



Will Elections in El Salvador Create a Narcostate?

By Roger F. Noriega

Key points in this *Outlook*:

- Narcotraffickers, terrorist groups, and street gangs are increasingly making inroads into Central American politics, threatening the security and stability of the region.
- El Salvador's March 9 presidential runoff election, in which the corrupt and ineffective ruling party is trying to hold on to power, will affect the future of the nation and US security.
- The US government must denounce criminal or terrorist organizations and their supporters attempting to hijack a country's democracy for their own gain.

El Salvador will choose a new president in a runoff election on March 9. The nation's decision may prove critical to Salvadoran democracy and regional security, in light of substantial evidence linking the ruling party candidate to narcotraffickers, terrorist groups, and violent street gangs. Moreover, foreign interference in the form of billions of dollars in Venezuelan oil revenues has given the ruling party an advantage, despite the fact that its economic policies have increased poverty and stunted economic growth.

Narcotraffickers displaced by Mexican and Colombian law enforcement efforts in recent years have established a foothold in Central America, where relatively weak countries do not have the resources, institutions, and—in some cases—political will to resist them. These transnational criminal organizations have used illicit funds to co-opt officials and influence elections to secure

permissive environments for their activities. Their favored candidate in Honduras was defeated in a fairly close election last November.¹ However, these criminal kingpins are now counting on an expanding partnership with a friendly government in El Salvador.

The US government must be more creative in helping these Central American nations stem this criminal tide. In addition to increasing material aid, for example, it should use law enforcement tools to sanction individuals and groups whose criminal activities represent a threat to democracy and the rule of law. If the Obama administration continues to turn a blind eye to this threat, Congress should press for sanctions against those who support narcoterrorism and should increase assistance to friendly countries confronting transnational crime.

High-Stakes Elections in El Salvador

Voters in El Salvador went to the polls on February 2 to elect a new president. The front-runners were two candidates from opposite ends of the political

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spectrum: radical leftist Salvador Sánchez Cerén of the ruling Frente Farabundo Martí de Liberación Nacional (FMLN) and Norman Quijano of the conservative Alianza Republicana Nacionalista (ARENA) party. Former president Antonio Saca played a spoiler role, dividing the opposition vote.²

In a surprise to many observers, Sánchez Cerén nearly scored a first-round victory, capturing almost 49 percent of the vote, while Quijano garnered almost 39 percent.³ Saca finished with 11.4 percent. Because no candidate crossed the 50 percent threshold, Sánchez Cerén and Quijano advanced to the second-round balloting scheduled for March 9. Saca, who was expelled from ARENA in 2009 based on allegations of corruption, has said that he will not endorse either candidate in the runoff; without a public endorsement, most of Saca's share of the vote will likely gravitate back to ARENA.⁴

The outcome in El Salvador could have an impact on the security and stability of the region, which affects US interests. Unlike current president Mauricio Funes of the FMLN, who has governed as a relative moderate since his election in 2009, Sánchez Cerén represents the hardline, guerrilla faction of the movement that clings to its ideology and maintains dangerous associations with regional criminals and terrorists. In short, a victory by Sánchez Cerén will likely move El Salvador into an even closer partnership with Venezuela, Cuba, and the Colombian narcoterrorist group FARC (Fuerzas Armadas Revolucionarias de Colombia). Naturally, such a government would gradually reduce its cooperation with the United States in the fight against drug trafficking and other security threats.

El Salvador is in the "northern triangle" of Central America, which is ground zero for the alarming trend of drug cartels attempting to suborn national governments to create permissive environments for their illicit activities. According to the State Department's latest *International Narcotics Control Strategy Report*, "El Salvador continues to be a major transit country for illegal drugs destined for the United States from source countries in South America."⁵

Under Funes, El Salvador has maintained some degree of cooperation with US antidrug efforts; for example, the country still hosts a US-run anti-drug trafficking facility and an international law enforcement academy. However, Funes has never taken effective action to control the notorious criminality within the FMLN; on the contrary, in recent months, he has placed the resources of the state at the disposal of the FMLN campaign—using prosecutors

and law enforcement to attack ARENA officials in a successful effort to deflect criticism from the criminal associates of the FMLN standard-bearer.

Substantial evidence exists in the public domain to raise serious concerns about the commitment of a potential Sánchez Cerén government to combating drug trafficking and criminality in El Salvador, including the activities of the country's violent gangs. Much of this evidence points to FMLN kingpin José Luis Merino, a high-ranking party official and confidante of Sánchez Cerén. Known also by his nom de guerre, "Comandante Ramiro," Merino studied intelligence at an elite Soviet military academy and was trained in guerrilla warfare in Cuba. During the Salvadoran civil war in the 1980s, he led a special urban commando unit called U-24 that was responsible for a dozen high-profile assassinations and kidnappings, including that of president José Napoleón Duarte's daughter in 1985.

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government in El Salvador.

Merino has long been one of the top officials in the Communist Party of El Salvador. However, most of his influence today is attributable to the experience and personal relationships he has acquired over the years managing vast sums of money through a far-reaching clandestine economic empire. For example, Merino controls the party's lucrative ties with ALBA Petroleum, the Venezuela-backed company that provides subsidized gasoline to dozens of municipalities run by FMLN mayors. The profits from selling the gasoline at market prices are supposed to go to "social projects," but it is widely believed that they also benefit the FMLN's political operations.⁶

Former *Washington Post* investigative reporter Doug Farah said of the vast sums of money available to the FMLN from ALBA Petroleum, "This is not an ideological matter; it's a question of corruption and of questionable money that is being injected by the [FMLN] government into political campaigns."⁷

In recent years, the amount of money funneled through Merino and the FMLN has reached \$600–800 million, according to a respected expert; that source also estimates that, in light of falling oil revenue, this aid program is used to launder the proceeds of illegal drug sales and other Venezuelan corruption.⁸

A secretive figure who shuns the spotlight, Merino's name was publicized widely after his close operational ties to slain FARC commander Raul Reyes were revealed within FARC computers recovered by Colombian troops in 2008. Numerous documents prove Merino's long-standing collaboration with the FARC, a narcotrafficking organization that has been designated a terrorist group by the United States and the European Union.

According to veteran journalist José de Cordoba, "The documents show that the FARC has an international support network stretching from Madrid to Mexico City, Buenos Aires to Bern. Merino, the documents suggest, is a key link in that international chain, the FARC's man in El Salvador, and one of the architects of an arms deal that includes everything from sniper rifles to ground-to-air missiles."⁹

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In a *Wall Street Journal* article in 2008, de Cordoba describes a proposed operation by Reyes in which kidnappings in Panama could be used to fund political campaigns in El Salvador through Merino. Merino would split the profits of the kidnappings with the FARC.¹⁰ Former US Drug Enforcement Administration Director of Operations Michael Braun has said, "There is enough information which clearly presents Merino as someone with strong connections to the FARC."¹¹

In testimony before the US Congress in February 2014, Farah said the FARC is "at the center of a multitude of criminal enterprises and terrorist activities that stretch from Colombia south to Argentina, and northward to Central America and into direct ties to the Mexican drug cartels."¹² The revenues from the FARC's involvement in the drug trade amounts to some \$500–600 million, according to the United Nations.¹³

There is even more recent evidence of Merino's continuing central role in this criminal network. According to a recent report from the Spanish newspaper ABC, Merino helped a member of the Italian Calabrese mafia travel to an area of Venezuela controlled by the FARC to discuss drug-trafficking collaboration.¹⁴

In light of Merino's apparent and deep ties to international criminality, it is inconceivable that he is so close to the levers of power in El Salvador; it is even more

troubling that his influence and impunity will grow in the event of a Sánchez Cerén victory. With El Salvador having a US dollar economy and receiving nearly \$4 billion annually in remittances from Salvadorans in the United States, the vulnerability to money laundering may grow under a lawless government.

