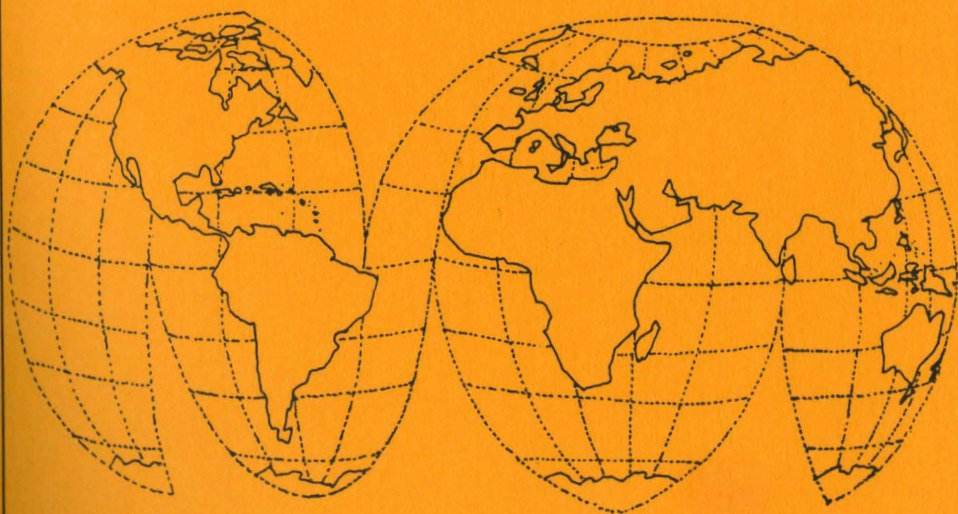


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# THE U.S. "WAR ON DRUGS" IN THE ANDER: A FAILED STRATEGY

by Colm Youngs (\*)

## INTRODUCTION

In an address to the nation in September 1989, then-President George Bush launched the "war on drugs" - a war focusing not on U.S. inner city streets, but on the so-called "source regions" of Peru, Bolivia and Colombia. Almost five years later, as a new administration gets off to a start, it is clear that the war in the Andes has been lost and indeed could never have been won.

The "Andean Initiative" was based on the premise that U.S. military aid and technical assistance to Andean police and military forces could stem the flow of drugs out of Latin America, effectively reducing the supply of cocaine that would eventually reach the U.S. market. A reduced supply would, according to the theory, drive up its price and, since most buyers were accessible to the North American consumer, the Andean region became the primary recipient of U.S. military aid to Latin America, and an unprecedented U.S. military presence in the Andes was the result.

## STATEMENT OF PURPOSE

The study of international affairs as an academic discipline no longer belongs exclusively to the specialists in that field; rather, its scope has been extended to include the work of other related disciplines in recognition of the fact that international problems are not exclusively political in nature. It is the purpose of this journal to speak on matters involving international problems with many academic voices. More important, it is the purpose of this journal to permit undergraduate students to try their wings in describing, analyzing, and possibly suggesting solutions to the problems that have vexed nations in their contacts with each other.

The underlying premise of this journal is that undergraduate students *can* contribute effectively to a reasoned, moderated, academic analysis of international problems and that such contributions will have a more profound effect on the study of international affairs as well as the student contributors to this journal than the passionate, partisan, and emotionally-charged outbursts which have in the past permeated American campuses.

Consequently, the *Journal* invites contributors to take an active interest in this publication. It encourages students as well as members of the Towson State faculty, and the students and faculty from other campuses to contribute articles, reviews, and other pertinent materials.

## THE SUPPLY-SIDE APPROACH

Just after the Andean Initiative was unveiled, former Drug "Czar" William Bennett announced that significant progress had been made in curbing international drug trafficking. Two factors were highlighted to support this assertion: the higher price of cocaine in the U.S. since and the low price of the same leaf in Bolivia and Peru. In regards to the latter, credit was given to the Colombian government's crack down following the murder of drug lord commander General Luis Carlos Galán in August 1989. The enhanced anti-drug efforts reportedly disrupted the Colombian traffic base operations such that cocaine leaf production dropped off, raising the price to that of most supply for the increased demand. In fact, these early results were short-lived - the very logic of supply-side policies preclude success in the

Colm Youngs is a Senior Lecturer at The Washington Institute for Latin America.

Youngs' book, *The Making of a Drug Policy: America's Drug Trade in Latin America*, 1991, p. 10.

One of the papers presented at the conference, and originally published in *The War in the Andes: The Military Role in International Drug Policy*, The Washington Office on Latin America, 16 December 1991.



# THE U.S. "WAR ON DRUGS" IN THE ANDES: A FAILED STRATEGY

by Coletta Youngers (\*)

## INTRODUCTION

In an address to the nation in September 1989, then- President George Bush launched the "war on drugs" -- a war focusing not on U.S. inner city streets, but on the so-called "source countries" of Peru, Bolivia and Colombia. Almost five years later, as a new administration takes office, it is clear that the war in the Andes has been lost and indeed could never have been won.

The "Andean Initiative" was based on the premise that U.S. military aid and technical assistance to Andean police and military forces could stem the flow of drugs out of Latin America, effectively reducing the supply of cocaine that would eventually reach the U.S. market. A reduced supply would, according to the theory, drive up its price and, hence, make cocaine less accessible to the North American consumer. The Andean region became the primary recipient of U.S. military aid to Latin America, and an unprecedented U.S. military build-up in the Andes was initiated. U.S. Green Berets were sent on training missions, and the Pentagon established a sophisticated surveillance and intelligence gathering apparatus -- including blanket radar coverage of the Andes -- to facilitate interdiction efforts and the planning of surgical strike operations against drug trafficking targets.

This strategy was fundamentally flawed. From the beginning, it was clear that the Andean militaries were not ready to take on the role assigned to them. Combatting drug trafficking is not a priority for Andean security forces, particularly in Peru and Colombia where entrenched insurgencies are waging war. Moreover, throughout the region corruption is rampant -- ties between local military and police forces are well established and not easily broken. Washington has been able to provide the information and equipment for antinarcotics operations, but it could not provide the political will on the part of the local forces involved to assure that U.S. plans would be carried out.

Thus despite U.S. international drug control efforts, all evidence indicates that U.S. antinarcotics programs have been able to intercept only a tiny percentage of the cocaine coming out of South America. Over the course of the Andean Initiative, coca production has expanded at an alarming rate and there are more South American drug cartels involved in the cocaine industry. Today, there are more drugs available on U.S. streets at lower prices. Despite encouraging reductions in drug use among certain social sectors, the number of hard-core drug addicts continues to increase. In *The Making of a Drug Free America*, Mathea Falco reports that "in 1991 the number of Americans who reported using cocaine at least once a week jumped 25 percent from the previous year."<sup>1</sup> The "war on drugs," as conceived by the Bush administration, has failed dramatically.

## THE SUPPLY-SIDE APPROACH<sup>2</sup>

One year after the Andean Initiative was initiated, former Drug "Czar" William Bennett announced that significant progress had been made in combatting international drug trafficking. Two factors were highlighted to support this assertion: the higher price of cocaine in some U.S. cities and the low price of the coca leaf in Bolivia and Peru. In regards to the latter, credit was given to the Colombian government's crack down following the murder of presidential contender Senator Luis Carlos Galan in August 1989. The enhanced antinarcotics efforts reportedly disrupted the Colombian traffickers operations such that coca leaf purchases dropped off, causing the price to fall as coca supply far surpassed demand. In fact, those early "victories" were short lived -- the very logic of supply-side policies preclude success in the

\* Coletta Youngers is a Senior Associate at The Washington Office on Latin America.

<sup>1</sup> Mathea Falco, *The Making of a Drug Free America* (New York: Random House, 1992), p. 10.

<sup>2</sup> Parts of this paper, subsequently revised, were originally published in *The War in the Andes: The Military Role in U.S. International Drug Policy*, The Washington Office on Latin America, 14 December 1992.



long-run.

The Administration maintains that by going after drugs at the "source," cocaine production can be thwarted at its most vulnerable stages. The closer to the beginning of the chain -- coca cultivation -- the more effective the strategy. Government officials often remark that it is easier to find a coca field than it is to find a kilo of cocaine in the streets of New York.

While this statement in itself may be true, simple laws of supply and demand illustrate the futility of the supply-side approach. If eradication and interdiction efforts are successful in a given area, the price of the coca leaf and of cocaine may in fact go up in the short-run. That, in turn, creates incentives for increased production and the development of "new" products (such as synthetic drugs). The availability of land for coca cultivation feeds this chain; if coca crops are eradicated in one area, farmers will move deeper into the jungle to grow it. If one country effectively interdicts cocaine shipments, new routes are found out of other areas. Simply put, supply side efforts may provide indicators of success in the short-run, but in the long-run, market mechanisms -- principally the profit motive -- assure that supply of cocaine and other illicit drugs is driven by demand.<sup>3</sup>

In fact, despite Bennett's early prognosis of victory, the price of coca leaves in Peru and Bolivia went back up to very profitable levels, repeating historical patterns of price fluctuations. In Peru's Upper Huallaga Valley (UHV), coca cultivation and operations of international drug traffickers, primarily from Colombia and Brazil, have shifted towards the central and lower Huallaga in response to the spread of a fungus that attacks the coca plant and to police antinarcotics efforts. Those actions have not dented production, but they are a nuisance. Ironically, antinarcotics activities have stimulated decentralized production and the opening up of new lands for coca cultivation in Peru.

Similarly, the 1989 crack down in Colombia led to an increase in cocaine production and trafficking activities in Ecuador, Brazil and Bolivia -- setting in motion a trend that continues today. For the first time, Peru -- traditionally an exporter of coca paste to Colombia for refinement into cocaine -- now has its own cartel, led by "El Vaticano," and cocaine production is on the rise. In Colombia itself, drug trafficking has spread from the Medellin region to other parts of the country, particularly Cali. As the Medellin cartel has borne the brunt of antinarcotics efforts and has suffered from internal divisions, new cartels have sprung up and the Cali cartel quickly moved to become the most important drug operation in the country.

## THE MILITARIZATION OF DRUG POLICY

Although international drug trafficking was first declared a national security threat by former President Reagan in 1986, it was the Bush administration that effectively militarized the policy and brought the U.S. military on board in a significant way. Bush and his advisors also sought to put Latin American militaries on the front lines of the drug war -- but with little success.

Despite the President's mandate, the role of the U.S. military in antinarcotics operations overseas continues to be a matter of much debate. For years, the Pentagon resisted attempts by Congress and the Administration to increase its involvement in drug-related activities. Most notably, former Secretaries of Defense Casper Weinberger and Frank Carlucci strongly objected to the policy shift. In 1985, Weinberger wrote, "reliance on military forces to accomplish civilian tasks is detrimental to military readiness and democratic processes,"<sup>4</sup> reflecting a common concern that involvement in antinarcotics activities detracts from the military's primary mission of national defense and threatens the precedent established in the Posse Comitatus Act of 1878 which prohibits the U.S. military from engaging in civilian law enforcement activities. Echoing the same tone as his predecessor, Defense Secretary Carlucci declared to Congress in 1988 that manning the front line of the country's drug war "is not

<sup>3</sup> For more information, see Peter Andreas and Coletta Youngers, "U.S. Drug Policy and the Andean Cocaine Industry," *World Policy Journal*, Summer 1989.

<sup>4</sup> Quoted in David Isenberg, "The Army vs. Cocaine," *Old Oregon* (Spring, 1990), p. 26.



the function of the military.<sup>5</sup> Many in the military expressed concern that they were being pushed to take the lead in an unwinnable war.

Proponents of an enhanced role for the U.S. military argued that illicit drugs represent a national security threat and that only the military has the power and resources to combat it effectively. When Reagan signed the National Security Directive on April 8, 1986 officially declaring drugs a matter of national security, authority was given to the military to plan assaults, equip police forces and transport them to sites of action. Since then, the powers granted to the military have steadily expanded. The FY1989 National Defense Authorization Act declares the Department of Defense (DOD) the lead agency for the detection and monitoring of aerial and maritime transit of illegal drugs into the United States. DOD was also given the task of centralizing all drug intelligence and operations information into a single communications network.

Perhaps of greatest significance, in November 1989 the U.S. Justice Department's office of legal counsel issued a legal opinion concluding that U.S. military personnel can arrest drug traffickers and others overseas. In other words, the military can apprehend accused drug traffickers abroad -- a power they do not have in this country -- without host country consent. Similarly, the military is now less constrained by rules against assassinations overseas, facilitating military operations against suspected drug kingpins.

On September 18, 1989 when Defense Secretary Richard Cheney ordered the Pentagon to embrace the primary role in drug operations assigned to it and announced that the military would develop a plan for its antinarcotics activities abroad. The plan -- which encompasses border control, aerial and maritime surveillance, intelligence gathering and training of troops in the Andean countries -- was released in March 1990; institutionally, the U.S. military accepted its role in the drug fray. It was rewarded accordingly: funding for the pentagon's antinarcotics activities jumped from \$880 million in fiscal year 1988 to \$1.2 billion in 1992.<sup>6</sup>

The U.S. Southern Command (SouthCom) in Panama was given the primary role in carrying out the U.S. military's drug war. General Maxwell Thurman, in charge of SouthCom at the time, quickly became the Pentagon's point man in the drug war. If others in the military have shown reluctance to get more involved, Thurman took on a personal crusade against drug trafficking, declaring that "the Latin American drug war is the only war we've got."<sup>7</sup> While in charge of SouthCom, Thurman put into place the military antinarcotics strategy that is now in full swing.

The Pentagon's drug plan calls for the U.S. military to provide intelligence and strategic planning for the Andean nation's military forces, which are assigned the task of actually carrying out the counter-narcotics operations. According to government officials, ideally this assistance facilitates coordinated strike operations against key drug trafficking targets. In other words, the U.S. military was to be the behind-the-scenes actor that would assure that successful antinarcotics operations were carried out by the Andean countries.

A key component of the Pentagon drug plan was the installation of a surveillance and intelligence gathering system designed to improve both border interdiction efforts and antinarcotics operations in the Andean region itself. The intelligence gathered from the Andean region is centralized in SouthCom. This system assures the Pentagon -- with SouthCom at the helm -- primary control over information analysis. Ultimately, the system assures that SouthCom has the upper hand over local governments in operations being carried out in the Andean countries. In addition, U.S. Special Forces are training local troops, and DEA officials continue to train local police forces for antinarcotics activities.

U.S. officials insist that its military forces are not used in actual antinarcotics operations. However, President Bush reportedly changed the rules of engagement to allow U.S. troops to accompany local forces on training missions, increasing the likelihood of direct combat

<sup>5</sup> Lee Feinstein, "Fighting the Next War," *Mother Jones* (July/August 1990), p. 34.

<sup>6</sup> Approximately \$2.6 billion is budgeted annually for U.S. interdiction and international drug control activities.

<sup>7</sup> Douglas Jehl, "GIs Escalate Attack on Drugs in S. America," *The Los Angeles Times*, 2 July 1990.



with traffickers or insurgents. (DEA forces regularly accompany such missions.) Some reports by U.S. Special Forces, however, indicate that their role goes considerably further than admitted by the U.S. government. "There are a lot of ways to get killed down here, and our best survivors here are the Green Berets," according to a Special Operations staff officer at SouthCom, "It only makes common sense to let them go on combat missions with their newly trained and equipped drug teams. School is one thing. These jungles are another."<sup>8</sup>

### LATIN AMERICAN MILITARIES: FRIENDS OR FOES?

The Bush government's international drug policy was premised on the assumption that Latin American militaries would be allies in the drug war. That assumption was highly dubious from the start. For years, military forces in the Andean countries voiced opposition to involvement in antinarcotics operations for two stated reasons: fear of corruption and other priorities. On the one hand, corruption abounds where drug traffickers operate. In the case of Peru, for example, police seek out positions in the UHV because they are so lucrative. High-ranking military officials often claim that they do not engage in antinarcotics operations because they do not want their ranks to become involved in the drug trade. On the other hand, the clear priorities of these militaries are protecting national borders and, in Peru and Colombia, combatting guerrilla insurgencies.

In fact, members of both the police and military forces in all three countries are already plagued with corruption. As a result, not only have military forces refused to participate in antinarcotics activities -- in some cases these forces have actually impeded them. A 1990 Congressional report documents cases of Peruvian military forces firing upon local police and U.S. DEA agents on patrol in the UHV. For example, the report notes that:

"In two separate incidents during the second week of March 1990, Peruvian police units travelling over the UHV in INM-owned helicopters were fired upon by military personnel. In both instances, the police helicopter was travelling from Tingo Maria to Santa Lucia on routine maintenance runs when it observed a trafficker's Cessna approaching an airstrip in the town of Ramal de Aspuzana where Peruvian military officers were waiting. The helicopter flew close enough to scare the plane into flying off in a northerly direction toward the town of Tocache. The helicopter was low on fuel and was unable to follow the plane. On the helicopter's return trip to Tingo Maria, the crew heard automatic weapon fire and the door gunner saw military personnel in the hills firing at their helicopter."<sup>9</sup>

Local residents often claim that Peruvian military personnel close off the main highway through the area to allow Colombian traffickers' planes to land. Once the coca paste has been loaded and money has exchanged hands, the road blockade is taken down.

In Bolivia, the role of the military in drug trafficking during the Garcia Meza regime is amply documented.<sup>10</sup> Because of the Bolivian military's history of involvement in drug trafficking, many Bolivians were astounded by U.S. insistence that the armed forces -- and the army in particular -- be integrated into antinarcotics operations.

In response to these concerns, U.S. officials claimed that with the proper training and support from the U.S. government, corruption could be significantly reduced. However, the history of antinarcotics programs in Bolivia -- as elsewhere -- illustrates the difficulty of significantly reducing corruption. As a result, the forces trained by the United States are continually lost to collusion with the traffickers. Although UMOPAR (the Bolivian antinarcotics police) have continually won high praise from the U.S. Embassy in La Paz for its antinarcotics efforts, troops and officers are constantly turned over. In one bold sweep in May 1991, dozens of top officials were reassigned or dismissed for suspected corruption.

<sup>8</sup> Quoted in Peter Andreas, "Drug War Zone," *The Nation*, (11 December 1989).

<sup>9</sup> House of Representatives Committee on Government Operations, "Stopping the Flood of Cocaine With Operation Snowcap: Is It Working?," 101st Congress, 2d Session (1990), p. 38.

<sup>10</sup> See James Dunkerly, *Rebellion in the Veins* (London: Verso Editions, 1984).



The impediments to the Andean initiative presented by the corruption problem were illustrated in a raid on the village of San Rarnon, considered to be a drug trafficking center, shortly after the war on drugs was launched. The U.S. Embassy in La Paz claimed that the operation, which took place on November 8, 1989, was "the largest counter-narcotics enforcement operation in recent times."<sup>11</sup> Designed to capture leading drug traffickers and to seize a large depot of precursor chemicals and arms, the raid was planned by a special team of three SouthCom military officers and included 30 DEA agents and over 300 UMOPAR (Bolivian antinarcotics police) troops.

While the raid was declared a great success by the U.S. government, the Congressional report just cited debunks that claim. Despite the tight security around the operation, information was leaked to the traffickers known to be in the town at least twelve hours before the raid was to take place. Hence, they fled, taking the "evidence" with them.<sup>12</sup> Moreover, the virtual occupation of the town by the DEA and UMOPAR greatly angered local residents, illustrating the lack of public support for such operations and the hostility they generate.

Thus, SouthCom's showpiece drug raid sparked a public protest, while failing to achieve the desired results. It netted no traffickers, no precursor chemicals or arms and only 4.8 kilos of cocaine hydrochloride. The drug operation apparently failed because of an information leak, throwing into question the effectiveness of the present SouthCom strategy. Since November 1989, this scenario has played itself out many times over in Bolivia. Although this particular incident took place in Bolivia, it could have just as easily occurred in Peru or Colombia.

The lesson is clear. U.S. military and other officials can provide information, can work out the logistics of an operation, and can provide equipment to facilitate its implementation. They cannot, however, create the political will on the part of the local forces involved to assure that the sophisticated plans will be carried out as envisioned. The assumption that the U.S. military can persuade Latin-American militaries to carry out the operations it designs was fundamentally flawed.

### COUNTERINSURGENCY OPERATIONS PREVAIL IN COLOMBIA

Nowhere has this been clearer than in Colombia, the country the U.S. government points to as a model for military involvement in antinarcotics operations. Although the U.S. government provided significant levels of aid to the Colombian military, its involvement in antinarcotics activities increased only marginally. During the first few years of the Andean Initiative, the Colombian police carried out an estimated 80 percent of all counter-narcotics operations, though it received less than 25 percent of U.S. antinarcotics-related aid.

Significant evidence indicates that the money provided to the Colombian military was diverted to counterinsurgency activities. The Colombian military has been battling a number of guerrilla groups for decades. Despite the peace treaties negotiated with the smaller insurgencies, guerrilla-military conflict involving the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN) has steadily escalated.

This situation was clear from the beginning. In March 1989, General Jose Nelson Mejia, Commander of the Colombian Military Forces, and General Luis Eduardo Roca, Chief of Staff of the Colombian Defense Ministry, informed Congressional staff that \$38.5 million of the \$40.3 million initially appropriated for the Colombian military for FY1990 would be used to support "Operation Tri-Color 90," a major new offensive against the insurgents. A three year operation that began in April 1989, Operation Tri-Color 90 will utilize one-quarter of Colombia's Army and a large portion of its Air Force to root out guerrillas in northeastern Colombia. According to the military leaders, the U.S. assistance was to provide most of the logistical support for the operation. When questioned by Congressional staffers as to how this would further antinarcotics goals, they responded that "if processing facilities were located,

<sup>11</sup> House of Representatives Committee on Government Operations, p. 56.

<sup>12</sup> *Ibid.*, p. 56.



they would be destroyed."<sup>13</sup> In short, the Colombia military made clear its intention to use U.S. military aid for counterinsurgency rather than antinarcotics operations. U.S. drug money was in effect contributing to one of the most brutal counterinsurgency campaigns in the hemisphere.

Two months after the U.S. government delivered \$65 million in aid to the Colombian military in September 1989, local human rights organizations noted a dramatic increase in counterinsurgency activities -- including aerial bombardments of rural communities -- in certain regions of the country, particularly in the northeast. In Yondo for example, the military strafed various hamlets with helicopter artillery fire and dropped bombs on a "clandestine airstrip" (the main road through the area) and on a "guerrilla camp" (the home of Harold Pedroza, which was totally destroyed). Hundreds of families were forced to flee to refugee centers in nearby Barranca Following the exodus, the military went into the area on foot, searching for "subversives." Two were found -- an elderly couple who were blind and deaf and therefore had not heard the planes overhead. When villagers returned to the area they found the couple's mutilated bodies not far from their house. Despite their age and handicaps, the two had been brutally tortured and left as an example for those who dared return to their land.<sup>14</sup>

Similar bombardments have taken place throughout the Santander region and in other areas -- southern Cordoba, El Meta, northeastern Antioquia and other parts of the Magdalena Medio -- leaving thousands of internal refugees in their wake. Witnesses claim that A-37 planes and Blackhawk helicopters were used in the attacks. In September 1990, the U.S. government sent eight A-37's to the Colombian military as part of the \$65 million emergency aid package. Several Blackhawks owned by the Colombian military were purchased with the help of a \$170 million loan guarantee from the Export-Import Bank, for which the U.S. State Department had to issue a "determination" that Colombia had an acceptable human rights record.

Whatever the intentions of the U.S. government, given this situation the provision of aid to the Colombian military has lent direct support to a counterinsurgency campaign characterized by massive human rights violations. In the most generous interpretation, some aid is being diverted to such activities. U.S. officials have repeatedly declared that if U.S. assistance can serve both antinarcotics and counterinsurgency purposes, then all the better. (Though some in Congress, which approves the aid, feel differently.) However, other than a few showcase raids, the Colombian military has not engaged in antinarcotics activities and has shown little interest in doing so. Thus, it may be that the aid sent through the Andean Initiative did not further the U.S. government's stated objective -- combatting drug trafficking -- in the least.

## HUMAN RIGHTS IN PERU

From the beginning, the military aid package for Peru encountered serious stumbling blocks: the reluctance of the Peruvian security forces to take on antinarcotics activities and their dismal human rights record. Two successive Peruvian presidents refused to sign a military aid agreement with the United States. President Alberto Fujimori initially followed the path laid by his predecessor, Alan Garcia, by refusing to sign an accord unless the U.S. government agreed to provide both economic and military assistance to his beleaguered country. Ultimately, the U.S. agreed to Fujimori's demands in order to get the program moving in Peru and an agreement was finally signed in the spring of 1991--nearly two years after the Andean Initiative began.

The military aid program, however, hardly got off the ground. The U.S. Congress temporarily suspended security assistance to Peru in August 1991 because the Peruvian government failed to meet the human rights conditions in U.S. law which must be complied

<sup>13</sup> U.S. House of Representatives Committee on Government Operations, pp. 83-84.

<sup>14</sup> For additional information on Colombia's human rights situation see *Colombia Besieged: Political Violence and State Responsibility* (The Washington Office on Latin America, November 1989).



with for a country to receive security assistance, sparking the first major debate in the U.S. Congress on human rights in Peru. Although the Congress eventually released the bulk of the aid package, \$10.5 million in counterinsurgency training, weapons and equipment proposed for the Peruvian army was canceled, and the delivery of the remaining \$24.85 million was conditioned on compliance with further human rights requirements, most of which have yet to be met.<sup>15</sup>

On April 5, 1992, Fujimori closed the Peruvian Congress and judiciary and suspended the constitution. The U.S. government responded quickly and firmly, suspending all non-humanitarian assistance to Peru and withdrawing 20 to 30 U.S. Special Forces engaged in training operations. After Peruvian jets shot at a U.S. C-130 surveillance plane on April 24, 1992, killing a crew member, the Administration suspended anti-drug flights over Peru. For many members of the U.S. Congress, the shooting incident was the last straw. Rep. Dante Fascell, chairman of the House Foreign Affairs Committee at the time, called for the Administration to "reassess the fundamental premises of its Andean Strategy before further lives are lost."<sup>16</sup>

Although law enforcement assistance was resumed shortly thereafter, the coup and the plane incident appear to have marked the end of military aid to Peru. The military aid package for fiscal year 1992 was eliminated by the U.S. Congress in a rescission bill passed in June of that year, and no military aid was appropriated for Peru in fiscal year 1993. Other restrictions were also placed on aid to Peru.

The few ongoing anti-narcotics operations in Peru have met with little success. The U.S. government sunk millions of dollars into the Santa Lucia police base in the heart of the UHV. As coca production has spread to other regions of the country, that base has become increasingly irrelevant. Radars used to intercept drug flights have been moved in and out of Peru, again with little success. Peruvian journalist Francisco Reyes reported recently that "an estimated 700 drug flights take off each year from airstrips in Peru's coca growing regions; since Fujimori's 'war' on drugs began last April, the Air Force has intercepted only four airplanes carrying drug shipments."<sup>17</sup> Most estimates indicate that less than one percent of all drug shipments out of Peru are intercepted.

## A FAILED STRATEGY

By early 1992, the Bush administration's strategy began to waver. During the course of the 1992 San Antonio Summit, the U.S. press reported that U.S. military aid would be shifted away from the Colombian and Bolivian armies to the other branches of the armed forces and the police. In both cases, Andean government insistence appears to have been the dominant factor in taking their armies out of the programs. In the case of Bolivia, the U.S. government reluctantly admitted that U.S. efforts to get the Bolivian army involved in antinarcotics operations had failed.

Support for the Andean Initiative in the U.S. Congress, which had played a significant role in mandating military involvement in the drug war, has been on the wane. Until last year, Congress had backed virtually all of the Bush administration's security assistance requests for the Andes (with the exception of military aid to Peru). Last year, however, Congress significantly reduced U.S. security assistance to the Andes. While members of Congress had previously criticized the Bush administration policy quite vocally, they were reluctant to restrict funding and open themselves to the criticism of being "soft on drugs." In 1992, a general congressional sentiment to reduce foreign aid spending -- and security assistance in particular -- made most programs vulnerable to reductions. Andean antinarcotics programs were not spared, as key members of Congress acknowledged that the strategy was not working.

<sup>15</sup> For more information see, Coletta Youngers, *Peru Under Scrutiny: Human Rights and U.S. Drug Policy*, The Washington Office on Latin America, 13 January 1992.

<sup>16</sup> Quoted in John Walsh, *Andean Initiative Legislative Update*, The Washington Office on Latin America, July 1992, p. 5.

<sup>17</sup> Francisco Reyes, "Peru's Deadly Drug Habit," *The Washington Post*, 28 February 1993.



## CONCLUSION

The Clinton administration has yet to put forward its drug policy and has not filled any drug-related posts, including the "Drug Czar." However, there are signs that President Clinton will begin to de-militarize U.S. policy in the Andes. White House statements generally indicate a shift in emphasis away from international interdiction programs and towards domestic education, treatment and local law enforcement. With fiscal constraints looming, the new administration will probably continue to reduce overseas security assistance, including military aid and training programs in the Andes. Elements within the U.S. military itself that have remained wary of the drug mission may see the change in administration as an opportunity to make their case anew. It is time for a new approach. To begin constructing an effective policy, the Clinton administration must cast the issue not as a war to be fought on the battlefield, but as a social and health problem to be dealt with here at home.

# THE ROLE OF ECONOMIC DEVELOPMENT AND THE WAR ON DRUGS: A FOCUS ON PEASANT DEVELOPMENT PROSPECTS IN PERU AND BOLIVIA.

By KEVIN HEALY (\*)

## INTRODUCTION

Economic development has been at the top of Third World government agendas for many decades. This chapter presents some central policy issues and considerations about the role of economic development in relation to international cocaine trafficking and drug policy with particular attention to Peru and Bolivia.

The concept of national economic development for Third World governments is synonymous with the notion of progress bringing an increase in output of goods and services and improved levels of living for citizens. Indicators such as national investment, savings, per capita incomes and energy consumption have served to measure these developmental changes during modern history. Social equity and environmental dimensions have been added to the concept of economic development in more recent times.

The economic development concept also has become part of the framework of anti-drug policies in recent times. The expansion of the drug industry itself over the past decade has been a form of economic development for various Third World countries. The runaway growth in the illegal industry generates economic benefits which are in scarce supply in the developing world. Despite the many ills and economic distortions which the drug industry spreads, nation-states with massive levels of unemployment and underemployment, with prolonged economic recessions, and sizeable peasant populations may be understandably ambivalent about the vigor with which they deal with this issue.

Suppressing drug production is to deny gains in increased employment and incomes, foreign exchange, lower consumer prices from dollar laundering and increased circulation of income. In nations with large numbers employed in the illegal industry's labor force or where its economic weight in the national economy is substantial, the incentives are especially strong for liquidating illicit economic structures.

Peasant producers represent the social group which best illustrates this argument. The peasant farmer has become an important economic actor and a major concern of anti-drug policy-makers. Peasant cultivators, responding to First World demand, produce the coca leaf which initiates the multi-tiered chain of cocaine production and trafficking activities. The elimination of coca leaf holdings for hundreds of thousands peasant cultivators, is a guarantee of political fall-out to states pursuing national development goals. To protect

themselves from such economic losses, states have signed bi-lateral and multi-lateral agreements of programs for "alternative development" in coca growing regions supported by increased foreign economic aid. In theory, "alternative development" represents legal economic development programs (livestock, agriculture and other activities) which are economically viable enough to replace illicit crop production.

Yet there are some inherent difficulties and dilemmas to this rural development approach to the drug problem. Under normal conditions, the record over the past four decades of foreign aid agencies and Third World states to improve the agrarian economies and incomes of the peasant sector has been poor. The presence of an illicit money making crop makes rural development even more complicated and its goals less attainable. Luring peasant producers away from a profitable crop which has no competitive rival, adds to the difficulties in bringing about effective rural development with legal crops.

States endorse "alternative development strategies" also to avoid exclusive reliance on the use of police and military force for curbing drug trafficking. Using a single policy of repression for combatting drugs would undermine the national credibility of Third World leaders, portraying them as pawns of the powerful Northern states. This problem of subordination to a more powerful nation's interests also makes economic development programs an imperative for anti-drug strategies in the Third World.

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The chapter focuses on economic development and drug trafficking issues in the nations of Peru and Bolivia.<sup>1</sup> These two countries combined produce 90% of the coca leaf and processed coca paste used by the international cocaine industry. Their strategic economic roles in the illegal industry have made them a principal focus for anti-drug policies in the Western Hemisphere.

This chapter will offer some considerations on economic development issues which are often ignored in the debates over U.S. drug policy. This author argues that both architects and critics of drug policy fail to address some critical economic issues in relation to combatting drugs, issues which go to the heart of peasant motivations and the socio-economic conditions which shape them.<sup>2</sup> Assuming that the Andean states and their First World sponsors will forge ahead with alternative development programs to curb drug production, this chapter offers some lessons for policy analysis from the field of Andean rural development during recent decades.

The first part of the chapter focus is on the patterns of rural modernization and economic change in the Andean countries in recent decades. It gives attention to the regional and social biases of national public policies which have shaped the developmental changes and beneficiary populations. This background material presents the public policy and socio-economic context for understanding both the expansion of the coca-cocaine economy and the implementation of "alternative development" programs, both past and present.

After the critique of prevailing rural development policies, the chapter discusses some alternative policies and institutional arrangements to address the developmental needs and socio-economic interests of the peasants in Peru and Bolivia. The macro and micro level of analysis will include the necessary political requirements, the experience of "integrated rural development projects" and "alternative development projects" and the critical role of non-governmental development and grassroots organizations for engendering peasant-based rural development strategies.

A final section of the chapter presents a case study of effective grassroots development with cocoa bean production in a non-traditional coca growing area of Bolivia. Thus the chapter's progression moves from the macro level of analysis down to the micro-level of grassroots development.

## RECENT ECONOMIC TRENDS FOR PERU AND BOLIVIA

An assessment of a drug related economic development strategy must begin by placing the two countries in the context of their decade-long crises. Peru and Bolivia have been in the throes of economic turmoil and near collapse during the 1980's. A recent World Development Report measures the deterioration in a variety of ways. Their figures show a drop in the rate of growth in the Gross National Product between the periods 1965-1980 and 1980-1989. of 3.9% to .4% in Peru and 4.4% to -0.9% in Bolivia.

In the agricultural sector, whose performance has important implications for coca production, both countries showed significant food deficits and zero growth in per capita food production leading to major increases in food imports and donated international food aid. In energy production and consumption, manufacturing, gross domestic investment, Bolivia and Peru demonstrated serious declines, in most cases, falling to negative rates (World Bank, p. 218). Between 1980 and 1989, both per capita consumption and per capita incomes for the

<sup>1</sup> The author is aware of the constraints on rural development in the Upper Huallaga from the terrorist activity of Sendero Luminoso. However, this chapter will not be analyzing that important political factor in presenting the material on economic development. The author's position is that even without Sendero Luminoso, the economic development problems and issues indicated in this chapter would persist.

<sup>2</sup> A good example of giving short shrift to complex rural development issues associated with the drug crisis analysis is the report produced by the Institute of the Americas call the *Seizing Opportunities, A Report of the Inter-American Commission on Drug Policy*, La Jolla California. A rare example of serious treatment of economic development issues was the GAO publication of *Drug Policy and Agriculture, U.S. Trade Impacts of Alternative Crops to Andean Coca* (GAO, 1991)



two countries fell to the level of 1970.

The International Monetary Fund's stabilization and economic recovery plans were adopted as solutions to this profound crises. The IMF plan went into effect in Bolivia in 1985 and in Peru only recently in 1990. Through major increases in export earnings, the elimination of hyperinflation and positive economic growth rates, Bolivia has achieved a modest record of success. However, extremely high social costs such as the increase in unemployment rate from 17% to 25%, enormous growth in the urban informal sector, and a plunge in the minimum wage have raised serious questions about the social equity and political viability of the policies. (Iriarte; Horton; p. 190; Dunkerley). The adjustment "shock treatment" in Peru has been equally harsh and dramatic since the shock began in 1990. Although inflation has fallen from 60% to 5% per month, Peru has had two consecutive years with negative economic growth rates. The standard of living of the population fell by 24% which compounded a decline by 53% which already had occurred between 1985-90. In mid- 1992, only 10% of Lima's population was adequately employed.

During the same decade, the illegal coca-cocaine industry expanded rapidly to occupy a central place in both economies. Coca leaf cultivation increased from 30,000 ha. to 150,000 ha. in Peru and from 12,000 ha. to 70,000ha. in Bolivia. In 1990, some 700,000 or 5% of the Peruvian work force participated in the coca-cocaine industry and in Bolivia 250,000 people or 7% of the work force participate. In Bolivia, coca growers have increased 2% to 10% of the total peasant population. In both countries, masses of peasant farmers in drug producing regions have moved upstream into the value-added processing of coca paste to further integrate themselves into the international cocaine economy. Moreover, recent State Department findings point to additional vertical integration of the cocaine industry in Bolivia through the processing of 25% of coca leaf production into refined cocaine. The value of earnings from the industry invested in the two national economies reach 600 million to \$1 billion in Peru and \$400 to \$600 million in Bolivia. These amounts approximate 30% and 80% of legal exports for the two countries respectively (Andeas, Betram, Blackman, Sharpe).

### ECONOMIC DEVELOPMENT STRATEGIES IN PERU AND BOLIVIA

To have significant impact on drug production in Peru and Bolivia, economic development process must include a peasant-based rural development strategy. A supply side strategy which fails to take the basic needs and economic opportunity structure of the peasantry into account will be doomed to the same frustrating results of the past decade. The fact that neither country has had an extended history of a broad-based agricultural development strategy benefitting its peasant producers partly explains the massive migrations to coca producing areas and suggests the entrenched interests and political influence of upper income groups. Perhaps by reviewing briefly some characteristics of Mexico's economic growth, the need for substituting a mainstream agricultural strategy for a peasant-based development strategy will be apparent.

The Mexican case illustrates the impact of conventional economic growth strategies on the tendency by peasant producers to engage in illicit crop production. Mexico has twice the per capita income level of Peru and three times that of Bolivia. If by achieving high economic growth levels, the two Andean countries equalled Mexico's per capita income, would the raw material production for the drug industry by the peasantry disappear or be significantly reduced? Given the widespread persistence of rural poverty in Mexico and an estimated 35,000 ha. of opium poppy production, the answer to that question would have to be no.

Between 1965 and 1989, Mexico' maintained an impressive 3.5% annual rate of growth in GNP. Unfortunately, this pattern of urban and industrial development left out or adversely affected the mass of peasant producers who often migrated to Mexico's urban centers and the United States. Mexico's impressive economic growth ran counter to a peasant-based development strategy. Solon Barraclough, a longtime analyst of Mexican rural development concluded that "inspite of this rapid industrial growth and agricultural modernization nearly 3/4 of the rural population in 1980 did not have sufficient income to meet their basic needs and over half did not have access to adequate food supplies"(Barraclough, p. 22).

Peasant migration patterns from highland Andean communities to the main coca growing areas, the Upper Huallaga of Peru and the Chapare zone of Bolivia, raise similar questions



about whether or not the peasant impact of conventional agricultural development and modernization strategies are consistent with achieving the ambitious drug related goals. Despite a substantial flow of foreign aid in both countries during various decades (Bolivia being one of the highest per capita aid recipients in the Third World), available financial and economic resources and related agricultural production opportunities tended to benefit disproportionately the large and medium size commercial operators. For example, the strong preference to channel economic and financial investments to the export sectors similarly express the anti-peasant bias of state policy.

The Peruvian state policy provided support to the modernization and expansion of coastal commercial farms in lieu of peasant agriculture. The small plot producer of the highlands was a victim rather than a beneficiary of the state's agricultural development plans. Caballero demonstrates how this agricultural policy bias caused coastal capitalist agriculture to displace some important Andean food crops in urban markets. For example, highland potatoes dropped from 46% to 11% of the total share in urban markets between 1971 and 1978 (Caballero, p. 153). Another study shows that during the seventies and eighties Peruvian regimes using both heterodox and orthodox economic policies, disproportionately favored public investments in coastal agriculture which worked to the detriment of development for peasants in highland areas. (Wilson and Wise).

When Peruvian regimes ostensibly championed peasant interests for ideological reasons the results were also the same. For example, Velasco Alvarado's populist government channeled 50% of the total national agricultural investments one year for four large coastal irrigation projects (Wilson and Wise).<sup>3</sup> In the mid-eighties, the APRA government declared its objective of using guaranteed farm prices as a way to redistribute national expenditures to the highland producers. However, the two year program collapsed in the face of the political power of coastal interest groups in determining the allocation of state resources. While 70% of the total price subsidies supported rice production, predominantly on medium and large coastal farms with mechanized and irrigated operations, only 4 bolstered highland crops (Maranon, p. 90).

Historians argue that the state bias in agricultural investment policy has deep roots in the Peruvian social structure. "During Peru's history as an independent nation the government showed little incentive to invest in sectors like small manufacturing and agriculture in the sierra, which neither belonged to elites nor were viewed as offering the economic potential of mining and coastal agriculture" (Berry, p. 52). More recently a Peruvian sociologist argued that it took the guerrilla threat of the Shining Path (Sendero Luminoso) to put the highland peasantry for the first time in history on the national agenda (Monge).

In similar ways, the Bolivian state has demonstrated anti-peasant and corresponding regional biases by its selective financing of the expansion of commercial agriculture in the lowland Santa Cruz region. Since the 1950's, credit, exchange rate, investment, pricing, fiscal, agricultural research and export policies have supported the rapid expansion and capitalization of medium and large commercial farms in Santa Cruz while starving peasant producers of the needed technology and capital to improve their small farm production and marketing capacity (Dandler, Blanes, Prudencio, Munoz; FIDA). Such policies also had negative environmental effects on the tropical Santa Cruz region which seriously jeopardized the future of peasant farming.

Regardless of whether national policies consist of industrial import substitution or structural adjustment, the bottom line result has been to enrich the Santa Cruz agricultural elites and exclude a peasant producer class which presently supplies 70% of Bolivia's national agricultural production. This distribution of agricultural resources follows the concentration

<sup>3</sup> A World Bank report which analyzed the Peruvian agricultural sector for the 1970's concluded the following: "Throughout the 1970's the performance was weak. Overall production expanded at an average rate .07% per year. All these trends translate into sharply declining per-capita production and increasing dependence on food imports...." (World Bank, 1981, p. 48).



of power and wealth among influential groups within the Bolivian social structure. When the Bolivian state showed a commitment toward social change in the highland areas during land reform era of the nineteen fifties, Santa Cruz elites retained their national influence to capture the lions share of agricultural investments (Gill; Grupo de Estudios Andres Ibanez).

Public policies of peasant colonization and resettlement over four decades also has stimulated the migration of highland populations to the tropical lowlands of the Amazonian basin, the areas which subsequently became national centers of coca expansion for the drug industry. The colonization policies also manifest the anti-highland peasant bias in national development and belief in the lowland jungle areas as a key to future progress in the two countries. Throu his Amazon basin development project "the Carretera Marginal", former President Beleunde of Peru made his own personal crusade into a national cause and vision of his country's future development. Peru and Bolivia's ranking among the top three countries in Latin America in terms of new cropland brought into production between 1961 and 1979 underscore the importance of colonization programs (Grindle, p. 90). The erroneous assumption underlying the strategy for the regional population shift was the belief in the superior economic potential of the lowlands for increasing national production and rural employment (USAID). Ironically, this assumption turned out to be true for coca leaf production but backfired because of the spreading cocaine industry and environmental degradation of the rain forest areas of the Amazonian basin, thereby turning a noble dream into a national as well as international nightmare.

Another policy mechanism which undermined peasant agriculture in the highlands and other regions of Peru and Bolivia was the policy of cheap food established to benefit the urban consumer and foster a subsidized industrialization strategy. Such policies have been common throughout Latin America for many decades (De Janvry; Grindle). In Peru, food price controls manifest this state policy bias (De Janvry). In Bolivia, the terms of trade favoring urban consumers have been a common thread of agrarian history of the past four decades of the modernization era. The fact that not a single Latin American country has been able to reverse the unfavorable terms of trade for the peasantry suggests the structural basis of the problem.

This structural imbalance and consistent policy discrimination has led throughout the Third World to a net transfer of income from the peasant producer regions to the expanding modern sectors. Viewed from the level of the individual peasant household, peasants pursue strategies such as migration and off farm employment to shore up the falling rural incomes from these policies (Figueroa). The peasant impulse to leave their home highland communities to alleviate low income and employment opportunities represent the factors pushing the massive migration behind the rapidly expanding coca frontier in the Upper Huallaga and Chapare regions.

Peru's importation of meat, rice and wheat flour is another manifestation of the cheap food policy (Painter, p. 202). Indeed, between 1970 and 1984, 67.3% of food subsidies in Peru went for imported products (Maranon). As a result, producers were unable to compete with subsidized food imports and domestically produced foodstuffs sold at controlled prices (Painter, p. 203). At the national level, this anti-food production policy generated an increase in cereal imports and donated international food aid (World Bank).

Mayer and Glave's research on the diffusion of high-yielding potato varieties developed by the International Potato Center (IPC) of Peru illustrates the difficulties for peasant farmers in overcoming the unfavorable terms of trade when new and improved agricultural technologies are available to them (Mayer and Glaves). Despite advances in potato productivity in recent decades in Peru, this data shows that because of cheap food policies and rising agricultural input prices only a minority of upper income peasants in the highlands were able to use profitably the new technology. For the vast majority, the economic risks represent an irrational investment, compelling them to use other economic strategies.

Viewed in structural terms, the Andean peasant predicament has been referred to as internal colonialism. Economic discrimination fits within a web of social and cultural discrimination. In return for cheap labor and food provided to the cities and the modern sector, peasants receive negligible state investment in their communities and, adding insult to injury, as discrete ethnic groups, endure socio-cultural discrimination in schools, courts, hospitals, markets and public offices etc. Moreover, public agencies ostensibly operating to promote agriculture in



the highlands have provided scant services and resources for the peasant producer sector.

## ADJUSTMENT PROGRAMS AND PEASANT AGRICULTURE

The International Monetary Fund's stabilization and structural adjustment policies (the New Economic Policies or NEP) have been adopted in the two Andean countries to reverse the declining economic trends of the eighties. For the purpose of our analysis on coca growing, the impact of the NEP on the peasant agricultural performance is important to examine. From the foregoing policy analysis, there are perhaps reasons that structural adjustment programs would improve the conditions of peasant producers. For example, the elimination of subsidies for the urban consumer and agricultural elite producer take policy benefits away from these traditional constituents of state policy.

Bolivia presents an easier case to evaluate since results are available for a five year implementation period. Available findings show that peasant agriculture has been adversely affected by the new NEP measures. A recent World Bank report indicated that both the volume and value-added of the goods produced by the poor fell during the adjustment period worsening peasant welfare (World Bank, p. 32). This deterioration of the standard of living of peasants is also due to climatic catastrophes in Bolivia.

At the same time, exorbitant interest rates made agricultural loans prohibitive and the peasantry faced decreasing access to the public and private banking system for productive activities (Healy). The small minority of agrarian elites from the Santa Cruz region once again captured the lions share of state resources for agricultural development investments such as large scale land-clearing (deforestation) and soybean production schemes. While the peasantry experienced reduced access to sources of formal credit, non-peasant soybean producers obtained the lions share of tariff rebates for their exports and economic benefits from loan programs of the Inter-American and World Banks.

In Peruvian agriculture, after two years of implementation of structural adjustment programs, preliminary findings also show a fall in peasant production and income although at a slower rate than large commercial farm groups (Escobal and Castillo). Large highland areas of Peru suffered from climatic changes from the El Nino currents which had negative effects on peasant agriculture during this same period.

The cumulative effects of public policies unfavorable to peasant agriculture have led to such problems as agricultural stagnation, increasing food deficits, rural unemployment and underemployment, social polarization, and regional social and economic disparities. Highland migration in search of employment and income becomes a rational response to a context of a severe economic crises on top of decades of discrimination by state policies.

In short, whereas the migration to the Upper Huallaga and Chapare for coca leaf cultivation has been stimulated by the relative high prices for coca, the "push factor" of extreme poverty in highland communities is also part of the equation.<sup>4</sup> Andean public policies have led to decades of exploitation and marginality creating the necessary pre-conditions for expanded coca growing. In view of this background, it appears that only a fundamental reordering of national and regional agricultural priorities will enable economic development to play an effective role in drug reduction.

## PEASANT-BASED DEVELOPMENT STRATEGIES

In facing the tremendous challenges on many fronts to their future development prospects, Peruvian and Bolivian analysts have called for a neo-Marshall Plan (Gorriti; Sayan; GOB). They have argued that to arrest the continued growth of the coca-cocaine industry requires an enormous transfer of external financial and economic resources to lift Peru and Bolivia out of their economic crises. Only within a context of effective economic recovery and a major economic development upswing, they argue, will a drug policy have a chance to work.

<sup>4</sup> Painter's work shows the deterioration in Bolivia's southern upland valleys which have resulted in part from macro-policy biases against the highland populations during decades.



However, missing from their macro-level economic picture is any allusion to the need for fundamental changes in agrarian policies and recognition of the critical role of popular participation for effective broad-based agricultural development. It is unlikely that huge resource transfers will have an important impact on peasant economic behavior without structural reforms, and related agricultural policy changes.

New public policies based upon the real conditions of local economies would provide affordable credit to peasant producers even if it meant reintroducing financial subsidies removed by the IMF adjustment programs. Highland infrastructural investment in roads, communications and storage facilities would have the highest priority in national agricultural policy. Investments would go to industries with linkages to small scale peasant production and for production and consumption needs of peasants. (Barracough). Preferential trade agreements with Western industrial countries would be attained for products (coffee, cocoa, quinoa etc.) produced on peasant farms, and whenever possible peasant producers should participate in direct marketing.

How does one put in motion a participatory approach to agricultural development without having it railroaded by the economic and political elites benefitting from status quo policies? An essential step would be the organization of a political coalition around peasant economic interests and socio-political participation. "A government that adopts a peasant-based strategy is likely to look to the peasantry for a large part of its political support and must be able to mobilize that support both in achieving power and maintaining it" (Pearse, p. 72). Thus the most effective way to compete with the economic interest groups controlling agricultural policy and key rural development institutions is to have a specific alternative development program with the weight of peasant social and political mobilization behind it.

Such a coalition-building effort would be an easier task in Bolivia than Peru given the active national peasant *sindicato* network and the crucial role peasant producers play in national food production.<sup>5</sup> However, in Peru there are perhaps increasing possibilities to forge urban political alliances with institutions interested in arresting the spread of coca paste consumption in urban neighborhoods not to mention police and political corruption and revenues for Sendero Luminoso. Given their high priority of drug related concerns, United States and Western European governments have to put their donor weight behind this political praxis of "democratization" for crop reduction during the nineteen-nineties.

The requirements at the local or micro-regional level, for an effective agricultural development strategy also are in need of change.<sup>6</sup> The programs for "alternative rural development" in the Chapare and Upper Huallaga resemble what was known in Latin America during the seventies as "integrated rural development projects" (IRD's). The IRD's were put into vogue in Latin America by multilateral agencies such as the World Bank and Inter-American Development Bank (De Janvry). The project design, established for a given province or micro-region, provided access to credit, extension services, water, roads, markets, health facilities, education for their children and non-farm sources of rural employment (Grindle, p. 161). Part of their inspiration and conception came from the former World Bank's president Robert MacNamara, in his 1973 address for aid to the rural poor of the Third World. MacNamara's thesis was that large programs and projects would reduce rural poverty without the need for structural change bringing a redistribution of power and wealth in the social system. However, the academic rural development literature on this experience concludes that the results of IRD's were a failure in terms of achieving the social and economic development goals established for specific regions.

<sup>5</sup> The Bolivian peasantry in most rural areas has been organized into sindicatos since the 1952 social revolution. Sindicatos incorporate all the families in rural communities and have representation of their political and economic interests at the local, sub-regional, regional, and national levels.

<sup>6</sup> A recent example of the rural development strategy for a micro-region which ignores completely the issues of participation and the vital role of local organizations is a project proposal prepared by consultants (several ex-ministers of the state) to the Peruvian government called "Propuesta de Desarrollo Rural Integrado Alternativo A La economia De La Coca". (Watson; 1991).



The IRD projects encountered insolvable problems of bureaucratic competition, personal ambitions, political interference, weak inter-agency co-ordination and clientele practices (Grindle). At their best, they benefitted only a minority of the better-off peasants (De Janvry). The IRDs were also faulted for their "lack of experience in encouraging participation as well as the long experience of top-down planning and implementation" (De Janvry). Moreover "they did not intend for the scope of participation to go beyond the local level and demonstrate to the State and society more generally that peasants should be taken into account as actors in national development" (De Janvry). It is interesting to note that similar problems are undermining the alternative rural development programs sponsored by the Andean states in the Chapare and Upper Huallaga areas.

Examples from the highland region of Bolivia illustrates what can happen as a result of unmet expectations in such ambitious project undertakings. In the altiplano region, three World Bank financed IRDs were unable to sustain community consensus behind their work ultimately leading to a fundamental rupture in relations with the local populations. During the early eighties, peasant *sindicatos* staged separate occupations in each of these projects to protest the lack of participation in project decision-making (Healy).

Similarly, in the alternative development programs of the Chapare region, peasant participation in planning and execution has been a controversial political issue. During the past four years, there has been an ongoing struggle between the peasant *sindicato* federations and the state over the terms of participation in the rural development programs established to replace coca production (Healy).

The coca leaf producers have mobilized various protest events to pressure the state to create councils within the Ministry of Agriculture and Peasant Affairs (MACA) which place their leaders in decision-making positions to share power over "alternative development programs" with high level government officials. They have also attempted to institute local councils of government-peasant representation in the Chapare. However, out of frustration with the slow pace of such promised reforms, the ineffective state-sponsored alternative development programs and the threat of military intervention in the Chapare, the peasant organizations signed agreements of cooperation with non-governmental actors such as a regional coalition of NGOs, the Comite Civico, which is the most prominent regional citizens committee, and the regional public development corporation, CORDECO, to move forward in participatory development without the programs of MACA.

Conflicts between the peasant *sindicatos* and the Bolivian state have been a major obstacle to attaining more widespread cooperation and participation in the crop-reduction programs and establishing a broad-based rural development strategy. However, there is little evidence that the failures and shortcomings experienced by the IRDs have led to more participatory development project designs in the Upper Huallaga and the Chapare.

There is also little evidence of recognition by the state or the United States government for the role the peasant *sindicatos* play in preventing violent strategies similar to Sendero Luminoso terrorism in the coca growing Chapare. According to Peruvian analysts such as Carlos Ivan de Gregori, Sendero Luminoso has been weakest in those areas with strong grassroots organizations. The rural *sindicato* has been Bolivia's answer to this potential problem.

An evaluation of the "alternative development programs" in the Chapare conducted by a commission comprising peasant leaders and representatives of the Catholic Churches in 1992 concluded that the programs were a failure (Informe). They visited some 38 small scale projects and concluded that only 2.5 % of the population were benefitting from the development programs, that government technicians were apathetic and irresponsible and their offices overly bureaucratic, and that excessive political instead of developmental criteria influenced the allocation of resources. Another conclusion was that "for the majority of projects peasant participation in decision-making for planning and project execution was non-existent and as a result various small scale projects turned out to be overscaled white elephants (Informe).

A concrete example of this top-down planning problem was the follow-up agricultural credit provided to 1,050 peasants who participated in the voluntary coca leaf reduction campaign in 1991. The peasants were unable to repay their loans because the repayment schedule did not



take into account the time requirements for the maturation of the substitute crops and many seedlings failed to survive their transplanting for lack of technical assistance (Los Tiempos). Facing these results, the Proyecto de Desarrollo Alternativo Regional (PDAR) and USAID's PL-480 program stopped disbursing the credit to the borrowers and shortly thereafter disbanded the program altogether. Such oversights could have been avoided through planning the credit program via peasant consultation and joint decision-making. One peasant leader remarked that loan delinquency had given the peasants a new incentive to increase coca leaf production to repay the loans.

In Peru, analyst Edmundo Morales cited low financing, dishonesty, lack of discipline, bureaucratic corruption as reasons for the Peruvian government's failed alternative development program (Proyecto Especial del Alto Huallaga, PEAH) which invested \$25 million between 1981 and 1986 (Morales, p. 154). Moreover, an agricultural scientist reported that the ten years of agricultural research in the Upper Huallaga has failed to yield an economically viable crop which could compete with the coca leaf (Hoy).

## STRATEGIES WITH LOCAL DEVELOPMENT ORGANIZATIONS

An important underused resource in Peru and Bolivia called non-governmental development organizations (NGOs) should have major role in micro-development strategies for alternative development. Many of these organizations have been managing participatory development projects for over a decade throughout the Andean highlands and lowlands.<sup>7</sup> These organizations designed sophisticated local development programs and strategies and maintained detailed documentation about micro-regions.

Their rural development experiences have yielded impressive systematized knowledge on important topics such as the local peasant economies. In recent decades, NGOs have developed innovative methodologies for grass-roots organizing, appropriate social communications for poorly educated groups, participatory agricultural extension with paraprofessionals, and have accumulated specialized knowledge about local cropping systems.

The NGOs have made giant strides in accomplishing what the states of Latin America and the Andean region find most difficult-fostering peasant empowerment at the regional and local levels. Within a peasant-based national development strategy such an NGO role will help to insure greater social equity and improved local development planning and projects' results. Above all, the NGO's have helped the Andean peasantry to organize, defend their economic and socio-political interests and develop project planning and implementation skills.

Thus the creation in the Andean world of new peasant organizations strengthening the veteran ones owes much credit to the work of NGOs. The attention by social scientists given to the role of local peasant organizations in development has increased during the eighties (Esman and Uphoff; Kortzen and Klaus; Annis and Hakim). This interest in peasant participation issues has contributed to its legitimacy among major international lending agencies such as AID, the World Bank and the United Nations although the practice of these agencies typically lags far behind their rhetoric.

The arguments for the important role in rural development of local organizations focus on federated community based organizations rather than simply the primary group of producers (Esman and Uphoff). Such organizations comprising grassroots groups and often organized by NGOs have achieved an important status among rural development practitioners and analysts in the Third World.<sup>8</sup>

<sup>7</sup> One note of caution is the increasing practice among Andean governments to create overnight pseudo non-governmental organizations (NGO's) to support their cronies and extend control of the rural development activities. There is also a tendency for government officials to prefer to work with strong local power brokers ("caciques") in lieu of dynamic representative grassroots organizations.

<sup>8</sup> The author endorses the USAID position in Bolivia that alternative development must involve the highland agricultural areas, especially the areas with strong migration linkages to the Chapare such as in the Cochabamba. The environmental carrying-capacity of the Chapare has been assessed to have reached its limits by a geographer observing the zone since the 1960's (Henkel; 1993). The observation has important implications for the rural development strategies of alternative development.



Unfortunately, these lessons have not been part of the alternative development strategies in the Chapare and Upper Huallaga regions during the decade of the eighties. Closing the "organization gap" in local agricultural development terms becomes as important as the "price gap" or "technology gap". (Esmann and Uphoff). Within this view, local organizations assume a dynamic role, carrying out tasks such as resource management, control of bureaucracy, resource mobilization, planning and goal setting which have been the prerogative of the state in conventional rural development programs. (Esman and Uphoff).

The participatory approach of NGOs in Peru and Bolivia have also employed other rural development elements which have the potential to be utilized on a broader scale. The two Andean republics rest on the foundations of highly sophisticated pre-columbian agrarian civilizations, an agricultural knowledge base which has only recently been tapped by some of the national political elites.

In recent decades, the rediscovery and recovery of some important agricultural technologies such as raised-field agriculture and terraced farming have had promising results. The raised-field agriculture trials in Peru and Bolivia have demonstrated multiple advantages over "modern" agricultural production techniques for achieving productivity increases, increased rural employment, lowering costs of purchased input, improved environmental management and food production security. These discoveries represent a pattern of utilization of Native-American resources which had been overlooked during the rush by Andean states to adopt imported models of rural modernization. In addition to technologies, the elements of the Andean model which have resurfaced in recent years include resources (crops, trees, shrubs) and socio-cultural values (such as indigenous languages for rural schooling, traditional organizations etc.).

These efforts in the Andean countries are being reinforced by a "discovery" in the First World of formerly obscure Andean crops which have high nutritional value and environmental importance to the Andean ecosystem and the rest of the world (National Academy of Sciences). Such interests and concerns have already sparked the opening of new foreign markets for Andean peasant producers. These important initiatives and programs should be provided greater resource support to increase their scale of application and favorable impact on the peasant population.

### **A CASE OF PEASANT-BASED DEVELOPMENT AT THE MICRO-LEVEL**

To find an example of participatory rural development as alternative to the IRD approach and its less than successful counterpart in the Chapare and Upper Huallaga, one would have to journey to the Alto Beni, a tropical micro-region in northern Bolivia. Although not a traditional coca growing area, the Alto Beni does have tiny plots of clandestine coca leaf production. However, this illicit production expansion has been held in check during the decade of the eighties by an effective grassroots development experience which has benefitted thousands of peasant producers in the micro-region. The Central de Cooperativas Agrícolas-Industriales, El Ceibo, is a local organization which has been successful at marshalling various development resources and an effective participatory development program based on the local production and processing of cocoa beans (Healy).

El Ceibo consists of 37 peasant producer co-operatives, each of which is an autonomous organization in its own right with its own service program. The El Ceibo federation provides marketing, training, agricultural extension, transport and export services to its member co-operatives. Federation trucks transport fermented and classified cocoa beans over rugged terrain to their warehouse and industrial complex in the city of La Paz for manufacture into cocoa powder, chocolate candy, baking chocolate, cakes, and cocoa butter.

They also sell their beans to international buyers in South America and Western Europe and to national chocolate industries. In 1990, they exported \$600,000 worth of organic and non-organic products. By controlling the various farm to export market functions themselves, the federation insures that the peasant communities capture the lions share of economic benefits from their production. As a foreign-aid financed project, El Ceibo has received support from the Swiss government and the Inter-American Foundation, a public corporation of the United States, and continuous technical assistance from German volunteer agronomists and econo-



mists.

El Ceibo also has attained advanced educational training for members of its staff in agronomy, business administration and accounting. The federation employs a variety of participatory mechanisms to insure that peasant members themselves manage the various service sections and prevent entrenched, corrupt leadership practices, the bane of Third World cooperatives, from taking hold. As a self-managed business and service organization, El Ceibo's training programs supply the local co-operatives with bookkeepers and accountants and the localities with agricultural extensionists to improve productivity of cocoa and other crops.

The participatory structures and organizational autonomy are not the only explanations for success in participatory rural development. A necessary but not sufficient condition are the above-world market prices for its products. They have entered the subsidized Alternate Marketing Organizations (AMOs) store networks set-up by Western European foreign aid and other programs and subsequently the emerging segmented markets serving natural health food stores. El Ceibo would be unable to sustain its business and service operations without these premium prices for its products. This example from Bolivia underscores the importance of export incentives for Andean peasant producers which can be offered by cocaine consuming nations of the North.

There are various lessons from the El Ceibo experience applicable to discussions about a long term view of alternative development in the Upper Huallaga and the Chapare. By training and making accountable its own technicians, El Ceibo is not dependent on the whims of government officials and the instabilities inherent in government rural development programs. By managing and owning the industry themselves, they capture the value-added profits which lift earnings beyond the normal level achieved by peasant producers.

A final lesson in the El Ceibo case is that the institutional development of small producers organizations into a federated network should be a crucial ingredient to coca-inspired "alternative development programs". Since it is highly unlikely that a wonder crop exists whose high prices would be competitive with an illicit crop such as the coca leaf, other aspects of rural development such as institutional development through local organizations should achieve prominence. An organizational framework and set of practices such as those exhibited by El Ceibo, are the guarantee that economic benefits will have broad distribution, unlike the IRDs or the Alternative Development programs whose benefits have not reached beyond a small minority of better-off peasants. However, the caveat to this approach is that local organizations such as El Ceibo do not emerge overnight but represent years of painstaking trial and error organization-building.

The alternative development programs in the coca growing areas during the eighties typically have overlooked this institutional dimension in their project designs. Only until very recent times in the Chapare have producer associations been encouraged to perform this all important participatory role. However, this effort is incipient and superficial, currently reaching only 280 families out of a possible 40,000. In addition, sometimes the interests of these new groups clash with the local peasant syndicates and federations, which are the most representative peasant organization in the area.

## CONCLUSIONS

Economic development has come to occupy a central role in counter-drug strategies in Third World countries. The "national interest" in fighting drugs becomes a highly ambiguous concept when a state faces massive unemployment, underemployment, and increasing rural poverty among its citizens. Political conflicts invariably loom large for states attempting to reduce drug related employment and income opportunities in socio-economic contexts of widespread poverty. "Alternative development" has been used as a policy device to save Third World states from having to absorb self-inflicted wounds in order to curb drug production and trafficking within their national borders.

Since cocaine and various other illicit drugs are agricultural-based products, policy-makers must analyze the impact of national agricultural policies on the peasant producer sector. Policy-makers must take into account what is happening to peasant economies locally in



response to broader regional and national socio-economic changes. Peasant migration to areas producing the raw material for the illegal drug industry occurs not only because of relatively attractive income-earning opportunities but also due to the deterioration of living conditions in home communities from national policies.

The case studies of Peru and Bolivia shed light on these important economic issues while providing interesting lessons about the prospects for alternative development as a strategy for weaning peasant farmers away from producing the coca leaf. Both countries were caught in the throes of deep economic crises during the 1980's. Moreover, the structural adjustment programs, established to redirect the national economies on more solid footing, have increased poverty levels, especially in rural areas. These economic trends have contributed to the increased migration to the coca growing regions of the Upper Huallaga of Peru and the Chapare in Bolivia thereby expanding the international cocaine industry. Structural adjustment and anti-drug policies seem to be working at cross purposes yet there appears to be little recognition of this inherent conflict by policy-makers.

Another example of how past lessons for rural development in the Andean countries have been missed by policy-makers is in the design and implementation of the state led alternative development programs in coca growing regions. This local development approach resembles the "integrated rural development" (IRD) programs which came into vogue in Latin America through the World Bank and other international financing during the 1970's. Just as the IRDs floundered to yield disappointing results, the alternative development programs, especially in Bolivia which has been free from guerrilla driven violence, have been spinning their wheels for over a decade (Rasnake and Painter).

Bolivian and Peruvian policy-makers must opt for a peasant-based rural development strategy which requires policy and program changes at both macro and micro levels. Changes in national agricultural policy necessarily involve the formation of political coalitions which would tip the national balance of power toward peasant interests. Social and political mobilization of the peasantry behind new agricultural policies would lead to a reassessment of the structural adjustment program, especially its components of trade liberalization and removal of possible price subsidies for peasant crops. First World states suffering from the effects of drug trafficking in their communities should use their foreign aid leverage over national governments to support a peasant-based development strategy" as a break with the decades old policies of agricultural modernization which have increased rural poverty, social inequity, and consequently peasant migration to coca growing areas.

At a level of the micro-region, there are other important elements of a peasant-based strategy. During the decade of the 1980's, there has been a proliferation of non-governmental development agencies (NGOs) in the countryside of both countries. These organizations are a relatively new and widespread phenomenon and possess advantages over the state in the design and implementation of rural development programs for fine-tuning operations to local conditions and for involving substantial peasant participation in project decision-making.

In the two Andean countries, the NGOs have helped to spread a greater appreciation for and utilization of Native-American resources, technologies, socio-cultural values, and knowledge which have been critical in the past to the evolution of sophisticated agrarian systems in this part of the hemisphere. Such NGO rural development activities on behalf of peasant producers should be supported on a much larger scale in both the highland and the lowland areas of Peru and Bolivia.

The NGOs have also helped to improve rural development through support for membership grassroots organizations. Methodologies for group formation and training in self-management and social communications skills have advanced greatly over the past decade and have led to various co-managed and self-managed rural development programs and projects with interesting results. The alternative development programs in the Chapare and Upper Huallaga have either ignored or at best de-emphasized the role of grassroots organizations. In the Chapare, directors of alternative development programs for over a decade have been locked in conflict with the local peasant *sindicatos* (the most representative small farmers organization) over the lack of participation in decision-making and poor developmental results. Because of their well established legitimacy within the socio-political context, the *sindicatos'* marginalization



from state programs, despite official agreements to the contrary, have worked to undermine the alternative development programs.

The best example from the two Andean countries of the important role of grassroots organizations in rural development is El Ceibo, a peasant cooperative federation in the Alto Beni micro region of Bolivia. The El Ceibo experience of the past sixteen years demonstrates what can be accomplished through a peasant-based development strategy in a clandestine coca growing area. The El Ceibo members are peasant cocoa bean producers who autonomously manage programs in agricultural extension and training, transport, agro-industry, and an export business. They process their beans into cocoa powder, chocolate candy, baking chocolate, and other products and export to the European Alternative Marketing Organizations (AMOs) and natural health food trading companies which offer them a premium price for their products. Because of El Ceibo's participatory organizational style, economic benefits are widely distributed among their membership and network of communities.

By incorporating such rural development lessons from the macro and micro levels and underused resources in Peru and Bolivia, the two governments and their international supporters in the United States and Western Europe would stand a chance for greater peasant cooperation in schemes for coca leaf reduction. By continuing to ignore these lessons, official efforts on the economic front of the drug war will remain self-defeating.

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## ON THE QUESTION OF A NEW INTERNATIONAL ORDER

By FENG TEJUN \*

Since the late 1980s dramatic and deep changes have taken place in the pattern of international order. With the collapse of the bipolar pattern represented by the Yalta System various forces and political groups in the world are getting more and more concerned about the question of a new international order or world order. This question has an important bearing on the image and development of the world in the 21st century and is in essence a question of where the world is to go in the future. In response to this question many countries of the world have now expressed different views from the angle of their own interests.

In my opinion, the new international order should be established on the basis of the principles of mutual respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. This new order consists of two closely interrelated and mutually complementary aspects: new political and economic order. This new order should ensure all countries, big and small, strong and weak, rich and poor, of the right to participate in the settlement of international affairs as equal, independent and sovereign members of the international community. It should include the following basic ingredients all countries have the right to choose their own social, political and economic systems and their own road for development; that no country, particularly a big country, should interfere in the internal affairs of other countries and impose their own values, ideology and development models on other countries; that all countries should respect each other's territorial integrity and sovereignty; that no country should invade or annex another country's territory under whatever pretext; that international disputes should be properly settled through peaceful negotiations, and the threat or use of force and the settlement of international disputes by means of war should be opposed; that in international relations no big country should be allowed to impose pressure on small countries, nor strong ones to humiliate weak ones, nor rich ones to bully poor ones; that international affairs should be settled by all countries through their equal participation and consultation, and not monopolized by any one or a few big powers; that no powerful country should seek hegemonist rule or practice power politics; that the old international economic order should be transformed into a new one based on justice, equality, mutual benefit and equivalent exchange. The fundamental objective of this new international order is to build up a truly fair and rational international economic and political system and is therefore in accordance with the common aspirations and fundamental interests of all peoples in the world, and conducive to world peace and common development of all countries. This new international order is new just because it differs completely from the past practices of the old one which was based on the hegemonist and power politics of a few large countries.

I believe that a new international order stems from historical experiences and present realities, as well as the needs of our age; its realization is possible, practical and inevitable.

Firstly, the practice of international relations for the last several decades after World War II has told us that it is fully feasible to establish a new international order on the basis of the "Five Principles of Peaceful Coexistence" which are in line with the purpose and principles of the Charter of the United Nations Organization and reflect the essential features of the international relations of a new type. For many decades the Chinese Government has been pursuing the "Five Principles of Peaceful Coexistence" in her external relations, and these principles have now enjoyed the recognition of more and more nations and organizations around the world. The principles of peaceful coexistence have long since become the generally recognized common norms for dealing with questions on contemporary international relations and international law, and not just for China alone in dealing with her external relations. Soon after the "Five Principles of Peaceful Coexistence" were confirmed by the Chinese and Indian prime ministers in their joint statement, they were accepted and confirmed by many international conferences and international documents. The Asian International Conference,

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held on April 6, 1955, in New Delhi with participation of 16 countries, clearly stated in its resolution that the Conference "fully supports the five principles announced by the Chinese and Indian Prime Ministers and supported by many other countries" and "fully believes that these five principles constitute the solid foundation for the mutual understanding and peaceful coexistence of nations." The Conference called on "all peoples of Asia and the world to give whole-hearted support to these principles" and "requests the governments of all countries of Asia and the world to agree to take these principles as the basis of their relations with all other countries". The Asian and African Conference held on April 18, 1955, in Bandung, Indonesia, adopted the "Declaration on Promoting World Peace and Cooperation". The ten principles contained in this Declaration represent the extension and development of the main contents and spirit of the "Five Principles of Peaceful Coexistence". Later on, the contents and spirit of the "Five Principles of Peaceful Coexistence" were accepted by a series of important declarations of the U.N. General Assembly in different forms and wording, e.g., the "Declaration on Granting Independence to the Colonial Countries and Peoples" adopted on December 24, 1960; "Declaration on Strengthening International Security" adopted on October 24, 1970; "Declaration on the Establishment of the New International Economic Order" adopted on May 1, 1974; "Charter of the Economic Rights and Obligations of Nations" adopted by U.N. General Assembly in December 1974, etc. These facts are ample evidence of the great vitality of the "Five Principles of Peaceful Coexistence". Moreover, these principles have also been reaffirmed in the joint communiques on the establishment of diplomatic relations between the People's Republic of China and other countries. The practice of international relations has come to the conclusion that the "Five Principles of Peaceful Coexistence" have the greatest vitality and serve the best way for handling relations among nations. All other alternatives, such as the "Big Family", "Bloc Politics", "Sphere of Influence" or "Use of Force" can only bring about contradictions and increase international tension. The application of the "Five Principles of Peaceful Coexistence" can even help erase some "hot spots" or "explosive points" in international disputes. The agreements reached between Chinese Government and British and Portuguese Governments respectively on the questions of Hong Kong and Aomen (Macao) are examples of successful settlement of international disputes by applying the "Five Principles of Peaceful Coexistence". The recent progress by the Chinese and Soviet Governments in the settlement of their boundary question left over from history was also made under the guidance of the "Five Principles of Peaceful Coexistence".

Secondly, the realities of the international life today decisively support the establishment of only such a kind of new international order. From the world realities, one can see clearly that with the collapse of the bi-polar system in international relations, multi-polarization has become an irresistible trend in world political and economic development. In the context of the future pattern of international relations, under the new international order which we intend to create, no big power will be in the position to dominate the world, even if it wants to. Many personages of deep insight in the West have already warned in this regard. Addressing a gathering at the Defence Strategy Research Center on February 27, 1991 the former U.S. Secretary of State Dr. Henry Kissinger expressed his view in connection with the world order after the Gulf War saying, "The United States cannot 'dominate' (the world order), but only will take measures from the standpoint of keeping 'balance' with Europe, Japan, USSR and China." Philip Rubens, an expert in Middle East issues from the Royal Institute of International Relations in London, said, "When she was stronger than all other countries, the United States attempted to become the world police, but finally she had to give up. Now, it is even more difficult to find any reason to explain that this attempt will work."

If a new world order under the domination of one big power is not acceptable, then is it possible to establish a new world order under the joint domination of several big powers? Our answer is once more, "No!" On the one hand, with the changes in the balance of economic forces among such big powers--and these changes are still going on--their struggle for world leadership will become increasingly acute and their contradictions more and more deepened. Since all big powers have their own individual interests to consider, it is difficult for them to work together in harmony for joint domination of the world. On the other hand, the practice



of manipulating international affairs and dominating the world by a few big powers is a total anomaly in international life and has no difference with the old order. Hence it is bound to meet with resolute opposition from other countries and is doomed to a final failure. In fact, some inkling of these developments can already be seen now. On May 11, 1911 the Columbian newspaper *El Espectador* published a signed article which warned that a new international order should not be "confused with the barbarous rule of capitalist hegemonism". The former President of Argentina, Alfonsín echoed the same sentiments when he said: "We cannot turn a deaf ear to the cruelty of imperialists, nor call we bang the drum for them to gain favorable votes in international organizations." And according to Bolivian President Paz, "To seek hegemonism in these days goes against the trend of history." All these statements tell us that from now on no country will allow itself to be ordered about by any one or a few big powers in international affairs and that all want their corresponding right to speak. In fact, there are many matters and questions in international affairs that can not be settled by one or a few big powers, but need the joint efforts of all countries in the world for their solution. What we emphasize in our concept of the new international order is that all countries in the world, big or small, rich or poor, strong or weak, are equal; that the practice of big ones bullying small ones, rich ones imposing pressure on poor ones and strong ones humiliating weak ones should be resolutely opposed; that each country's affairs should be handled by the people of that country themselves and world affairs should be settled by all countries through consultation. Apparently, this concept is in full accord with the present realities in international life and will gain the support from most countries in the world and can be practically realized.

Thirdly, the new international order we have in mind also embodies certain indispensable needs of our age. As we know, peace and development have been the two themes of our age. To safeguard peace and to promote development have become a common objective of all peoples of the world. For more than forty years now, although a world war has not broken out, local wars and armed conflicts have never ceased. Fundamentally speaking, mankind has not yet really freed itself from the threat of war, and the peace we have enjoyed the past forty-plus years after World War II is still an incomplete peace, an unsafe peace or a restricted peace. The basic reason for the tensions in the world and the turbulence originating from the existing hot spots, lies in hegemonism and power politics. In the economic field, the crux of North-South question lies in the old and unfair international economic order. The vast numbers of developing countries who gained political independence after World War II had suffered for a long time from colonial rule and plunder before independence. Yet, after independence they continued to suffer from the restraint of the unfair and unequal international economic relations. As a result, their economic development was obstructed by numerous external conditions and most of them are still facing great economic difficulties which have brought about severe obstacles to the development of the world economy as a whole. Only by changing the old international economic order and setting up a new one can the economies of developing countries move forward more smoothly and North-South relations be improved. As early as during the Bandung Conference in 1955, the developing countries had called for the change of the old international economic order and the realization of their economic independence. The First Conference Of non-aligned countries, held in 1961, pointed out in its declaration that efforts should be made to eliminate the unevenness of the economic development left over by colonialism and imperialism. The Conference called for the stipulation of fair trade conditions which economically developed countries should follow, and for effective economic and commercial cooperation among developing countries with a view to standing against the pressure policies in the economic field. The Declaration of the Second conference of non-aligned countries in 1964 expressed the deep belief that economic emancipation is an inseparable part of the struggle for the abolition of political control, and for the first time raised the question of "establishing a new and just economic order." In April 1974 the Sixth Special Session of U.N. General Assembly adopted the "Declaration on the Establishment of A New International Economic Order" and "Program of Action." In November of the same year, the 29th Session of the General Assembly adopted the "Charter of the Economic Rights and Obligations of Nations" which set up the principles and directions for the change of the existing unfair and unreasonable old international economic order. Since then, Third world



countries have in many ways made great efforts for the establishment of the new international order, but with unfortunately little effect. The gap between developing and developed countries has not narrowed, but on the contrary has grown wider and wider--the rich are getting richer and the poor poorer; the economic difficulties in many developing countries are increasing.

In the last few years there has appeared a trend of multi-polarization in the world, and military confrontations have been relaxed, but the happy days of universal peace and prosperity have not come yet. