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**THESIS**

**U.S. ECONOMIC ASSISTANCE TO COLOMBIA: A  
MODEL FOR U.S. ECONOMIC ASSISTANCE TO  
MEXICO?**

by

Anthony J. Pritchett

December 2013

Thesis Advisor:  
Second Reader:

Marcos (Mark T.) Berger  
Robert Burks

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ECONOMIC ASSISTANCE TO MEXICO?**

Anthony J. Pritchett  
Major, United States Army  
B.A., Criminal Justice, Fayetteville State University, 2000

Submitted in partial fulfillment of the  
requirements for the degree of

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**NAVAL POSTGRADUATE SCHOOL  
December 2013**

Author: Anthony J. Pritchett

Approved by: Marcos (Mark T.) Berger  
Thesis Advisor

Robert Burks  
Second Reader

John Arquilla  
Chair, Department of Defense Analysis

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## **ABSTRACT**

Strong, effective, economic assistance programs are a crucial part of U.S. foreign policy. They are a primary instrument for advancing U.S. national interests, enhancing global stability, expanding economic opportunities, and promoting American democratic values. From 2004 through 2010, the United States donated more than \$16 billion in economic assistance to countries in the Western Hemisphere. Some ask why the United States spends so much money abroad on humanitarian programs and infrastructure investments in developing states. To address this question, this thesis looks at Colombia and Mexico, both of which are of crucial strategic importance to the United States. Under “Plan Colombia” (2000–2006), U.S. economic assistance and staunch political will enabled Colombia to improve from 14th (2005) to 57th (2013) on the Failed State Index scale. As a result, Colombia has also emerged as a stronger U.S. partner in the Western Hemisphere. The Colombian experience was historically specific, but lessons can be extracted for Mexico, even though its history and relationship with Washington is very different. In particular, the recent Merida Initiative (“Plan Mexico”; 2008–present) can benefit immensely from being carefully evaluated in light of the earlier success of Plan Colombia.

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## LIST OF ACRONYMS AND ABBREVIATIONS

ACI/ACP	Andean Counterdrug Initiative/Program
AP	Alliance for Progress
ATPDEA	Andean Trade Promotion and Drug Eradication Act
CFTA	Colombia Free Trade Agreement
CNC	Crime and Narcotics Center (U.S. Central Intelligence Agency)
DA	development assistance
DoD	Department of Defense
DoS	Department of State
ELN	National Liberation Army
ESF	Economic Support Fund
FARC	Revolutionary Armed forces of Colombia
FMF	foreign military financing
FSI	Failed State Index
FY	fiscal year
GAO	Government Accountability Office
GDP	gross domestic product
GHCS	Global Health and Child Survival
IDP	internally displaced persons
IMET	International Military Education and Training
INL	International Narcotics and Law Enforcement Bureau
INCLE	International Narcotics Control and Law Enforcement Bureau
NADR	Nonproliferation, Antiterrorism, Demining, and Related programs
NAFTA	North American Free trade Agreement
ONDC	Office of National Drug Control
PGR	Attorney General's Office (Mexico)
P.L.	public law
Req	requested
SAT	Customs Service (Mexico)
sq. km.	square kilometer

SSP Federal District Police (Mexico)  
TCO transnational criminal organizations  
USAID United States Agency for International Development

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## I. INTRODUCTION

Strong, effective, economic assistance programs help form the foundation of U.S. foreign policy. They are primary instruments in advancing U.S. national interests, enhancing global stability, expanding economic opportunities, and promoting American democratic values. Given the current state of U.S. economic affairs, some have difficulty understanding why the United States spends so much money abroad on humanitarian programs and infrastructure investments in developing states. From 2004 through 2010, the United States donated more than \$16 billion in economic assistance, not including military aid, to countries in the Western Hemisphere alone. While military aid is clearly important for some of the same goals, a preponderance of evidence indicates that in strategically important nation-states (like Colombia and Mexico), economic assistance designed to address political, social, and economic shortfalls—tied to specific goals and objectives—is a good investment for the United States. This thesis answers the question: Is giving economic assistance to developing countries meeting the desired objectives in relation to stated U.S. foreign policy goals and objectives?

Colombia and Mexico were selected as case studies to examine this question because they have been the top beneficiaries of U.S. economic assistance in the Western Hemisphere from 2000 through 2010. Military aid is not considered for the purpose of this thesis and, while the line between these two sources of assistance often gets blurred by the programs and benefits, this thesis focuses solely on economic assistance. A “Contrast of Contexts” approach is used to examine the important differences between these cases (i.e., economic assistance was or will be delivered in two very different sets of circumstances, chronologically and territorially speaking); with Plan Colombia (2000–2006) as the major program for U.S.-Colombia relations and the Merida Initiative (2008–present) as the same for U.S.-Mexico relations.

This thesis provides the historical context for U.S. relations with both Colombia and Mexico in Chapters II and III, respectively; however, the focus is on post-Cold War U.S. foreign assistance reforms introduced during the Clinton administration (1993–2001) and changes to these policies toward Colombia and Mexico during subsequent

administrations. Some notable changes prescribed by the first and second Clinton administrations, which have carried through to the present, are the roles of the United States Agency for International Development (USAID). While the primary objective of USAID was to promote economic development and foster trade and investment, a new line of effort was introduced: program development for building democratic political institutions in countries which receive economic assistance. Humanitarian assistance programs and an emphasis on sustainable development were also introduced as guiding principles.<sup>1</sup>

Chapter II is a case study of Colombia and the development of Plan Colombia. It provides a historical perspective of U.S.-Colombia relations, describes why Colombia is important to the United States, identifies current policy with regard to Colombia, and highlights achievements for both the United States and the government of Colombia. It concludes that the United States can greatly benefit from the lessons learned there, with regard to developing an effective economic assistance policy that fosters a strong alliance and a capable partner which can share the responsibility of promoting development and stability.

Chapter III is a case study of Mexico and the evolution of the Merida Initiative in which the geopolitical differences between Colombia and Mexico are highlighted. It compares Plan Colombia and the Merida Initiative in detail with respect to their origins, scopes and goals, policy targets, time commitments, and the United States' financial commitments. It also explains the United States' commitments for U.S. internal policies in relation to Plan Colombia and the Merida Initiative. Along with the many challenges that come with a shared border, the historical context is particularly important to U.S.-Mexico relations. This chapter describes why Mexico is important to the United States, provides a current policy overview, and highlights recent achievements of the Merida Initiative. The conclusion is that the Merida Initiative has brought about significant improvements. Moreover, continued and increased economic and political support for the

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<sup>1</sup> Mark T. Berger, "Foreign Aid," *Dictionary of American History. Third edition*, Ed. Stanley I. Kutler (New York: Charles Scribner's Sons, 2003), 418.

Merida Initiative, as with Plan Colombia, will undoubtedly see increased economic, social, and political improvements with Mexico continuing to ascend the Failed State Index (FSI).<sup>2</sup>

Chapter IV provides quantitative analysis of both Plan Colombia and the Merida Initiative in the form of regression analysis. Regression analysis did not yield a significant relationship between economic assistance to Colombia and its position on the FSI. This is easily explained by showing that while U.S. economic assistance to Colombia is subsiding, Colombia continues to rise from the “Alert Zone” of the Failed State Index to a more moderate “Warning Zone” rating, on its way to the “Monitoring Zone.” Colombia has assumed financial responsibility for many of the programs originally funded by the United States under Plan Colombia and has assumed a leadership role in training and mentoring other countries in the region.

Regression analysis in relation to U.S. economic assistance to Mexico and the Merida Initiative shows a moderately significant relationship. With increased U.S. assistance to Mexico, one can expect an increase in their FSI score; however, giving more money to Mexico to improve development and stability is not easy. Until recently, Mexico has been reluctant to accept any type of assistance from the United States as a result of a strained historical relationship, characterized by distrust, which must be overcome if the Merida Initiative is going to be as successful as Plan Colombia.

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<sup>2</sup> The Failed State Index is prepared by the Fund for Peace and is published annually by *Foreign Policy*. This tool is used to identify states with a high degree of instability or in danger of failing with respect to 12 primary social, economic, and political indicators. A low position indicates greater danger or more instability compared to other countries, while a higher cumulative score indicates more instability within the 12 indicators. Available at [http://www.foreignpolicy.com/articles/2013/06/24/2013\\_failed\\_states\\_interactive\\_map](http://www.foreignpolicy.com/articles/2013/06/24/2013_failed_states_interactive_map).

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## II. COLOMBIA: A MODEL FOR U.S. POLITICAL AND ECONOMIC INTERVENTION

### A. IS COLOMBIA A SUCCESS IN TERMS OF U.S. ECONOMIC ASSISTANCE AND POLICY?

Colombia has been a major recipient of U.S. economic aid over the years. Achievements over time, with respect to U.S. policy-related goals, can often be better explained in geopolitical, rather than humanitarian, terms; however, the question remains—how successful has U.S. foreign economic aid been to Colombia? If diminished budget requests for Colombian aid from the State Department (DoS) and the USAID while Colombia ascended from 14th (2005) to 57th (2013) on the FSI scale is an indication of economic, social, and political improvement, then the U.S. investment in Colombia appears to have been money well spent.<sup>3</sup> As a result of its demonstrated success in Colombia, USAID’s Administrator, Dr. Rajiv Shah, testified before Congress that the United States is transitioning the management of some assistance programs to the Colombian government because of the latter’s ability to plan, execute, and resource programs including the funding of U.S.-initiated programs.<sup>4</sup>

Section B of this chapter provides a brief history of U.S.-Colombian relations. Section C describes the importance of U.S.-Colombian relations and what the United States stands to gain from this relationship. Section D explores current U.S. policy toward Colombia and provides insight related to the political debate on how the United States should support or deny future relations with Colombia. Section E examines some of Colombia’s more important achievements with respect to U.S. political goals. Finally, Section F concludes that U.S. involvement in Colombia may well be a model to guide the formulation of strategic policy toward developing nations and forming effective alliances. Chapter IV provides a quantitative analysis describing the relationship between U.S.

