalists were killed in Mexico during 2006 while working on stories about the violence. That made Mexico second only to Iraq for danger to reporters.<sup>211</sup> Conversely, there are allegations that some journalists have helped the gangs. In Veracruz, two Zeta members were kidnapped and tortured. Filmed on videotape, they were made to confess who their police, government, and news media contacts were. They were then executed on camera and the video and bodies deposited in the TV network parking lot.<sup>212</sup>

Soon after being sworn in as president, Felipe Calderon initiated a major offensive against the drug cartels. Instead of relying on notoriously corrupt police, he ordered the Mexican Army to engage in the operations. As a result of that effort, a number of high-level cartel members have been arrested in 2007. That does not assure a conviction. Too frequently after arrests are made, a judge who has been paid off frees the suspect. If imprisoned, the drug lord somehow may escape from a high-security environment.<sup>213</sup> As an example of the pervasiveness of the problem, in February 2007 a state assistant prosecutor was implicated in the murder of a political party leader and a federal drug investigator. He was also accused of providing critical information to drug cartels in advance of raids or investigations.<sup>214</sup> The problem is so pervasive that sweeping changes must be made at all levels.

Calderon's efforts have not been totally successful, as drug-related murders for 2007 are on a path to exceed those of 2006. Under former president Vincente Fox, troops were also sent to the border to fight

the drug gangs. Despite those actions, the violence became worse. Internally Calderon has faced challenges, and newsmagazine *Proceso* dubbed the counternarcotics efforts “Calderon’s Iraq”; they noted that the people have never been told what they are fighting for.<sup>215</sup>

While 90 percent of the cocaine and 99 percent of the methamphetamine that enters the United States comes through the border with Mexico, narcotics are not the only infiltration about which to be concerned. There is substantial credible evidence that terrorists from the Middle East are also transiting the area. According to DEA documents obtained by *The Washington Times*, Islamist terrorists were “camouflaging themselves as Hispanics while conducting business with violent drug-trafficking organizations.” The article states that Representative Ed Royce (R-CA), indicated, “A flood of name changes from Arabic to Hispanic and the reported linking of drug cartels on the Texas border with Middle East terrorism needs to be thoroughly investigated.”<sup>216</sup>

Mexico, with a common border of 1,951 miles, is of intense interest to Americans living in the southwest. Politicians exploit the emotional value associated with fears of uncontrolled dangers while rarely addressing the mutual interdependencies that have evolved. Even the basics about history and geography are not agreed upon. Anglos see the current border as sacrosanct, as if God had ordained that demarcation. Most Mexicans, and even many American Hispanics, view southwestern United States as occupied territory that was appropriated by force more than a century ago. The territory even has a name. They call it *Aztlán*, after the mythical birthplace of the Aztec Empire. Whatever the worldview one holds, the borders are established, however porously. From the national security perspective of both countries, it is essential that law and order be maintained.

### ***International Issues and Implications for the Future***

Based on the foregoing analysis of Latin America and the Caribbean, certain common patterns emerge that are of major significance to the security of United States as well as future interactions in other domains, social, economic, and even ecological. It must be concluded

that our prior myopic, piecemeal approaches to problems south of our borders have contributed to the rise of relatively strong anti-American sentiments. Perceived hypocrisy in policies regarding the region is pandemic. Seen through their eyes, we advocate national rights but historically have intervened in their internal affairs; we blame and target those who cultivate drugs, but remain the largest consumer; we express concerns about environmental degradation while protecting the American companies that extracted minerals and irrevocably damaged the western Amazon; we endorse expansion of income distribution while supporting capitalistic ventures that have concentrated wealth in a relatively small sector; and we fight al Qaeda while ignoring higher levels of violence in their countries. That is just a short list of issues worth considering.

Fortunately, most astute people in Latin America differentiate between U.S. Government policies and the American people. While they may intensely dislike or disapprove of U.S. policies, individuals can be treated with respect and maintain cordial relationships. This ability to discriminate will be a critical factor in future social and economic enterprises.

Given the pace of technological advances, information transference, and demographic alterations, ambiguity will be a norm. Individuals and institutions must master the ability to cope with uncertainty on unprecedented scales and to rapidly adjust as unintended consequences of actions are identified. To function in Latin America, the Caribbean Basin, or the rest of the world, the most fundamental issue is understanding the core values of our partners, our adversaries, and ourselves. Those entities that will be rewarded in the dynamic future business and social environments will know history, understand and appreciate cultural differences, and be able to prognosticate with reasonable accuracy. The foundation for successful interactions must be based on mutual trust and respect, and it requires an established secure environment.

Therefore, there is a need for a new, strategic policy for the region. As a global leader it is imperative that we fully integrate Latin America into our international security strategy, which currently focuses on

the Middle East. Other major powers, namely China, are already actively engaging in economic enterprises across the continent.<sup>217</sup> The region is smoldering, and we continue to ignore it at considerable risk. Numerous studies have addressed the problems and indicated that comprehensive responses are required, not just more military aid or law enforcement.<sup>218</sup>

There are, however, global security issues that need to be taken into account. The notion that we should “fight them over there (the Middle East) so we don’t have to fight them here (the United States)” is specious. As already documented, they (terrorists) are already here. An immediate multifaceted response is required. This necessitates expenditure of financial and human resources predicated on deep introspection about who we are and how our policies affect others. There are many concerns about conditions in Latin America and the Caribbean. The most critical of these concerns are a combustible juxtaposition of drugs, violence, and terrorism.

### *Drugs, Violence, and Terrorism*

The illegal narcotics industry, including drug cultivation, production, and distribution, is the single biggest problem facing Central and South America in their relations with the United States. The unintended consequences of the U.S.-instigated “War on Drugs” include destabilization of nations, regions, and possibly the entire hemisphere. Ironically, those consequences are self-imposed and, for three decades, have been deemed more acceptable than the alternatives.

The war on drugs is supporting the terrorists and undercutting the GWOT.<sup>219</sup> It has been well established that the money from illegal drugs is the top financial mechanism to support terrorist operations. It has also been well established that the unintended consequence of the war on drugs is to increase the profitability of drug dealing for criminal and terrorist organization.<sup>220</sup> While concerted efforts have been made to interdict the flow of illegal drugs, the problem is overwhelming. From the time the crops are provided to drug manufacturers, to the time the product is sold on the street, the profit is about 98.5 percent. No other product in the world is as profitable. Until the demand for illicit drugs

decreases, no amount of enforcement effort will significantly diminish this lucrative trade. Therefore, it is totally illogical to simultaneously conduct a war on terror and a war on drugs that, in effect, creates and maintains a constant flow of funding for the terrorists. The war on drugs is supporting the terrorists and undercutting the GWOT.<sup>221</sup>

It is even more ironic that our progress in the GWOT has actually increased the production and availability of drugs around the world. Since expulsion of the Taliban from Afghanistan, heroin production has been running at record levels. And that has been true even though the United Nations has been involved in methods to suppress the crops, such as eradication operations. The 2006 estimate by the Office of National Drug Control Policy was that 92 percent of the world's supply, equating to 580 metric tons of heroin was being exported from that country.<sup>222</sup> President Karzai called the poppy production a national embarrassment. At the same time, it was noted that 40 percent of Afghans believe that opium growing is an acceptable way to earn a living, as they see no other viable option.<sup>223</sup> Estimates for poppy growth in 2007 show a dramatic increase to over 6,600 tons, all being grown while the country is under NATO protection.

In reality, a very similar situation exists in South America. There are no alternative crops that can provide anywhere near the same amount of profit for the farmers, most of whom are impoverished. Even as efforts to eradicate plants expand, the total production remains the same or increases. Confounding the cultivation problem, the agricultural area extends into multiple countries, several of which are not sympathetic to American counternarcotics programs. The problem is like a giant balloon. You can push in one area, but it expands in others. Taking that analogy one step farther, if you press on a balloon hard enough it will burst and be destroyed in the process. That concern has been raised in Afghanistan; i.e., total destruction of poppy fields might completely destroy the country's struggling economy. The same may well be true for Andean countries wherein successful elimination of narcotics cultivation produces other, possibly worse, problems.

Assuming that availability and street price are useful metrics, then a more important factor is that no counternarcotics measure has been

successful over a long duration. Despite claims of fantastic drug busts, financial interdiction, crop eradication, and arrests of key personnel, nothing seems to work. Two incidents in 2007 highlight just how ineffective it is to attempt to interdict the flow of drugs from their source. In April, the U.S. Coast Guard made the largest seizure in maritime history. Twenty tons of cocaine was taken from the cargo hold of the *Gatun*, a Panamanian freighter. It was noted that this exceeded the size of a fifteen-ton confiscation in 2004.<sup>224</sup> In March of 2007, U.S. and Mexican police raided the home of Zhenli Ye Gon, who ran a pharmaceuticals company that was described as a front for his illegal drug business. In that raid, the police confiscated an estimated \$207 million in cash, mostly \$100 bills. Police also noted that he recently had lost nearly \$126 million in Las Vegas casinos. Ye Gon ran a business that moved many tons of drugs through the ports. Observers note that he could not have been successful without the collusion of government officials at several levels.<sup>225</sup> Interestingly, the money confiscated from Ye Gon is larger than the U.S. annual aid to Mexico for drug enforcement. Even with these monumental busts, the only impact felt by the drug buyers in the U.S market was a modest rise in street price.<sup>226</sup>

There are contraindications of success when progress is reported by shipment confiscation. While that interdiction may block a specific allotment, two negative consequences emerge. First, there is noticeable increased violence, especially between drug gangs. In areas where they provide de facto governance, instability, already disastrous, is exacerbated. Second, as drug money fuels terrorism, if prices inflate there is an increase in funding available for criminals. The paradox in enhanced enforcement is that, while the user is inconvenienced by higher prices, it is innocent civilians trapped along the smuggling routes that bear the brunt of the damage that results from increased violence. No matter how aggressive, at no time has interdiction operations seriously jeopardized availability of illegal drugs.

For law enforcement, the problem is that the narcotics industry is constantly morphing. No matter what actions are taken, as soon as one measure makes progress, new and innovative countermeasures emerge. When large poppy fields became vulnerable to aerial spraying, the growers began cultivating smaller, more dispersed, and covered plots.



When one transportation route is blocked, others are found. Anything that moves can be converted to smuggle drugs, from cars and trucks, to planes large and small, to go-fast boats and cargo ships to submarines. Even people and animals have carried the product internally. When big cartels are taken down, a plethora of smaller ones emerge. When key leaders are arrested, there are many more waiting on their chance to advance. A barrier program was established to construct a physical wall and increase enforcement in the San Diego sector. While the barrier proved effective in that immediate area, apprehensions for the entire border remained constant.<sup>227</sup>

The bottom line is that the narcotics problem is consumer driven. Following the best capitalistic dictums, it is a supply meeting the demand north of the Mexican border, not to mention other places in the world. There is evidence that demand reduction and treatment are likely to be more effective than supply interdiction.

Policy alternatives should be sought that address the following objectives: first, and foremost, cut a major funding source for terrorists; second, cause a steep decrease in secondary crime attributed to theft and robbery to support expensive drug habits while reducing gang wars over distribution rights; and third, cause the gang problem to entropy, at least to a point at which they do not threaten existing legal forms of governance.

There are many books and articles by prestigious authors who have made similar arguments. Economist David Henderson addressed the issue of support for terrorism through continuing the war on drugs.<sup>228</sup> In that article, he noted how the FARC financed their terrorist campaign to overthrow the government with drug money. The respected conservative CATO Institute has written extensively about these problems, as have many others.<sup>229</sup> If the terrorists' financial base is to be attacked and eliminated, it cannot be done without removing the financial incentive of illegal drugs. Attempting to continue the war on drugs, or even integrating objectives, will actually diminish the chances for success in the war on terror. It must be recognized that the fundamental disconnect is one of competing values. For politicians,

it is deemed more important to be seen as anti-drug than to take the actions necessary to cut drug funding to terrorists.

Not useful are official proclamations that drugs are under control. One example is the self-serving, apparently inflated, assertions by the United Nations Office of Drugs and Crime, that 45 percent of the world's cocaine and nearly a quarter of the heroin is being intercepted. The 2007 annual report also states, "The market for amphetamine-type stimulants such as ecstasy has been contained."<sup>230</sup> Reality checks of availability of cocaine and heroin render the related statements false. As for amphetamines, the U.S. National Drug Threat Assessment 2007 Report states "Increased ICE [crystal methamphetamine] availability is most likely contributing to increased methamphetamine addiction."<sup>231</sup> The disparity in official reports should be obvious. However, such reporting may be moot, as governments now have severe credibility problems with their citizenry.

But, there are problems far worse than just the illegal delivery of a highly desired substance—the violence and corruption that have spread throughout the entire region. The phenomenally high crime rates in many areas in Central and South America are directly attributable to narcotics cultivation, production, and transportation. While a few analysts infer that there is a fundamental correlation between poverty and crime, most researchers categorically reject that assertion. Drugs, and drugs alone, have facilitated the high murder, kidnapping, and extortion rates that plague the continent. As was described earlier, the savagery of these crimes—and the implementation of abject terror for purposes of intimidation—is unprecedented in modern societies.

Concomitantly, the corruption that has permeated all segments of governments in drug producing and transit countries further acts as a destabilizing factor, especially in fragile democracies. When known drug dealers, such as Pablo Escobar, can become elected officials and narcotics cartels can influence elections, the situation is grave indeed. The money is simply overwhelming, and as has been shown, it buys loyalty throughout the judicial, law enforcement, and even legislative systems.

However, corruption must not be viewed as solely a “South of the Border” problem. Increasingly, the integrity of American officials along the border is being questioned. Since 2004 there have been more than two hundred public employees arrested on bribery charges. Included in the mix of those involved are Border Patrol agents, an FBI supervisor, a county sheriff, local police, uniformed personnel from all branches of the military, and immigration examiners. What is disconcerting is that the FBI believes these arrests represent the tip of an iceberg.<sup>232</sup>

With the financial base provided by narcotics, drug gangs have developed advanced organizational capabilities. Colonel Manwaring addressed these groups as “third generation street gangs.” These gangs escalate from petty-cash, turf-oriented criminals, through protection rackets, to international organizations that can take political control of local governments or become the de facto governance. As he states, “This threat to the state is exacerbated by instability generated through the corruption and destruction of democratic governance....In sum, it would appear that gangs present much more than annoying law enforcement problems. Actually and potentially, they are national security problems that threaten the effective sovereignty of the nation-state.”<sup>233</sup> He also notes that the concept of “ungoverned areas” is inaccurate. Such seemingly lawless territories do have a form of governance, it is simply not under duly constituted authority.

Narcotics smuggling is masking another problem, infiltration of terrorists into the United States. For the past several years, an unknown number of terrorists from the Middle East have successfully entered across the southern border. Director of National Intelligence, Mike McConnell, acknowledged that “through the Mexican border is a path” and some have been caught.<sup>234</sup> Investigators have found that there is a trail that leads all the way from the Middle East across the Mexican border. Terrorists move initially from the Middle East to Spain. From there they take a flight to Paraguay, where they receive basic support. From Paraguay they are flown to Mexico City for language and cultural training. Once completed, the terrorists pay an estimated \$30,000 to \$50,000 to high-end human trafficking smugglers, known as “coyotes,” to get them safely across the border into the United States. Their goal, according to McConnell, is to produce mass casualties. While there

may be many methods for illegally entering the United States, it is the money from drugs that facilitates this alternative.

### *Perception of American Policies*

The historic relationships between America and the rest of the hemisphere have not always been amicable. If one compares the history books from schools north and south, it might be hard to believe the same events were being discussed. The fundamental problem is the perception of U.S. regional hegemony exercised by interventionism inflicted on nearly every country on the southern continent, the Caribbean, and Central America. Many of these actions have come in response to situations that were clearly internal in nature, but to the disliking of American policy makers. Most American citizens would be surprised to learn that there have been more than a hundred U.S. interventions in the hemisphere, spanning nearly two hundred years. Since 1980 we have had combat operations in Grenada, Panama, and Haiti. In addition, there have been military advisors dispatched to just about every country in the region, with varying degrees of operational latitude.

Due to our to our economic and military power, coupled with our history of meddling in other countries' internal affairs, the United States often is derogatorily referred to as the "Colossus of the North," and the current generation of Latin Americans expresses concerns about imperialism.<sup>235</sup> Those concerns are not limited to military intervention, but include economic, political, and cultural hegemony in which we attempt to dictate how they should function in their countries. Even health and education benefits come with moral superiority and philosophical messages. For example, for decades there have been strict anti-abortion and family planning restrictions attached to medical aid and to advice on methods to fight HIV/AIDS that reflect a preference for the unrealistic "abstinence only" approach.<sup>236</sup>

Sensitivity to the issues of American military involvement and sovereignty are aptly expressed by my friend, General Pinheiro, a retired Brazilian general, who reviewed an early draft of this paper. Addressing Foreign Internal Defense he stated, "Here in Brazil we do

not need and we do not want you for this purpose. Americans do not have anything to teach us about Irregular Warfare, on the contrary! This relationship has become one of peers! It's a matter of proudness and professional competence."<sup>237</sup> There are many other officers who would agree with General Pinheiro's comments. In reality, Brazilian forces have been engaged in irregular warfare operations for decades. Few of their operations come to the attention of foreign press.

In the long run, too many American foreign policies have been prosecuted with unmitigated arrogance, and they have not served us well. To gain internal support, leaders of the southern countries need to be seen as independent from American influence. As indicated earlier, President Correa of Ecuador was elected largely by being seen as anti-American. The policies these leaders pursue do not always coincide with U.S. interests. The GWOT issue serves as an example. As Colonel Manwaring states, "Latin American countries perceive that the United States is going its own way in the GWOT, and is oblivious to the more strategic non-military problems in Latin America and the Caribbean that spawn illegal drug trafficking, terrorism, and a myriad human and other destabilizers leading to crime, corruption, violence and conflict. Thus a tendency to reject U.S. domination, and leadership and solutions exists."<sup>238</sup>

The intervention in Iraq has exacerbated concerns about continued America imperialistic tendencies. As in the rest of the world, Latin Americans were wary of the motivations for the invasion. As the proclaimed rationale for the attack dissipated, i.e. no weapons of mass destruction found or connections to al Qaeda made, the actions taken tended to reinforce their expectations that America acted as a bully and should not to be trusted. Leaders noted the dramatic shift in policy when President Bush indicated that preemption was now the rule. This pronouncement played directly into the hand of leaders such as Hugo Chavez, who has used impending American invasion as a theme to rally his country.

