

A Paper for Course IV: The Geostrategic Context

The National War College

28 February 1992

COCAINE, COMMUNISM AND CRISIS: PERU IN A CROSSFIRE

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# Report Documentation Page

Form Approved  
OMB No. 0704-0188

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1. REPORT DATE <b>28 FEB 1992</b>		2. REPORT TYPE <b>N/A</b>		3. DATES COVERED <b>-</b>	
4. TITLE AND SUBTITLE <b>A Paper for Course IV: The Geostrategic Context The National War College</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>National Defense University National War College Fort McNair Washington, DC 20319</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release, distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT <b>UU</b>	18. NUMBER OF PAGES <b>16</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

Why is Peru of special interest to the U.S.? Two years ago the answer to this question would have been easy. Then Peru was of special interest for two reasons-- the great hopes that were held for the success of the U.S. counter-narcotics program there and because Peru, which had a special relationship with the Soviet Union, was on the front-lines in the U.S. efforts to contain Soviet expansionism. However, now the answer to this question is not so clear. The purpose of this paper, therefore, is to discuss the importance of Peru to the U.S. today and recommend changes in the current U.S. policy towards Peru. These changes are necessary both because of the failures of the U.S. counter-narcotics program in Peru and the deteriorating internal situation there. Also, the recommendations for policy changes are driven by the new geopolitical relationships in the post-Cold War World and by the U.S. budget crisis.<sup>1</sup>

#### BACKGROUND.

In 1984 Mario Vargas Llosa, the most renowned Peruvian novelist, wrote a book--La Historia de Mayta--in which he paints a portrait of Peru as a country in the midst of chaos, brought about by a communist revolution, economic crisis and cocaine cartels in control of much of the countryside. Violence is endemic and poverty and hunger are the rule. Amid this chaos the U.S. Marine Corps lands, at the invitation of the ruling military junta. When the book first appeared in print in Peru most were bemused by this

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<sup>1</sup> This paper is written from my perspective of service as an exchange officer with the Peruvian Navy from 1988-1990. During this time I participated in planning both counterinsurgency and counternarcotics operations at the Peruvian Navy Headquarters and then Peruvian Joint Staff level.

"flight of fantasy," but few considered it prophesy. However, only six years later, when Vargas Llosa was in the middle of his nearly successful campaign for the presidency of Peru, it had come to be regarded as remarkably prescient.

What had happened? Peru used to be run by generals. Then in 1980, when civilian rule returned, there was great hope that more enlightened government could dramatically change the old ways of the country. However, Vargas Llosa's scenario is playing out. Today Peru is in chaos, with many innocent Peruvians dying, caught in a crossfire between cocaine traffickers, two Communist insurgent groups, and government police and military forces. In a war that has lasted 12 years, it is estimated that at least 25,000 Peruvians, mostly non-combatants, have been killed (the number may actually be much higher). Also, the war is estimated to have cost the Peruvian economy close to \$20 billion dollars to date.

The government's ability to focus its attention on countering these threats is severely undermined by a potential collapse of the economy. Peru's economy is deeply mired in recession, external debt and roaring inflation, with four out of five Peruvians unemployed or underemployed. These economic malfunctions are closely related to deep social divisions and gross inequities in the distribution of income. As a result, specifically economic remedies have not been very effective. Among the indicators of the lack of economic development and social justice in Peruvian society there are three striking ones. These are:

■ Malnutrition. In 1970 malnutrition affected one million

people in Peru (7 percent of the population then) and today it affects five million (or, 23 percent of the population).

■Cholera epidemic. In 1991, a cholera epidemic struck tens of thousands in Peru, resulting in several hundred deaths. Cholera epidemics are unheard of in this hemisphere. (Cholera prevention requires only basic sanitation measures and once contracted, medical treatment for it is simple, cheap and effective.)

■Infant mortality. The infant mortality rate in Lima, the capital of Peru, is 56 deaths per 1,000 compared to interior states in the Andes, such as in Huancavelica, where the rate is 275 per 1,000. Huancavelica is in the region where the major insurgent threat originated. (For another comparison the U.S. rate is 10 per 1,000.)

The result of all this is that the government of Peru finds itself drawing its support from a narrowing segment of the population and, consequently, the government is struggling to maintain its political legitimacy. Peruvians have learned that democracy guarantees the possibility for pluralist dialogue, but it does not guarantee competent governance in crisis situations, nor does it guarantee unity of purpose among competing political factions-- even when the country's survival hangs in the balance. Of course, the insurgents and drug dealers have found these conditions ideal for their purposes.