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<sup>3</sup> *Fund for Peace*, “Failed State Index,” (n.d.), [http://www.foreignpolicy.com/articles/2013/06/24/2013\\_failed\\_states\\_interactive\\_map](http://www.foreignpolicy.com/articles/2013/06/24/2013_failed_states_interactive_map).

<sup>4</sup> *International Development Priorities in the FY 2013 Budget*: testimony before the U.S. Senate Committee on Foreign Relations (March 6, 2012) (statement of Dr. Rajiv Shah).

economic assistance to Colombia and improvements achieved with respect to social, economic, and political indicators of progress.

## **B. A BRIEF HISTORY**

Over the past 20 years, Colombia has benefited from being one of the top five national recipients of U.S. foreign aid. Until the 2010 earthquake in Haiti, it was consistently the top recipient in the Western Hemisphere. Recent U.S. foreign policy has been focused first on the “War on Drugs” followed by the “War on Terror,” both of which have identified Colombia as key terrain. To better understand U.S. economic support to Colombia, a brief history is helpful.

Figure 1 depicts the trends in U.S. economic assistance to Latin America, of which Colombia has received 70%–75%. The initial spike in economic aid during the 1960s occurred under President John F. Kennedy’s Alliance for Progress (AP). The AP was the Kennedy administration’s (1961–1963) effort to rebuild relations with Latin American countries. It was an aggressive economic plan to strengthen or spread democracy through governmental development and social reform, while combating the potential or perceived effects of the Cuban Revolution. By-products of the United States being a good neighbor were several countries’ rejection of Fidel Castro and their denunciation of communism. However, because the AP lacked any concrete achievements or support from Latin American politicians (as well as U.S. politicians), the implementing committee was disbanded in 1973. The view of many Latin American nationalists was that the AP only served United States’ interests and that their own elites only became richer and more repressive. In fact, not a single Latin American nation committed itself to a comprehensive development program proposed by the AP.<sup>5</sup>

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<sup>5</sup> John F. Kennedy Presidential Library and Museum, “Alliance for Progress” (n.d.), <http://www.jfklibrary.org/JFK/JFK-in-History/Alliance-for-Progress.aspx>, 2.

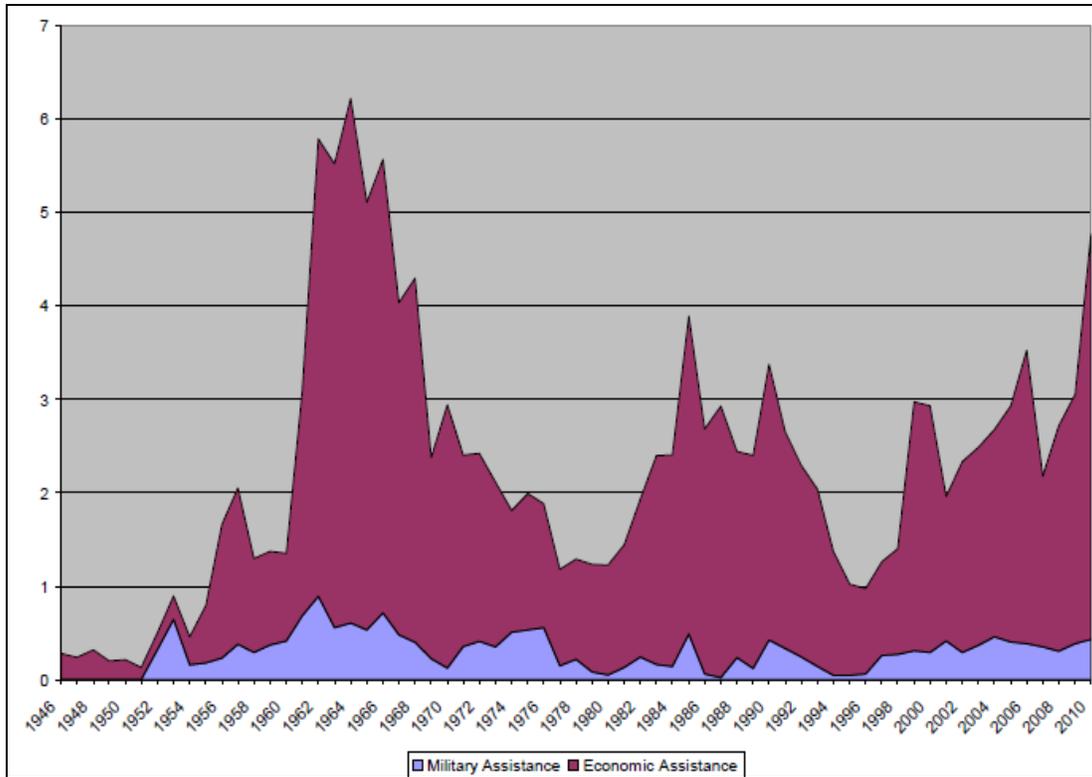


Figure 1. U.S. assistance to Latin America and the Caribbean, FY1946–FY2010 (Figures are in billions of 2010 U.S. dollars).<sup>6</sup>

During the 1970s, economic aid to Latin America slowed down considerably. U.S. politicians saw little value in continuing to support countries to the south that were not willing to commit to the U.S. style of democracy. The 1980s, however, witnessed a sharp funding increase to Central American countries battling leftist guerrilla movements. The decade also saw a significant increase in narcotics production and distribution from Latin America that heavily affected the United States. During the 1980s and 1990s, Colombia became the world’s largest producer and supplier of cocaine. A significant challenge during the 1990s for Colombia-U.S. relations was Colombian President Ernesto Samper (1994–1998), who was credibly accused of having accepted \$6 million from drug cartels during his presidential campaign.<sup>7</sup> Figure 1 shows another decline in assistance in

<sup>6</sup> USAID, *U.S. Overseas Loans and Grants: Obligations and Loan Authorizations, July 1, 1945–September 30, 2010 (Greenbook)*, (April 2012).

<sup>7</sup> Michael Shifter, “Colombia on the Brink: There Goes the Neighborhood,” *Foreign Affairs*, 78, no. 4 (July-August, 1999), 18. Text in JSTOR: Accessed June 3, 2013.

the mid-1990s, due primarily to the end of the Cold War, the end of civil conflicts in Central America, and the spread of American-style democracy throughout Latin America.<sup>8</sup>

A new partnership was formed at the end of the 1990s that marked a continuous upswing in economic aid for Colombia, as Colombian President Andreas Pastrana (1998–2002) introduced Plan Colombia. This initiative was originally intended to pursue peace through negotiations with the Revolutionary Armed Forces of Colombia (FARC), the main instigator of political and social violence in Colombia, and provide social and economic improvement (reform) programs to address the root cause of violence. It also called for assistance from the international community. The Clinton administration (1993–2001) readily agreed to support Plan Colombia, with conditions attached to advance U.S. objectives. These conditions included “combating the narcotics industry, promoting peace, reviving the economy, improving respect for human rights and strengthening the democratic and social institutions of the country.”<sup>9</sup> Pastrana’s agreement to these objectives led to a \$1.3 billion aid package in July 2000.

Table 1 depicts the separation of economic assistance and military assistance; however, U.S. support for Plan Colombia cannot be so easily separated. The U.S. DoS and USAID are responsible for administering the preponderance of economic assistance, while the U.S. Department of Defense (DoD) is granted permission to execute military assistance funding. Through a “whole-of-government” approach and mutually supporting efforts, however, these lines get blurred. Table 1 also identifies the different types of funds; however, funds are constantly transferred to and from different account types, and cross between economic and military execution. The DoD regularly spends development funds through civil affairs forces and humanitarian-aid type missions. Table 1 illustrates a steady decrease in funds across all lines of accounting and shows that the preponderance

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<sup>8</sup> Peter J. Meyer and Mark Sullivan, *U.S. Foreign Assistance to Latin America and the Caribbean: Recent Trends and FY2013 Appropriations* CRS Report R42582 (Washington, DC: Library of Congress, Research Service, June 26, 2012) <http://www.fas.org/sgp/crs/row/R42582.pdf>.

<sup>9</sup> U.S. Department of State, Report to the Congress: *United States Policy towards Colombia and Other Related Issues* (Washington, DC: U.S. Department of State, February 3, 2003), 3.

of the funds went to the ACI account. Several programs under this account are now being funded by Colombia, to include cooperation and training, which Colombia is sponsoring to other countries in the region.