Operation Iraqi Freedom also buttressed the notion that America relies too heavily on use of force as the primary tool to resolve problems.

Considering what Latin Americans have observed in our counter-narcotics operations, this generalization seems perfectly logical.

It should be noted that four countries did provide troops for operations in Iraq. These include the Dominican Republic, Nicaragua, El Salvador, and Honduras.<sup>239</sup> The numbers were small, but they get credit for supporting the effort. It is not known how much political pressure was brought to bear and what promises were made at a time when there was heavy public concern about the low number of countries represented in the coalition.

Concerns with U.S. policy toward Latin America have been voiced for years. In 2002, Max Castro of *The Miami Herald* stated bluntly, "Latin America is imploding." While he went on to describe that differences existed between countries, the basic message was that we have ignored the issues of poverty and disparity endemic in the region. He also noted that democracy may work in countries with a sizeable middle class, but it is problematic when the economic foundation does not exist. Trying to create a democracy under those conditions, he said, "may look impressive, but it won't last."<sup>240</sup>

Things are not getting better. Recent reports indicate that while there has been economic growth in several countries, the disparity between rich and poor has widened. The report indicated that there were 200 million people living in poverty in Latin America, of which 81 million were considered to be living in extreme poverty. Petroleum and mineral prices have increased, thus boosting the overall wealth of the region. However, to quote Rodrigo Guerra, head of the Social Observatory of the Latin American Bishops' Council, "Inequity between rich and poor is increasing rapidly and dramatically." Guerra also indicated that, because information technology is increasingly pervasive, the underclass is becoming more aware of the lifestyles of the privileged while they continue to live in shantytowns.<sup>241</sup> The United Nations' Millennium Development Goals Report for 2007 confirmed the growing inequity between rich and poor, noting that the poorest people in the region now actually receive less of the available income than they did a few years ago.<sup>242</sup>

Health studies have shown a similar pattern. The Pan American Health Organization indicated that, across the world, the disparity in health care between rich and poor in Latin America has the “greatest internal extremes.” Several factors enter into the equation, including education. They noted that post-neonatal mortality is twenty times greater for illiterate women. A host of children’s illnesses show direct correlations between those in extreme poverty and others of even modest incomes.<sup>243</sup>

These are the issues that were raised by Ecuadorian President Correa, the American-educated economist. While the United States has often insisted on introducing our brand of capitalism in foreign countries, the results have not been equitable when applied to societies with significantly different structures and cultures. A world that trades in freedom is the U.S. vision for success. This is the vision presented before Congress by U.S. Trade Representative, Robert Zoellick. It espouses a theory that suggests that more money will inherently lead to development of a broader middle class, Latin America would serve as a “proving ground” for the theory. Worth repeating, he stated that, in such a world, “hundreds of millions of people are lifted from poverty through economic growth fueled by trade.” While the gross numbers tend to support the notion of increased growth, that has not always translated into reduction in poverty. Market reforms were initiated over two decades ago. As seen, the results are not promising. According to the World Bank, in Latin America and the Caribbean, the top ten percent earn 48 percent of the income. The lowest ten percent only control 1.6 percent. As Marcela Sanchez of the *Washington Post* noted, the leaders of fragile democracies are finding that unless the gap in economic disparity is reduced, “the electorate will lose faith in its leaders and turn against democracy itself.”<sup>244</sup> Certainly the trade issues remain experimental, controversial, and potentially explosive.

One other minor concern involves unintended consequences that emerge from Operation Iraqi Freedom. This war has established a new benchmark for use of contractors conducting functions that in the past would have been done by military personnel. The ratio of military forces to contractors is nearly 1:1. Of those contractors, approximately 40,000 are armed and provide security services in several venues. In

order to cut business expenses, the prime companies, such as Blackwater, Triple Canopy, DynCorp, and others, began recruiting personnel from third world countries. While the British-trained Gurkhas from Nepal were highly sought after, these companies also began hiring people with special operations backgrounds from countries in Central and South America, including Chile, Colombia, Peru, and El Salvador. The question that arises is, given the level of instability in the region, what happens to these men when they return from a combat zone with enhanced fighting skills?

### *Political Shift Left*

As a result of lack of progress in altering economic disparity in many countries in Latin America, there appears to be a distinct political movement to the left, or more socialistic government. Much as Sanchez indicated, severely disenfranchised electorates have voted in favor of these governments. The three most obvious countries in South America are Venezuela, Bolivia, and Ecuador, each having an avowed socialist/revolutionary president. In Nicaragua, Ortega returned to power as a Castro-style leader.

However, none of these elected leaders came into office on a sweeping mandate from the people. Quite the opposite, each was elected on a weak plurality, and frequently in contested elections. The same situation is true in Mexico and Colombia, which suggests that there is a lot of ambiguity in contemporary societies. One factor that seems evident is the inherent conflict between the vast underclass population and those identified as elites. It is those elites who have the advantages of good educations and positions of relative power and wealth. No group gives up power easily. As the impoverished citizenry becomes more active in political affairs, the socialistic agendas will likely gain increasing favor. Therefore, we can anticipate future governments that are less likely to be inclined to support programs that seem to be primarily of benefit to the United States.

One common factor in or following these elections can be seen as manipulation of democratic rules. Chavez, Correa, and Morales have each made dramatic moves that either required constitutional changes,



or are being challenged as unconstitutional. The most aggressive came from Venezuela. Chavez is now in his third term, and under the limits of the current Venezuelan constitution, he cannot seek reelection. Though he lost his first attempt to amend the constitution it is likely he will try again so that he can remain in power indefinitely. In Ecuador, Correa dismissed a large number of congressional representatives. While the opposition claims that his action was illegal, the government is moving on without representatives. Morales initiated programs to nationalize natural resources in a manner that penalized foreign companies with established legal contracts. There are also concerns about constitutional reforms to respond to demands from the wealthier eastern provinces for autonomy.<sup>245</sup>

In fairness, similar complaints are raised against President Uribe in Colombia. To be reelected, he too had to manipulate the system and have a constitutional change allowing for reelection. While done legally, it did raise questions among the opposition. Actually, it was the overt influence of paramilitary members in congressional elections that received more complaints.

