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PERU: FORUM FOR A NEW UNITED STATES
SECURITY STRATEGY?

AN INDIVIDUAL STUDY PROJECT

by

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ABSTRACT

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Peru suffers from a combination of problems so severe that they threaten its democracy and present a major challenge to United States security policy. With the economy in a desperate state, and social tensions dividing its people, Peru is plagued by rising insurgency. The country is heavily dependent on the income from the production of coca, from which the majority of the world's cocaine is derived. The United States wishes to reduce coca production, but the Peruvian government resists demands to make meaningful inroads into the industry, recognising the threat to its fragile democracy from alienating the one million people who depend on it; a concern also shared by the United States. A fresh approach is required by the supporting power, which would recognise the financial realities, and provide a suitable support and advisory structure. With the adoption by President Fujimori of a counterinsurgency strategy modelled on British experience in Malaya, and the United States in an unchallenged position on the world stage, the moment seems ideal to embark on a new approach. However, disparity of interests between the Administration and Congress, the legacy of Vietnam, and domestic pressures in an election year, prejudice the implementation of a suitable strategy.

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INTRODUCTION

The year 1991 was in many ways a watershed in United States security policy. The successful conclusion of the Cold War, victory in the Gulf, and the emergence of America as the sole superpower, seemed to put her in a unique position to exercise influence in the world. In the security field the policy of Peacetime Engagement appeared to open new possibilities. Led by a president deeply versed in foreign affairs, the United States did develop initiatives, notably in the Middle East, that would have seemed impossible a short while before. Closer to home, in Latin America, the possibility of a radically new approach to old problems has yet to be tested; and with domestic concerns, particularly the economy, taking greater priority, the opportunity for such a departure is fast receding.

Nowhere in the region are these problems more acute than in Peru. "Plagued by a host of ills, Peru may be beyond help" was the opinion of one expert, writing in December 1991.¹ He went on

to say

No one disputes the urgent needs of a nation struggling with everything from a medieval disease - cholera - to an ultra-modern scourge, drug trafficking. Add in two guerrilla insurgencies, endemic corruption, periodic atrocities, frequent drought, 80 percent unemployment and deepening poverty.

But in assessing United States' policy towards the country the writer commented that while it wants to stop drug trafficking and protect human rights in Peru, it is in fact doing neither. He quoted Gen. Fred Woerner, former head of Southern Command in Panama, as warning that the US anti-narcotics strategy should take a back seat to shoring up Peru's democratic institutions and widening the reach of basic services such as health care, transportation and communication. According to Woerner

Infinitely more worrying (than drugs) is the possibility of a narcoterrorist state, the demise of democracy. Do I see that happening now? No. Do I consider it a possibility? Yes, I do. By every measure Shining Path is gaining ground, both in terms of legitimacy and physical presence.

The aim of this paper is to examine the problems that face Peru, their possible solutions, and the dilemmas confronting American policy in the area. It considers the interests of the West, particularly the United States, the threat from subversion, and the measures adopted or recommended to counter it; an assessment is attempted of how Peru's future is likely to develop; the connection between narcotics and subversion is described, and the measures that have been, or might be, used to curb the world's largest supply of cocaine base. United States

foreign and security policy towards Peru, and its limitations, and the requirements of a possible future strategy are examined; finally, the prospects for real change are assessed.

BACKGROUND TO THE PRESENT CRISIS

Government in Peru has historically suffered from problems of legitimacy. When the Spaniards under Pizarro invaded in the early sixteenth century they quickly subjugated the Quechua speaking Indians of the Inca empire, and began the systematic plundering of the gold and silver that abounded in the country, which was to continue until independence three hundred years later. But that independence was a criollo independence, an emancipation of the white settler ruling class from the bonds of Imperial Spain, and the benefits of independence were for the white settler class, not for the Indians. The alienation of the population into three classes, even as the country is divided into three very distinct geographical areas, continues to this day, and contributes one of the greatest obstacles to democratic development in a country that is sometimes described as three countries in one;³ the blancos of the coastal towns, the mixed race or assimilated cholos of the coastal strip, and the indigenous indios, many of them speaking no Spanish, of the Andes and the jungle (See Appendices 1, 2 and 3).

In its first 150 years of independence Peru was ruled as often by military as by civilian governments; lost part of its

territory to Chile in the disastrous War of the Pacific which still dominates Peruvian military thinking; took half of Ecuador in a brief war in 1941; and until the 1960s was largely owned by a handful of families⁴. (See Appendix 4). An inept Cuban supported attempt at revolution on foco lines in the mid 60s was quickly put down, but served to alert the military to the enormous disparities in wealth and development which provided a fertile breeding ground for discontent. The Velasco revolution of 1968 was an attempt by the military to put into practice the teachings of the Centro de Altos Estudios Militares (CAEM), the equivalent of The National War College, that neglect of these fundamentals was bound to lead to further subversion.

The "latent insurgency" dilemma appeared to convince many officers that Peru needed agrarian reform combined with industrialisation....According to this view...conditions of injustice in the countryside needed to be removed, so that the absentee landlord and his local henchmen no longer would exploit and oppress the rural-peasant masses, whose marginal living conditions were making them political recruits for future subversion.⁵

Despite good intentions, the land reform carried out by the military government was deeply flawed, and left many problems which are still unresolved today. In the same period, the inflationary spiral that was to be so damaging to the economy began, and continued through the civilian governments of Belaunde and Garcia, reaching over 7,650% in 1990. Poor management, a deteriorating infrastructure, and in the late 1980s the alienation of Peru from the international financial community, following Garcia's nationalisation of the banks, and refusal to

pay interest on Peru's 15 foreign debt, brought the economy to crisis, and the standard of living to one of the lowest in South America. (See Appendix 5). By the time that President Fujimori came to power in 1990, the economy was heavily dependent on income from the illegal cultivation of coca, and only the United States Agency for International Development stood between millions of Peruvians and famine. The foreign debt in February 1992 was 22 billion dollars, one thousand dollars for every Peruvian.

In 1980 the first outbreaks of violence by the Shining Path (in Spanish Sendero Luminoso) were recorded, and were soon followed by actions of the Movimiento Revolucionario Tupac Amaru (MRTA). Since then, over 24,000 people have been killed in political violence⁶, large areas of the country are now outside government control, and over half is under emergency decree (See Appendix 6).

WESTERN INTERESTS IN PERU

Several Western countries have one interest in Peru in common, a share of its national debt; although recovery of any but a fraction of the full amount is most unlikely (and would probably be counter productive in terms of maintaining democracy), there is a strong interest in keeping the country within at least the skeleton of the international financial community as a safeguard against the whole system crumbling.

More important to the United States as the neighbouring superpower is the preservation of democratic rule. In a continent that has seen the maintenance or restoration of civilian rule in almost every country in the last few years, American prestige would suffer if Peru were to reverse the trend. But just how high a priority this gives it is a matter of some doubt. According to Gen George Joulwan, CinC Southern Command, "Peru is critical. If it goes down the tubes, I don't think that is in our best interest."⁷ His first theater strategic objective is to strengthen democratic institutions in his area⁸ - but the first priority he has set is supporting counter drug operations.⁹

Whatever the Administration's view of the importance of maintaining Peruvian democracy, in the minds of the American public - and, perhaps, therefore by extension of Congress - the significance of Peru lies in its status as the world's major producer of cocaine. To quote the Washington Post it is a country which "by virtue of being the prime source of the coca that fuels the American crack cocaine epidemic, must necessarily be a focus of US foreign policy attention."¹⁰ With Europe rapidly supplanting the United States as the largest consumer of cocaine, the number of countries with major interests in Peru is increasing.

It would be the US administration's wish that these two interests - suppression of the drug trade and the maintenance of democracy - should be addressed in parallel, and in harmony; unfortunately, as will be discussed later, this has not always

been possible. Nor is it clear whether one or both of these interests can be described as vital, that is sufficiently important to require the commitment of American forces to safeguard them. Here mixed signals are being sent; it would appear that in the Administration's view both are, whereas in the view of Congress the drug interest, only, may be.

SENDERO LUMINOSO

The major threat to democracy in Peru comes from Sendero Luminoso, founded in 1970 by Abimael Guzman, then a professor of philosophy at the University of San Cristobal de Huamanga in Ayacucho, one of the poorest and most backward areas of the country. The movement's alternative title is PCP (Peruvian Communist Party)-SL, signifying its vision of itself as heir to the traditions of Marx, Lenin and Mao, synthesised with the "native socialism" of Jose Carlos Mariategui, founder of the Peruvian Communist Party. Mariategui argued that the basis of Peruvian socialism lay in the structure and norms of the pre-Columbian peasant community. Although it would be inaccurate to describe Sendero as truly indigenist in nature, its appeal to the Inca heritage makes it enormously attractive to Indians, and allows its intellectuals to capitalise on Inca mythology.

From 1970 Guzman used his position in the university to convert a generation of students and faculty to his notion of the impossibility of reforming Peru, whose society is so rotten in

its structure that only total destruction of all the apparatus of the state can allow the building of a genuinely just and equal society. Based on an extremely tight cell structure, the movement's security has always been excellent, and indoctrination was able to proceed, along with military training and the formation of front organisations penetrating every aspect of Peruvian society, with little interference from the security forces. Guzman spent ten years in preparation before beginning the armed phase of the struggle.

Since its first attacks in 1980, Sendero has been responsible for much of the death and destruction caused by political violence in Peru. As well as the police and army, it has deliberately targetted representatives of the state, such as mayors and local administration officials, and established a commanding presence in much of the sierra and high jungle, in accordance with Guzman's Maoist strategy of surrounding the towns from the countryside. This doctrine has had to be revised, however, in light of the migration of vast numbers of peasants to the towns. The capital, Lima, now contains one third of the country's population, many living in conditions of abject misery. At the party's congress in 1988 it was resolved that in accordance with Mao's dictum that a revolutionary lives among the people, as a fish swims in the sea, and that a revolutionary war is fought for the hearts and minds of people, equal priority should be given to urban subversion. Consequently, Sendero stepped up its activity in the towns, notably in the pueblos

jovenes, or shanty areas, where the facilities that were designed to support a population of one million are now trying to maintain ten times that number.

Until recently, two aspects of Sendero marked it as unlike any other modern revolutionary movement - its low regard for propaganda away from its immediate area of operations, and its policy of being logistically self sufficient. This has now changed, and international Sendero support groups have expanded from two or three to more than a dozen in the United States and Europe.¹¹ Luis Arce Borja, former editor of the Sendero propaganda sheet El Diario, is now resident in Zurich, from where he proclaimed recently that the party will take power before the end of the century.¹² A possible motivation for this apparent change of policy is the need to distance PCP-SL from the Soviet and other communist parties now in terminal decline, and Borja was careful to point out that their downfall was caused by revisionism.¹³

In its early days, Sendero used only weapons that it took from the security forces, and dynamite, found in abundance in the mines of the sierra. More recently, following its association with narcotraffickers which will be discussed in detail later, it has acquired the funds to import arms, and there are reports that it is doing so, both through the traffickers, and through Bolivia, where it has for some years had a logistic support base.¹⁴ Its membership, including political fronts and auxiliary organisations, can now be numbered in the tens of

thousands.¹⁵

In summary, Sendero possesses the attributes of a successful revolutionary movement - time, leadership, a cause, a master plan, and logistic support - and according to a number of experts it now has a distinct chance of taking power.¹⁶

OTHER THREATS TO SECURITY

The other main terrorist movement in Peru, MRTA, probably has no more than 2,000 members¹⁷, and operates almost entirely in Lima, one or two other coastal towns, and the high jungle of the Mayo and Huallaga Valleys, where it has tried to supplant Sendero as the focus of popular discontent. Based on traditional Guevara/ Castroite principles it is primarily a movement of the middle and intellectual classes, but even in the universities it has not established the foothold that Sendero has. It appears to have some sympathy with certain legitimate left wing parties, such as APRA¹⁸ with which it may even have links¹⁹, and is assisted with funds from sympathetic foreign countries.²⁰

As well as a number of skilfully executed bombings against "imperialist" targets, MRTA has carried out some well planned and executed kidnappings, extorting large ransoms as well as propaganda. In addition, many businesses pay protection money, in the form of "cupos" to MRTA, Sendero, or both. Although its attempts to carry out large scale guerrilla operations have on occasion met with success - on 23 December 1991, for example, a

column of 300 MRTA was reported to have taken the town of Juanjui in the Upper Huallaga²¹ - there is some doubt whether it has the leadership or ruthlessness to develop its operations beyond the first stages of insurgency. Some experts consider that it has considerable long term potential,²² but the majority view, including the State Department²³, is that, although its operations are becoming increasingly professional, it represents the branch of Communism that has failed, lacks broad appeal and high quality leadership - recent reports indicate that it has split into two factions - and on its own could be taken care of; in combination with Sendero it increases the problems with which the Peruvian government has to contend.