	ACI/ACP	ESF	FMF	IMT	INCLE	NADR	Air Wing	DoD	Total
<b>FY2000</b>	60.1	N/A	N/A	N/A	N/A	N/A	38.0	128.5	<b>226.6</b>
<b>P.L. 106-246</b>	832.0	N/A	N/A	N/A	N/A	N/A	N/A	100.7	<b>932.7</b>
<b>FY2001</b>	48.0	N/A	N/A	N/A	N/A	N/A	38.0	190.2	<b>276.2</b>
<b>FY2002</b>	379.9 <sup>a</sup>	N/A	N/A	N/A	N/A	25.0	38.2	117.3	<b>560.4</b>
<b>FY2003</b>	580.2 <sup>b</sup>	N/A	17.1	1.2	N/A	3.3	41.5	164.8	<b>808.1</b>
<b>FY2004</b>	473.9	N/A	98.5	1.7	N/A	0.2	45.0	178.2	<b>797.5</b>
<b>FY2005</b>	462.8	N/A	99.2	1.7	N/A	5.1	45.0	155.3	<b>769.1</b>
<b>FY2006</b>	464.8	N/A	89.1	1.7	N/A	N/A	45.0	140.5	<b>741.1</b>
<b>FY2007</b>	465.0	N/A	85.5	1.6	N/A	4.1	37.0	129.4	<b>722.6</b>
<b>FY2008</b>	244.6	194.4	55.1	1.4	41.9	3.7	39.0	119.9	<b>700.0</b>
<b>FY2009</b>	230.1	196.5	53.0	1.4	45.0	3.2	12.4	127.9	<b>669.5</b>
<b>FY2010</b>	<sup>c</sup>	201.8	55.0	1.7	243.9	4.8	12.9	129.4	<b>649.5</b>
<b>FY2011</b>	N/A	184.4	47.9	1.7	204.0	4.8	3.6	110.4	<b>556.8</b>
<b>FY2012 (est.)</b>	N/A	179.0	37.0	1.7	160.6	4.8	8.3	97.9	<b>489.3</b>
<b>FY2013 (req.)</b>	N/A	155.0	30.0	1.6	142.0	3.3	N/A	85.6	<b>417.5</b>
<b>Total</b>	<b>4,241.4</b>	<b>1,111.1</b>	<b>667.4</b>	<b>17.4</b>	<b>837.4</b>	<b>62.3</b>	<b>403.9</b>	<b>1,976.0</b>	<b>9,316.9</b>

Notes: Columns shaded in green are military assistance and not the focus of this thesis. Plan Colombia funds are assigned to the DoS's International Narcotics and Law Enforcement Bureau (INL) or Andean Counterdrug Initiative (ACI). DoS transfers funds to other agencies carrying out programs in Colombia. USAID has received the largest portion. The accounts are: **ACI/ACP** = Andean Counterdrug Initiative/Program; **ESF** = Economic Support Fund (USAID); **FMF** = Foreign Military Financing; **IMET** = International Military Education and Training; **INCLE** = International Narcotics Control and Law Enforcement; **NADR** = Nonproliferation, Antiterrorism, Demining, and Related programs.

a. Includes \$6 million appropriated to FMF, but transferred to the ACI.

b. Includes \$113 million in FMF appropriations, but transferred to the ACI.

c. DoS reallocated sums to other accounts for foreign operations. FY2010 ACI funds moved to DoS INCLE account.

N/A signifies that money was not allocated to that specific account for that given year.

Table 1. U.S. Assistance for Plan Colombia, FY2000–FY2013 (Figures are in millions of U.S. dollars).<sup>10</sup>

<sup>10</sup> U.S. Department of State, *Foreign Operations Congressional Budget Justification for FYs 2000 through 2013 and State Department's Washington File*, "U.S. Support for Plan Colombia, FY2000 Emergency Supplemental Appropriations," (July 5, 2000); DoD data for FY2002-FY2010: June S. Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*. CRS Report RL32250. Washington, DC: Library of Congress, Research Service, November 28, 2012, 38.

The U.S. “War on Drugs” dates back to the Nixon administration (1969–1974). As in the past, one of the key components highlighted during the George W. Bush administration (2001–2009) was a focus on external sources, namely production and trafficking from Colombia and its neighbors. Under the Bush administration, support for Plan Colombia continued through the ACI. The ACI’s primary objectives are eradication, interdiction, and alternative development.<sup>11</sup>

The ACI provides assistance to all the countries of the Andean region. Table 2 provides a breakdown of economic aid to the region under ACI and highlights that the preponderance (74%) of the funds are allocated to Colombia.

Country	FY2011 (Actual)	FY2012 (Estimate)	FY2013 (Request)
<b>Bolivia</b>	41.9	28.3	22.2
<b>Colombia</b>	453.2	383.0	331.8
<b>Ecuador</b>	24.3	19.8	21.3
<b>Peru</b>	96.6	83.6	73.7
<b>Venezuela</b>	5.0	5.0	3.0
<b>Total</b>	<b>621.0</b>	<b>519.7</b>	<b>452.0</b>

Table 2. U.S. assistance to the Andean Region, FY2011–FY2013 (Figures are in millions of 2013 U.S. dollars).<sup>12</sup>

During President Alvaro Uribe’s administration (2002–2010), Colombia achieved significant improvements in security, political legitimacy, and social equalization. It moved from the 14th position on the FSI to the 46th position, with improvements across all 12 political, social, and economic indicators:

- Demographic Pressures
- Refugees/IDPs
- Group Grievance
- Human Flight
- Uneven Development
- Economic Decline

<sup>11</sup> U.S. Senate, *Andean Counterdrug Initiative*, Caucus on International Narcotics Control, (September 17, 2002) (speech given by Richard Armitage, Deputy Secretary of State, Washington, DC).

<sup>12</sup> Connie Veillette, *Andean Counterdrug Initiative (ACI) and Related Funding Programs: FY2007*. CRS Report RL33370. Washington, DC: Library of Congress, Research Service, August 30, 2007, 18.

- Delegitimization of the State
- Public Services
- Human Rights
- Security Apparatus
- Factionalized Elites
- External Intervention

Under Uribe, Colombia announced the “National Consolidation Plan” to consolidate these improvements, expand political control in previously “lost” regions of Colombia, and secure more assistance from the United States and other international sources. This was Colombia’s use of the Clear, Hold, Build counterinsurgency strategy. USAID and the U.S. DoS have been staunch supporters of the National Consolidation Plan since its inception in 2007.<sup>13</sup>

### **C. WHY COLOMBIA MATTERS**

Since the beginning of the twenty-first century, policy makers and politicians have identified Colombia as an essential ally in the Western Hemisphere and have been able to exploit Colombia’s successes in governmental, social, counternarcotics, and counterterrorism efforts. In a 2003 report submitted to Congress by the Secretary of State, some key reasons for support to Colombia were said to be:

- Seventy-five percent of the world’s cocaine is produced in Colombia, and 90% of the cocaine in the United States is produced or passes through Colombia. Colombia is also a significant source of heroin. In 2000, the United States experienced \$160 billion in economic losses and had 50,000 drug-related deaths.
- Colombian terrorism supports and requires resources from the narcotics industry. Kidnapping and extortion threaten U.S. personnel and economic interests. Terrorist groups kidnapped 51 U.S. citizens and killed 10 others between 1992 and 2001.

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<sup>13</sup> June S. Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*. CRS Report RL32250. Washington, DC: Library of Congress, Research Service, November 28, 2012, 35.

- In 2001, more than 3,000 Colombians were killed in terrorist attacks, and almost as many were kidnapped.
- Trade with Colombia was over \$11 billion in 2001, and has steadily increased with free trade agreements signed between the United States, Canada, and Colombia; thus stimulating economic growth throughout the hemisphere.
- Colombia has significant oil, natural gas, and coal reserves, dramatically reducing supplies required from the Middle East—a major U.S. objective.
- According to the U.S. DoS in 2013, roughly 60,000 U.S. citizens live in Colombia and an additional 280,000 travel, study, or conduct business in Colombia.

Continued exploitation of key relationships and programs, even those currently being executed exclusively by Colombians, could potentially allow the United States to realize similar successes within the Andean Region and Latin America as a whole. The United States stands to gain alliances and cooperation across Latin America, providing gains in U.S. objectives—including security within antinarcotic and antiterrorism programs—and providing economic opportunities for the public and private sectors.

#### **D. CURRENT POLICY**

In terms of policy toward Colombia, U.S. objectives have changed very little since 2003. President Obama (2009–present) has acknowledged and embraced policies developed under the Bush administration to include expanding the Colombian Free Trade Agreement.

U.S. priorities are: support the government’s (Colombia) efforts to enhance democratic institutions; promote human rights and rule of law, particularly within military and paramilitary (and terrorist) organizations; foster socio-economic development, address immediate humanitarian needs and threats to security and democracy posed by narcotics trafficking and terrorism.<sup>14</sup>

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<sup>14</sup> U.S. Department of State, Report to the Congress: *United States Policy towards Colombia and Other Related Issues* (Washington, DC: U.S. Department of State, February 3, 2003), 2.

It is difficult to tie dollar amounts to policies and enforcement because of the way funds are allocated and then subsequently transferred to address shared goals among DoS, USAID, and DoD. When funds are allocated, they are sometimes tied to objectives or milestones. As certain goals are reached, additional funds are released. FY2013 foreign assistance funds have monies appropriated for Colombia. Some of the key areas they address are narco-trafficking and related illicit activity, armed insurgencies with their destabilizing effects, aerial and manual eradication of illicit crops and alternative crop development, human rights abuses, free trade with Colombia, labor rights, and associated violence.

Stipulations for funds directed to Colombia are published in U.S. bill S.324. Section 7045 of bill S.324 states how funds provided by this bill will be used:

Funds appropriated by this Act and made available to the Department of State for assistance for the Government of Colombia may be used to support a unified campaign against narcotics trafficking, organizations designated as Foreign Terrorist Organizations, and other criminal or illegal armed groups; for disarmament, demobilization, and reintegration of former combatants; and to take actions to protect human health and welfare in emergency circumstances, including undertaking rescue operations.<sup>15</sup>

The bill adds that U.S. personnel may not be involved in any of the above operations and allows for additional funds to be allocated as needed. Counternarcotics initiatives have long been at the forefront of U.S.-Colombian relations. While dramatic improvements have been made since 2008, continued funding will be granted to facilitate Colombia's rise as a leader among Latin American countries by assisting Colombia with the resources to equip and train other militaries and law enforcement in the region.

The bill provides \$155 million for Colombia, to be allocated to USAID for new and ongoing development efforts. Developing licit crops that can be substituted as an alternate source of income for farmers who previously grew illicit crops is a top priority program. Social and economic programs, and other projects funded through this source,

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<sup>15</sup> United States Legislative Information, *S.3241 - Department of State, Foreign Operations, and Related Programs Appropriations Act, 2013*, 112th Cong. (2011–2012), 184, <http://www.gpo.gov/fdsys/pkg/BILLS-112s3241pcs/pdf/BILLS-112s3241pcs.pdf>

are also used as “carrots” to gain the cooperation of rural communities that agree to not engage in illicit drug activity. The bill also directs that \$7 million of these funds be used to further develop migration programs and refugee assistance<sup>16</sup> (Colombia has one of the largest internally displaced persons [IDP] populations in the world).<sup>17</sup> An additional \$142 million is dedicated to support the continued development of rule-of-law and drug interdiction and eradication efforts.<sup>18</sup>

Another long-time concern of the U.S. government that is considered when developing policy and funding are human rights abuses by the FARC, National Liberation Army (ELN), paramilitary groups, and the Colombian Armed Forces, and how the Colombian government deals with these allegations.<sup>19</sup> A footnote provided by June Beittel, a prominent Latin America analyst and research expert for the U.S. Congress, in Congressional Research Service Report RL 32250 comprehensively explains the ties between policies concerning human rights abuses and funding.