There is increased political participation by indigenous people in many countries in Latin America. For many years they had been either forgotten or, in some cases, barred from elections. Both Peru and Bolivia have now seen indigenous people rise to the presidency. With a better understanding of the legislative process, they are becoming more actively involved in issues of direct concern to them, ranging from ecological devastation to protection of intellectual property. Having experienced economic deprivation at the hands of conservative leaders, these groups tend to support socialistic forms of governance.

A review of the histories of the countries of Latin America reflects that most of them are only recently emerging from military rule or civil wars, economic collapse, and other forms of instability. In most situations there were, and continue to be, great discrepancies between the rulers and the ruled. Democracy is an extremely complex form of government, one that constantly evolves. The democratic governments of many of the countries of Latin America are in very fragile condition. For large segments of their populations, participation in an electoral

process in which their vote might matter is a new experience. Having been left out of most of the economic rewards during prior governments, it is not surprising that they support national policies from which they expect to benefit directly.

The socialistic political shifts have huge implication for future business ventures involving foreign investors. As has been demonstrated recently, some governments use nationalization of natural resources as a mean to generate income and consolidate political power. In Ecuador, Occidental Petroleum was kicked out of the country. In Bolivia, an accommodation was found in which heavy retroactive taxation was placed on foreign operators.<sup>246</sup> Actions such as these will be taken into account when foreign industries make decisions about business development in areas that might be subject to further nationalization policies.

In studying the security threat implications of these shifts toward populist governments, Dr. Steve Ropp, of the U.S. Army War College, provided a stern warning. Dr. Ropp wrote, "Populism poses a potential challenge to the underlying political substructure that has given us the collective material capability and moral legitimacy to deal with all of these [traditional] threats. In the final analysis, our ability to project power to deal with the whole spectrum of security challenges that the United States will face in the future depends on our ability to deal with the potential challenges emerging from within representative democracy itself."<sup>247</sup>

The point is, this emerging shift constitutes a serious threat that is fundamentally different from our traditional view of potential problems. If the populist movement continues, and it well might, these changes in foreign governance have national security implications for America. These concerns cannot be relegated to abstract theoretical political science debates. They need to be addressed by military and intelligence analysts as well.

### *International Relationships*

Along with the leftist leadership have come different relationships with powers external to the area. As previously mentioned, Venezuela has established significant ties with Russia, leading to introduction of advanced weapon systems to the area. Peru once had close ties with the former Soviet Union and still remains in contact with Eastern Europe.

Both Venezuela and Nicaragua openly court President Ahmadinejad in Iran. Those efforts seem to be to flaunt their anti-American position, while increasing popular support at home. That show of solidarity is useful when attempting to influence votes in international forums such as the United Nations.

However, Iran's influence transcends far beyond direct support of a few countries. It is established that Hezbollah functions at the behest of Iran. Hezbollah has been active in South America for many years. Their first major terrorist activities on the continent came with the bombings in Buenos Aires. As documented, they are still supported in Argentina and Paraguay. Hezbollah connections in the TBA also have ties to southern Brazil and Chile. Peru is concerned about possible Hezbollah activity in their southern sectors. Then there are the obvious support bases in Venezuela and in the Caribbean Basin. Hitting closer to the United States, Hezbollah has been implicated in ties with drug smuggling organizations that also work to bring terrorists across our southern border.

China is becoming an active player in the region. To date they have played a very low-key role to avoid confronting American interests in the area. Their approach appears to be strategic, and it is working. They already have established ever-increasing trade with several countries throughout Central and South America. In fact, trade between these areas increased from \$2.3 billion in 1990 to over \$70 billion in 2006. Of course energy is an important factor in the trading. Examples of projects include an investment in Argentina of \$5 billion in the petroleum industry; Brazil has an MOU for a \$1.3 billion pipeline; China invested \$1.4 billion in Ecuador in the company that took over when American giant Occidental was kicked out; and China owns

45 percent of Pluspetrol, Peru's largest foreign oil operation. Of some concern to analysts is the fifty-year contract to manage the Panama Canal, as this operation allows a strategic vantage point from which to observe and report on tanker and naval traffic.<sup>248</sup> Of course it should be noted that China is America's second largest trading partner as well; only Canada ranks higher in U.S. Trade.<sup>249</sup>

Another looming issue is Cuba after Castro. Currently, Venezuela, Bolivia, Ecuador, and Nicaragua are all on very friendly terms with Fidel Castro. Cuba is in no economic position to assist them, but Castro is viewed as a philosophical/inspirational leader. With the inevitable event of Fidel Castro's death, his brother Raul may attempt to hold the regime together. The probability that he will be successful is very limited, although he may have some support from his southern neighbors.<sup>250</sup>

What will severely test American rule of law will be the response generated in South Florida, where anti-Castro sentiment is palpable. It should be remembered that during the Elian Gonzalez incident, local government officials defied the U.S. Government's edicts, even after the matter had been taken to the U.S. Supreme Court, which refused to hear the case, thus upholding the district court opinion that Elian should be returned to his father. While facing a hostile mob, it took armed federal agents to storm the house and retrieve the boy so the court order could be enforced. This extremely emotional situation with international implications was unlike anything this country has experienced.

