

Testimony of Ambassador (ret.) Stephen McFarland  
Former U.S. Ambassador to Guatemala (2008-2011)

Hearing before the:

House Committee on Foreign Affairs

Subcommittee on the Western Hemisphere, Civilian Security, and Trade

“Assessing the Impact of Cutting Foreign Assistance in Central America”

September 25, 2019

Chairman Sires, Ranking Member Rooney, and distinguished members of the Committee, I thank you for the privilege of testifying before you on “Assessing the Impact of Cutting Foreign Assistance in Central America.” I am honored to join the other witnesses and to share my personal views, which draw upon eight years in the region as a Foreign Service officer, including three years as Ambassador to Guatemala. In my assignments to Central America I worked in the administrations of Presidents Reagan, George H.W. Bush, Clinton, George W. Bush, and Obama; I can attest that U.S. policy in that region and elsewhere is strongest when it has bipartisan Congressional involvement and support.

Central America is a complex region that elicits a range of assessments on what is happening, and how the U.S. should respond in order to achieve U.S. objectives in a sustainable way. My approach draws upon experience in the region in wartime and in peacetime, and on how the various elements of diplomacy, development, and security reinforce one another in the implementation of strategy, leadership, engagement, and cooperation. Overall, the assistance cut-off is very counterproductive in terms of the Trump administration’s own objectives; the cut-off will tend to spur migration, it will weaken efforts against narcotics traffickers and organized crime, and it increases the risk that in the future, more radical political options, such as Chavez’ rise in Venezuela, will gain strength. I will conclude with a recommendation to restore U.S. assistance within a new policy construct that seeks long term reforms in the Northern Triangle to reduce migration as well as to reinforce other USG objectives.

## Why are Central Americans migrating to the U.S.?

The sharp increase in migration from Central America to the U.S. reflects four “push” factors; I believe U.S. policies to reduce this migration should be assessed in terms of how they would address these factors:

- 1) **The economic systems in the sending countries:** the three countries have a gap each year between the number of young men and women who enter the labor force, and the number of new jobs created. In Guatemala, for example, the formal economy can absorb about 30 % of the persons entering the labor market. In addition, salaries are extremely low. Governments have few resources to intervene; Guatemala, for example, has a tax to GDP ratio of about 10 %, the second lowest in the hemisphere. The formal private sectors either lack incentives or face obstacles to generate more and better-paid employment. Emigration to the U.S. serves as a “pressure relief valve” that also provides an estimated \$8.0 billion each year in remittances to Guatemala. Emigration is not a defect in the economic system but rather an important and integral part of it.
- 2) **Humanitarian emergencies:** in 2019 the sharp decline in coffee and sugar prices eliminated many part-time jobs that agricultural workers relied upon to make ends meet. In addition, there have been severe droughts in all three countries, which some observers attribute to climate change. Both factors motivate migration.
- 3) **Security:** Gang violence fluctuates throughout the three countries. Much of Guatemalan migration, and some Honduran migration, comes from lower crime regions. While homicide rates have dropped in recent years in Guatemala, there is anecdotal information that extorsions have increased. In addition, the current government of Guatemala has removed many of the senior police who had worked with the U.S. to improve police performance and to provide security to citizens. Intra-family violence and sexual violence are pervasive in Guatemala, and I believe they are a factor in stimulating migration.
- 4) **Lack of hope versus the “American dream:”** Conversations with Guatemalans indicate that many young people, including some in the middle class, are discouraged by the corruption, security problems, and the

country's inability to progress. Informed by social media, and aware of the success that many compatriots have had in the U.S., they choose to migrate even when they have economic opportunities at home.