Very worrying for the future of Peruvian democracy are the activities of counter-terror groups. The most notorious of these, the Comando Rodrigo Franco, began operations in 1988, and was widely assumed to have links to APRA, the party then in power. It carried out a number of widely publicised assassinations of Sendero sympathisers and suspected activists, as well as bombing attacks on their homes. Once APRA left power in 1990, its activities reduced.

In November 1991, 16 Indians were killed when a group of men in plain clothes opened fire on a party in the centre of Lima. A mass of evidence appeared to link the perpetrators to the security forces,²⁴ in what is potentially the most worrying incident in over ten years of violence, raising as it does the spectre of civil war, and the kind of generalised reprisals that

were a feature of El Salvador for so long.

THE STATE RESPONSE TO INSURGENCY

By the mid 60s, some elements in the military were convinced of the need for a national development plan to anticipate unrest on a larger scale than had so far been seen. General Jose Hurtado, head of President Velasco's advisory committee from 1969 to 1975, was among the many officers who frankly admitted the impact of peasant insurgency and the guerrilla movement of 1965 on military thinking.¹⁵ He stated: "It was the guerrillas who rang the bell that awakened the military to the reality of the country."¹⁶

Thus a military institutional response developed, largely independent of mainstream political thought. This is partly explained by the Peruvian army's place in society; officered almost entirely by the lower middle classes, mainly of mixed race, it has always lacked the social cachet of the navy, which would have enabled it to speak with influence in the ruling circles of the country. This divorce between the aspirations and convictions of the army and those of the politicians has continued to frustrate attempts to produce a nationally agreed plan for counterinsurgency, and was not aided by the 12 years of military rule that ended just as Sendero began the armed phase of its struggle.

In 1980, when President Belaunde restored civilian rule, he

was reluctant either to listen to the advice tendered by the army, which had just relinquished power, or to commit the military to confront the first manifestations of revolutionary violence in Ayacucho. Initially, specialised paramilitary police units were used, but as they were either discredited by human rights abuses or overwhelmed by the sheer scale of the problem, the army was committed in increasing numbers from 1982. The high point of this phase was in 1983, when Gen Huaman, a Quechua speaker and exponent of the development approach rather than military oppression, was in charge of the Emergency Zone, then limited to one area of the central highlands. But he was dismissed for speaking too forcibly on the obligations of central government; a message which the politicians, in increasing economic disarray, did not wish to hear.

Throughout the 5 years of President Garcia's rule, the cycle developed and continued. The army presented its suggestions on the need for a political solution; the politicians either did not understand, or were unwilling or unable to commit the resources that such a programme would require; the army was left holding the problem as more and more of the country was - reluctantly - put under their administration in Emergency Zones, but denied the funds to cope properly with their own military requirements, let alone mount any development initiatives; frustration, particularly at the lower levels, led to human rights abuses, which alienated both the population and the politicians, who withdrew active support from the army, but left it still holding the

problem.

A major change, in intention if not yet in execution, took place when President Fujimori was elected in 1990. Advised by both military and civilians, notably Gustavo Gorriti, he declared early in his administration that he intended to adopt the "British" as opposed to the "French" philosophy of counter-insurgency; i.e. a holistic national plan, based on the rule of law and respect for human rights, rather than the ruthless use of force practised by the French in Algeria, and emulated by others in South America such as the Argentines. The example that Peruvians cite when describing the "British" approach is the campaign against Communist terrorists which was waged so successfully from 1948 to 1960 in Malaya. The principles used for the prosecution of that campaign have been proved in other theatres; the main ones are for the guidance of government, in whose hands the direction of the campaign must be, rather than the security forces. The likely adequacy of the Peruvian effort may be assessed in relation to their fulfilment of these principles.

COUNTERINSURGENCY; AN ANALYSIS

The establishment and maintenance of a clear, agreed and generally recognised political aim is usually regarded as the first requirement for successful counter insurgency. In the case of Peru, this must contain the aspiration for a truly democratic

and united nation, where all citizens have an equal chance of advancement and all have an equal right to the benefits of a modern state. while acknowledging their equal obligations to it. Peru has a huge distance to go in this respect; the wide divisions between classes and the geographical difficulties of the country have already been referred to, but the mental attitudes induced by centuries of what has been a divided society, will require time and great leadership to change. Fujimori possesses one major asset - he is of Japanese descent, and therefore does not inherit the racial connotations of the discredited white political class. He has already made some moves in the direction of sharing obligations more fairly. In December 1991, in a speech on Army Day, announcing the extension of conscription to all social classes, he said

Is it not true that for years the lower classes were the only ones who complied with obligatory military service?....the poor young men of Peru were the only ones who complied with their patriotic duty.

Saying what was, until now, the unsayable is a major step forward, but until a comprehensive programme of national development, which may require affirmative action to compensate years of injustice, is in place, the effects will be limited.

The second principle is that of giving priority to removing the causes, rather than the manifestations, of insurgency. In Malaya this took the form of resettlement and development programmes, backed by imaginative and well administered land distribution and rural assistance programmes. The problems

associated with land reform in Peru have already been mentioned; they remain one of the most divisive features of its rural society. With such a large part of the population in the cities, the condition of the infrastructure, which has been neglected to the point where it would take billions of dollars to restore it to a moderate level of sufficiency, is of even more concern.

The economy is obviously the key, and here there is some slight hope for improvement. After Garcia's erratic management, Fujimori's priority has been to reestablish confidence in Peru among the international financial community. Aided by his links with Japan, he has made some progress in rescheduling Peru's debt, and his policy of privatisation, although it may have gone too far for some, allied with a reduction in state intervention in the economy, is producing a measure of stability. Inflation is down to some 100% per year, and the number of people paying taxes has begun to increase from the historically miserable level of around 5%. Inefficient state enterprises are now being called to account, and a sensible pricing policy applied to basic commodities. This has resulted in increases in the price of petrol, for example, by hundreds of percent, with consequent effects for workers in the outlying slums who rely on public transport. The social cost is high, and will be higher. According to James Brooke, the cost of Peru's "Fuji-shock" has been greater poverty, and better Sendero recruiting conditions. He quotes an American priest as saying that "schoolteachers' children are not eating three meals any more, tuberculosis is up, real

malnutrition is up."²⁷ Two factors have helped to keep public unrest in check - the traditionally high percentage of the population who rely on the informal sector of the economy for their livelihood, and so escape the worst effects of government measures; and the government soup kitchens, funded by American aid, which feed one third of the population of Lima²⁸ So far (early 1992), if the opinion polls are to be believed, Fujimori has a surprisingly high level of support - over 50% in one poll²⁹. However, the scale of the problem, and the amount of ground that needs to be made up, cannot be overstated. The official estimate is that, even if all goes well - and one of Fujimori's problems is that he does not have a majority in Congress - the country is in for a very rough few years, with 1992/93 the most difficult period.³⁰

The third principle derived from Malayan experience is the need for coordinated action at all levels. In Malaya a series of committees, from national, through province to district level, planned the conduct of the counter insurgency campaign. Headed by a representative of government, and comprising members of the police, army, intelligence service, and administration and development organizations, some authorities consider them to have been the vital ingredient in victory.³¹ Here Peru faces major problems. The alienation of the army from the politicians has already been mentioned; but the army has also traditionally been suspicious of the police - themselves historically divided into three services, but recently unified, at least in name - who

recruit from much the same social stratum. The civil service is inept, and highly politicised, making them equally targets of suspicion by the army; and finally there are a number of competing intelligence services. The army is, perhaps understandably, extremely averse to any arrangement that falls short of complete domination of the other services and the civilian administration.

Once the army has moved into an area it is, for all intents and purposes, an independent actor. It answers to its own chain of command and will tolerate little civilian interference.³²

The record of public service in Peru is dismal, and public confidence in the government's ability to carry through any coordinated plan of national development is low to non-existent. Compounding all these problems is the plague of corruption, endemic in the Third World, and prevalent in Peru.

The final key to success is a sound judicial system, backed by appropriate legislation, which allows the security forces to operate in the most effective way, but preserves human rights. Peru is not blessed in this respect. Judges have little standing, are often corrupt or intimidated, and are poorly served by a court and penal system which must be one of the most inefficient in the world. Prisons are overcrowded and chaotic, and such basic services as transport to take prisoners to court are often lacking. The effect on the security forces has been to induce severe frustration as terrorists are either let off, allowed to escape, or are simply not processed³³. Massive and systematic

abuses of human rights have resulted. Prisoners suspected of complicity in terrorism have been tortured and then shot, usually in army bases in the Emergency Zones.³⁴ Although there is no official encouragement by those in authority for these practices, the example of the Argentine Army, which has great influence on its Peruvian counterpart, has not helped, and there has, until recently, been little attempt to sanction them. One of the most glaring examples was the massacre of several hundred Sendero prisoners during Garcia's regime, for which a police colonel was imprisoned and an Army general was deprived of a year's seniority.

Reform of the judicial system will take time and money, but Fujimori has taken steps in two directions. He has made clear his determination to improve the country's human rights record, and considerable time and effort is now being spent on educating the military in this respect. How much of this effort is genuine and really meant at the grass roots level, and how much is for public consumption in the outside world, particularly the United States, remains to be seen. Recent statements by Fujimori appear to show some backtracking on his earlier uncompromising stand,³⁵ and some sources put disappearances higher in 1991 than 1990. However, tangible benefits have been observed; the International Red Cross is now allowed access to army bases, and large scale reprisal killings by the army have reduced.³⁶

Fujimori has also made efforts to improve Peru's archaic and unsuitable legal code, to bring it more into line with the

requirements of the emergency. In 1980 there was no law on the statute book to deal with the crime of terrorism ; when such a definition was introduced the following year, it was criticised as too sweeping. Further amendments were made in 1987 and 1988, but the system is still regarded as too lenient by the security forces, and too harsh by those nervous of giving the army too much power. In November 1991, in an attempt to tidy up much of the confusion, and give the security forces the powers they need while safeguarding human rights, the government introduced over 100 new decrees. Although a dozen or so failed to find sufficient backing in Congress, the remainder were law by the end of the year. As well as giving the army extra powers, they officially recognise its right to exert authority over all other agencies in the Emergency Zones - a direct reversal of British teaching. Reaction has been mixed, with much criticism coming from the Left, and support from the Right.³⁷ More worrying is that Gustavo Gorriti, a respected analyst of Sendero and expert on counterinsurgency, gave it as his opinion that "The emergency decrees agreed on 9 December will put Peru in the position of equalling the worst of the world's dictatorships from the point of view of human rights."³⁸

In summary, a situation which appeared to show little sign of hope two years ago, now gives some grounds for very guarded and qualified optimism in some areas, but little in others. One key aspect is that Peru appears at last to have a leader who understands what should be done. His problem is putting that

philosophy into practice, which will require major changes in cultural and administrative attitudes. For some observers, there is no hope of reform; according to Gordon McCormick, one of the most pessimistic, the situation is so bad that it is not a question of whether the military take over, but when.³⁹ His view is not universally shared, but it is clear that whoever inherits the problem, the key to keeping revolution at bay will continue to be the economy. And the economy is largely reliant on income from the cultivation of coca.