Even rumors of Castro's death have brought street celebrations in Miami. What federal agencies will be faced with is a volatile mix of emotions and sense of urgency, unhampered by logic or common sense. The situation may match the fall of the Berlin Wall, although there are 90 miles of water between Florida and Cuba. It is reasonable to expect a flotilla of private vessels to head south immediately, preceded by a large number of civilian airplanes. How the Coast Guard and U.S. Navy, supported by other Northern Command and law enforcement assets, might deal with this situation will at best be difficult. It is unlikely that the former Cuban refugees or their offspring will wait for invitations

or a diplomatic resolution including resumption of formal relations. In all probability, American money will outweigh any Cuban or foreign intervention in the process.<sup>251</sup>

On longer perspective, there will be a reintegration of families and international relations that is unprecedented in American history. The majority of Cubans who fled their country have vehemently anti-Castro sentiments. However, in many cases families were split, and those who remain have been receiving economic assistance from relatives in the United States. There will be a delicate balance between people who have been born and raised in Cuba under Castro, and relatives, many of whom were born and raised in Florida but still have strong emotional ties to the island. While the Communist Cuban economy is in a shambles, Cuban-Americans have generated enormous wealth, and they are likely to be willing to share it in order to restore that nation's economy. Many exiles anticipate that they will be able to reestablish the once-flourishing vacation business and become even wealthier.

The post-Castro transition will probably move faster than integration of East and West Germany, and it is likely that a truly thriving democracy will be functional within only a few years. Then, rather than a communist outpost in the Caribbean, Cuba will serve as a beacon of strength and help to stabilize the region. Cuba will have a unique advantage of having close relations with the United States and sufficient personnel already trained in Western-style business management who will be able to drive the economy.<sup>252</sup>

Finally, there is a need for introspection about the role America chooses to play in future hemispheric relationships. In his insightful book, *Who Are We*, Professor Samuel Huntington of Harvard looked at the issues concerning the societal make-up of the United States. He points out that the demographics are shifting quite dramatically. Among the pronounced changes is the recent demise of an ethnic majority in several southwestern states. No longer are Caucasians solely in charge of all major institutions. The Hispanic population is growing faster than all other major groups in America. That influence is bound to have a significant impact on how United States interacts with peoples to our south.<sup>253</sup>

The U.S interventions in Afghanistan and Iraq will also play a role in future international relationships. Aggressive application of American foreign policies has alienated large segments of the world's population. Internally, there are already strong sentiments by large portions of the public that the United States should pull back from becoming more deeply involved in external affairs. In reality, there are no simple solutions. Overreaction, such as a trend toward isolationism, needs to be avoided. However following unsuccessful military ventures there is often a period of introspection coupled with cautious policy decisions.

How Americans view our role in international politics can vary considerably, based on both geography and ethnicity. There is no single path, nor is there likely to be consensus about what our foreign policy should be. What is clear in regard to Latin America and the Caribbean, is that we need to engage in introspection concerning our participation with those countries and then develop a comprehensive strategic plan that can be executed realistically and achieve our objectives.

## **Concepts Without Borders**

There are a number of emerging trends that transcend established geographical boundaries. Some are influenced by social interaction while others are beyond the control of humans. For the latter, the best that can be done is to conduct risk analysis and prepare adequate contingency plans.

### ***Intellectual property as natural resource***

Traditionally, natural resources are thought of as minerals, flora and fauna, rivers, oceans, and other items containing physical substance. Most definitions of natural resources include the ability to create wealth as an attribute. Intellectual property (IP) is an intangible asset that consists of human knowledge and ideas. The value of IP may be hard to assess. Like natural resources, IP may vary in value based on factors in external markets that wish to acquire the product.<sup>254</sup>

Mentioned earlier was the concept of biopiracy, in which large pharmaceutical companies have sent researchers to visit indigenous

shamans to learn about natural herbal medicines. The researchers then obtained samples and had biochemists synthesize the active components, which the pharmaceutical companies in turn patented as their own intellectual property. These patents generated huge income for the pharmaceutical companies, albeit at the expense of the tribespeople.

It was probably the Royal Botanical Gardens of the UK that conducted the largest biopiracy operation, which occurred in the late 1800s. They took rubber trees from the Brazilian Amazon and transplanted them in Southeast Asia and other areas to which better transportation access was available. As a result, a gigantic industry was created with world famous facilities, such as the Michelin plantations in Vietnam. In the Amazon, once thriving cities, such as Iquitos, Peru, and Manaus, Brazil, quickly withered.<sup>255</sup>

Merely having access to the plants is not sufficient to understanding their healing properties. Rather, it is the intimate knowledge of the *curanderos* who have worked to develop the techniques over centuries that is key to unlocking the secrets. The rise of the political power of indigenous people has brought more than candidates for public office. They have begun to organize international bodies such as *Coordinadora de las Organizaciones Indígenas de la Cuenca Amazonica* (COICA), which translates to *Coordinating Body for Indigenous Organizations of the Amazon Basin*. With leaders who are better educated, the indigenous people have come to understand the value of their information and are organizing to protect their rights.

These native tribes, while often unsophisticated by Western standards, still hold substantial undisclosed wisdom that has developed through their assiduous investigations of the harsh environment in which they live. Those from the outside world who wish to acquire this natural resource are going to have to interact with them on professional levels that have never previously existed. The legal ramifications of considering ancient wisdom as IP and as a natural resource are still embryonic.

### *Land Reform versus Agribusiness*

As noted in the country reviews, land reform is a major issue in attempting to more equitably distribute wealth. In some countries, landless peasants can claim land that is not being actively cultivated. The Brazilian movement MST is one example of a concerted effort to acquire such property. The intent of these subdivisions is to provide relatively small parcels of land on which farmers can grow crops to feed their families. Therefore, once obtained, the land will be intensely farmed to maximize crop yield.

Conversely, there is also a push to enhance energy production through biofuel development, using crops such as sugarcane, soybeans, and corn. The effective cultivation of crops for biofuel requires an extensive farming system, including those run by large corporations or agribusinesses. To meet demands for biofuel, it is most efficient for these agribusinesses to plant spacious open areas and then harvest them with large combines and other heavy machinery.