Playing the Gang Card

Another criminal network with deepening roots in El Salvador is the violent street gangs, which reach into dozens of major US cities. Here, too, the FMLN has troubling relationships with criminals whose activities have dangerous repercussions for the United States as well as El Salvador. The FMLN's links to these murderous gangs have been strengthened in recent months by a controversial "gang truce."

The motives behind the gang truce have been hotly debated since the initiative was announced in 2012, with skepticism exacerbated by the lack of transparency and exclusion of key sectors of civil society. The secretive negotiations generated speculation that international narcotraffickers and gang kingpins were seeking a truce to facilitate their illicit activities, with little interest in reducing violence.

President Funes steadfastly denied that his government had any role in negotiating the truce, although he welcomed its stated purpose of reducing the number of murders in the country. However, confidential government documents disclosed days before the election revealed the FMLN's direct involvement with the gangs, seeking to curry their favor and incorporate them into the FMLN's voter mobilization efforts.¹⁵

The recent disclosure of clandestine mass graves demonstrates the ineffectiveness of the government-backed truce in reducing violence. On the contrary, according to an expert on the truce, its practical effects have been to allow the gangs to consolidate their turf in El Salvador, increase their access to transnational organized crime networks, and attain a role in the country's political process and elections. Indeed, Salvadoran gangs have become more sophisticated in their organizational capacity and communications. The ability of the gangs to consolidate their ranks and coordinate their operations marks a dangerous evolution of a criminal alliance that can expand its reach into national politics and transnational crimes.¹⁶

In light of the reckless strategy and political motives behind the gang truce, it is no wonder that President

Funes sought to conceal his government's role in the process.¹⁷ Documents and other evidence (including hours of video and audio recordings) from the Salvadoran attorney general's office proved unequivocally the FMLN government's role in engineering and implementing the truce.¹⁸

Beyond a "truce," however, the documents expose an effort by FMLN to buy the support of gang leaders with public funds. The government offered gang leaders access to prostitutes, permission to leave prison for night outings and family visits, plasma televisions, billiard tables, and refrigerators and other kitchen appliances, among other privileges. Moreover, the evidence reveals that the government paid the truce mediators, transferred gang members to less-secure facilities, and relaxed prison security and search procedures after mediators visited gang members in certain prisons.¹⁹

Systematic coercion, authorized and funded by the ruling party, threatens the democratic process.

More alarming, however, is evidence that the "truce" was designed by the ruling FMLN as a tool to recruit the country's most violent street gangs into the party's electoral campaign. Among the documents leaked were a letter from a gang member nicknamed "El Grillo" to President Funes and a subsequent letter from Funes's private secretary, Francisco Cáceres, to former minister of security, David Munguía Payes, on January 23, 2012.²⁰

In the first letter, El Grillo called on Funes to deliver what the FMLN had promised in exchange for the gang's vote in the 2009 elections. According to this document, Funes agreed to transfer Mara Salvatrucha gang leaders from the Zacatecoluca high-security prison to the Cojutepeque prison (where the leaders of the Barrio 18 gang are imprisoned), reduce jail sentences, increase visitation hours and privileges, make monthly payments to gang leaders, guarantee admission for the sons of gang leaders to the National Academy of Public Security, and remove soldiers from control points at prisons.²¹

In the second letter, the former minister of security is ordered to meet El Grillo's demands. The letter, which is labeled confidential and bears the presidential seal, also mentions that Raul Mijango (one of the individuals designated as a mediator in the gang truce) received a monthly stipend equivalent to \$2,000 from the Salvadoran prison

budget. Funds for the families of gang leaders were procured from the State Intelligence Agency.

That some quid pro quo was established between the FMLN and the gangs during the election was confirmed by reports of voter intimidation by the gangs. Doug Farah told a Salvadoran newspaper, "There is an abundance of reliable information showing that the Salvadoran gangs intimidated people to vote a certain way, or that they stopped them from voting altogether by confiscating their identification cards."²²

Without question, the highly irregular truce process has empowered gang leaders, inasmuch as they have been able to negotiate directly with the Salvadoran government. Those violent gang leaders have been enlisted by the FMLN to deliver the votes of persons living on their turf or to intimidate opposition supporters.²³ This systematic coercion, authorized and funded by the ruling party, threatens the democratic process.

Faltering Security and a Faltering Economy

The declining security situation in El Salvador has taken its toll on the nation's economic growth, which has been damaged by the unsteady economic policies of the Funes administration. Funes came to power saying that economic development would be a priority, promising to provide credits to small businesses to boost production, reduce poverty, and lower the cost of the "food basket."²⁴ Although his rhetoric served to reassure skeptics that he would pursue a responsible economic program notwithstanding the leftist ideology of the FMLN, the results have not measured up.

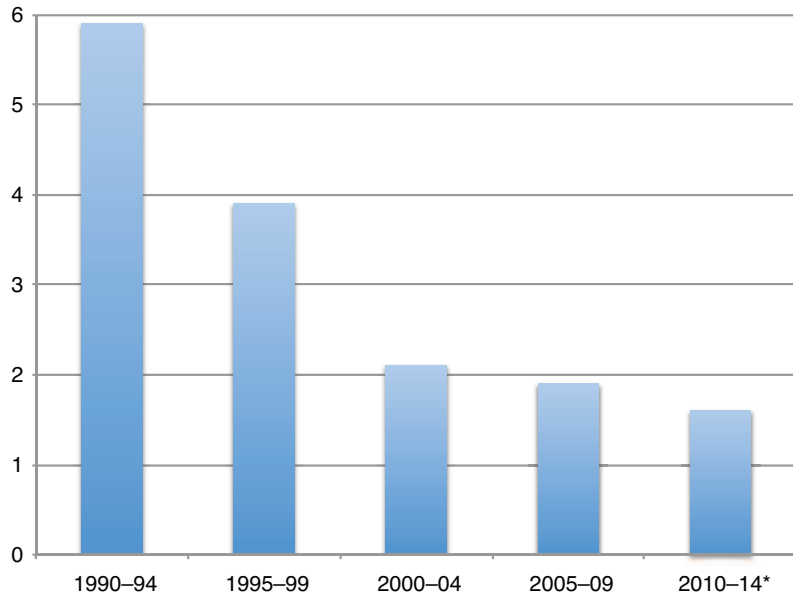
Since the 1992 peace accords that ended a decade of civil strife, a succession of Salvadoran governments adopted market economic policies that yielded significant productivity, opportunity, and growth. For example, between 1990 and 1994, the country recorded an average annual growth rate of 5.9 percent, according to the International Monetary Fund (IMF), making it one of the best-performing economies in the developing world.²⁵ (See figure 1.)

Under the Funes administration, however, the Salvadoran economy has suffered significant setbacks because of substantial increases in government deficit spending caused by a ballooning public-sector payroll and expansion of ineffective social spending. The widespread violence fueled by gang activity and narcotrafficking has also reduced economic growth and discouraged foreign investment.

According to the United Nation’s Economic Commission for Latin America and the Caribbean, El Salvador’s gross domestic product grew by only 1.3 percent in 2012 (the lowest rate in Central America), and foreign direct investment declined from \$1.4 billion in 2008 to \$515 million in 2012.²⁶ An economic assessment by the IMF in 2013 found that “low productivity levels [in El Salvador] are related with low human capital, physical infrastructure deterioration, low private sector investment (including low flows of [foreign direct investment]), poor security conditions owing to gang-related activity, and political uncertainty.”²⁷ (See figure 2.)

