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Mr. Chairman, I am pleased to accept your invitation to testify today about the recent border crisis between Colombia and Ecuador and its implications for U.S. foreign policy and the region.

Under Secretary General Insulza's leadership, the OAS and a number of its member states have begun a process of finding new and more responsive mechanisms for the region's countries and institutions to more closely monitor and hopefully ameliorate the conditions that prompted the March 2008 events.

While we will know more once Interpol has completed its investigation, recent events have made clear that one feature of the FARC's increasingly recognized decomposition and greater weakness is its interest in international activities beyond Colombian territorial borders. These borders are shared not only with Ecuador and Venezuela, the focuses of the recent border crisis. Brazil, Peru and Panama also share borders with Colombia. In that light, mechanisms for regional actors to help contain, and to help Colombia contain, the negative affects of the FARC's deterioration are increasingly urgent and recognized as such.

The weakening of an armed insurgency or criminal syndicate, indeed, even its demobilization, as in the case of the paramilitaries in Colombia, or its disarming and reintegration in a full blown peace process as in Central America, or as we see today in Iraq, can produce unintended consequences: without a number of conditions in place, violence and social conflict can continue and even worsen. And as General Petraeus pointed out in his recent U.S. Army/Marine Corps Counterinsurgency Field Manual, without adequate institutions in host nations, the gains of a counterinsurgency military campaign will not translate into political progress.

You have asked me to reflect on the implications of the recent and still unfolding crisis in the Andean region for U.S. policy going forward. I will take this opportunity to make some observations about the limits and possibilities for the United States, at a time when its capacity and standing is highly constrained in the hemisphere, owing to involvement elsewhere in the world, to the country's own economic and financial conditions, and to an ever greater demand and capacity for independence by an ever more democratic Latin America.

In 2004, four years into Plan Colombia, I directed a year-long bipartisan task force sponsored by the Center for Preventive Action at the Council on Foreign Relations: *Andes 2020: a New Strategy for the Challenges of Colombia and the Region*. I know that four years can seem an eternity, and I wish I could say this report has become obsolete. But this crisis has demonstrated that the three principal assumptions underlying our analysis, conclusions and recommendations remain highly germane today and going forward.

First: drug policy. In the last twenty years the United States has spent approximately $30 billion dollars on eradication and interdiction in the Andean region. With the net acreage under cultivation roughly the same or greater than in 1989, and with the price lower and purity higher, we have to ask what other conditions we and our Latin American partners and other consuming countries must address in order to more effectively weaken the illegal drug industry and the criminal syndicates and insurgent groups that thrive on them.

Second: an absent social contract. Although this is now changing for the better, those three words for many decades now—no, centuries—aptly characterize the region. If we measure the commitment of a country's elite to their own people by the percentage of GDP that governments collect from tax revenue (whether on property, investment, income or consumption), Latin America, but especially the Andean region, ranks at about one third the average industrialized country's, with approximately 17 percent of GDP coming from tax revenue. (The United States has declined from the low thirties to the mid-to-high twenties in percentage of GDP from tax revenue). Especially in the face of significant structural inequality and ethnic cleavages, and in a region with ample natural resources, a regressive tax take—but

more importantly, a simply inadequate one—means that governments cannot pay for the kinds of institutions, public services and investments in human capital and infrastructure this region of the world will need to reduce its vulnerabilities to organized crime and narcotics-fueled insurgent violence.

Third: regional problems require regional solutions. The problems in the Andes that make the region vulnerable to criminal syndicates and guerrilla and paramilitary groups that traffic in contraband, including drugs, are shared by Colombia's neighbors: rural poverty, structural inequality, weak or nonexistent state institutions, widespread informality in the labor sector, corruption, impunity, ethnic cleavages, vast ungoverned rural and urban spaces and of course porous borders, or "fronteras vivas," in the region's vernacular. As we know, the FARC, the ELN and the paramilitaries have historically relied upon the ungoverned spaces of border regions with Ecuador and Venezuela as rear guards, for rest and relaxation, to bolster supply and to hide hostages. And these are the very regions where, though often low in population and high in rural poverty, as elsewhere that coca is cultivated, coca and the business it generates becomes an option—often the only option. Regional problems, those that do not recognize borders, require regional solutions, and for the United States that means moving beyond the entrenched bilateralism that has characterized our approach to the Andean region, whether with respect to Colombia or to any other country.

Against this backdrop, some reflections on what Plan Colombia and the U.S.-Colombia bilateral relationship, a relationship both President Bush and President Uribe, but also their predecessors, described as a key, even strategic alliance. The intensity of the bilateral relationship has become especially stark in contrast to the deterioration of U.S. standing among governments and publics elsewhere in the Andes.