Given the need for expansive farming areas, opponents argue that these efforts will result in further deforestation. Supporting that argument, Brazil recently reclassified 200 million hectares of previously protected wild land to “apt for cultivation.” An area that covers parts of Brazil, Argentina, Paraguay, and Bolivia is now referred to as the “Republic of Soy,” from which comes 40 percent of the biofuel production.<sup>256</sup> Lucrative biofuel crop production is having a serious negative effect on the Amazon rain forest, as clearing jumped dramatically in 2006 and 2007. Deforestation at present rates could have global consequences if not brought under control.<sup>257</sup>

The major conflict that is derived from intensive versus extensive farming is between food and energy. The outcome is increased hunger. The problem of hunger in the world is not scarcity, but poverty. Expanded production of biofuel will continue to force landless people to move to make room for the crops. Another unintended consequence of biofuel production is a rise in basic food prices. Current estimates are that prices are rising 20 to 33 percent in the near term, and far larger increases are forecast in a decade.<sup>258</sup> The effect is real and can



be seen by anyone in the United States by simply tracking the price increase of milk. Because feed corn can now be converted to ethanol, overall demand has increased. Therefore, corn producers are selling their product for higher prices and dairy farmers must pay more for feed.<sup>259</sup>

The increase in the demand for biofuel directly intersects with land reform. The missing ingredient at the moment is adequate regulation of the agrifuel industry. The issues that will impact everyone in Latin America include efforts to mitigate poverty and hunger while meeting demands for more energy. If the current trend toward socialization continues, it is likely that there will be greater restrictions placed on extensive land development.

### *Environmental Impact*

Changes in the environment will have considerable impact on the future of Latin America. Experts will continue to debate whether or not global warming is real, and if real, is it caused by human activity. Throughout Latin America and the Caribbean Basin, the people need little convincing that something dramatic is occurring and that the weather patterns are different than in the recent past.

Chile, Argentina, Peru, and Bolivia all note that their once expansive glaciers are retreating at an alarming rate. Beyond tourism, those observations have significance in many sectors. Both people and agriculture need the glacial runoff. However, as the rate of melting increases, there is concern that these supplies will run out before long. In many areas, farming can only be accomplished through extensive irrigation systems. Other sectors that will be affected include mining, transportation, and hydroelectric power generation.<sup>260</sup>

For years, Brazil refused to discuss climate changes in international forums. Sovereignty was an issue, and they believed global warming was a northern hemisphere problem. That has now changed as they have been seeing the effects in their agricultural areas and even drought conditions in the Amazon rainforest. In addition, they experienced an unprecedented hurricane in the south of the country. Most climatologic

experts agree that deforestation has contributed to the problems. In 2005 there was a “disastrous drought in the Amazon that killed crops, kindled forest fires, dried up transportation routes, caused disease and wreaked economic havoc.”<sup>261</sup> The country also has a rural electrification program that is dependent on the availability of water going over the dams.

The past few years have seen weather anomalies in many parts of the southern continent. Buenos Aires recorded the first snowfall in 89 years, and Patagonia registered temperatures below 0°F. Lima, Peru, which is so dry that many houses do not have roofs, had mudslides from heavy rains. In July 2007, the temperatures in the Andes dropped so low that even some the people used to cold weather died from exposure, and more than 6,000 cases of pneumonia were treated. This record-breaking cold spell came after an earlier snap in January killed 60 percent of the mountain crops.

In recent years severe Atlantic-spawned hurricanes have pounded the Caribbean Basin and continued to devastate countries in Central America. In August 2007, Hurricane Dean ripped through the southern Caribbean Islands and hit Mexico as a Category 5 storm. Then on 4 September 2007, a unique weather situation saw Category 5 Hurricane Felix hit the gulf coast of Nicaragua as Hurricane Henrietta simultaneously struck the Pacific coast at Cabo San Lucas, Mexico. Given both the environmental frailty of these areas and the limited economic base, storms of these magnitudes can cause irreparable damage.

In addition to the natural environmental problems, the illegal drug trade inflicts substantial damage.<sup>262</sup> In some areas, slash-and-burn methods are used in coca farming. This adds to the deforestation problems. To enhance crop productivity, extensive pesticides and fertilizers are placed on the plants. These are washed off during rainfall and enter the water sources, killing off fish. In the Upper Huallaga Valley alone, it is estimated that 1.5 million liters of a banned pesticide, Paraquat, has been used. In the processing of the coca base, many precursor chemicals are used. When finished, the chemicals are simply dumped into the ground, polluting nearby waterways and groundwater.

An estimated 100 million liters of these pollutants have been deposited in Colombia and Peru.

The counternarcotics efforts have also done damage. While spraying was being conducted, there was some negative impact on the environment. However, now that eradication is conducted by hand, the act of pulling the plants from the ground loosens the soil and makes it more vulnerable to erosion.<sup>263</sup>

The future of societies in Latin America and the Caribbean Basin will be heavily influenced by environmental conditions that are largely beyond their control on a local level. In the Caribbean in particular, there will continue to be catastrophic natural disasters. Even with advanced warning systems, there are limited preparations that can be made due to the lack of adequate resources. Regional responses are imperative, and these may be enhanced as more foreign businesses come to the area. Of course, to attract these businesses, it is essential that security be improved.

### *Trends and Ambiguities*

The future trends are branded by ambiguity. It seems likely that populists, including many indigenous people, will have considerable influence on social and economic developments. Their immanent knowledge has, indeed, become a natural resource that can be employed to generate wealth. They will also be instrumental in determining the extent to which land reform will be embraced. Regulation of the emerging biofuel industry is an important issue, as the unintended consequences are already evident. Evolving shifts in the global economic structure will impact American ability to influence foreign countries. Inextricably intertwined will be competition of low-cost labor between Latin American and Asian countries. Finally, all trend watchers must take into account potential changes in the environment. History will not serve as an adequate predictor when choosing courses of action and determining risk assessments.

## Insights

In *The Art of War*, Sun Tzu addresses levels of knowledge as related to probabilistic outcomes. His wisdom is not restricted to military affairs, but applies in many domains, including business and politics. Sun Tzu spoke to the issue of scotomas and states, “If you are ignorant both of your enemy and of yourself, you are certain in every battle to be in peril.”<sup>264</sup> Unfortunately, this is the state we as a nation find ourselves consigned to today. While Latin America is hardly an enemy, our ability to interact with those countries is severely hampered by our lack of understanding of their history, geography, and culture. In general, Americans do not comprehend the current situations in Central and South America or the Caribbean Basin, nor do we grasp the goals and aspirations of the people who reside there.

What may be worse is that Americans neither know our own history of intervention as it relates to countries south of our borders, nor do we understand how the title Colossus of the North emerged in response to our shortsighted, often bullying, national-centric policies. Current misperceptions are based largely on fear and lack of accurate knowledge. To progress beyond the status quo, it is essential that U.S. citizens acquire a realistic understanding of the mutual benefits to be derived from healthy international relations built on mutual respect and an understanding of cultural variability.