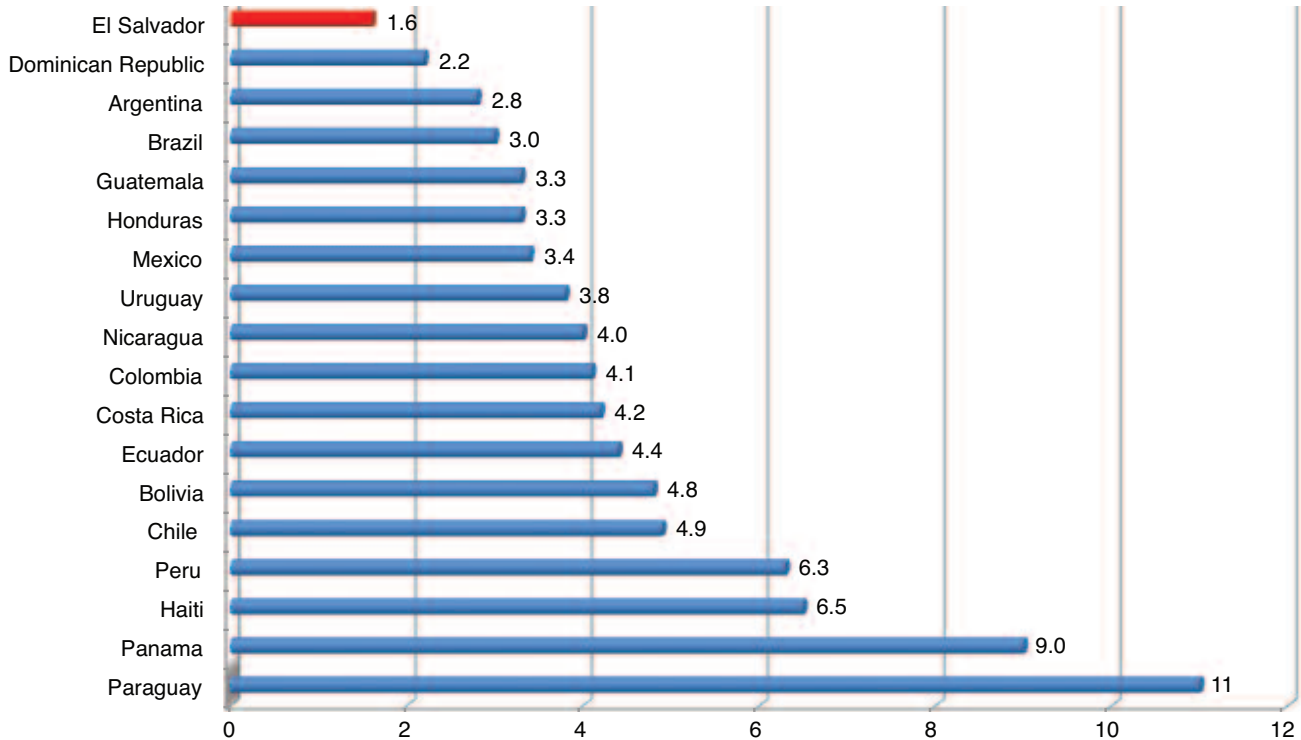
Specifically, the IMF said the Funes government’s inability to control spending had contributed to El Salvador’s faltering economy. “Economic growth has been sluggish

FIGURE 1
AVERAGE ECONOMIC GROWTH RATES DURING PRESIDENTIAL MANDATES:
1990–PRESENT



Sources: Central Bank of El Salvador and International Monetary Fund.
Note: * = International Monetary Fund estimated economic growth in El Salvador to be 1.6% for 2013 and 1.6% for 2014.

FIGURE 2
LATIN AMERICA: ECONOMIC GROWTH, 2013



Source: International Monetary Fund, April 2013.