#### ANALYSIS.

In revising the U.S. policy towards Peru it is important to consider the attitudes of Peru to past U.S. involvement in the

area. Generally, the U.S. has been seen as an unsteady presence in the region-- i.e., bursts of intense activism alternating with periods of benign neglect. Americans are also often seen by Peruvians as substituting simple sentiments for the effort of comprehension and denying them the right to their own views of reality within their country. These factors have resulted in Peru being very vocal in opposition to U.S. interventions in the region (as in the case of Operation JUST CAUSE). Therefore, the U.S. has less leverage than desired over Peruvian internal policies and will not be able to change this in the short term.

There are three principal factors to consider in weighing the importance of Peru to the U.S. today. They are:

■First: Peru is considered by many to be a bell-wether country in South America. Other fledgling democracies of the region are watching closely, because where Peru goes, they may end up following. The economic and social problems besetting Peru are also present in many of the other South American countries. However, in the case of Peru the problems are more advanced. Also, the other countries have strong cultural and historical ties to Peru. For three hundred years Peru was the heart of the Spanish empire in the Americas, with Peru's capital serving as the capital of that empire. And-- prior to the arrival of the Spanish, Peru was the center of the most important Indian civilization in South America, the Inca empire.

■Second: If our national security is defined in terms of a way of life and not just as life itself, then countering the flow

of illicit drugs into the U.S. is in our national interest. No successful strategy to reduce the supply of cocaine available for transport to the U.S. can ignore Peru, where over 60 percent of the world's coca production is concentrated. Approximately one million Peruvians are involved in cultivating coca. The value of the cocaine that is exported from Peru is estimated to be about two thirds the value of Peru's legal exports. And--despite current U.S. and Peruvian counter-narcotics efforts-- the U.S. DEA estimates cocaine production is rising rapidly, from 360 metric tons in 1988 to almost 1,000 metric tons in 1991.

■Third: While Communism is finished in Eastern Europe and the former Soviet Union, it is alive and well in Maoist form in Peru. Sendero Luminoso (or Shining Path) is the larger of two insurgent organizations that have plunged Peru into the most savage civil war in Latin America today. Sendero, which is reminiscent of the Khmer Rouge in Cambodia, is close to provoking the Peruvian military into the "Argentine solution," which would mean making hundreds of thousands of Indians "disappear".

The U.S. government presence in Peru has great propaganda value for the insurgents. For example, the U.S. led eradication and interdiction programs have driven thousands of growers to seek protection with Sendero. Thus, in a seeming contradiction of their strict moral code, Sendero has become entwined in the trafficking of cocaine. Their strong military presence in the coca growing regions makes it difficult for the paramilitary forces of the U.S. DEA and Peruvian police to operate with much success against the

drug traffickers. This generates tremendous income for Sendero, perhaps as much as \$100 million annually, which enables them to eschew external support.

Notably, so far, both insurgent groups have carefully managed their level of violence against U.S. government personnel and installations in country. This is in an effort to neither provoke the U.S. to greater contributions to the Peruvian government's counter-insurgency nor to drive the U.S. into leaving all together. The few attacks that have occurred against the U.S. in Peru were probably designed to show the Peruvian populace that their government is unable to provide adequate security for foreign interests in Peru.

The insurgent threat has gained strength steadily and Sendero's politico-military organization has replaced government control now in more than half of the countryside beyond the capital. In the areas that they control they have already established an infrastructure that includes schools, courts and a tax system.

It is a low technology war due to the difficult terrain and the insurgent tactics. Government forces already have arms and equipment they need to defeat Sendero, although ammunition is often in short supply. If the U.S. were to supply more modern arms and equipment, it would only escalate the level of violence, not improve the government's odds of winning. As the insurgents source of supply is government installations, the military would soon find new arms being used against itself by Sendero shortly after their



introduction into a combat area.

The government forces are being debilitated and demoralized by hundreds of experienced officers and NCOs leaving the service, many by desertion. And-- the combat effectiveness of Peruvian units is often degraded by malnutrition in the soldiers. In addition, since the departure of the Russian technicians and advisors (as many as 1,000 were in Peru at one time), the maintenance of Russian made equipment has suffered and spare parts resupply from Russia has dried up.