### **What is the broader political context for Central American and U.S. goals?**

It is important to place the migration issue into the broader context of challenges to the democratic and free enterprise model in Central America:

- 1) **Increasing public discontent with corruption.** In El Salvador, public rejection of corruption in the two traditional parties led to the impressive victory of President Bukele. In Honduras, DEA investigations and arrests of figures linked to the government, including the president's brother, have sparked frequent protests. In Guatemala, two former presidents have been jailed, and the attorney general and the International Commission Against Impunity in Guatemala (CICIG) have accused the current president of illegal campaign financing (he denies the charge). The non-renewal of the CICIG mission, with the acquiescence of the U.S., is a blow to anti-corruption efforts. A major challenge for all three countries is to identify how states with serious corruption problems can reduce corruption.
- 2) **Increasing narcotics trafficking.** The U.S. calculates that traffickers moved over 1,400 tons of cocaine through Guatemala in 2018, while seizures were barely above one percent. High-profile DEA arrests of politicians from Honduras and Guatemala for alleged drug smuggling suggest local and state institutions are vulnerable to traffickers. The example of Colombia in the 1990s suggests that drug traffickers will seek to expand further their political, social, and economic influence. The challenge for all three states is to agree on how governments identify and counter narcotics corruption in the executive, legislative, judicial, and local government sectors, as well as in other parts of the nation.
- 3) **Uneven economic opportunities.** National economies' overall adequate performance mask significant disparities in wages, opportunities, and basic services such as health, education, and security. As a long-time Venezuela watcher, there is a worrisome similarity between the deteriorating Venezuela of the pre-Chavez years, and the Northern Triangle of today.

### **The 2019 cut-off of U.S assistance:**

The stated intent of the Trump administration's cutoff of U.S. assistance (USAID and State, including State/INL) to the Northern Triangle countries of El Salvador, Guatemala, and Honduras is to leverage U.S. assistance to obtain those governments' cooperation to reduce migration to the U.S. in the short term. To withhold U.S. assistance as leverage can be effective sometimes, but in the current situation of Central American migration this approach has severe limitations:

- 1) Borders are porous, and it is not illegal in Central America for a citizen to try to leave his or her country (indeed it is a human right the U.S. extolled during the cold war);
- 2) The systemic drivers of migration require long term investments of leadership, strategy, political will to implement reforms, and resources;
- 3) And, most importantly, it's very unlikely that the leverage will work on the three Central American governments. U.S. assistance programs address U.S. objectives, most of which the host countries share, but the programs' implementation often impose political and resource costs on the governments. The governments do not get to spend U.S. assistance funds. In the case of the current government of Guatemala, for example, there is no public indication that it seeks to restore the assistance that the USG has cut.

In my view, President Trump's decision to cut U.S. assistance to Central America in order to pressure the "Northern Triangle" countries of El Salvador, Guatemala, and Honduras to reduce migration to the U.S. works against the Trump administration's own objectives on migration. This is because U.S. assistance – economic development, governance, humanitarian, and law enforcement -- helps farmers improve crop yields and market crops; works with youth and community groups and the private sector to create employment opportunities; promotes public-private partnerships with the private sector; supports civil society; helps local governments provide needed services more effectively; supports community policing, anti-gang police work, and intrafamily and sexual violence reduction efforts; and advances human rights and the rule of law.

The Trump administration's cutoff of assistance also inadvertently undermines traditional bipartisan U.S. objectives in the region on rule of law and transparency, democracy, security, and counter-narcotics. And, it goes against an American tradition of helping the region's poorest and most vulnerable, a tradition that distinguishes U.S. foreign policy from that of non-hemispheric powers such as China or Russia.

While the U.S. has signed agreements recently with Guatemala and El Salvador to return third-country asylum seekers to those nations, it does not appear that the assistance cut-off played a role in those decisions. (I note that the agreements are based on dubious host country abilities to process asylum requests and to ensure asylum seekers have appropriate security. While the agreements may deter some migration, I believe that many new and returned migrants will keep trying to enter the U.S. given the lack of employment or security.)

I understand current USAID and State assistance programs have cut back substantially their activities; most can survive till early 2020 but will then run out of funding. Let me share some experiences to illustrate what such a cut-off means on the ground:

--Near Camotan in eastern Guatemala in 2002, I joined a USAID-supported program to identify and treat children suffering acute malnutrition. We hiked to a farm and persuaded the parents of a two-year old girl -- who weighed only nine pounds -- to let us take her to a medical post. As we took turns carrying the girl, the parents explained their survival strategy: there was a drought and the crops failed; there was no government safety net; they were a large family (no access to family planning), so what little food there was went to the older children who could help in the fields, leaving no food for the girl. It's not hard to imagine that such a family now, during yet another drought, and without USAID food programs, would choose to emigrate to the U.S., no matter how risky the trip.