The criteria have evolved in the various annual foreign operations appropriations measures. For example, in the joint explanatory statement of the Consolidated Appropriations Act of 2012, (P.L. 112–74), the Secretary of State must certify that: (1) The Colombian Armed Forces are suspending those members, of whatever rank, who have been credibly alleged to have violated human rights, or to have aided, abetted or benefitted from paramilitary organizations or other illegal armed groups; all such cases are promptly referred to civilian jurisdiction for investigation and prosecution, and the Colombian Armed Forces are not opposing civilian jurisdiction in such cases; and the Colombian Armed Forces are cooperating fully with civilian prosecutors and judicial authorities. (2) The Government of Colombia has taken all necessary steps to sever links with paramilitary organizations or other illegal armed groups. (3) The Government of Colombia is dismantling paramilitary networks, including by arresting and prosecuting under civilian criminal

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<sup>16</sup> United States Legislative Information, *S.3241 - Department of State, Foreign Operations, and Related Programs Appropriations Act*, 2013, 112th Cong. (2011–2012), 36, <http://www.gpo.gov/fdsys/pkg/BILLS-112s3241pcs/pdf/BILLS-112s3241pcs.pdf>.

<sup>17</sup> Colombia has an estimated 4 to 5 million IDPs. Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*, CRS Report RL32250, 25.

<sup>18</sup> U.S. Legislative Information, *S.3241 - Department of State, Foreign Operations, and Related Programs Appropriations Act*, 2013, 112th Cong. (2011–2012), 58.

<sup>19</sup> Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*, CRS Report RL32250, 25.

law individuals who have provided financial, planning, or logistical support, or have otherwise aided, abetted or benefitted from paramilitary organizations or other illegal armed groups, and by returning the land and other assets illegally acquired by such organizations or their associates to their rightful occupants or owners. (4) The Government of Colombia is respecting the rights of human rights defenders, journalists, trade unionists, and other social activists, and the rights and territory of indigenous and Afro-Colombian communities; and the Colombian Armed Forces are implementing procedures to distinguish between civilians, including displaced persons, and combatants, in their operations.<sup>20</sup>

The U.S.-Colombia Free Trade Agreement (CFTA), enacted in May 2012, is largely tied to policy on human rights abuses and labor rights. Opponents of this legislation cited high levels of violence targeted at union members and leaders, and weak labor rights. President Obama and current Colombian President Santos (2010–present) acknowledged these concerns and developed an “Action Plan” related to labor rights. The plan addresses improved investigative and prosecutorial procedures, and protection for members and leaders of labor unions. The Obama administration stipulated that the preponderance of the measures in the plan—sequential actions the Colombian government must take within a specified time frame—would be required before the President would enact the CFTA.<sup>21</sup> While these improvements have not yet fully satisfied all objections to the agreement, this is an excellent example of diplomacy in action and of rewarding countries which seek to maintain or improve relations with the United States.

#### **E. ACHIEVEMENTS**

U.S. economic assistance and policy have resulted in Colombia achieving some very notable results. The progress Colombia has enjoyed under Plan Colombia includes reestablishing government control over territory previously ungoverned or relinquished to insurgents, combating drug trafficking and terrorist activities, and significantly reducing poverty and social inequality.<sup>22</sup>

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<sup>20</sup> Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*, CRS Report RL32250, 40.

<sup>21</sup> *Ibid.*, 42.

<sup>22</sup> *Ibid.*, summary.

President Santos has relentlessly pursued the FARC, which has resulted in killing at least two top FARC leaders and improving relations with border countries which have been influenced by the FARC. He is currently engaged in a peace process with FARC leader Rodrigo Londono Echeverri. As a result, the FARC has submitted to a unilateral cease fire and has released the “last 10 military and police hostages.”<sup>23</sup> This move was in good faith to show the FARC’s commitment to achieving peace.<sup>24</sup>

According to 2012 estimates from the U.S. Office of National Drug Control (ONDC) policy, Colombia’s potential cocaine production capabilities have once again fallen below those of Peru and Bolivia. Colombia’s 2011 potential cocaine production was 25% lower than 2010’s estimate and 72% lower than the estimate in 2001.<sup>25</sup> While ONDC and the U.S. Central Intelligence Agency’s Crime and Narcotics Center (CNC) numbers differ (CNC’s are not as high), both show a steady decrease in potential production, which is the essence of U.S. foreign policy and economic aid toward Colombia.

USAID’s alternative development program has significantly influenced social and economic development, which directly affects illicit crop cultivation through economic opportunities provided in areas that previously were lacking such opportunities. USAID reported completing 1,290 social and productive infrastructure projects by the end of 2012 that benefited 479,221 families through almost 476,215 hectares of licit crops that were previously illicit crops.<sup>26</sup> Opponents of the current U.S. policy toward Colombia argue that these programs and projects do not reach into the geographic areas where the majority of the coca is grown. Not all areas can be reached at once, however, and gains can be realized by using a methodology similar to the ink blot method of counterinsurgency. General Stanley McChrystal describes this classic method of

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<sup>23</sup> Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*, CRS Report RL32250, 1.

<sup>24</sup> Ibid.

<sup>25</sup> U.S. Office of National Drug Control Policy, *Drug Availability Estimates in the United States*, 2012.

<sup>26</sup> Beittel, *Colombia: Background, U.S. Relations, and Congressional Interest*, CRS Report RL32250, 33.

counterinsurgency as establishing noncontiguous security areas, or “bubbles,” and expanding them through cooperation and influence with the population until they are contiguous.<sup>27</sup> This is a valid approach to USAID programs in both Colombia and Mexico. Results are not immediate; it is a long-term effort that requires time to mature.

The U.S.-CFTA also has achieved significant results for both countries. According to the Colombian embassy in the United States:

Between June 2012 and February 2013, compared to the previous year, two-way trade accounted for \$28.5 billion, an increase of five percent. During that period of time, U.S. exports to Colombia increased 20 percent, including significant increases in oil and derivatives, aircraft and parts, electric machinery, iron and steel products, cereals, soybean products and pharmaceutical products—accounting for \$11.4 billion. U.S. agricultural exports alone increased by 68 percent. Colombian exports to the United States accounted for \$17.1 billion, and 57 percent of total Colombian exports benefited from the FTA—including 33 percent of agricultural exports. In addition, nearly 1,000 exports that did not benefit from one-way trade preferences under the Andean Trade Promotion and Drug Eradication Act (ATPDEA) are now covered under the FTA. These exports – sugar, confectionery goods, textiles, tuna and dairy products, among others – increased by 185 percent increase since the entry into force of the FTA.<sup>28</sup>

As previously stated, besides the economic advantages presented to both the United States and Colombia, this legislation provides the United States with an avenue of oversight for concerns associated with humanitarian rights and labor issues. Similar to USAID programs, changes do not happen immediately, but, given the requisite time, organizations will see improved conditions associated with these issues.

## **F. CONCLUSION**

U.S.-Colombian relations can serve as a flexible model to policy makers when prescribing policy objectives for other developing countries in the Western Hemisphere. Mexico would benefit greatly from applying this model. President Santos has continued

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<sup>27</sup> Greg Gant, “Counterinsurgency is a Long Term Process, Not an Event: McChrystal,” Defense Tech, May 13, 2010, <http://defensetech.org/2010/05/13/counterinsurgency-is-a-long-term-process-not-an-event-mcchrystal/>.

<sup>28</sup> Colombian Embassy in the United States, “U.S.-Colombia Free Trade Agreement,” (n.d.), <http://www.colombiaemb.org/FTA>.

pursuing policies to legitimize and professionalize the Colombian government and security forces and, as a result, Colombia has emerged as the United States' major partner in the region. Colombia is providing leadership and training to other countries in Latin America that previously required more attention (resources) from the United States. Credit must also be given to the Uribe administration that was tasked with reversing the detrimental effects brought about by of the presidency of Andreas Pastrana.

From the AP to the ACI and the U.S.-CFTA, with many shorter steps in between, Colombia continues to stand out as a model for democracy and cooperation throughout the hemisphere. Colombia has made drastic improvements in a relatively short period of time, while addressing concerns raised by U.S. policy makers and helping improve foreign relations across Latin America.

This thesis argues, through both qualitative and quantitative analysis, that these improvements could not have been possible without robust U.S. economic assistance and the staunch political will exercised by U.S. policy makers and politicians. At the same time, there are lessons to be learned from the Colombia experience, even for other nation-states in the region with different histories and relationships with the United States. To illustrate this, Mexico is examined in the next chapter.

### **III. CAN A SUCCESSFUL U.S. EFFORT IN COLOMBIA BE REPLICATED IN MEXICO?**

#### **A. U.S. ECONOMIC ASSISTANCE AND POLICY IN MEXICO**

Similar to U.S. relations with Colombia, the relationship between the United States and Mexico is largely focused on counternarcotics. Just as important as counternarcotics in the Mexican case is illegal immigration, predominantly characterized by Mexicans illegally entering the United States and remaining for prolonged periods of time or indefinitely (mainly engaged in low-paid and low-skilled labor).