PERU AND DRUGS

The benefit which the Peruvian economy derives from the cultivation of coca leaves, their processing into cocaine base, and the sale or further refinement of this base, is hard to quantify. The figures quoted tend to be inflated or reduced to support a particular thesis. According to President Fujimori, there are 250,000 peasants engaged in growing coca⁴⁰, which would indicate that some one million Peruvians, or 5% of the population, depend on it for their livelihood. The income from this activity can be expressed in different ways; Peruvian Senate President Felipe Osterling assesses the benefit to the growers as \$96 million per year⁴¹, but this discounts the large margin which accrues to the processor and trader. The State Department's official estimate of the total income derived by Peru from drugs is \$700 million per year⁴², while the Peruvian writer Gustavo

Gorriti estimated in 1989 that cocaine exports were worth about \$1.5 billion compared to legal exports of \$2.5 billion⁴³. A figure of an entirely different order of magnitude is provided by Tarazona-Sevillano, who estimates that the 200,000 hectares of illegal coca cultivation in the Upper Huallaga Valley alone bring in revenue to the country of \$7.24 billion annually, or approximately 20% of the legitimate GNP.⁴⁴ In terms of foreign exchange earnings, the amount is even more significant, and there is general acceptance that the trade accounts for at least one third.

The very magnitude of the contribution that this one part makes produces its own problems, since it distorts the economy, driving up exchange rates to artificially high levels, and undermining Peru's competitiveness in the export market. But in an extremely depressed economy, it represents an assured source of income which some observers believe is all that stands between Peru and complete economic collapse. Its hardiness, high yield and high return on investment, and low dependence on technology and infrastructure for processing, make coca an extremely attractive crop, not only to peasants ruined by government agricultural policies, but also to middle and lower class professionals struggling on inadequate wages.

The attitude of Peruvians towards the drug trade is therefore very different from that of Americans. To the former, it represents a vital part of the economy; their rulers cannot afford to kill the goose that lays the golden eggs, both for them

personally and for the country. Their aim is to benefit from the income it brings, but not allow the traffickers to become so powerful, as they are in Colombia, that the government cannot govern.⁴⁵ But they also wish to continue to receive American economic aid, and win the confidence of the international community, which can only come if they are seen to be making efforts to stem the trade. Aid from the United States totals some \$275 million yearly, the majority in economic support and food aid - much less than the income from coca, even by the most conservative estimate, (although when allied to the intangible benefits to be gained from international goodwill, the balance is more even than the bare figures would suggest).

Much thought has been given to developing alternative sources of revenue, but so far all the possible schemes have foundered. If it were more profitable for a Peruvian to grow any other crop than coca, he would already be doing so; it is difficult to find one that can compare with coca for hardiness and yield; government policies in the agricultural sector have been disastrous; the infrastructure is so decayed that, without huge capital expenditure, the problems of marketing alternative crops are almost insuperable, even if the administration were honest and able enough to encourage them; and the world market is so fickle, and quotas are so strict in those areas such as coffee that are natural candidates for crop substitution, that without massive state subsidy the process is not feasible. And finally there is the connection between drugs and subversion.

NARCOTERRORISM

The marriage of convenience between drug producers and a terrorist insurgent group is not unique to Peru. The United Nations released a report in June 1987⁴⁶ stating that drug production and trafficking are linked closely to the illegal arms trade and terrorism. With their tremendous financial resources, profiteering narcotics cartels provide modern weaponry and funds to ideologically driven insurgents. Although each side ultimately seeks different ends, in the short term each benefits from the association. According to Tarazona - Sevillano, Peru's Upper Huallaga Valley is now home to what is Latin America's strongest narcoterrorist alliance.⁴⁷ More coca is grown here than anywhere else in the world, and the alliance is strong in other coca growing regions, such as the Ene, the Perene, and La Convencion valleys. These areas were the subject of well intentioned but poorly executed resettlement schemes, intended to offer coastal families the opportunity to develop cash crops, such as coffee, rice, maize and soya bean, and thus rise above subsistence level. The Carretera Marginal was planned to link these areas with the main artery which links the high jungle of the Eastern Andes with Lima. It was never completed, suffers from poor maintenance, and is now controlled by Sendero. As jungle was cleared, it gave good returns, but soon the soil was depleted, and government policies of taking produce to be processed through state owned monopolies,

but paying late, and at prices that were not indexed for inflation. This ruined many farmers, who turned to coca.

In 1978, under pressure from the United States, the Morales Bermudez military government began operations to destroy all the large coca farms. In reality, all that was accomplished was the eradication of 60 of the estimated 12,000 hectares then under cultivation.⁴⁸ Further efforts proved counterproductive, driving the price of coca up, and so encouraging more people to grow. By 1988, coca cultivation was estimated to incorporate over 200,000 hectares in the Upper Huallaga Valley alone. Further pressure from the United States, intensified in 1989 when public concern over drug consumption became one of the country's major political issues, prompted further attempts at eradication. The farmers and colonists, already at odds with the government, became further agitated as special police units, working with DEA agents, were ordered to destroy their most profitable source of income, while offering them no credit or technical assistance to develop a replacement crop.

The group that actually benefited from the state's anti-narcotics activities was Sendero. The government programmes provided the insurgency with a fortuitous opportunity to denounce the United States as the prime culprit for the growers' problems. Sendero protects the growers against exploitation by the Colombian cocaine syndicates, and local traffickers. These groups have great power, and have disarmed many of the local police and other authorities with massive bribes. They are well armed and

equipped, and until Sendero took up their cause, the peasant cultivators had little defence against their demands. Also, Sendero's armed struggle aids the people psychologically, giving them an outlet for their resentment against the government.

Sendero justifies its participation in the drug trade by explaining that narcotics contribute to the corrosion and demoralization of "Western Imperialism." While Sendero's involvement offers the producers and traffickers a disciplined society, protection from the government, and an opportunity to better their standard of living without interference, it also offers major advantages to Sendero itself. It has expanded its political domination over a large and productive area of the country; it has brought some one million people to rely on it; and it receives both cash income and sophisticated weapons from the traffickers in return for protection.

Realizing that it was losing the battle for the hearts and minds of the people in the area, the government endorsed a radically new strategy in the Upper Huallaga Valley in 1989. General Arciniega, the military commander of the San Martin Emergency Zone, announced that the security forces were no longer going to harass coca growers - in fact they were going to assist them by setting up a cooperative to which coca would be sold at a fair and guaranteed price.⁴⁹ When asked whom the cooperatives would sell to, President Garcia replied "whoever pays the highest price", an obvious reference to the traffickers.⁵⁰ The United States administration at the time endorsed this strategy, on the

grounds that no long term answer to the drug problem could be found until the area was secure; that it would not be secure until Sendero were driven out; that Sendero would not be driven out while the people were being harassed for growing coca; but that encouragement by the government would bring the people round. They were therefore in the unusual position of fostering what most Americans probably imagined it was their intention to suppress.⁵¹

US POLICY IN PERU

The dilemma posed by the conflicting requirements of counter insurgency and counter-narcotics is at the root of many of the difficulties faced by Western governments, particularly the United States, in their dealings with Peru. The priority of the Peruvian government is to defeat insurgency, and maintain democracy; if that were also the priority of the United States, the two could work in harmony to achieve it. There is a school of thought that counter narcotics activity is in the best long term interests of Peru for three reasons; drug money is not good for the economy; Sendero is benefiting more from drugs than the Peruvian government is; and Peru cannot undertake sustained economic growth until the international community gives it the seal of approval that will continue to be denied while it is known as the world's major cocaine producer.⁵² Although there may be increasing acceptance of this point of view, it is

unlikely to be firmly grasped and acted upon by the Peruvians until they are convinced that they will receive the unequivocal, sustained support from the United States, including massive financial aid, that a policy fulfilling their requirements demands. Gustavo Gorriti summed up their feeling:

American aid is not intended to help Peruvians fight their drug war. It is to make Peruvians fight the US drug war more efficiently as well as quite cheaply.⁵³

One of the key objectives of the Andean strategy announced by the Bush administration in 1989 (See Appendix 7) is to involve the Armed Forces of Colombia, Bolivia and Peru in the drug war . There are objections in the countries concerned to this proposal, and Bolivia recently decided to forego US military aid rather than comply. In Peru, negotiations on the subject have been long and tortuous. On the Peruvian side, the government is reluctant to expose the Army, in particular, to the corruption which the drug war brings. Alex Watson, US ambassador to Peru until 1990, had this to say:

Anybody who touches the drug tar baby gets corrupted, there is no question about that. It happens even in our own country, but there are useful things the army can do.⁵⁴

Peru is also reluctant, for the reasons discussed above, to cast its primary counterinsurgency force in such an unpopular role; one of Gen Arciniega's successors, Gen Brito Romero, said recently;

If we attack drug trafficking, we will convert the local population into our enemy...Then, instead of one enemy, Sendero, we will have three: Sendero, the local

population who will then support Sendero, and the drug traffickers, who will then provide resources to Sendero.⁵⁵

Both the Army hierarchy and the government are reluctant to give special attention and equipment to some units, which would specialise in counter narcotics, at the expense of the rest of the Army.

Garcia's anti - Western attitude, and indecision and obduracy by Fujimori, prevented any agreement on this subject until 1991, and the accord then agreed contained the unusual statement that

The coca - growing farmers constitute an economic and social class quite distinct from those individuals devoted to narcotics trafficking. The farmers are poor and engage in the activity primarily for subsistence reasons, because they cannot legally enter into another.⁵⁶

The Peruvian government then agreed to commit a number of army and marine battalions, as well as air force assets, to the drug war, in return for the continuance of economic and food aid, and an extra \$34 million in military assistance each year. Of this, \$10 million were to be for the equipping and training of the battalions, including the provision of US military trainers.⁵⁷ But action was to be limited to airstrips, laboratories and traffickers, rather than growers; understandable in terms of Peru's concerns, and of counterinsurgency philosophy, but an acknowledgement that any effect on the total quantity of drugs passing out of the country would be limited; if it were the intention to make serious inroads into the trade, the growers

would suffer as much whether they were hit directly or indirectly. Already, the United States was admitting that the requirement to maintain democracy made it impossible to pursue a comprehensive counter drug strategy - at least by any method that they considered feasible.

It was at this stage that the dichotomy of views between the Administration and Congress, each playing their different roles in the formulation of foreign policy according to the Constitution, affected the course of negotiations. Congress has two objections to the proposal to assist the Peruvian military; one is the latter's dismal human rights record; and the other is the fear that commitment of US troops to train the Peruvian military could be the thin end of a wedge leading to another Vietnam.⁵⁸ During the House of Representatives Armed Forces Committee meeting to discuss the subject, in January 1990 (whose conclusions were negated by the refusal of Fujimori - at the time - to go along with the plan) constant emphasis was laid upon the fact that the US Army contribution would not allow any possibility of troops being in combat.⁵⁹ Similar arguments were used again in 1991, and CinC Southcom has recently stated that a priority in Latin America's drug war is "that United States forces not get engaged in actual field combat."⁶⁰ The upshot was that Congress removed the \$10 million for assistance to the Peruvian Army. This was not entirely unwelcome news in Peru. On 15 December Fujimori announced that his government would not follow a policy of repression against the coca farmers who "do it

out of need " and made a virtue out of necessity, saying "we had to refuse a \$34 million donation from the United States because that money was destined to harshly suppress the coca growers.⁶¹"

The common consensus is that in its zeal to stop drug trafficking and protect human rights, the United States has done neither.⁶² The Washington Office on Latin America is particularly critical;

However, the military remedy that the US has chosen in the Andean strategy is an ill - conceived response. It shows no promise of ameliorating the problems of drug trafficking and addiction in US cities by cutting the supply of cocaine coming from the Andes. Worse, it threatens human rights and fragile civilian governments there by strengthening national security forces that commit widespread abuses and operate beyond democratic control. And in so doing, it associates the US government with abusive forces and extends US military involvement into fundamental questions of internal security - including ongoing armed insurgencies - in the Andean societies.⁶³

But defining the role that the United States should play is a complex task. CinC Southcom, noting that Sendero is building a war chest by taxing drug flights from the Huallaga, recently suggested that the American public should start debating the pros and cons of extending counterinsurgency aid to Peru⁶⁴. But the Washington Office on Latin America noted in October 1991 that "The Peruvian Army cannot both combat the drug traffickers and win the "hearts and minds" of coca growing peasants."⁶⁵ They then go on to ask

Should the US aid the Fujimori govern - ment in the war against Sendero? There is no doubt that it should support Peruvian efforts to resolve the country's deepening

economic crisis and to promote equitable development. The accelerating impoverishment now visible in urban areas is already accompanied by unprecedented Sendero activity there. Addressing these problems is crucial for the government to cope more effectively with Sendero. Military aid is another question ...Without guarantees - stronger guarantees than Peru has given to date - that fundamental human rights will be respected by Security Forces, military assistance is, rightly, prohibited by law. The deepest interests in US policy toward Peru are protecting human rights and strengthening democratic government in that country.