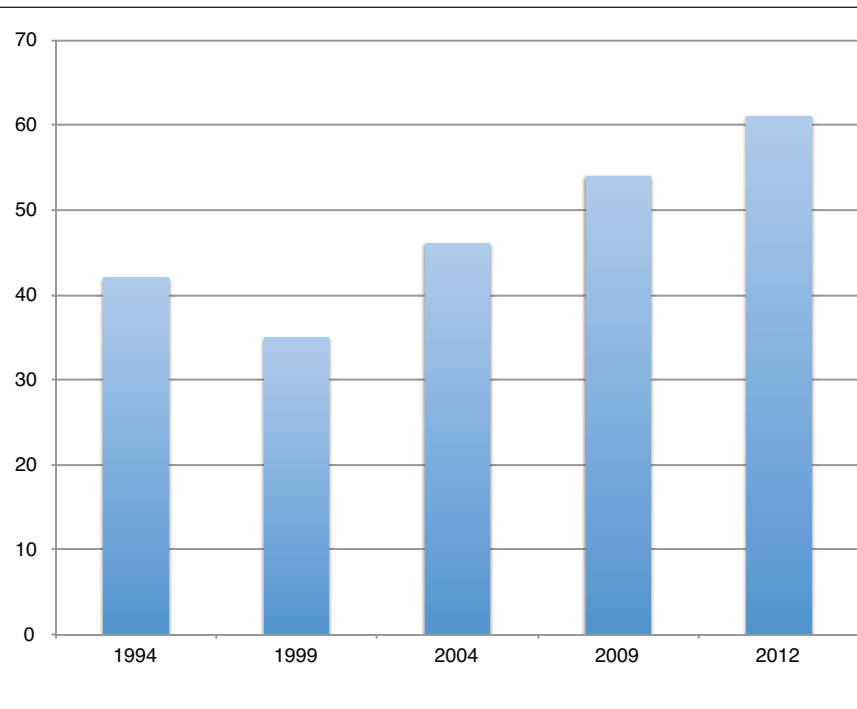
since 2010, while a gradual fiscal consolidation under a Fund arrangement stalled in late 2011, leaving the public debt on an upward trend and raising external vulnerabilities,” the IMF reported.²⁸

According to El Salvador’s Central Bank, public debt as a percentage of gross domestic product was 61 percent in 2013, up from 35 percent in 1999. (See figure 3.) Yet the additional public spending and debt clearly were not targeted to programs aimed at improving public welfare. Instead, Funes increased the public-sector payroll as a means of creating jobs, while micromanaging the private sector and consolidating its political base. From January 2009 to April 2013, the government grew from fewer than 120,000 employees to more than 150,000, according to El Salvador’s Social Security Institute.²⁹

Despite increased government spending under Funes, the number of Salvadorans living in poverty has increased. According to the government’s own statistics, from 2006 to 2012, 230,000 Salvadorans became poor. A private-sector study put that number at closer to 650,000; moreover, those living in poverty increased from 37 percent of the population in 2006 to 47.5 percent by 2012.³⁰ (See figure 4.) During this period, almost \$2.5 billion was spent on subsidies intended to reduce poverty. Although the country was suffering the consequences of deficit spending and a bloated public payroll, the government’s antipoverty programs were failing.³¹