The U.S. relationship with Mexico has historically been one of distrust and noncooperation. It was not until the 1990s that there were significant improvements, which were brought about by increased mutual economic interests and mutually beneficial trade ties, resulting in the formal start of the North American Free Trade Agreement (NAFTA) in January 1994.<sup>29</sup>

One of the widely anticipated side effects of NAFTA was a decrease in illegal immigration to the United States.<sup>30</sup> The thinking was that opening existing trade barriers would provide increased economic opportunities (job creation) south of the border. NAFTA, however, may have had the exact opposite effect. While it cannot be directly attributed to NAFTA (the economic boom in the United States during the Clinton administration [1993–2001] likely contributed as well), illegal immigration almost doubled (from 2.5 million in 1995 to 4.5 million in 2000) after NAFTA was signed until 2000.<sup>31</sup>

Other than NAFTA, the main U.S.-Mexico policy today is the MI (2008–present). This policy was developed jointly by U.S. President George W. Bush (2000–2008) and Mexican President Felipe Calderon (2006–2012) at a time when the former was finishing

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<sup>29</sup> Craig A. Deare, “U.S.-Mexico Defense Relations: An Incompatible Interface,” *Strategic Forum* 243, National Defense University, 2009, 3, <https://www.hsdl.org/?view&did=34539>.

<sup>30</sup> Gary Clyde Hufbauer, Jeffrey J. Schott, and Diana Orejas, *NAFTA Revisited: Achievements and Challenges*. (Washington, DC: Prod. Peterson Institute for International Economics, 2005), 9.

<sup>31</sup> *Ibid.*

his second term and the latter was just starting his “sexenio” (six-year term). It was announced in 2007 and signed into law in 2008. The objective of this initiative was to confront Mexico’s security challenges with organized crime and drug-trafficking organizations, and promote governable stability in the region. It has been successful in some respects, and has its shortcomings in others.

The Mexican government has been apprehensive about accepting U.S. economic aid for various reasons that will be discussed in Section B. This apprehension can be traced back to the early twentieth century, the beginning of the era that introduced the exportation of American culture and globalization.<sup>32</sup> To sum up the relationship between Mexico and the United States, Mexican President Porfirio Diaz (1877–1880 and 1884–1911) said, “Poor Mexico, so far from God and so close to the United States.”<sup>33</sup> These words still resound in the minds of many Mexicans today.

Section B provides a brief history of United States-Mexican relations. Section C describes the Merida Initiative as the primary means of U.S. economic assistance to Mexico and compares it to Plan Colombia. Section D discusses why Mexico is important to the United States in geopolitical terms. Section E describes achievements attributed to the Merida Initiative. The conclusion identifies the Merida Initiative as a viable tool to further U.S. national interests and to develop Mexico into a key player in the hemisphere, as Plan Colombia has done for that country. Through this initiative, U.S. economic assistance to Mexico could make a significant difference to social and economic development south of the border.

## **B. A BRIEF HISTORY**

The United States cut its foreign policy teeth on its relationship with Mexico. Immediately following the American Civil War, and on the heels of the country’s westward expansion, America’s financial elite focused their attention on the natural

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<sup>32</sup> John M. Hart, *Empire and Revolution: The Americans in Mexico since the Civil War* (Berkeley and Los Angeles: University of California Press, 2002), 2.

<sup>33</sup> Vladislav Gulevich, “Mexico: So Far from God, So Close to the United States,” *Strategic Culture Foundation On-Line Journal* (Strategic Culture Foundation), August 2012.

resources of Mexico. U.S. economic and political leaders “envisioned a greater American nation” lead by the United States “that would have cultural, economic, and political hegemony” over the Western Hemisphere.<sup>34</sup>

Mexico, which was in desperate need of financial and material resources because of their own civil war or “War of Reform” (1857–1861), accepted assistance from the U.S. elite. Mexico sold bonds and the rights to land and resources to private citizens and corporations of the United States. This enabled Mexico to expel the French, also in the interests of the United States, as America was strongly opposed to a European presence in the hemisphere.

After the French expulsion, these U.S. elites attempted to collect on the debts incurred by Mexico (or exploit the securities guaranteed by the bonds). That was the start of the distrust and contention that characterized the political relationship between the United States and Mexico, and can be seen to this day.<sup>35</sup>

The Mexican Revolution (1910–1920) added additional discord, as Mexican revolutionaries were opposed to the “Americanization” of their country. Throughout the war, and until 1940, the assets that U.S. citizens acquired in Mexico were back under Mexican control.<sup>36</sup>

World War II turned the tide for United States-Mexican relations. With many American working-age males engaged in the war in Europe and the Pacific, U.S. industries sought Mexican immigrant labor to alleviate economic pressure and labor demands. After World War II, relations with Mexico improved and, while ownership of valuable natural resources was retained by Mexico, the United States was granted access that facilitated U.S. industrialization.<sup>37</sup>

Even while the relationship between the United States and Mexico was slowly maturing, Mexico was still apprehensive about U.S. involvement and kept its northern

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<sup>34</sup> Hart, *Empire and Revolution*, (2002), 2.

<sup>35</sup> *Ibid.*, 26.

<sup>36</sup> *Ibid.*, 2.

<sup>37</sup> *Ibid.*

neighbor at arm's length. The next great stride in furthering the U.S.-Mexico relationship, delving into partnership and cooperation, was the Merida Initiative that was signed by both governments in 2007.

### **C. THE MERIDA INITIATIVE**

The Merida Initiative also referred to as “Plan Mexico” for its similarities to Plan Colombia in design and intent, has been a building block for U.S.-Mexican relations (see Table 3 for a comparison) and the major vehicle for providing economic assistance to Mexico. While initial funding incorporated some foreign military financing (FMF; 41% of the MI budget in FY2008), by FY2010 FMF represented less than 3% of the MI budget. FMF was necessary to initiate the Merida Initiative; however, the majority of the funding was through INCLE and the ESF (USAID), which are the key components to pursuing success.

	<b>Plan Colombia</b>	<b>Merida Initiative</b>
<b>Country Context</b>	<b>Population:</b> 45.7 M* <b>Area:</b> 1.14 M. sq. km.; 32 departments, 1 capital district <b>GDP:</b> U.S.\$511.1B*(2012) <b>GDP/per capita:</b> U.S.\$11,000 (2012) <b>Budget:</b> revenue = U.S.\$107B* Expend = U.S.\$65B*	<b>Population:</b> 110 M* <b>Area:</b> 1.97 M. sq. km.; 32 states, 1 federal district <b>GDP:</b> U.S.\$1,79T* (2011) <b>GDP/per capita:</b> U.S.\$15,600 (2012) <b>Budget:</b> revenue = U.S.\$266.9B* Expend = U.S.\$297.7B*
<b>Problem Profile</b>	Major guerrilla insurgencies; generalized violence; major producer and trafficker of illicit drugs; limited central government presence; corruption in police- justice system	Minor regional rebellion; producer and major trafficker of illicit drugs; rapid upsurge in trafficking violence; localized challenges to government presence; acute corruption in police-justice system
<b>Policy Origins</b>	1999–2000; U.S. proactive in policy design	2007–2008; U.S. reactive in policy design
<b>Policy Scope: Goals and Countries</b>	Internal security and antitrafficking; social justice; development. Primary = Colombia; secondary = Peru & Ecuador	Internal security; law enforcement and justice administration. Primary = Mexico; secondary = Central America and Caribbean
<b>Policy Targets</b>	Insurgency (FARC; ELN); self- defense organizations; drug crop eradication; criminal justice system; economic development (e.g., crop substitution)	Counterdrug; counterterror; border security; public security and law enforcement; institution-building and rule of law
<b>Time Commitment</b>	2000–2006; succeeded by similar follow-on policies	Initial: FY2008-FY2010 Subsequent: FY2011-FY2014
<b>U.S. Financial Commitment</b>	U.S.\$4.5B; U.S. currently seeks reduced commitment	FY2008-FY2012 U.S.\$1.9B; FY2013 request U.S.\$234M* FY2014 request U.S.\$183.3M*
<b>U.S. Commitments for Internal Policy</b>	Reduce drug demand	“Genuine partnership”; Reduce drug demand; halt weapons trafficking, precursor chemicals, money laundering
Notes: * M = million; B = billion; T = trillion		

Table 3. Contexts and characteristics of Plan Colombia and the Merida Initiative.<sup>38</sup>

<sup>38</sup> John Bailey, *Plan Colombia and the Merida Initiative: Policy Twins or Distant Cousins*. Georgetown.edu. February 9, 2009. [pdba.georgetown.edu/security/referencematerials/bailey.doc](http://pdba.georgetown.edu/security/referencematerials/bailey.doc), 15.

The initial plan called for training and equipping Mexico's counterdrug forces, the military. The U.S. and Mexican presidents both acknowledged that confronting the violent criminal activity of transnational criminal organizations (TCOs), especially in northern Mexico, could not be a unilateral effort.<sup>39</sup> The effectiveness of the Merida Initiative relies on its emphasis on bilateral efforts: "the Mexican government pledged to tackle crime and corruption and the U.S. government pledged to address drug demand and the illicit trafficking of firearms and bulk currency to Mexico."<sup>40</sup> Increased U.S. involvement at the request of President Calderon surpassed any request for support that Mexico has made since the nineteenth century. Opponents to this approach cite interventionism and risks to Mexican sovereignty as threats to the government.

While the Merida Initiative has had some success, it has been mostly at a tactical level. The Mexican military has used their training and new equipment, both of which were previously inferior to that of the TCOs, to capture or kill leadership in these criminal organizations. While these victories are notable, they have been easily overcome by enthusiastic actors associated with the TCOs or other organizations.

In 2010, the Obama (2009–present) and Calderon administrations developed a new strategic framework for the Merida Initiative. This framework called for greater bilateral cooperation and directed the planning and resources of both countries to achieve the desired effects.

The pillars of the framework are:<sup>41</sup>

I. Disrupting the capacity of criminal organizations that act in both countries by weakening their operational, logistical and financial capabilities.