However imperfectly, Plan Colombia has produced important successes, especially in strengthening Colombia's armed forces and in reducing homicides and kidnappings, though sometimes these successes come with major problems regarding the rule of law and human rights, and the ubiquity of paramilitary influence in many of Colombia's institutions, to be sure. But as a result of its dependence upon the United States for security assistance, and because

of the close affinity between these two presidents and the former two presidents, Colombia I believe has tethered itself too closely to the United States. We are seeing the domestic fallout of this relationship play out in our own election cycle, and likewise, in Colombia, as in many other allied countries with a long history of close ties, public attitudes toward the United States are growing suspicious, even as support for Uribe remains high. Likewise, the United States, though this is changing, has invested a lion's share of its diplomatic capital to Colombia at the expense of more forceful and comprehensive diplomatic dialogues in the neighborhood. Neither Colombia nor the United States benefit from diplomatic isolation, and the security consequences of that state of affairs became obvious in early March.

Although there is a recognition that the United States needs to recover lost time and lost standing, we are fortunately seeing other powers, such as Brazil, Mexico, Chile, Peru, the Dominican Republic, and regional institutions such as the OAS step into the policy and diplomatic vacuum created as a result of a heavy emphasis of resources put towards strengthening Colombia, and all this despite a very ideological tone emanating from several capitals over the last years—whether Washington, Caracas, or Bogotá.

Over the coming months and years, I believe the region's countries and institutions of the region, as a result of this border crisis and as a result of the constraints on the United States, are going to strengthen their own mechanisms for conflict prevention and regional diplomacy. The United States should take the opportunity to have our own debate about counternarcotics policies and about how we talk with nations in the region about the challenges they face.

Our *Andes 2020* report offered some very detailed recommendations to move beyond the myopia of drug eradication as the centerpiece of our policies in the region, focusing on rural poverty and security, especially in border regions, and on U.S., multilateral and sub-regional mechanisms to boost attention and revenue for both. Mr. Chairman, as the countries of the Andean region (and more broadly of South America) start talking with one another to sort out new more responsive modalities for

security and diplomatic ties, the United States can play a facilitating role, as Admiral Stavridis has undertaken.

But in Latin America it is my hope that soon it will no longer be necessary for the United States to mediate, convene, cajole or berate in order to get things done. In fact, as we've seen in other parts of the world, but especially in Latin America, a lighter touch can often be far more effective than the tone deaf "Father-Knows-Best" approach that the countries of the region have come to anticipate, but increasingly hope to leave behind, as relic of the 19th and 20th centuries.

I am not saying the United States needs to renounce its interests: our own security and prosperity gives us a stake in seeing poverty and inequality reduced; we have a stake in stronger public institutions; we have a stake helping insure truly fair and democratic access to local and global markets (as opposed to the illiberal market environments that still prevail); we have a strong stake in open societies and democratic governance deepening and taking root.

With these priorities broadly shared throughout the hemisphere, I believe we are approaching a moment, especially following our own presidential election, and whatever its result, when we can turn a corner. We need to recognize that in the 21st century the lion's share of the policies and political decisions that will make a real difference in improving the quality of life for Latin Americans, whether their physical or economic security, will be made by Latin Americans. The United States will be but one of many outside actors to influence events on the ground in a region that at every turn is diversifying its trade, investment and diplomatic portfolio to encompass not just the hemisphere but the globe.

In our policy dialogue we should demonstrate that we recognize the severity of problems such as poverty and inequality, of common and organized crime, of the rule of law, of public health. And we should move more resources, and not just dollars, into initiatives designed to address these challenges.

The implication for U.S. foreign policy is that if Plan Colombia stagnates as a primarily security based policy, without growing to become a policy framed around

strengthening the Colombian state's political institutions by encouraging revenue generating capacities, enhancing rule of law, and stressing the independence of human rights offices from political offices, for example, then the gains we've seen militarily could quickly evaporate, as in previous cycles of the Colombian conflict.

There are also a few things we need to do at home, that directly bear on whether Latin Americans can create a better security environment and the regional mechanisms necessary to support them. A country such as the United States that maintains an avid taste for recreational drugs, needs to make available accessible, affordable treatment to its users and addicts. Likewise, the United States needs to employ the financial and other intelligence resources developed since 2001 to track and freeze drug-related money-laundering and undertake other measures to crack down on drug-related organized crime rather than focus, as in the Andes, on eradicating the coca leaf, cocaine's least lucrative, stage of production. Likewise, with a thriving weapons market of its own, the United States needs to regulate the flow of light arms south and participate in regional multilateral regimes designed to do so.

I hope these observations are useful and I look forward to answering any questions you may have.