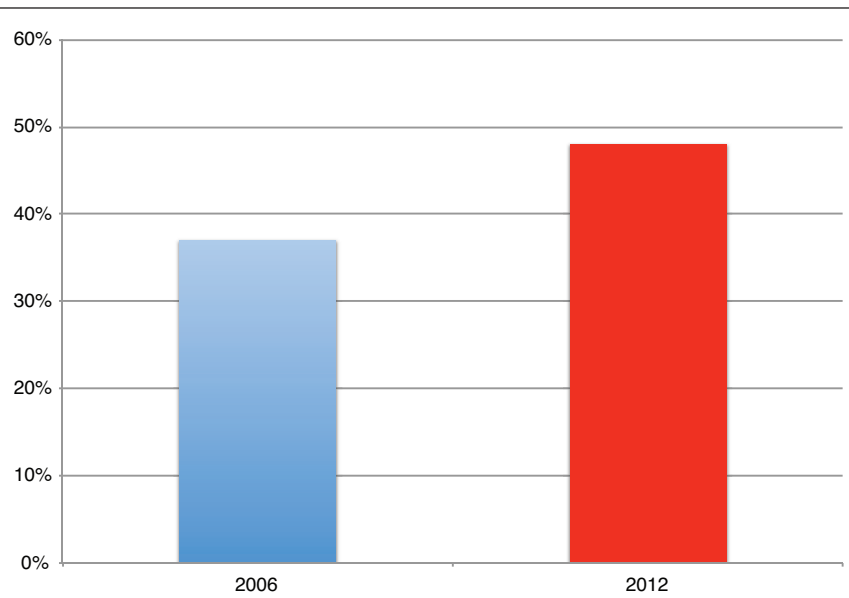
El Salvador’s creditworthiness has also suffered under the FMLN government. In 2004, Moody’s gave the country a credit rating of Baa3 (medium grade)—one of the highest in Latin America.³² That rating, however, has steadily declined to Ba3 (noninvestment-grade speculative) because of the

FIGURE 3
PUBLIC DEBT AS A PERCENTAGE OF GDP



Source: Central Bank of El Salvador.

FIGURE 4
PERCENTAGE OF SALVADORANS LIVING IN POVERTY



Source: Salvadoran Foundation for Economic and Social Development, 2006.

government’s fiscal deficit and inability to obtain legislative authority to issue long-term debt. The IMF notes that “public debt in El Salvador rose to 54 percent of GDP at end-2012, from 52 percent a year earlier.”³³

The high level of corruption in El Salvador has discouraged foreign investment and made the country less competitive. In its latest report, Transparency International ranked El Salvador as the 83rd most corrupt country in the world, out of 177.³⁴ In terms of ease of doing business, the World Bank ranked El Salvador as the 118th country out of 189—representing a dramatic slide from its 72nd-place ranking in 2009. In addition, the country's overall “competitiveness,” as defined by the World Bank, has experienced a steep decline since Funes took office, going from 77th place in 2009 to 101st in 2012.³⁵ The World Economic Forum's *Global Competitiveness Report* ranked El Salvador's “growth competitiveness” as 48th of 102 countries in 2003; that ranking dropped to 101st place out of 144 countries in 2013.³⁶

Salvadorans are thus caught in a vicious cycle whereby societal violence and criminality create havoc for economic growth while poor economic conditions force more youth into gangs and criminal activity. Escaping that cycle will prove extremely difficult for whoever is elected as El Salvador's next president, but it stands to reason that the first order of business is restoring the rule of law, rather than seeking accommodations with corrupt politicians and criminals.

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Conclusion

A probable Sánchez Cerén victory in March will have far-reaching effects on US security. For example, with the complicity of the Salvadoran government, Merino will likely be able to expand his role in assisting the FARC and other criminal elements in Central America, Venezuela, Colombia, and beyond. In addition, the future of the US antidrug facility and law enforcement academy would be in doubt, undermining the ability to monitor and deter drug trafficking and foster regional enforcement efforts. El Salvador also receives US security assistance under the Central America Regional Security Assistance program, and the FBI cooperates with its counterpart on antigang activity in both countries. It is unlikely that these activities could continue in light of the FMLN's deepening criminal ties.

The involvement of narcocriminals as central protagonists in recent elections in Honduras last November and in El Salvador leading up to the runoff in March is a dangerous phenomenon. The United States and other interested observers have been reluctant to criticize this involvement publicly for fear of being accused of interfering in another country's democratic process.

However, US policymakers would be wise to denounce and sanction under US law acts of criminality and corruption by individuals or organizations that are seeking to hijack a country's elections with the goal of destroying its institutions.³⁷ In the event that Salvadoran and ruling party officials continue to conspire with narcotrafficking and terrorist groups, US diplomats should review all existing bilateral aid, and law enforcement officials must be empowered to investigate and punish this criminality.

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