II. Supporting efforts to strengthen public institutions responsible for combating organized crime, including the promotion of the full

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<sup>39</sup> Clare Ribando Seelke and Kristin M. Finklea, *U.S.-Mexican Security Cooperation: The Merida Initiative*. CRS Report R41349. Washington, DC: Library of Congress Research Service, June 12, 2013, 6.

<sup>40</sup> *Ibid.*, 6.

<sup>41</sup> U.S. Department of State, *Joint Statement on U.S.-Mexico Merida High-Level Consultative Group on Bilateral Cooperation Against Transnational Criminal Organizations* (April 29, 2011), <http://www.state.gov/r/pa/prs/ps/2011/04/162245.htm>.

observance of rule of law, human rights, and active civil society participation.

III. Developing a secure and competitive border for the 21<sup>st</sup> century, that assures efficient and secure flows of legitimate commerce and travel while ensuring citizen safety and disrupting the illicit flow of drugs, weapons, bulk cash and other goods.

IV. Building strong and resilient communities in both countries by supporting efforts to address the root causes of crime and violence, especially concerning youth, promote the culture of lawfulness, reducing illicit drug use, encouraging a broader understanding of the links between drug use and crime and violence, and offering constructive, legal alternatives for the development of young people.

In terms of a funding comparison, funding for the Merida Initiative (see Table 4) pales in comparison to the funding for Plan Colombia (see Table 1). When military assistance is subtracted from both Plan Colombia and the Merida Initiative, funding for the initiative has been an average of 68% (2008–2013) of that of Plan Colombia. There was an obvious trend in spending for Plan Colombia. Initial funding was high and, as the country improved on the Failed State Index, spending subsided. The Merida Initiative lacks an obvious funding trend, other than remaining below funding for Plan Colombia.

Account	FY08 Supp P.L. 110– 252	FY09 P.L. 111–8	FY09 Supp. P.L. 111–32	FY10 P.L. 111– 117	FY10 Supp. P.L. 111– 212	FY11 Supp. P.L. 112–10	FY12 Supp. P.L. 112–74	Account Total	FY13 Req	FY14 Req
<b>ESF</b>	20.0	15.0	0.0	15.0 <sup>a</sup>	0.0	18.0	33.3	101.3	35.0	35.0
<b>INCLE</b>	263.5	246.0	160.0	190.0	175.0	117.0	248.5	1,400.0	199.0	148.1
<b>FMF</b>	116.5	39.0	260.0	5.3	N/A	8.0	N/A <sup>b</sup>	428.8	N/A	N/A
<b>Total</b>	<b>400.0</b>	<b>300.0</b>	<b>420.0</b>	<b>210.3</b>	<b>175.0</b>	<b>143.0</b>	<b>281.8</b>	<b>1,930.1</b>	<b>234.0</b>	<b>183.1</b>

Notes: Row shaded in green is military assistance and not the focus of this thesis. MI funds are assigned to the DoS's International Narcotics Control and Law Enforcement Bureau. DoS transfers funds to other agencies (USAID) carrying out programs in Mexico.

Accounts are: **ESF** = Economic Support Fund (USAID); **FMF** = Foreign Military Financing; **INCLE** = International Narcotics Control and Law Enforcement.

a. \$6 million was later reprogrammed for global climate change efforts by the DoS.

b. Beginning with FY2012, FMF assistance is not included as part of the MI.

N/A signifies that money was not allocated to that specific account for that given year.

Table 4. U.S. assistance for the Merida Initiative, FY2008–FY2014 (Figures are in millions of U.S. dollars).<sup>42</sup>

During approximately the same period of time as the funding comparison above (2008–2012), Colombia improved from 37th to 52nd on the FSI; while Mexico dropped from 105th in 2008 to 98th in 2009, and continued to hover around the mid to upper 90s through the same time frame.

Given the geopolitical and strategic importance that is represented by the relationship between the United States and Mexico, namely the implications for U.S. national security with respect to a stable Mexico and manageable border, the emphasis on the Merida Initiative should be reevaluated. One must acknowledge the historical political relationship between the United States and Mexico, and Mexico's aversion to U.S. intervention. A greater emphasis on the bilateral nature of the Merida Initiative, along with a comprehensive and fair immigration reform policy, will promote greater understanding and acceptance among the populations of both the United States and Mexico.

Table 5 is provided to illustrate economic assistance provided to Mexico outside of Merida Initiative appropriations. The USAID manages programs funded by the Global

<sup>42</sup> Clare Ribando Seelke and Kristin M. Finklea, *U.S.-Mexican Security Cooperation: The Merida Initiative*. CRS Report R41349. Washington, DC: Library of Congress Research Service, June 12, 2013, 8.

Heath and Child Survival account as well as programs funded by the Merida Initiative, whose funding reflects the bulk of U.S. economic assistance to Mexico.

Account	FY2007	FY08 <sup>a</sup>	FY09 <sup>b</sup>	FY10	FY11	FY12	FY13 Req	FY14 Req
<b>INCLE</b>	36.7	242.1	454.0 <sup>c</sup>	365.0 <sup>d</sup>	117.0	248.5	199.0	148.1
<b>ESF</b>	11.4	34.7	15.0	15.0	18.0	33.3	35.0	35.0
<b>FMF</b>	0.0	116.5	299.0 <sup>e</sup>	5.3	8.0	7.0	7.0	7.0
<b>IMET</b>	0.1	0.4	0.8	1.0	1.0	1.0	1.5	1.4
<b>NADR</b>	1.3	1.4	3.9	3.9	5.7	5.4	4.0	3.9
<b>GHCS</b>	3.7	2.7	2.9	3.5	3.5	1.0	0.0	0.0
<b>DA</b>	12.3	8.2	11.2	10.0	25.0	33.4	23.0	10.0
<b>Total</b>	<b>65.4</b>	<b>405.9</b>	<b>786.8</b>	<b>403.7</b>	<b>178.2</b>	<b>329.6</b>	<b>269.5</b>	<b>205.4</b>

Notes: Rows shaded in green are military assistance and not the focus of this thesis. Rows shaded in yellow are represented in Table 4 (MI funding). Accounts are: **GHCS** = Global Health and Child Survival; **DA** = Development Assistance; **ESF**=Economic Support Fund; **FMF** = Foreign Military Financing; **IMET** = International Military Education and Training; **INCLE** = International Narcotics Control and Law Enforcement; **NADR** = Nonproliferation, Anti-terrorism and Related Programs. Funds are accounted for in the FY for which they were appropriated as noted below:

a. FY2008 assistance includes funding from the Supplemental Appropriations Act, 2008 (P.L. 110–252).

b. FY2009 assistance includes FY2009 bridge funding from the Supplemental Appropriations Act, 2008 (P.L. 110–252) and funding from the Supplemental Appropriations Act, 2009 (P.L. 111–32).

c. \$94 million provided under P.L. 111–32 and counted here as part of FY2009 funding was considered by appropriators “forward funding” intended to address, in advance, a portion of the FY2010 request.

d. \$175 million provided in the FY2010 supplemental (P.L. 111–212) and counted here as FY2010 funding was considered by appropriators as “forward funding” intended to address, in advance a portion of the FY2011 request.

e. \$260 million provided under a FY2009 supplemental (P.L. 111–32) and counted here as FY2009 funding was considered by appropriators “forward funding” intended to address, in advance, a portion of the FY2010 request.

f. Prior to FY2008, the GHCS account was known as Child Survival and Health.

Table 5. U.S. assistance to Mexico by account, FY2007–FY2014 (Figures are in millions of U.S. dollars).<sup>43</sup>

<sup>43</sup> Clare Ribando Seelke and Kristin M. Finklea, *U.S.-Mexican Security Cooperation: The Merida Initiative*. CRS Report R41349. Washington, DC: Library of Congress Research Service, June 12, 2013, 33.

## D. WHY MEXICO MATTERS

Arguably, few countries are as important in terms of U.S. national interests as Mexico. These interests are broad, from national security to economic and social prosperity. The United States and Mexico are economically and socially intertwined.

The 2,000-mile shared border between the United States and Mexico is the busiest in the world. U.S. Representative Gabrielle Giffords (Arizona) described it as more of an area than a border.<sup>44</sup> What happens on one side of the border influences what happens on the other.

In 2006, Congressman Dan Burton (Chairman of the Subcommittee on the Western Hemisphere) emphasized the importance of Mexico to the United States by focusing on economic ties. Congressman Burton testified that, “Trade has almost quadrupled from \$81 billion in 1993 to \$292 billion in 2005.”<sup>45</sup> This means jobs on both sides of the border. Burton also said that, “The United States is now Mexico’s most important trading partner, accounting for over 85 percent of Mexico’s exports and 60 percent of Mexico’s imports.”<sup>46</sup> These statistics represent economic opportunities south of the border. By increasing employment opportunities in Mexico, fewer Mexicans may feel the need to seek employment north of the border. Burton suggested that, “Mexico is the United States’ second most important trading partner, with 13 percent of United States exports going to Mexico and 10 percent of imports coming from Mexico.”<sup>47</sup> The cost of doing business in China is rising, forcing U.S. companies to look for areas closer to home. Mexico has surpassed China in some manufacturing sectors such as the volume of production of some electronics (televisions and some cell phones), home appliances,

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<sup>44</sup> *Assessing the Merida Initiative: A Report from the Government Accountability Office: Subcommittee on the Western Hemisphere*, Committee on Foreign Affairs, House of Representatives, 111th Cong. (testimony of U.S. Representative Gabrielle Giffords; Washington, DC: U.S. Government Printing Office, 2010), i-44.

<sup>45</sup> United States Congress, Senate Sub-Committee on International Relations House of Representatives 109<sup>th</sup> Cong. “U.S.-Mexico Relations.” *Subcommittee on the Western Hemisphere of the Committee on International Relations House of Representatives 109th Cong.* (Washington, DC: U.S. Government Printing Office, 2006), 2.

<sup>46</sup> *Ibid.*

<sup>47</sup> *Ibid.*

and cars, among others. If these current trends continue, Mexico will surpass China as the United States' leading import partner by 2018.<sup>48</sup>

NAFTA, and close partnerships with Mexico and Canada, has eased the U.S. dependency on oil from the Middle East.<sup>49</sup> Currently, the United States imports about 40% of the oil it consumes. Mexico is the third largest exporter of petroleum to the United States, accounting for about 10% of the United States' imported petroleum, while Canada is the highest at 28% and Saudi Arabia is at 13%.<sup>50</sup> Mexico receives 60% of all refined gasoline exported by the United States. Because of economic growth in Mexico, that number continues to rise.<sup>51</sup>

Some politicians and other opponents of the Merida Initiative commonly cite “spill-over” violence and crime as a reason to discontinue support to Mexico in their efforts at modernization. The question is often posed, to what level do crimes of property and violence (associated with DTOs) in Mexico affect the level or nature of similar crimes on the U.S. side of the border? That answer is that the data from the Federal Bureau of Investigations' Uniform Crime Report are inconclusive. According to the Government Accountability Office (GAO), “analysis of data for southwest border counties with sufficiently complete data show that, generally, both violent and property crimes were lower in 2011 than in 2004.”<sup>52</sup> During the same time frame, crimes associated with DTOs in Mexico were rising steadily, until 2012, when they began to

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<sup>48</sup> *The Economist*, “The Rise of Mexico,” economist.com. November 24, 2012. <http://www.economist.com/news/leaders/21567081-america-needs-look-again-its-increasingly-important-neighbour-rise-mexico>.

<sup>49</sup> Congress, United States. Congress. Senate. Committee on Foreign Affairs. House of Representatives. 113th. “U.S. Energy Security: Enhancing Partnerships with Mexico and Canada.” *Subcommittee on The Western Hemisphere of the Committee on Foreign Affairs House of Representatives*. Washington, DC: U.S. Government Printing Office, 2013, 3.

<sup>50</sup> U.S. Energy Information Administration, “Independent Statistics and Analysis.” (n.d.). <http://www.eia.gov/tools/faqs/faq.cfm?id=727&t=6>.

<sup>51</sup> *Ibid.*

<sup>52</sup> Government Accountability Office, *Southwest Border Security: Data Are Limited and Concerns Vary about Spillover Crime along the Southwest Border*, Report to Congress (Washington, DC: Government Accountability Office, 2013).

decline through governmental efforts.<sup>53</sup> Crime and violence associated with drug trafficking has existed and will continue to exist throughout the United States for some time. Opponents of the Merida Initiative often claim a causal relationship to DTO activity.

## **E. ACHIEVEMENTS**

This thesis argues that the Merida Initiative has been highly successful since its inception. Although results were slow to come (likewise with Plan Colombia) under the first agreement, focused on equipping and training, a more significant than measurable outcome is the increased cooperation and partnership between government organizations in the United States and Mexico. Mark Toner, spokesman for the U.S. DoS, commented on September 14, 2011, “Through its bold efforts, with U.S. support, the Mexican government has successfully dismantled drug smuggling routes, seized major amounts of illicit drugs, and jailed drug kingpins.”<sup>54</sup> The list of accomplishments below is from a 2011 daily press brief.<sup>55</sup>

- Trained more than 6,800 federal police officers, 4,300 prosecutors and justice sector personnel, and 2,000 corrections and penitentiary staff.
- Strengthened ties to investigate cross-border financial flows and combat money laundering.
- Transferred 14 helicopters to Mexican security forces and police to increase their mobility in their operations.
- Trained more than 23,000 justice sector personnel on their new roles in the oral, adversarial system, including litigation, negotiation, witness preparation, case development, and management.

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<sup>53</sup> June S. Beittel, *Mexico's Drug Trafficking Organizations: Source and Scope of the Violence*. CRS Report R41576. Washington, DC: Library of Congress, Research Service, January 7, 2011, 1–50.

<sup>54</sup> U.S. Department of State, *Diplomacy in Action*, (September 16, 2011), <http://www.state.gov/r/pa/prs/ps/2011/09/172574.htm>.

<sup>55</sup> Ibid.

- Increased information sharing on transnational drug trafficking organizations, which has undergirded successful efforts to remove more than 29 drug cartel bosses.
- Expanded the deployment of non-intrusive inspection devices, including canine teams, at our common border.
- Expanded collaboration to trace weapons found in Mexico by serial number to determine whether they come from the U.S. ‘e-Trace’.
- Continued the high level of extraditions and fugitive apprehensions.
- Purchased and trained more than 114 canines for the Federal Police (SSP), Attorney General’s Office (PGR), and Customs Service (SAT)—all of which are developing canine academies with Merida funding and technical assistance.
- Increased by 70 percent the number of cases now referred to as pre-trial case resolution alternatives in the states where the judicial reforms are being implemented. This has resulted in increased proportions of indictments of more serious crimes.
- Provided technical assistance to victims’ services and alternative justice centers in Chihuahua and Morelos, and trained over 3,500 government officials and members of civil society to attend to victims of trafficking, domestic violence, and sexual assault.

## **F. CONCLUSION**

Some pundits have dubbed the Merida Initiative “Plan Mexico” to emphasize their negative view of both the initiative and of the earlier Plan Colombia. Their unwillingness to acknowledge the accomplishments made in Colombia runs contrary to the fact that “Plan Mexico” seems to be exactly what is needed to assist Mexico and further U.S. interests and national security in North America. The four pillars of the Merida Initiative lay out a framework for tackling challenges of Mexico’s economic and political stability. To be successful, Mexico needs support and assistance by way of feasible, thoughtful policy objectives from the United States.

A recurring theme in all the Merida Initiative research conducted for this thesis is that the initiative lacks any type of coherent and consistent form of measurement to determine resource effectiveness. In testimony provided to the Subcommittee on the Western Hemisphere in 2010, Jess Ford, Director of International Affairs and Trade at the GAO, repeatedly stated that the DoS has yet to establish measures of performance sufficient to determine if the programs under the Merida Initiative were working.<sup>56</sup>

The Merida Initiative has the potential to do for Mexico (and the United States) what Plan Colombia has done for Colombia (and the United States). The same political will and determination, additional cross-border partnerships, along with sustained and predictable economic assistance are necessary to see the Merida Initiative through to its full potential.

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<sup>56</sup> Committee on Foreign Affairs, *Assessing the Merida Initiative: A Report from the Government Accountability Office*, (2010).

## IV. U.S. ECONOMIC ASSISTANCE BY THE NUMBERS

### A. NUMBERS DO NOT LIE (UNFORTUNATELY, THEY ONLY TELL PART OF THE STORY)

Chapter IV provides quantitative analysis to support the qualitative conclusions of Chapters II and III: that U.S. economic assistance provided to developing nations does positively affect development efforts and furthers U.S. goals in partner nations. Tables 7 and 8 are the regression results from comparing U.S. economic assistance dollars spent on Colombia (Table 7) and Mexico (Table 8), and improvements or declines in their FSI scores.

The FSI score is a country's sum of points (1–10) given in 12 separate categories representing political, social, and economic conditions. At the high end of the spectrum, a country in the “Alert” zone (failed state or in danger of soon becoming a failed state) has an aggregate score between 90 and 120. The second most critical zone is a country in the “Warning” zone (has less potential to fail, but has significant issues), with scores between 60 and 89.9. A country in the “Monitoring” zone (considered stable) has an aggregate score between 30 and 59.9. A country in the “Sustainable” zone (most stable) has an aggregate score of 29.9 or less.<sup>57</sup>

Data were adjusted to compare funds from a given year to FSI scores from the subsequent year (see Table 6) because time is needed for programs to achieve demonstrable results. Progress or increased capacity from dollars spent will go beyond a single year; however, to be able to conduct the analysis, a single year's score is used. U.S. economic assistance funds from 2004 to 2011 were compared to FSI scores from 2005 to 2012.

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<sup>57</sup> The FSI is prepared by Fund for Peace and published annually by *Foreign Policy*. This tool is used to identify states with a high degree of instability or in danger of failing with respect to 12 primary social, economic, and political indicators. A low position indicates greater danger or more instability compared to other countries, while a higher cumulative score indicates more instability within the 12 indicators. Available at [http://www.foreignpolicy.com/articles/2013/06/24/2013\\_failed\\_states\\_interactive\\_map](http://www.foreignpolicy.com/articles/2013/06/24/2013_failed_states_interactive_map).

Colombia				Mexico			
\$ in Millions (Independent Variable)		FSI Score (Dependent Variable)		\$ in Millions (Independent Variable)		FSI Score (Dependent Variable)	
2011	453.2	84.4	2012 (52)	2011	178.1	73.6	2012 (98)
2010	642.0	87.0	2011 (44)	2010	418.0	75.1	2011 (94)
2009	1,223.0	88.2	2010 (46)	2009	1,277.0	76.1	2010 (96)
2008	914.0	89.2	2009 (41)	2008	52.0	75.4	2009 (98)
2007	771.0	89.0	2008 (37)	2007	51.0	72.6	2008 (105)
2006	620.0	89.7	2007 (33)	2006	30.0	72.6	2007 (102)
2005	598.0	91.8	2006 (27)	2005	40.0	73.1	2006 (85)
2004	467.0	95.0	2005 (14)	2004	14.0	74.6	2005 (73)

Note: Numbers in ( ) indicate rank order compared to all countries evaluated (higher is better).

Table 6. Data used for regression analysis (2004–2012).<sup>58</sup>

## B. REGRESSION ANALYSIS OF U.S. ECONOMIC ASSISTANCE TO COLOMBIA

Regression results in Table 7, comparing economic assistance to Colombia over the given time period, are somewhat misleading. The regression model indicates that there is no statistical relationship (p-value = 0.71) between U.S. economic assistance and changes in Colombia’s FSI score. The null hypothesis, that U.S. economic assistance to developing countries does not further a targeted country’s capacity or stability, and does not advance the United States’ national interests, cannot be rejected.