In their joint report to Congress, required by the Defense Authorization Act of 1990, the Departments of Defense and State said, "The focus of the US effort is counter-narcotics, not counterinsurgency." Any approach has therefore to reconcile the Peruvian need for economic stability and pacification with the American desire to cut the flow of cocaine, whilst maintaining democracy and respect for human rights in Peru. Although there is reluctance to commit American ground forces in a combat role, Administration officials, including military officers at SouthCom and in the Pentagon, see counterinsurgency as an indispensable component of counter-narcotics. However, any assistance to the Peruvian Army is conditional on a major improvement in their human rights record. A successful long term plan for Peru therefore needs to combine the economic, development, counter-narcotics, counterinsurgency, and human rights considerations in a comprehensive whole, each aspect carefully balanced to harmonise with the others. The plan then needs to be put into effect. This is a long, complex and difficult task, and is likely

to prove very costly. Although it is not the purpose of this paper to draw up a blueprint for Peru, it is necessary to examine the likely elements of such a plan, in order to assess how it would stand in relation to developing US security policy. Each of these aspects will therefore be considered in turn, culminating with an examination of the problems of "leverage."

ELEMENTS OF A STRATEGY FOR PERU

The first consideration must be economic. If there is to be a realistic chance of ending the flow of 60% of the world's cocaine supply, \$275 million annually is simply too cheap a price to pay. If it is accepted that somewhere upward of \$700 million - probably substantially more, based on the figures discussed earlier - accrues to the Peruvian economy each year from the coca economy, then a similar amount at least must be injected to balance its loss. Both for the sake of the American taxpayer, or any other contributor, (bearing in mind the increasing threat to Western Europe), and for the long term health of the Peruvian economy, part of this needs to come in the form of capital injection, and part in income derived from alternative sources.

Robert Ruck, in a study prepared for the Assessments and Initiatives Group, Office of Chief of Staff of the Army, in April 1990⁶⁶, suggests that half of the money allocated to the entire Andean Plan should go to Peru over a five year period. An average of an extra \$200 million per year would be spent on getting the

economy going again, and providing the foundations for economic development in the rural areas. This sum appears feasible, because it is already allocated, and an adjustment of priorities is all that is required. However, leaving aside the arguments that might be adduced by those who would prefer the money to be spent in Colombia and Bolivia, the quantity is still far below that necessary. On a crude "buy out" basis, some \$600 million is short over each of the initial years before alternative sources of income can be developed; the cost of upgrading the infrastructure to the stage where it can support such schemes is wildly underestimated - the figures are likely to be in the billions, not millions; and the continuing cost of subsidies to make these sources competitive in the international market are not considered. And this cost only considers the requirements of the counter-narcotics strategy.

The financial cost of combatting insurgency in concert with combatting the drug trade is frighteningly large. As well as the infrastructure in the coca producing areas - less than one tenth of the country - huge investments will have to be made in the other underdeveloped areas of Peru. The road network is little better than medieval; power, water, sanitation, and communications need billions to upgrade. The education system needs huge injections of cash if a future generation of workers is to be sufficiently skilled to sustain a modern economy. Even if some improvement in the legal balance of trade were achieved after a few years, substantial aid would be necessary for many

more; and a cushion for the social shock produced by conversion to a more efficient economy will be required.

There is general agreement that the only satisfactory solution to the drug problem is reduced demand; but so long as progress in this area continues to elude consuming nations, eradication must remain a major option. The technical problem of coca eradication is not difficult. Provided the political will is assured, dusting by "Spike" would be extremely effective, but may not be possible, if environmental lobbies continue to inhibit its production. However, other defoliants are available, and the State Department sees no intrinsic problem in employing them successfully.⁶⁷ Once eradication is agreed, at whatever stage the Peruvian people perceive that it is in their interest to effect it, measures will have to be taken to ensure that coca growers do indeed turn to other sources of income, and do not indulge the temptation to gain from the new while continuing to benefit from the old.

The major dilemma for the United States - whether to give priority to countering drugs or insurgency - is not a dilemma at all for Peru; insurgency threatens the very existence of the state, and is therefore, for them, a survival interest. The United States must recognise this fact, and adapt its strategy accordingly. In the allocation of resources priority must be given to counterinsurgency.

The government's counterinsurgency campaign, now that it is beginning to show signs of being on the right track, must be

supported vigorously, with money, equipment, and advice. Fujimori must articulate a clear national aim, based on unity. Equal social justice, and shared obligations, must be pushed through with vigour. The peasant self-defence patrols must be expanded and armed with adequate modern weapons. A comprehensive development plan, backed by international advice, and funded externally, must give priority to eradicating the root causes which feed subversion. This plan must be coordinated and put into effect by committees, representing all agencies, at every level, and the Army must - at least in the long term - be persuaded to accept a subordinate role in this process to the civil administration. The legal system must be overhauled, strengthened, and upgraded; this needs more than the quarter of a million dollars at present allocated by the United States.

Once the legal system is serviceable, there will be no grounds for human rights abuses, and the recently started work of education in this area should be encouraged. The armed forces must understand - as many of them have for many years - that their role is the supporting one of underpinning the government's efforts, which are primarily civil. But they will have some extremely important tasks in support of development; roads cannot be built and maintained without military security, for example. Psychological operations, so far in their infancy, will be needed to support their efforts. The deployment of US Special Forces in an active role to spear head operations in critical areas may be necessary.

SUPPORTING NATION ASSISTANCE

But it would be unrealistic, even if agreement on such a package of measures could be reached and maintained both in Peru and the United States, to believe that such a programme could be carried through without an extensive American presence; in the economic area, to ensure American money was spent wisely and legitimately; in the development sphere, to ensure projects were cost effective and answered the needs of the country; in developing alternative sources of income to coca, and watching for recidivism; in the counterinsurgency field, most importantly to foster the development of what the British refer to as the committee system - the coordinated approach to administration that is so vital in ensuring that counterinsurgency combines all the essential elements; and as monitors of human rights.

This degree of leverage by the United States in another country has not been acceptable in recent years, and Col Dennis Drew of the United States Air Force has described the frustrations that have often faced American advisers;

American attempts to retrain, reorganize, and reform the host government's military and civilian structures are usually confronted by entrenched and often corrupt (by American standards) bureaucracies with vested interests in maintaining the status quo. In short, attempts to correct the underlying problems that played a major role in spawning the insurgency will reach fruition only with considerable difficulty.⁶⁸

Official doctrine, in Joint Publication 3-07, and Field Manual 100-20, is that the threatened government is totally

responsible for the political, economic, information and military action necessary to defeat the threat. Although in practice there is probably more leeway for initiatives by the supporting power than the bare summary suggests, this detached approach is at odds with British practice. Sir Robert Thompson sums up the dilemma thus:

The threatened country will quite rightly be most jealous about guarding its....most precious asset: its independent sovereignty. Conversely, the supporting power will not wish to be viewed, either in the threatened country or in the world in general, as imposing any form of control which could be interpreted as colonialism. But at the same time it must be recognized that any supporting power which is prepared to offer its blood, treasure and prestige must have some say in the conduct of events. No threatened country, in deference to its sovereignty, can expect to be allowed to squander these gifts recklessly.⁶⁹

Gabriel Marcella, a renowned expert in LIC, has pointed out that

The US security assistance program must be adapted to changing global realities if it is to be productive....The United States must adopt a more pragmatic attitude towards security assistance as a source of influence.....Security assistance can be a useful tool, on occasion perhaps a decisive one, if employed skilfully to promote the common interests of the ally and the United States.⁷⁰

It may therefore be instructive, in assessing possible ways forward in the face of these very difficult, and possibly contradictory requirements, to examine British experience in the Oman, where certain similarities with the US relationship with Peru exist. Oman is probably a more instructive model for study

than Malaya much studied in Peru, because of its relationship with the United Kingdom. Unlike Malaya, the Sultanate of Oman is not, and never has been, a British colony or other type of possession.

The present Sultan, Qaboos, was educated at the Royal Military Academy, Sandhurst, served in a British regiment, trained in municipal administration in UK, and taken on a world tour, before returning to Oman, where his father was still reigning. In 1967, the Marxist government in South Yemen, Oman's neighbour, began to foment subversion among the jabalis (mountain people) of Dhofar Province, with the eventual aim of installing a Soviet-oriented government. This would have allowed control of the strategically vital Straits of Hormuz to pass into unfriendly hands.

In 1970 Qaboos, with the assistance of a progressive Omani and two British contract officers, deposed his father, and immediately announced a plan for political and economic development, previously resisted by his father. Whether there was British complicity in the coup has never been officially clarified, but they lost no time in making clear their support for Qaboos and his reforms.⁷¹ Control of the counterinsurgency campaign, and orchestration of the military, civilian, and intelligence effort, was vested in the Dhofar Development Committee, on which British advisers played a vital role, in coordinating, with their Omani colleagues, the counterinsurgency strategy.⁷²

With the exceptions of the seconded officers serving with the Sultan's Armed Forces, and Royal Engineer well-drilling teams, the only British troops to serve in Oman were from the Special Air Service, the British Army's Special Forces. When the end came in 1976, with the surrender of the last insurgents in Dhofar, the Sultan was able to be fulsome in his praise for the British contribution, without the risk of being accused of being a "lackey of imperialism." The role of British Special Forces was very similar to what might be that of US Special Forces in Peru; the major difference in the British approach was the insertion of advisers in key positions in the administration, thereby directly influencing the overall strategy for the campaign.

THE ADVISORY ROLE

In applying the British approach, Sir Robert Thompson⁷³ considers it vital that a formal treaty of assistance be established, as was the case in Malaya, during Malaysia's confrontation with Indonesia, and in Oman. The great advantage of such a treaty is that it lays down the arrangements by which the two parties will consult to reach agreement on policies, and cooperate to carry out those policies. It must be a strictly formal agreement, rigidly adhered to. A joint War Council should be established, with appropriate representation by both parties, such as Ministers of the threatened country and the local heads of aid and advisory agencies of the supporting power. All major

policy decisions which affect the progress of the national counterinsurgency plan should be submitted to this Council and agreed by it. Similar structures would apply at lower levels, although just how far down the scale the supporting government should be represented is obviously open to varying interpretation.

This structure has an additional advantage, in that it also ensures that the supporting country advisers speak with one voice, and coordinate their programmes to the same degree as the supported country. Sir Robert warns against the temptation to the agencies to take over some of these functions because they think they can do them better. In his view, their main task is to build up the administrative machinery of the local government, and for this the key is training. He warns that, particularly on the civilian side, there is a tendency to skimp the training and indulge in crash programmes, a fatal mistake. The training requirement applies not only to administrative officers in the ministries and provinces but also to all the technical departments, such as education, health, agricultural services, the police force and so on.

CAN IT WORK IN PERU?

The policies outlined would entail some major rethinking, by the Administration, by Congress, and by the American people. The sums of money suggested are unlikely to be made available in the

austere economic climate now reigning in the United States; even modest sums in excess of those currently authorised are unlikely to be released without positive signs of improvement in human rights, and a heightened determination on the part of the Peruvians to push counter-narcotics efforts beyond the level which they would presently consider acceptable - a chicken and egg situation. The Vietnam syndrome appears to be still very much in evidence, particularly in Congress, which is reluctant to allow the use of US forces for any role other than the limited training of police units. And, finally, the widespread deployment of advisers to underpin a formal treaty of assistance is likely to prove as unacceptable to Peru as to Congress. The New World Order has had little impact on South America; any opportunity that may have existed in the euphoria of mid-1991 has been missed, and the old rules of the game still seem to apply.

As the situation in Peru becomes more desperate, and possibly begins to threaten Bolivia and Ecuador, heightened realisation of the likely consequences for the United States may prompt a reexamination of the policy guidelines, and there is a belief in some State Department circles that Congress will then spend lavishly - too late.

SUMMARY AND CONCLUSIONS

For reasons which are mostly historical, Peru is a regional "basket case.". The West, particularly the United States, has

legitimate interests in Peru; they are a share in its national debt, the maintenance of democracy, and the trade in coca. These interests may or may not be vital; they conflict in some areas.

Peru is threatened by insurgency. In the opinion of some it is only a matter of time before democratic government falls, either to the insurgents or to the military. The major threat is from Sendero Luminoso, a well led, well organized, fanatical movement, which controls a large part of the country. The MRTA and counter-terror groups also promote instability.

The Peruvian army has, since the 60s, been pressing for the appropriate measures to prevent or combat insurgency. When its period in government ended in 1980, it was discredited, and no serious plan was put into effect to pacify the country. Recent measures by President Fujimori, however, have begun to address the problem along the lines of the British philosophy, as practised in Malaya.

The situation is now delicately balanced, and much hangs on the extent to which Fujimori can unite the country, change attitudes, and transform the economy, which is largely dependent on the income from coca.

The attitude of Peru to the drug trade differs from that of the United States. Various approaches have been employed to attempt to reduce the flow of coca, culminating in the Andean Strategy of 1989. There are problems with all the proposed strategies, which are compounded by the link between narcotics and insurgency.

United States policy towards Peru is faced with three problems: the split between the Administration and Congress; disagreement as to whether there is any vital interest in Peru, and whether that interest is primarily drugs or democracy; and the Vietnam syndrome, which inhibits any US assistance in counterinsurgency.

Obduracy, by Garcia, and indecision by Fujimori, had until 1991 prevented any meaningful initiative by the United States. With the successful conclusion of the Gulf War, and the emergence of the United States as the sole superpower, the moment appeared propitious for a fresh initiative.

A long term plan for Peru must reconcile the demands of counterinsurgency and counter-narcotics, but in the short term priority must be given to counterinsurgency. It will require large amounts of money to answer to the needs of a combined, comprehensive, strategy. It will also require the presence of American advisers from different agencies. Their main function will be to ensure that the inter - agency approach is effectively pursued.

A possible approach to the problem of leverage and the placement of key advisers has been enunciated by Sir Robert Thompson, and practised by the British in Oman.

Regrettably, the window of opportunity for any new strategy seems to be closing fast. Although the United States will continue to make a magnificent contribution to Peru by providing emergency funds to feed a large part of the population, there is

little hope that they will be able to make any moves in the policy field that could contribute to the solution of either the narcotics or insurgency problems until the situation becomes markedly worse than it is at present. It may then be too late to save Peru.

ENDNOTES

1. Christopher Marquis, "Plagued by a host of ills, Peru may be beyond help", Philadelphia Inquirer, 19 December 1991, p E1.
2. Ibid.
3. Author's conversations with a number of Peruvians, many of them Army officers.
4. Until 1968, 75% of the land was owned by 44 families.
5. Luigi R Einaudi, Revolution from within? Military rule in Peru since 1968.
6. Source, Senate Commission on Violence, quoted in AFP report of 25 December 1991, from Lima.
7. James Brooke, "Drug War makes some progress, with Latin seizures up", New York Times, 15 January 1992, p A 13.
8. Source, US Southcom Factsheet, dated 12 August 1991.
9. Ibid.
10. "There's no ignoring Peru", Editorial, Washington Post, 12 August 1991, p A16.
11. James Brooke, "Shining Path supporters abroad anger Peru", New York Times International, 18 December 1991, p A 11.
12. Interview carried in El Expreso of Lima, 10 Nov 91, pps A11-A14.
13. Ibid.
14. Conversations between the author and security sources in Bolivia, confirmed in late 1990 by President Jaime Paz Zamora of Bolivia in public statements.
15. State Department.
16. See for example Gordon H McCormick, The Shining Path and the Future of Peru, Rand Corporation Research Publication, March 1990, in which he argues that the two most likely outcomes of Peru's crisis are either victory for Sendero, or a military coup.
17. State Department.
18. Victor Polay Campos, in an interview reported in Caretas, Lima, ps 40-43, on 9 December 1991, called APRA "the main protagonist of our history, promoting an anti-imperialist and

popular ideology since the beginning."

19. When one of its main leaders, Victor Polay Campos, was captured in 1989, he was interviewed alone by the Prime Minister, Armando Villanueva. A few months later, in the last months of the APRA government, he escaped from the "maximum security" prison where he was being held.

20. Source Head of DIRCOTE, Peruvian Anti Terrorist police, in conversation with author, 1989.

21. AFP, Lima, 25 December 1991.

22. The Head of DIRCOTE gave it as his opinion, in an interview with the author in 1989, that MRTA was a graver long term threat than Sendero.

23. Conversation at State Department 20 December 1991.

24. Press reporting at the time, e.g. Eugene Robinson, "Peruvians look for Answers in Massacre of 16" Washington Post, 19 November 1991, and State Department sources.

25. McClintock and Lowenthal, The Peruvian Experiment Reconsidered, Princeton University Press, 1984.

26. Expreso, Lima, 22 August 1972, page number not given, quoted by McClintock and Lowenthal, op cit.

27. James Brooke, "Fujimori Aims for a head-on collision with Shining Path", New York Times, 8 December 1991, p E3.

28. State Department figures.

29. According to Datum, which carried out a poll on 7 December 1991 on Fujimori's administration, 69 percent approved his policies. El Comercio, Lima, 8 December 1991, p, A4.

30. State Department assessment.

31. See, for example, J B Perry Robinson, Transformation in Malaya. Secker and Warburg, London 1956, and R W Romer, The Malayan Emergency in Retrospect; Organization of a successful counterinsurgency Effort, Rand Corporation Report, February 1972

32. Mc Cormick, op. cit.

33. Dr Daniel Espichan Tumay, special prosecutor for terrorism cases, reported that 85 percent of the nearly 7,000 terrorists captured by police and placed in custody of the Attorney General's Office and the courts in the past 11 years have been released for, among other things, "lack of evidence." The report

says that only 600 terrorists have been sentenced and that many of those found guilty are free because their sentences are too light. El Comercio, Lima, 29 December 1991, p A1.

34. Members of the Security Forces have admitted such practices.

35. See for example text of interview given by Fujimori on National Television on 25 November 1991.

36. Source State Department.

37. James Brooke, "Peru's Military is Granted Broad Powers in Rebel War", New York Times, 3 December 1991, p A17.

38. Interview on National Public Radio, 10 December 1991.

39. McCormick, op. cit.

40. Interview with AFP 19 October 1991.

41. La Republica, Lima, 15 November 1991, p 10.

42. Conversation at State Department, 20 December 1991.

43. Gorriti, Gustavo, "How to Fight the Drug War", The Atlantic Monthly, July 1989, ps 70-76.

44. Tarazona-Sevillano, Gabriela with John B Reuter, Sendero Luminoso and the Threat of Narcoterrorism, Washington Papers 1990.

45. Summary of conversation between the author and an adviser to the Minister of the Interior, 1989.

46. Elaine Sciolino, "UN Report Links Drugs, Arms Trafficking and Terror", New York Times, 13 January 1987, page number not given, quoted by Tarazona-Sevillano, op cit.

47. Tarazona-Sevillano, op. cit.

48. Ibid.

49. The scheme was announced publicly, and the author heard Gen Arciniega personally promising, on Radio San Martin, that coca growers no longer had anything to fear from the authorities.

50. At an international convention on drug production, Lima, November 1989, attended by the author.

51. Robert Myers, Director of Programs, Bureau of International Narcotics Matters, Department of State, addressing the House of Representatives Armed Services' Committee in January 1990,

stated: "I recently have visited all three of the major Andean States...and ...the chiefs of mission there view drugs as their number one issue, no doubt about it."

52. One view put forward by the State Department during the author's visit, 20 December 1991.

53. Gorriti, Gustavo, "Misadventures in Cocaland," New York Times, 1 September 1991, p E3.

54. Times of the Americas, 11 December 1991, p4.

55. Comments made in October 1990, in a meeting with a World Council of Churches delegation, reported by the Washington Office on Latin America.

56. "An Agreement Between the United States of America and Peru on Drug Control and Alternative Development Policy."

57. All figures from State Department.

58. Some idea of the sensitivity of the subject can be gained from the furious reaction of a member of CinC southcom's staff to my reference, during conversations in Panama in November 1991, to the use of "advisers" rather than "trainers", under this plan. The distinction is a fine one, and would not be important but for the Vietnam connotations of "advisers."

59. The Andean Strategy and the Role of the US Military, US Government Printing Office, Washington, 1990.

60. James Brooke, New York Times, 15 January, 1992, p A13.

61. AFP Paris 15 December 1991.

62. See, for example, Christopher Marquis, op cit.

63. Washington Office on Latin America, Clear and Present Danger: The US Military and the War on Drugs in the Andes, Washington DC, October 1991.

64. James Brooke, New York Times, 15 January 1992, p A13.

65. Washington Office on Latin America, op. cit.

66. Ruck, Robert, Eradicating Cocaine in Peru: the role of American Foreign Assistance, Defense Technical Information Center, April 1990.

67. Conversation at State Department, 20 December, 1991.

68. Drew, Colonel Dennis M, Insurgency and Counterinsurgency, Air University Press, March 1988.

69. Thompson, Sir Robert, Defeating Communist Insurgency, Frederick Praeger, 1966.

70. Marcella, Gabriel, "Security Assistance Revisited: How to win Friends and not Lose Influence", Parameters, December 1982.

71. Allen, Calvin H Jnr, Oman, The Modernization of the Sultanate, Westview Press, Colorado, 1989.

72. Price, D, Oman, Insurgency and Development, Conflict Studies, 1975.

73. Thompson, op. cit.

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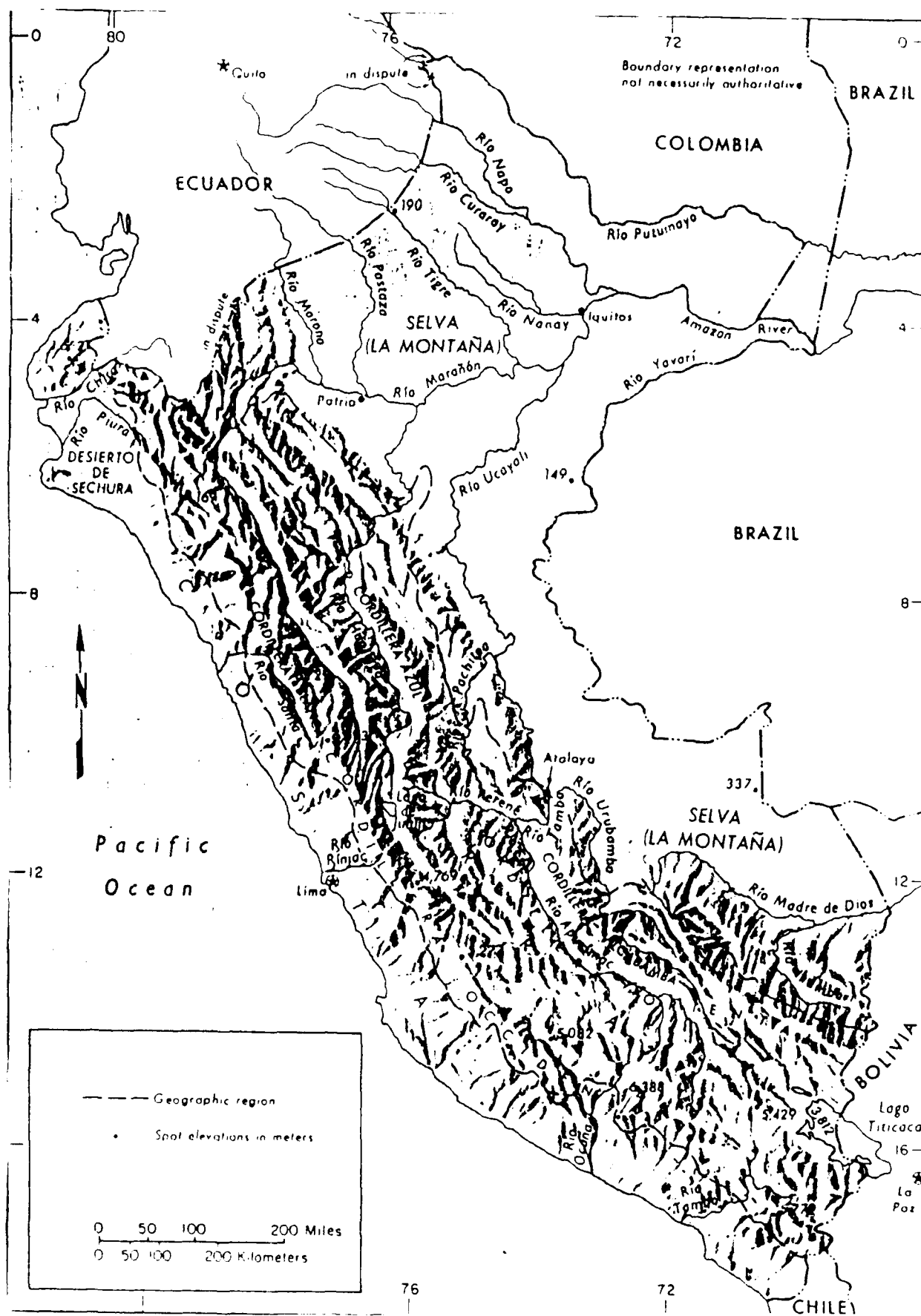
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US Government Printing Office, An Agreement between the United States of America and Peru on Drug Control and Alternative Development Strategy. Washington 1990