Cultural sensitivity is often discussed in American political forums, but rarely is that translated into practical application on a broad scale. There is an unspoken, but underlying, assumption that people everywhere want the same things. In other words, all people are like Americans, they just happen to live someplace else. That assumption is false. It must be discarded if we are to engage successfully in multinational ventures that provide mutual benefits while addressing root cause issues that have created the current state of disequilibrium in our relationships.

The future of relations between the United States and Latin American countries engenders the epitome of uncertainty management. Internally, the United States is undergoing both demographic and ideological

shifts that will alter our self-perception and impact the nature of international relations. Concurrently, countries in the Latin American region are changing in many ways. Fledgling democracies are attempting to stabilize under extremely difficult conditions, including the urgent need for wealth redistribution and the elevation of vast numbers of people out of poverty. People who were once powerless are awakening to their ability to influence their destiny, yielding a significant shift in relationships between the rulers and the ruled. Similarly, countries and regions are learning that they can acquire power and influence by functioning cooperatively.

We are all learning that democracy is a process, not a destination. The evolution of democracy in other countries is proving to be dramatically different from the traditional concepts held by most Americans. It is therefore essential that accommodations be made for the variances and alliances be formed that meet mutual needs without exploitation of some segments of society.

The wealth of southern nations goes beyond availability of mineral resources, agriculture, and the ability to export goods to other areas of the world. As economic stability improves, as seems to be occurring in key areas, including Argentina, Brazil, and Mexico, the region's ability to act independently will continue to grow. Already demonstrated is a wealth of knowledge that can be transferred and serve to improve living conditions in other areas of the world.

Those who are adversaries have proven that they can both run and hide employing Latin America as a medium for illegal entry into the United States. As long as our policies continue to facilitate this avenue, terrorists will come into the country with the intent of causing serious harm to this country.

Both threats and opportunities lie ahead, and fear is the mitigating factor. In some cases fear is both reasonable and purposeful. Fear of known dangers allows individuals and societies to prepare to counter adverse situations. Illogical fear leads to overreaction, and at the societal level, policies that work to the detriment of the people.

Largely due to media overexposure, today the majority of Americans views relations with countries south of the border to be adverse; they focus predominantly on illegal immigration. What is missed is the extensive trade of American goods that flow south. The United States and Mexico alone trade at a rate of \$33 million per hour, every day of the year.<sup>265</sup> Brazil has raised import expectation from the U.S. to \$155 billion in 2007. Sadly, such facts attract very little media attention.<sup>266</sup>

There are indeed, issues of concern to Americans. But they should not overshadow the many positive interactions that occur, largely without fanfare.

## Summary

Why should we care? We should care because terrorism is not bound by geography and because our soft underbelly lies exposed and exploited. We should care because proximal instabilities create strategic vulnerabilities, and they require immediate attention. We should care because many of the situations are the result of unintended consequences of prior and current American policies.

This study began with an assumption that intelligence was faulty or missing, thus leading to scotomas about the situation in Latin America. That assumption was wrong. In reviewing the massive amounts of information available, it is clear that there is sufficient data that point to the nature and complexity of the threats. There are competent analysts who have recognized the danger and reported it. There have been multiple studies, from governments, non-governmental organizations, and private research organizations that have been sounding alarms for years. At great peril, we have ignored their warnings.

In recent years military theoreticians have been advocating the use of four elements of national power, Diplomacy, Information, Military, and Economics (DIME), as a balanced approach for peace support and counterinsurgency operations. They have also acknowledged that too much emphasis is placed on M (Military) and not enough on the remaining elements. When it comes to Latin America, that case has been made repeatedly, and just as frequently ignored. Equally important,

we do not adequately understand the political, social, cultural, and economic environment in the region. We seem to be blind to the apparent hypocrisy promulgated by both our policies and our history of interventions.

The incidence of violence and crime, while varying throughout the region, is generally at unacceptable levels. Worse, it is escalating. From Central American gangs, this virus is already infecting the United States. It is containable, but swift action is required. As noted, these third-generation gangs would not exist were it not for illegal drugs. The influence of the drug industry has destabilized several countries and damaged regional security. The profit from illegal drugs is the primary source that facilitates terrorism and insurgencies around the world. In actual expenditures, in 36 years since President Nixon initiated it, the United States has invested over one half trillion dollars in the war on drugs, with limited noticeable impact on availability or street price. Questions must be asked: *At what point do we stop reinforcing failure? Will we continue to jeopardize other countries to maintain our current policies? What level of violence is acceptable before more aggressive or alternative actions are taken?*

Almost everyone in Latin America rightfully believes that, illegal drug trafficking is a consumer-based problem. What the vast majority of them also know is that the biggest problem their countries face is the disparity in wealth distribution and epidemic poverty. This situation does not appear to be improving, despite increased total income. We are confronted with several leaders with anti-American biases. They are not interested in cooperating with programs that benefit us. They are reaching out to exohemispheric foreign governments for assistance. Certainly their importation of advanced weapons systems into the Southern Hemisphere is not in the interests of the United States.

The regional presence of Hezbollah should rank high on our list of concerns. The terrorist infiltration threat across our southern border is real. Their intent is to cause us grave harm. We need to do far more to interdict those operations. Current policies are insufficient.

Most importantly, we must stop being reactive to the enduring and complex problems of Central and South America and the Caribbean Basin. Firefighting is not a strategy. What is needed is a comprehensive approach that both enhances our security and meets the needs of those countries. Better understanding of the societal and cultural differences is essential. The current situations cannot be dealt with as primarily military or law enforcement problems. We must be straightforward and honest in our dealings with other countries, even with the understanding that we have considerable adverse history to overcome.

The information is there. The insights show that there are many positive interactions on which to build strong relationships, but mutual understanding is required. Government and private analysts have connected the dots and repeatedly warned of impending danger that deserves to be put in perspective. We have many scotomas, but the blind spots are not in the intelligence community. Better education concerning the area coupled with competent media coverage would help. In the end it is unintended consequences of our policies that drive most of the problems.





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