Finally, in Peru today, there is a strong sense that time is on the side of the insurgents. As long as the government continues to not use the time available to get its act together, then this feeling will not change, nor will the insurgents' goals and protracted popular war strategy be forced to change. Therefore, there appear to be only three probable scenarios for the future of Peru. Any one of these scenarios could occur in the next three to five years. These are:

■Highest Probability. A military coup. The military will step in to impose a military solution to the country's problems, "saving the country." Many in the Peruvian military do not believe that the insurgents can be defeated in a democracy. In this event, the military could then be expected to take some action (such as causing a territorial dispute with a neighbor) to divert the public attention from the economic problems and to unify the country. While no military coup has occurred yet, this is probably due more to the fact that the military has been unwilling to tackle

the economic and social problems of the country, seeing no better solutions themselves, than to them being converted to faith in democracy. (The Peruvian military has been close at least twice in the last three years to attempting a coup, having tried and failed to obtain pledges for outside financial support in the event the coup succeeded to power.)

■Medium Probability. The government will lose and Sendero will take power. It is important to make the distinction between the government losing and Sendero militarily defeating them, which is probably not feasible due to the small relative size of the insurgents compared to the number of government troops. Instead the government, having lost all political legitimacy and, with a demoralized army, would simply collapse, much as happened in Angola recently. Dangerously, for other nations in the region, a country ruled by Sendero could become an exporter of state sponsored terrorism, like Libya or Syria.

■Lowest Probability. The country will slide into an abyss of ungovernability, much like the situation in Lebanon. The rural areas would be divided among the two insurgent groups and the various drug cartels, leaving the government forces surrounded in enclaves in Lima and other major coastal cities. An unstable Peru could draw the intervention of Chile and/or Ecuador, who have long standing border disputes with Peru. This could destabilize the entire region.

Of course, it is possible that the current Peruvian government will continue to muddle through, surviving as a democratic state.

Although this is a possibility, it is not likely. For, while the current administration of Peru has managed to modestly improve the economy over the past 18 months since assuming office, Sendero continues to grow stronger in the countryside and also in the slums surrounding Lima. Sendero's recent growth can be attributed to the Peruvian poor being politicized by the severity of the economic reform measures and the lack of social reforms. This did not happen in the previous Peruvian insurgency of the 1960's, which failed as a result. Perhaps Vargas Llosa had foreseen this, as one of the characters in La Historia de Mayta observes that, "When the poor came to understand that they did have power, that all they had to do was become aware of it and use it, the whole pyramid of exploitation, servitude, and horror that was Peru would collapse like a rotten roof. When they understand that by rebelling they would finally begin to humanize their lives, the revolution would be unstoppable."

#### CONCLUSIONS.

In the 1990's, simply being a country in desperate need of security and development assistance is not enough for us to consider Peru as a prime candidate for U.S. bilateral assistance in an era of shrinking U.S. budgets. Today, much more so than in the recent past, it is necessary to distinguish between vital, major and peripheral national interests prior to programming dollars for bilateral aid projects. No scenario for the future of Peru directly threatens any vital U.S. national interest. Reducing the supply of cocaine from Peru to the U.S. is a national interest, but

should be considered a peripheral interest, not a vital or major interest. This is because it is recognized now that due to market forces, the demand side of the drug problem is where the emphasis must be placed in a counter-narcotics program.

U.S. efforts so far in the drug war at supply side reduction in Peru have only marginally impacted on the growers and traffickers. The effort has been plagued by deceit and corruption on the Peruvian side and on the U.S. part by turf wars, faulty use of intelligence, and the use of the wrong tactics. Because the drug cartels are motivated by money, not ideology, counter-insurgency tactics have not worked well against them.

Further, U.S. efforts seem to have a "corset" effect on coca leaf cultivation. The growers merely are displaced to new growing areas when an old area is "squeezed." Crop substitution programs offer some hope and would help to attenuate the "bad-guy" image that the U.S. has developed in the region as a result of U.S. sponsored eradication and interdiction efforts. However, the financial incentives are not there yet to make the crop substitution program more than a pipedream.

Current estimates are that a coca leaf cultivator makes 10 to 15 times as much cultivating coca, as for a traditional crop like coffee (which usually does not even provide sufficient income to feed his family). Cultivating coca is much easier work than other traditional crops and the bureaucratic hassles, such as borrowing from the government agricultural bank to buy seed and fertilizer for planting the traditional crops, are eliminated. Other

obstacles to the crop substitution program include the lack of an effective land registry and titling program for farmers, no infrastructure to get crops to market cost effectively, and U.S. agricultural import barriers.

When Peruvians are polled concerning their nation's principal problems the illegal drug trade is generally only cited by five percent or less of the population. In order, the concerns that Peruvians express are: unemployment, inflation, poverty, terrorism, the lack of adequate housing and education, and lastly, if at all, cocaine trafficking.