<sup>58</sup> Dollar Amounts Columns are from :United States Census Bureau. U.S. Department of Commerce. *The 2012 Statistical Abstract, the National Data Book*. <http://www.census.gov/compendia/statab/2012edition.html>, 2012, 802; FSI Score Columns are from: *Foreign Policy*, “Failed State Index,” (n.d.), [http://www.foreignpolicy.com/articles/2013/06/24/2013\\_failed\\_states\\_interactive\\_map](http://www.foreignpolicy.com/articles/2013/06/24/2013_failed_states_interactive_map).

SUMMARY OUTPUT					
<b>Regression Statistics</b>					
Multiple R	0.1575				
R Square	0.0248				
Adjusted R Square	-0.1377				
Standard Error	3.3612				
Observations	8				
<b>ANOVA</b>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	1.72	1.72	0.15	0.7096
Residual	6	67.78	11.30		
Total	7	69.51			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-Value</i>	
Intercept	90.67	3.72	24.35	< 0.0001	
\$ in Millions (Independent V)	-0.00194	0.00496	-0.39	0.71	

Table 7. Regression results for U.S. economic assistance to Colombia (2004–2012).

The model for economic assistance to Colombia—FSI =  $-0.00194$  (\$ spent) + 90.67—does not represent success. As indicated in Chapter II, U.S. economic assistance has significantly declined since 2010. The Colombian government is now funding many of the programs originally funded by the United States through Plan Colombia. Though money from the United States is tapering off, the FSI score for Colombia is at the highest it has ever been.

### C. REGRESSION ANALYSIS OF U.S. ECONOMIC ASSISTANCE TO MEXICO

Regression results in Table 8 tell a different, and moderately significant, story. Economic assistance to Mexico over the given time period has not followed any specific trend, nor has their aggregate FSI score. Mexico’s position on the FSI in relation to other countries was at its second highest position in 2012 (98th), down from its peak position in 2008 (105th).

SUMMARY OUTPUT					
<b>Regression Statistics</b>					
Multiple R	0.67				
R Square	0.44				
Adjusted R Square	0.35				
Standard Error	1.08				
Observations	8				
<b>ANOVA</b>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	5.62	5.62	4.78	0.0714
Residual	6	7.06	1.18		
Total	7	12.68			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-Value</i>	
Intercept	73.60	0.45	162.04	< 0.0001	
\$ in Millions (Independent V)	0.002068	0.000946	2.19	0.07	

Table 8. Regression results for U.S. economic assistance to Mexico (2004–2012).

In the Mexico case, the null hypothesis (U.S. economic assistance to developing countries does not further a targeted country’s capacity or stability, and does not advance the United States’ national interests) can be rejected. The regression model indicates that there is a moderate statistical relationship ( $p$ -value = 0.07) between U.S. economic assistance and changes in Mexico’s FSI score. The coefficient of the dependent variable was positive (0.002068), indicating that increasing U.S. economic assistance will improve Mexico’s FSI score. The regression model indicates that 44% of the changes in Mexico’s FSI score is directly related to assistance dollars spent. The regression model:  $FSI = 0.002068 (\$ \text{ spent}) + 73.60$  indicates that for every million dollars spent, one can expect the FSI score to increase by 0.002068.

#### D. QUANTITATIVE CONCLUSION

The conclusion of this thesis does not rely on the data that these models represent. There are too many contextual differences between Colombia and Mexico to develop a useful model that would allow simple replication to duplicate the success in Mexico that was achieved in Colombia. For example, the historical political relationships between the United States and Colombia and the United States and Mexico, as discussed in Chapters II and III, respectively, provide a deeper perspective that must be accounted for.

Colombia has never been invaded by the United States, nor has it lost territory to the United States. U.S. economic interests in Colombia pale in comparison to those in Mexico.

Similar to good fences making good neighbors, good borders also make good neighbors. The U.S.-Colombia relationship is not plagued with policy concerns with regard to immigration and border issues, as is the U.S.-Mexico relationship. The data analyzed in this chapter tells a mildly interesting story in terms of Mexico, but is inconclusive in terms of Colombia.

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## V. CONCLUSION

Economic assistance programs are primary instruments in advancing U.S. national interests, enhancing global stability, expanding economic opportunities, and promoting American democratic values abroad. From 1970 until 1987, the budget of the United States' International Assistance Programs represented between 1% and 1.5% of the federal budget.

During the time period focused on in this thesis (2004–2012); foreign economic aid represented less than 1% of the total U.S. budget. While the dollar figures in the tables of this thesis may appear large, they represent only a very small portion of the total United States budget, which is a small price to pay for effective international policy and relations. Figure 2 shows an overall downward trend of funding for U.S. economic assistance programs as a percentage of the entirety of the U.S. budget from 1965 to 2010.

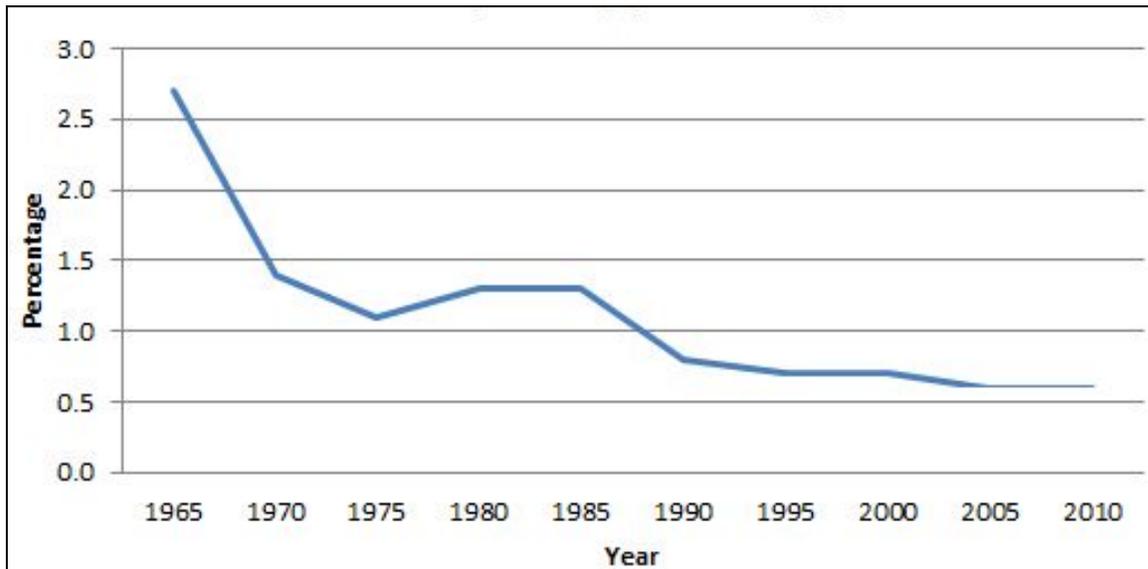


Figure 2. International assistance programs as a percent of federal spending (1965–2010).<sup>59</sup>

<sup>59</sup> Center for Global Development, *Foreign Assistance and the U.S. Budget*, (n.d.), <http://www.cgdev.org/page/foreign-assistance-and-us-budget>.

Against this wider backdrop, this thesis answered the question: Is giving economic assistance to developing countries meeting the desired objectives in relation to stated U.S. foreign policy goals and objectives? The answer is affirmative, at least in the case of Colombia and Mexico. While military assistance (programs funded through FMF, IMT, and DoD) is clearly important, the preponderance of the evidence indicates that in nation-states such as Colombia and Mexico, where the interests of the United States are concerned, economic assistance designed to address political, social, and economic shortfalls tied to specific goals and objectives is a good investment for the United States. The time that it takes to reach the stated (and often unstated) political objectives of a foreign assistance policy is an uncontrollable variable that challenges political will and public sentiment. Commitment to these policies must be unwavering; however, policy goals and objective must be thoughtful and flexible enough to incorporate changes in administrations and circumstances.

Colombia and Mexico were selected as case studies using a “Contrast of Contexts” approach (outlined in Chapter I) comparing the U.S.-Colombia success with Plan Colombia and the Merida Initiative for U.S.-Mexico relations. USAID has been the major U.S. entity implementing economic assistance for the United States for both Plan Colombia and the Merida Initiative. USAID’s responsibilities have expanded to incorporate program development for building democratic political institutions, humanitarian assistance programs, sustainable development to promote economic development, and foster trade and investment; all of which are addressed with Plan Colombia and the Merida Initiative.

The geopolitical differences between U.S.-Colombia and U.S.-Mexico relations are great; from border relations affecting the U.S. political climate, perceived or actual threats to U.S. national security, U.S. economic and energy interests, to drug control policy. Using Plan Colombia as a model and adapting it to accommodate for these differences in the Merida Initiative could improve stability and development in Mexico; thereby achieving or at least furthering the pursuit of the interests and goals of the United States.

Regression analysis did not show a significant relationship between economic assistance to Colombia and its position on the FSI; however, the success of Plan Colombia was explained qualitatively in Chapter II. While economic assistance from the United States to Colombia is diminishing, political and social conditions continue to improve through Colombia's success. Regression analysis in relation to U.S. economic assistance to Mexico and the Merida Initiative yields a moderately significant relationship. Increasing U.S. assistance to Mexico will increase Mexico's FSI score, as demonstrated by the model:  $FSI = 0.002068 (\$ \text{ spent}) + 73.60$ .

A strained history between Mexico and the United States has been a major stumbling block for U.S.-Mexico relations. In 2007, the Merida Initiative was the largest form of assistance requested by Mexico of the United States in recent history.

To be effective, this policy must be managed through clearly established and identifiable goals that can be measured to identify success or lack thereof, and maintain the flexibility to incorporate policy changes to address areas not showing progress. With political will comparable to that shown in the development and execution of Plan Colombia, improved bilateral relations, and increased economic assistance (also comparable to Plan Colombia) the Merida Initiative could do for U.S.-Mexico relations what Plan Colombia has done for U.S.-Colombia relations.

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