--In Guatemala City in 2011, I attended the funeral of the son of Mr. Jorge Cac; his son was the last of four family members to die from a gang's firebombing of a bus (gangs used firebombs to extort money from bus owners). The funeral procession went down a street where most of the houses displayed gang graffiti, including the gang that had murdered his family. What, I wondered, keeps people from seeking a safer life outside Guatemala? The U.S. supports some effective community policing, anti-gang programs, and creation of jobs in the private sector for youth in the Northern Triangle through State/INL and USAID -- programs that the 2019 assistance cut will terminate.

--In Guatemala during 2010 and 2011, the Embassy's DEA office, with the support of State and other agencies, worked with the Guatemalan government to locate, capture, and hold over for trial and extradition several leaders of drug-trafficking organizations. Critical to our success were State/INL support for various police and attorney general capabilities; vetted units; and USAID and State

support for the judiciary, including high-impact courts. Similar U.S. programs today in Guatemala, Honduras, and El Salvador are imperiled by the assistance cuts.

There is another important aspect of the cut-off to consider -- its impact on the U.S.' ability to exert its soft power to achieve its broader political, security, and economic objectives in the Northern Triangle countries through:

- 1) The U.S.' reputation for providing humanitarian assistance;
- 2) The extent to which U.S. objectives in the region match to a great extent those of the peoples of Central America;
- 3) The U.S.' willingness and perceived ability to lead. In this respect, for the U.S. to insist upon a cut-off of assistance that works against the administration's own objectives sends the message that the U.S. is not a serious player;
- 4) The U.S.' support for U.S. values, not just short-term objectives.

The implementation of U.S. policy in the field is more effective when it is based on shared values, not just narrow self-interest. A U.S. policy that is one dimensional, lopsided, transactional, and focused on the short term will inevitably make it harder for the U.S. to pursue a broader long-term political, economic, development, and security relationship with the region. U.S. values and credibility matter, and these are issues in which we have and should seek to maintain a comparative advantage in the region over China.

### **A new U.S. and Central American approach:**

I often hear two important questions about Central America and U.S. assistance: one, if current U.S. assistance is so good, why has migration increased in recent years? And, two, why can't the U.S. and Central America, especially the countries of the Northern Triangle, emulate the U.S. – Colombian "Plan Colombia?" The two questions have a common answer, which I'll address from my perspective as Ambassador to Guatemala. In late October 2010, then ex-president of Colombia Uribe visited Guatemala. I attended his meeting with members of the private sector elite to discuss how to improve security in Guatemala. Uribe described the basic components of Plan Colombia: a revamped political-military strategy, presidential leadership, implementation by the bureaucracy, close cooperation with the U.S. – and the private sector's agreement to increase taxes on the wealthiest businesses. When Uribe mentioned the last

factor – taxes -- it was clear that most of the businessmen had lost interest. They wanted better security, but they did not want to contribute more taxes to it.

U.S. assistance has a similar tale to tell. The U.S. has provided large quantities of assistance that have had positive impacts. However, the kinds of political and economic reforms needed to expand and sustain what U.S. assistance has provided – effective anti-corruption programs; rule of law; tax revenues that allow the state to provide health, education, and security; police reform; civil service reform – generally lack sufficient support within the political and economic elites. There are several explanations for this, which include a general fear of change, the impact of corruption, political structures that discourage strategic vision, and the perception that the status quo – using the U.S. as the “pressure relief valve” for migration -- is better than any alternative.

While the Obama administration sought to build support for such reforms through persuasion and incentives, and at times through cajoling and pressure, arguably it is time for the U.S. to become more proactive, and not only to use persuasion and to offer incentives and partnership, but also to consider greater use of selective sanctions against persons or sectors that insist on a status quo that harms U.S. interests as well as those of their own country. A first step, however, is for the administration to “declare victory” and to restore U.S. assistance to El Salvador, Guatemala, and Honduras.