As for the insurgency, most of the causes of insurgency that are normally cited are present in Peru. These include: deep social divisions in society, government mismanagement of the economy, corruption, lack of infrastructure, poverty and hunger. Military assistance from the U.S. will not change the underlying causes of the insurgency. Peruvian government counter-insurgency programs so far have been targeted at the symptoms of the root causes and not the causes themselves. The executive and legislative branches of government have not been able to decide either within their respective branches or between the two branches what they are against, let alone what they are for or how to get it. Any U.S. assistance that would buy the government of Peru time would make sense only if that time would be used to correct the root causes of the insurgency. Otherwise, the time continues to benefit the insurgents.

In conclusion, Peru is decaying and deteriorating and we must

recognize that there is not much that the U.S. can do about it. In any event, Peru has long had an anti-interventionist policy and would not welcome direct U.S. involvement in their internal affairs. They see the U.S. counter-narcotics program as an example of the U.S. acting in her own self interest, without regard for the destabilizing impacts on the Peruvian government. Realistically then, the U.S. can expect to maintain only a minimal effort in Peru, with only modest policy goals, accepting the fact that there will be little leverage over the government of Peru. U.S. policy should be directed at the long term relationship, making as many friends as possible, civilian and military, gaining an understanding of their view of reality, projecting as many of our values as possible, and being as consistent as U.S. domestic politics allow.

#### RECOMMENDATIONS.

The U.S. policy goals in Peru should be to:

1. Reduce the supply of cocaine available for exportation.
2. Promote economic and social progress.
3. Promote democratic values-- human rights and the rule of law.
4. Promote regional stability.
5. Work to reduce/eliminate transnational threats such as terrorism, epidemics, and environmental degradation.

In order to accomplish these goals U.S. policy towards Peru should encompass the following actions:

1. Streamline and focus the U.S. counter-narcotics program, de-emphasizing the presence of U.S. personnel in the interior of Peru by--

a. Terminating the coca plant eradication program immediately as it only creates a "bad-guy" image of the U.S. and it is like "emptying a lake with a teacup."

b. Placing the emphasis of the U.S. counter-narcotics program in Peru on the crop substitution program which has the best chance for long term success in both the counter-narcotics effort and internal development of Peruvian agriculture.

c. Concentrating the efforts of the U.S. DEA on the collection of intelligence for use in operations against drug cartel personnel on U.S. soil or providing intelligence for Peru's counter-narcotics personnel use. This returns the DEA to a more traditional police role, at which it has a much greater chance of success than as a paramilitary unit, operating on foreign soil.

d. Reducing the U.S. personnel presence in the interior of Peru to the minimum necessary for intelligence collection. (The results of the eradication and interdiction efforts in the interior of Peru are not commensurate with the associated risk to U.S. personnel or risk of damage in U.S.-Peruvian relations.)

2. U.S. grant aid should be concentrated in the economic, education, and health sectors to promote social and economic reforms. For example, provide computers and technical assistance to the land registry and titling program or assist in

planning and construction of sanitation systems to prevent future cholera epidemics. The programs should be limited in number to ensure focus.

3. U.S. security assistance should not include the sale or grant of new arms and equipment, which would only escalate the level of violence on both sides, resulting in more non-combatants killed, but not more success for the government. Rather U.S. security assistance should emphasize Personnel Exchange Programs as "democracy boosters," promoting professionalism in the Peruvian military and a better understanding of U.S. values. Exchange personnel would not serve in an advisory capacity, but rather as instructors in professional military education schools. The U.S. must avoid the appearance of advisorship to the Peruvian military because any failure or defeat of the Peruvian military could then be ascribed to poor U.S. advice. Counter-insurgency training should be conducted for Peruvian NCOs and junior officers outside of Peru, also in order to reduce U.S. presence in country and to also minimize the appearance of advisorship.

#### ANALYSIS OF THE STRENGTHS OF THIS POLICY RECOMMENDATION.

This policy incurs only limited risks of failures and the costs are relatively modest for the potential benefits, and it keeps the U.S. engaged, with room in the future for greater maneuverability. It allows the U.S. to sail a course in Peru that will neither be seen as interventionist, by being too intensely activist, nor seen as benignly neglecting our neighbors to the South. Finally, it recognizes that the U.S. has little leverage



over the Peruvian government and that U.S. military intervention could not defeat the insurgents.

ANALYSIS OF THE WEAKNESSES OF THIS POLICY RECOMMENDATION.

This policy could cost more than the current one and there will be little constituency in Congress for granting it. Few in Washington will see any U.S. national interests in South America in the new world order, especially since South Americans can no longer play the Soviet card to get U.S. attention and money. Also, in a constrained budget era, higher priorities may soak up all available monies. Finally, at least initially, the U.S. would be seen as backing down to the drug cartels.