Washington Office on Latin America, Clear and Present Dangers;
the US Military and the War on Drugs in the Andes, Washington DC,
1991.

APPENDIX 1 - PERU, NATURAL TOPOGRAPHY



APPENDIX 2 - NATIVE SPEAKERS OF PERU'S PRINCIPAL LANGUAGES IN
PERCENT OF TOTAL POPULATION OF DEPARTMENT

DEPARTMENT	Speakers			
	Quechua	Aymara	Spanish	Not Stated
Amazonas	1	•	92	7
Ancash	54	•	45	1
Apurímac	91	•	8	1
Arequipa	28	2	69	1
Ayacucho	90	1	9	0
Cajamarca	1	•	98	1
Callao	7	1	91	1
Cusco	81	•	17	2
Huancavelica	87	•	12	1
Huánuco	56	•	43	1
Ica	13	•	85	2
Junín	30	•	61	9
La Libertad	•	•	99	1
Lambayeque	3	•	96	1
Lima	14	1	84	2
Loreto	2	•	88	10
Madre de Dios	22	1	72	5
Moquegua	16	19	64	1
Pasco	38	•	54	8
Piura	•	•	99	1
Puno	n.a.	n.a.	n.a.	n.a.
San Martín	8	•	91	1
Tacna	4	28	67	1
Tumbes	•	•	99	1
Percent of Total Population	25	1	72	2

n a —not available.

• Less than 1 percent.

Source: Based on information from Peru, Oficina Nacional de Estadística y Censos, *Censos Nacionales VII de Población, II de Vivienda*, Lima, June 4, 1972.

APPENDIX 3 - FIRST LANGUAGE AND EDUCATION CHARACTERISTICS OF THE POPULATION OVER 5 YEARS OF AGE, 1961-72 (HUNDREDS)

	First Language Spoken*											
	Total Number (100's)	Quechua		Aymara		Other Native†		Spanish		Other Language**		
		No.	%	No.	%	No.	%	No.	%	No.	%	
1972 Total	11337.1	3015.2	27	332.5	3.0	119.3	1.0	7740.9	68	50.6	0.4	
Men	5676.7	1481.2	26	167.3	3.0	59.0	1.0	3900.2	69	28.6	0.5	
Women	5660.4	1533.9	27	165.2	3.0	60.2	1.0	3840.7	68	21.9	0.4	
Urban pop.	6839.3	1094.3	16	83.4	1.0	31.2	0.5	5528.2	81	45.8	0.7	
Men	3414.8	546.7	16	46.4	1.0	14.9	0.4	2752.5	81	28.3	0.8	
Women	3424.4	547.5	16	37.0	1.0	16.2	0.5	2775.6	81	20.0	0.6	
No school	1145.7	340.9	30	19.5	1.7	11.0	1.0	753.6	66	19.1	1.7	
Men	415.4	92.1	22	5.1	1.2	3.7	0.9	308.9	74	9.1	2.2	
Women	730.0	254.7	35	14.3	2.0	7.3	1.0	444.7	61	1.0	0.1	
University	319.3	18.3	6	1.5	0.5	0.5	0.2	287.3	90	9.9	3.1	
Men	202.7	13.2	7	1.2	0.6	0.3	0.1	179.3	88	6.7	3.3	
Women	117.5	5.1	4	0.3	0.3	0.2	0.2	108.0	92	3.1	2.6	
Rural pop.	4497.8	1920.8	43	249.1	5.5	88.1	2.0	2212.6	49	4.8	10.1	
Men	2261.9	934.4	41	120.9	5.3	44.1	1.9	1147.6	51	2.8	10.1	
Women	2235.9	986.3	44	128.1	5.7	43.9	2.0	1065.0	48	1.9	0.1	
No school	2279.7	1169.8	51	120.8	5.3	56.8	2.5	919.3	40	1.2	0.1	
Men	854.7	422.1	49	39.6	4.6	24.9	2.9	362.4	42	0.6	0.1	
Women	1424.9	747.7	52	81.2	5.7	31.9	2.2	556.8	39	0.6		
University	12.5	1.7	14	0.3	2.4	0.1	0.8	9.7	78	0.5	4.0	
Men	8.7	1.3	15	0.2	2.3	0.1	1.1	6.4	74	0.3	3.4	
Women	3.8	0.4	11	0.03	0.8	0.03	0.8	3.2	84	0.1	2.6	
1961 Total	8235.2	2685.8	33	290.1	3.5	213.2	2.6	4945.2	60	57.1	0.7	
Men	4085.3	1305.9	32	142.3	3.5	102.2	2.5	2479.8	61	35.0	0.9	
Women	4149.9	1379.8	33	147.7	3.6	110.9	2.7	2465.4	59	24.1	0.6	
Urban Pop.	3361.2	786.8	23	49.3	1.5	62.8	1.9	3001.5	89	48.8	1.5	
Men	1968.5	392.0	20	27.3	1.4	29.6	1.5	1484.4	75	28.5	1.4	
Women	1992.6	394.8	20	20.0	1.0	33.1	1.7	1517.1	76	20.4	1.0	
Rural Pop.	4263.9	1898.9	45	24.7	5.8	150.4	3.5	1943.6	46	8.1	0.2	
Men	2116.7	913.9	43	115.0	5.4	72.6	3.4	995.3	47	4.4	0.2	
Women	2157.2	985.0	46	127.7	5.9	77.8	3.6	948.3	44	3.7	0.1	

* The bilingual population is included but cannot be accurately distinguished in census reports; thus, it is not separately reported here.

† Includes aboriginal languages spoken by some 54 ethnolinguistic groups living in the Amazon basin area of the country.

** Includes all foreign languages. The largest group were those speaking Japanese, followed by English, German, Chinese, and Italian.

Sources: Peru, VI Censo Nacional de Población, Vol. I, Tomo III (1966); Perú, Censos Nacionales: VII de Población, II de Vivienda: Nivel Nacional, Tomo II (1974).

APPENDIX 4 - LAND TENURE AND INCOME IN PERU IN 1961.

Type of Holding	Number of Holdings	Percent	Average Size Hectares	Percent of Area	Average Operator Income (Dollars)
National Total	851,192	100.0			
Large Estates	10,462	1.2	1,338.1	75.2	20,374
Small Estates	23,250	2.7	43.3	5.4	3,184
Family Farms	98,370	11.6	8.9	4.7	940
Minifundia	719,110	84.4	1.9	6.0	413
Communities	(808)	0.1	1,985.1	8.6	166 to 915
Serfs & Peons	—	—	—	—	240
Coast	54,320	100.0			
Large Estates	920	1.7	1,126.0	80.0	33,862
Small Estates	2,000	3.7	39.0	6.0	2,592
Family Farms	6,200	11.4	8.4	4.0	832
Minifundia	45,700	83.2	2.9	10.0	506
Communities	—	—	—	—	—
Serfs & Peons	—	—	—	—	318
Highlands	708,050	100.0			
Large Estates	8,912	1.3	1,284.8	75.0	17,132
Small Estates	19,100	2.7	39.8	5.0	3,233
Family Farms	88,500	12.5	8.2	4.8	736
Minifundia	590,730	83.5	1.2	4.7	269
Communities	(808)	0.1	1,985.1	10.5	166 to 915
Serfs & Peons	—	—	—	—	116 to 170
Jungle	89,630	100.0			
Large Estates	627	0.07	2,406.4	73.6	10,127
Small Estates	2,151	2.4	78.1	8.2	3,612
Family Farms	3,675	4.1	27.3	4.9	1,214
Minifundia	83,177	92.8	3.3	13.3	442
Communities	—	—	—	—	—
Serfs & Peons	—	—	—	—	240

Note: These are the best data available on land tenure prior to 1969 and all figures approximate reality. All data on Communities comes, for example, from the highlands, yet there were in 1961 1,650 government-registered Communities, a number which has materially increased since then. There were no reliable data in 1961 of virtually any sort for Community lands or populations. From the colonial period to the present, it has been impossible to obtain nationwide land tenure data other than estimates.

Source: Comité Interamericano de Desarrollo Agrícola (CIDA), *Tenencia de la Tierra y Desarrollo Socio-económico del Sector Agrícola: Perú*.

APPENDIX 5 - KEY POPULATION AND ECONOMIC INDICATORS

1. Population Total

1960	1975	1978	1985	2000(Projected)
10.2m	15.5m	16.8m	20.4m	29.5m

2. Percent Urban Population

1960	1975	1985	2000
38.7	61.77	68.91	77.84

3. Birth/Death Rate per thousand (Chile for comparison)

Births: 39.74 (Chile 25.41)
Deaths: 12.22 (Chile 8.05)
Growth: 27.95 (Chile 17.91)

4. Literacy rate (Chile for comparison)

Male: 85% (Chile 94%)
Female: 29% (Chile 93%)

5. Racial Division

Indian: 45% Mestizo: 37% White: 15% Other: 3%

6. Infant Mortality (Chile for comparison)

Peru 66/1000 (Chile 18/1000)

7. GDP

1990: \$19.3 bn, Growth Rate -3.9%
Industrial Production Growth Rate: -29%
Budget 1990: Revenue \$1.3bn, Expenditure \$2.1bn.

8. Poverty and Employment.

A World Bank survey in 1980 estimated that 31% of the population - 42% in the highlands, 27% on the coast, and 34% in the jungle - lived under conditions of absolute poverty. The movement to the towns detailed in Para 2 has caused these figures to increase.

Unemployment in 1989: 20%, underemployment: 60%

9. Average Nominal and Real Private Sector Salaries and Wages in Metropolitan Lima, 1973 - 1983

Index Base 1973 = 100

YEAR	SALARIES (White Collar)		WAGES (Blue Collar)	
	NOMINAL (Soles Per MONTH)	REAL (INDEX)	NOMINAL (Soles Per MONTH)	REAL (INDEX)
1973	10,427	100.0	5,520	100.0
1974	11,663	95.7	6,360	98.4
1975	13,954	87.5	7,080	83.7
1976	16,021	79.7	9,660	90.8
1977	19,231	69.7	11,280	76.6
1978	26,065	59.5	16,020	69.0
1979	39,926	54.3	26,040	66.8
1980	68,237	58.3	45,300	73.4
1981	122,376	59.6	77,640	71.4
Feb 1982	178,343	65.9	108,923	73.9
May 1982	198,498	64.1	119,768	72.8
Aug 1982	226,700	64.3	136,805	72.8
Nov 1982	259,386	62.9	158,367	72.3
Feb 1983	304,014	60.8	178,703	67.4
May 1983	343,785	55.10	205,794	61.9
Aug 1983	407,177	51.44	239,505	57.0

10. Percentage of Factory Capacity Utilized, 1981 - 1991/2

Industrial Sector	1981	1987	1991/2
More Than 60 Percent			
Nonferrous Metals	85.0	78.0	80.2
Petroleum Refineries	92.8	93.7	74.1
Rope Manufacturing	63.8	72.9	70.4
Beer and Malt Liquor	81.8	87.4	68.1
Cement	80.1	79.7	65.5
Tires and Tubes	89.7	84.6	64.8
Yarn, Textiles, and Finished Clothing	77.0	90.4	63.9
Basic Chemicals	73.9	82.5	63.3
Dairy Products	69.7	73.3	61.9
Sugar Refining	58.6	64.0	60.6

Percentage of Factory Capacity Utilized, 1981-1991/2 (Continued)

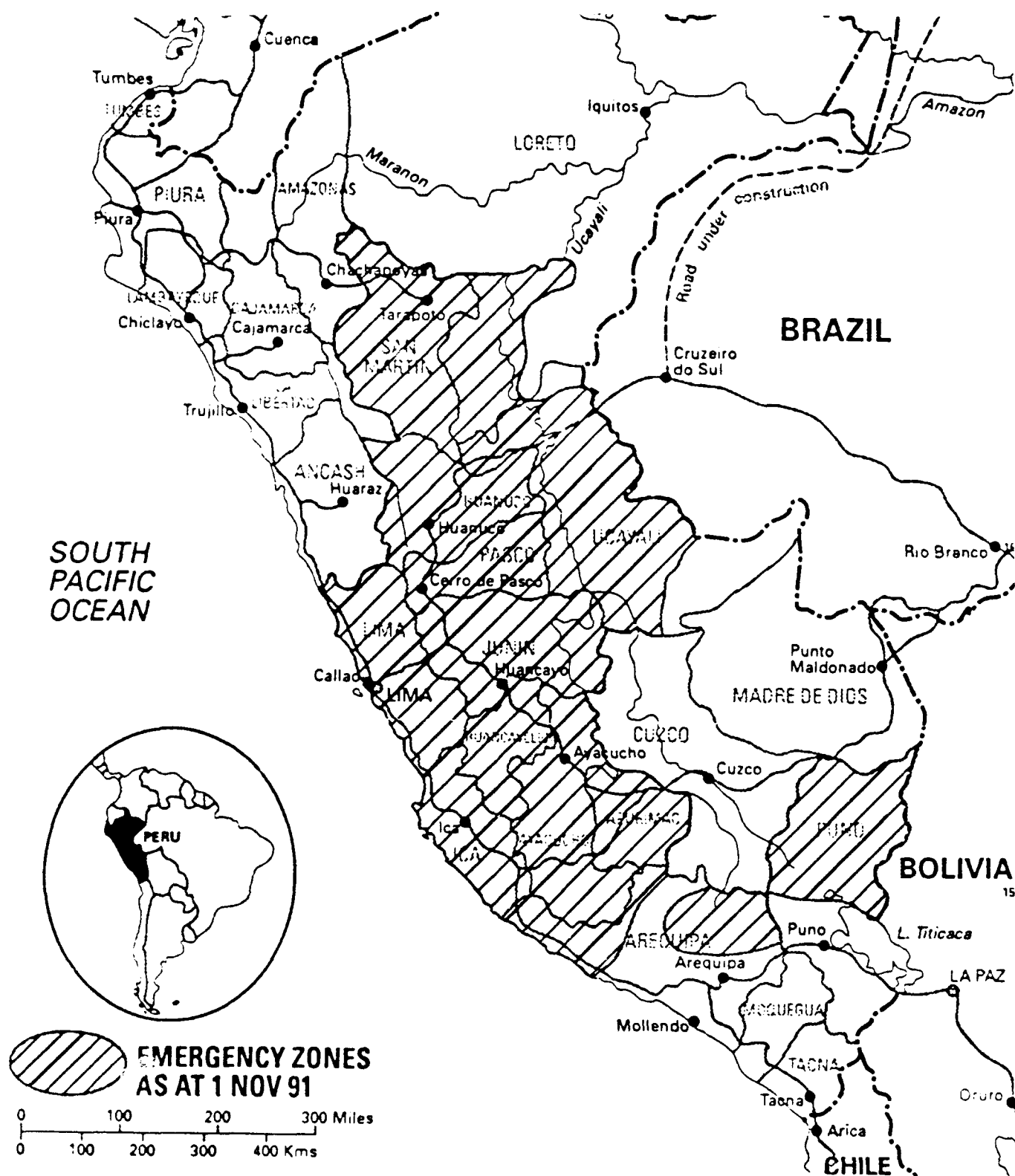
Industrial Sector	1981	1987	1991/2
Vegetable, Animal Oils and Fats	78.2	76.6	59.2
Chocolate and Confections	67.2	81.0	58.3
Miscellaneous Foods	75.3	82.3	55.7
Grain Milling	82.2	83.0	54.8
Other Chemical Products	69.4	76.0	53.9
Synthetic and Artificial Resins	67.5	85.5	53.9
Tobacco Products	75.4	64.0	51.6
Fish Meal Factories	43.5	59.4	49.6
Paints, Varnishes, and Lacquers	53.1	81.4	48.8
Iron and Steel Industry	76.5	86.4	48.6
Electricity Supply	71.1	78.0	47.5
Foods sold by Weight	77.1	88.8	45.6
Miscellaneous Machinery	79.1	62.6	43.9
Plastic Products	86.5	87.4	41.0
Less Than 40 percent			
Glass and Glass Products	67.6	81.3	39.3
Carbonated Beverages	68.6	82.2	37.5
Paper and Carboard Packaging	71.9	73.4	35.5
Canned Fruits, Vegetables	73.1	70.8	34.5
Miscellaneous Nonmetallic Minerals	88.5	80.4	33.7
Canned Fish and Other Products	58.4	35.1	32.6
Tanneries	84.6	71.5	31.9
Tools, Hardware Articles	70.3	69.9	30.6
Miscellaneous Products	74.5	83.2	29.5
Automotive Vehicles	82.5	58.6	27.8
Paper and Cardboard	72.4	60.8	27.0
Electric Household Appliances	53.3	72.1	26.3
Radio and TV Sets	78.6	79.8	23.9
Miscellaneous Electrical Machinery	53.7	44.1	20.4
Miscellaneous Metallic Products	44.8	56.9	19.3
Alcohol Distillation	36.7	39.0	18.7
Fertilizer and Pesticides	83.0	61.0	18.7

11. Key Economic Indicators, 1981 - 1983.

Values in US\$ millions	1981	1982	1983	Percent Change	
				82/81	83/82
<u>DOMESTIC INDICATORS</u>					
GDP at 1970 Prices	8,940	9,002	7,930	0.7	-11.9
GDP at Current Prices	20,074	19,768	15,984	-1.5	-19.1
Per Capita GDP at 1970 Prices	503	494	424	-1.8	-14.1
Per Capita GDP at Current Prices	1,130	1,089	868	-3.6	-20.3
Population (in 000s)	17,755	18,226	18,707	-2.6	2.6
Industrial Production Index (1973: 100.0)	124.4	121.0	100.2	-2.7	-17.2
Electricity Production (millions of kws)	10,548	11,328	9,328	7.4	-17.7
<u>FINANCE/FISCAL</u>					
Lima Consumer Price Index (1979: 100.0)	339.0	586.3	1,319.6	72.9	125.1
Money supply (M2, in billions of soles)	1,729	2,732	4,755	58.0	72.2
Commercial Bank Deposit Interest Rate (pct.) 1*	49.5	55.0	60.0	11.1	9.1
Central Govt. Revenues	3,597	3,566	2,224	-0.9	-37.6
Central Govt. Expenses 2*	5,368	5,097	4,373	-5.0	-14.2
<u>EXTERNAL SECTOR</u>					
Official Exchange Rate (soles per dollar) 3*	423.42	698.76	1,632.21	65.0	133.6
Intl. Reserves Held by Financial System	722	896	846	16.1	-5.6
Total External Debt	9,638	11,097	12,418	15.1	11.9
Public Sector's External Debt Service 4*	1,765	1,688	1,860	-4.4	10.2
Current Account Deficit	-1,728	-1,609	882	6.9	45.2
Balance of Trade	-553	-428	300	-22.6	170.1
Total Exports FOB	3,249	3,293	2,970	1.3	-9.8
U.S. Share (Percent)	37.6	35.0	37.0	—	—
Total Imports FOB	3,802	3,721	2,670	-2.1	-29.3
U.S. Share (Percent)	38.6	24.2	42.1	—	—

Sources: Jaime Castro Contreras, Sociologia para analizar la Sociedad, 5th Edition, Imprenta Editora, UNIVERSAL SA; Richard Myrop (Editor), Peru: A Country Study, Washington DC 1981; Area Assessment, Peru, prepared for CinCSouthCom by 361 Civil Affairs Brigade, September 1984.

APPENDIX 6 - EMERGENCY ZONES



Current
Policy
No. 1287

The Andean Strategy To Control Cocaine



United States Department of State
Bureau of Public Affairs
Washington, DC

Following is a statement by Melvyn Levitsky, Assistant Secretary for International Narcotics Matters, before the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee, Washington, DC, June 20, 1990.

I welcome the opportunity today to discuss the President's Andean strategy and outline our policy goals and objectives in this area. Cocaine control is our number one priority and our main focus has been, and will continue to be, the Andes.

The President's historic meeting in Cartagena, Colombia, in February signaled a new era in narcotics cooperation with our Andean partners. No longer is the drug issue simply a law enforcement problem. We are working with Colombia, Bolivia, and Peru to explore ways to strengthen law enforcement, military, intelligence, and economic cooperation, including opportunities for expanded trade and investment in order to attack the drug trade in a comprehensive way. The President's Andean strategy seeks to bolster these countries' capabilities on all fronts. The programs we have are cooperative programs. We cannot do the job without a strong effort from the Andean countries, the countries that surround the Andean region, and the transit countries through which cocaine passes.

The Andean strategy is a multi-faceted approach to the complex problem of cocaine production and trafficking. Of course, the main front in this war is here at home. But as we work to diminish our own demand for and consumption of

drugs, we must also work hard to reduce the international supply; otherwise, it will be more difficult to sustain effective domestic programs in law enforcement, education, prevention, and treatment.

In 1989, the administration completed a comprehensive plan to work with the three Andean governments to disrupt and destroy the growing, processing, and transportation of coca and coca products within the source countries in order to reduce the supply of cocaine entering the United States. In September 1989, the President's National Drug Control Strategy directed that a 5-year, \$2.2 billion counter-narcotics effort begin in FY 1990 to augment law enforcement, military, and economic resources in Colombia, Bolivia, and Peru. After careful negotiations between the United States and each of the individual cooperating governments, implementation plans have been prepared to ensure effective use of the assistance.

The administration's \$2.2 billion plan provides a cooperative approach for working with the three major Andean governments to disrupt and destroy the growing, processing, and transportation of coca and coca products within the source countries in order to reduce the supply of cocaine from these countries to the United States. Congress has authorized and appropriated funds for the first year of this plan. For FY 1990, approximately \$230 million in economic, military, and law enforcement assistance is being offered to the three Andean countries for counter-narcotics-related initiatives. In 1991, we are asking for \$423 million, including narcotics-related economic assistance.

Objectives

The Andean strategy has three major objectives.

First, through concerted action and bilateral assistance, it is our goal to strengthen the political will and institutional capability of the three Andean governments to enable them to confront the Andean cocaine trade. With new governments in Colombia and Peru, it will be essential for the US Government to help them address the full range of their drug-related problems.

Second, we will work with the Andean governments to increase the effectiveness of the intelligence, military, and law enforcement activities against the cocaine trade in the three source countries, particularly by providing air mobility for both military and police forces and making sure they are well equipped and trained and that they cooperate in an integrated strategy. It has become clear that the Andean countries cannot conduct effective anti-narcotics operations without the involvement of their armed forces; this is especially true where the traffickers and insurgents have joined forces, as in Peru. Specific objectives include efforts to isolate key coca growing areas, block the shipment of precursor chemicals, identify and destroy existing labs and processing centers, control key air corridors, and reduce net production of coca through aerial application of herbicides when it is effective to do so.

Our third goal is to inflict significant damage on the trafficking organizations which operate within the three source

countries by working with host governments to dismantle operations and elements of greatest value to the trafficking organizations. By strengthening ties between police and military units and creating major violator task forces to identify key organizations, the bilateral assistance will enable host government forces to target the leaders of the major cocaine trafficking organizations, impede the transfer of drug-generated funds, and seize their assets within the United States and in those foreign nations in which they operate. Intelligence is a critical component of this strategy. We have worked closely with the intelligence community and law enforcement agencies to focus intelligence collection on these targets. In short, we have developed a strategy that is coherent, focused, and determined.

A major tenet of this strategy is the incorporation of expanded economic assistance beginning in FY 1991 and directed toward offsetting the negative economic dislocations we know will occur. This assistance will, in turn, strengthen the political commitment of the three Andean nations to carry out an effective counter-narcotics program. US economic assistance is, in general terms, linked to counter-narcotics performance and to follow-through with economic policy reform. In harmony with the views of the three Andean governments, our direct economic assistance and other initiatives support economic alternatives for those directly involved in the cultivation of and trade in coca. Examples of such assistance include crop substitution and other economic alternative activities, drug awareness, administration of justice, balance of payments, and export promotion. The assistance reflects our conclusion, incorporated in the Declaration of Cartagena, that a comprehensive, intensified counter-narcotics strategy must include understandings regarding economic cooperation, alternative development, and encouragement of trade and investment. As vigorous host government programs against the drug trade and economic policy reform initiatives become more effective, our economic assistance will increase in the outyears (1991-94) of the Andean strategy. We are not seeking to impose law enforcement, security, or economic assistance on these countries. These are programs that require cooperation and mutual agreement. Our intensive dialogue with the Andeans is refining a common understanding of what is needed and what is possible on both sides.

Misconceptions About Militaries' Roles

Let me deal directly with concerns which have been raised regarding the role of the Andean militaries in the drug war and potential human rights abuses. There is no reason to expect that US military aid will undermine democracy or civilian rule in the Andes. On the contrary, I believe it will help to strengthen both democracy and the international struggle against illegal narcotics for the following reasons:

- US security assistance will be negotiated with and delivered through the civilian governments;
- An impoverished, poorly trained and equipped military, unable to feed its troops, is far more susceptible to corruption and human rights abuses; and
- The military is far more likely to take a constructive approach if actively engaged in the drug war as opposed to being left to criticize civilian efforts from the sidelines. The involvement of the military, as in our own country, can bring a significant resource in the war against drugs if properly coordinated and directed by civilian authorities.

I would also like to set out a number of points that address misconceptions that have grown up in recent months about the so-called militarization of the US counter-narcotics effort. Like many slogans, the use of emotionally charged and sometimes politically motivated words like "militarization" is a gross oversimplification that does not do justice to the effort either to understand or deal with the complex problems of international narcotics.

In the first place, the level of our security assistance is only a part of our total effort. Of some \$129 million in counter-narcotics funds requested for Peru in FY 1991, for example, only about \$40 million is for military assistance, and much of that is for maintenance support and infrastructure improvement. Nor do we contemplate large levels of US military presence in the Andes. We have never maintained such a presence, and our strategy includes as one of our tenets the determination not to Americanize the effort to work with local governments.

Second, our decision to encourage greater participation of the local militaries in the counter-narcotics efforts parallels the evolution of our own policy that projects a greater role for the Department of Defense in the war on drugs in the United States. Indeed, the militaries in the Andean states are an important component of the governments

and their involvement is a sign of greater overall national commitment in dealing with the problem.

Third, while we believe the militaries of the Andean states need to play a more constructive role, we never have nor will force military assistance on these countries. Nor is the assistance we are providing of a nature to create large, new forces in the region. We are developing the specialized skills and units required to conduct or support meaningful counter-narcotics operations, not creating major combat units. We should remember the immense size of the countries we are dealing with and that the narcotics processing facilities and growing areas are spread over large areas, often in remote locations. Narcotics law enforcement units are neither equipped nor trained to address the increasingly paramilitary nature of the problem. Further, as the case of Bolivian military support for counter-narcotics operations demonstrates, military support in some cases can be an effective way to avoid duplicating a parallel military capability within police narcotics enforcement agencies.

The financial resources of the narcotics traffickers, such as those in Colombia, enable them to hire private armies and terrorists on a national and international scale. Their ability to buy manpower and equipment surpasses the police capability and, in some cases, calls into question even the military's ability to respond effectively. These capabilities permit the narco-traffickers to challenge or defy the sovereignty of local governments in a way unprecedented in our experience.

US counter-narcotics policy, therefore, should not be characterized as a "militarized" effort, but rather one that seeks to provide legitimate governments with the tools and assistance to help defend their political sovereignty.

But the problem does not end there. There is now a further complicating factor, and that is the degree to which so-called guerrilla organizations are becoming involved in narcotics trafficking, either in providing protection in return for profit or in engaging in the production and sale of coca.

The effort of the United States to help these countries deal with "narco-insurgents" has raised the specter of counter-insurgency—specifically, whether the United States should engage in supporting Andean militaries, some with past records of human rights abuses, in waging a struggle against insurgent groups which

are clearly involved in many aspects of narcotics trafficking. We cannot gloss over past abuses in some countries. We do not support these and never will. But neither should we succumb to the romantic notion of downtrodden peasant masses protesting in arms against social injustice, nor depict organizations like the *Sendero Luminoso* (Shining Path) of Peru or the FARC (*Fuerzas Armadas Revolucionarias de Colombia*—Armed Revolutionary Forces of Colombia) in Colombia as champions of human rights. Moreover, these groups are now becoming narcotics traffickers themselves, profiting from the environment of drugs and using drug monies to finance further violence.

In such groups, we are dealing with professional organizations of tight-knit cadres whose human rights abuses, indiscriminate bombings of civilian targets, use of torture, terrorism on a national scale, and barbaric brutality are plainly part of the public record in Colombia and Peru. While the US attitude toward these problems is well known, the United States has not provided significant financial assistance to any of the Andean nations to deal with these specific problems. We are focusing our effort on counter-narcotics, not on counter-insurgency, but we cannot lose sight of the fact that it is the insurgents who have become involved in narcotics and, along with the traffickers, created a militarized situation.

Let me also point out the following. At this point, we have not concluded a security assistance agreement with the government of Peru. We have done some advance planning and held discussions with officials of the government, but no programs of assistance can go forward without such an agreement. While it is our belief that the narcotics situation in the upper Huallaga Valley cannot be dealt with effectively without the involvement of the Peruvian military, this is a Peruvian government decision. And, of course, it will be a decision as to whether the counter-narcotics performance of the Peruvian institutions involved in the struggle will justify the provision of economic assistance. Our request for economic assistance for Peru in 1991 is based on the assumption of effective counter-narcotics performance.

Our counter-narcotics work in Bolivia does not create a significant military capability; it too, focuses on improving the military's ability to support counter-narcotics efforts. This includes improvements in riverine programs by the Andean navies to interdict the flow of precursor chemicals and drugs on Bolivia's waterways.

The involvement of the Colombian military in supporting counter-narcotics law enforcement operations over the past 2 years proves the effectiveness of this approach. Recently, the Colombian military, using equipment supplied by the United States, with the police seized over 18 tons of cocaine in one transportation complex deep in the Colombian jungle.

It is basic to our policy that human rights remain under continuous review to determine whether government policies justify, reinforce, or call into doubt our continued assistance relationship. State Department human rights reports on Colombia and Peru have been candid in their criticisms and, in fact, received praise from human rights groups. We will work with the Andean militaries to eliminate human rights abuses as they increase their involvement in anti-narcotics operations. Our training, in fact, will emphasize human rights and civic action.

Involvement of US military personnel and organizations is clearly defined, limited, and subject to continuing review. The US military role is to provide support and development of host country capabilities. It will provide training and operational support, materiel, advice, and technological and maintenance support to cooperating nations' counter-narcotics organizations. Defense personnel will not participate in actual field operations.

Contrary to some media reports, the levels of counter-narcotics based economic assistance planned for in the President's Andean strategy outweigh the levels of military assistance being offered. Over the 5 years that the strategy covers, from FY 1990 to 1994, economic assistance will total over \$1.1 billion, versus approximately \$676 million in security assistance. Moreover, this does not include other economic assistance such as food aid and trade preferences for the Andean region.

Further Initiatives

We are, of course, living up to the economic commitments made at the Cartagena summit. We are implementing the initiatives contained in the President's November 1 Andean trade package, including working with the countries in the region to develop further initiatives:

- In February, administration officials met with representatives from the European Community, Canada, and Japan to discuss ways we can help the Andean countries improve their trade performance.

- In March, the Office of the US Trade Representative (USTR) announced that 129 products were accepted for review under the US generalized system of preferences (GSP) special Andean review. Final results of the review will be announced in July.

- We have also conducted successful technical seminars on the GSP program in Colombia, Bolivia, Peru, Ecuador, and Venezuela to help the Andean countries take full advantage of the GSP. A US team is in the Andes the week of June 18 to conduct seminars on the US textile program.

- We have scheduled a workshop in Washington for the Andean countries the week of July 9 on ways to expand US-Andean trade and investment opportunities.

- We are exploring areas of potential cooperation with the multilateral development banks and have emphasized US support for World Bank efforts in the area of trade policy reform.

- On May 8, the United States and Bolivia signed an agreement to establish the US-Bolivia Trade and Investment Council, whose objectives are to monitor trade and investment relations, identify opportunities for expanding trade and investment, and negotiate agreements where appropriate.

- We also renewed our commitment to seek a new International Coffee Agreement (ICA).

- We have offered to accelerate negotiations on tariff and nontariff measures in the international trade negotiations now going on in Geneva. Andean participants have not yet responded to our offer.

In addition to the bilateral aspects of the Andean strategy, we are also working with the international community to gain support for Andean initiatives. The strategy suggests that a consultative mechanism with other developed countries be established to ensure closer coordination of international counter-narcotics efforts. I will be travelling to Europe at the end of this month to further this goal.

We are pleased with the work of the G-7 Financial Action Task Force on money laundering; the United States hopes to expand the number of countries that embrace the action recommendations of the task force to ensure that all countries have comprehensive domestic programs against money laundering and cooperate to the maximum extent

possible in international money laundering investigations and prosecutions. Narcotics is also on the agenda of the Houston economic summit next month, and there we hope to gain greater G-7 support for precursor chemical control. As our own controls become more effective, the drug traffickers look to Europe and the surrounding countries for supply of these chemicals, and so we must bolster international efforts to limit their use to legitimate industry. Without essential chemicals, cocaine cannot be produced. We have just completed a State Department-Drug Enforcement Administration (DEA) mission to Europe to promote the control of essential and precursor chemicals. We will be conducting similar missions to Latin American countries.

In closing, I would like to take this opportunity to say that I believe that during the coming year, we and the Andean governments will have many opportunities for progress as we work together to attack all aspects of the cocaine trade. We are optimistic. The price of coca leaf is down in Peru and Bolivia. As a result, in Bolivia voluntary eradication of coca is up—this year has already surpassed last year's total—and increasing numbers of growers are moving out of the illegal industry. DEA laboratory analysis indicates that purity levels of cocaine at both the wholesale and retail levels are down and prices have increased at the wholesale level in many areas throughout the nation. Cartagena ended the argument over who is to blame for the drug crisis; we now have a consensus on the nature of the problems we face and a solidifying common front against the drug trade.

Success will not happen overnight, but we are beginning to see that our efforts are having an impact in the Andes, and on the streets of the United States. Provided we are prepared to sustain our activities and not allow our thinking to be clouded by false analogies and oversimplifications, I believe we will continue to make progress toward a goal the American people have made clear that they support.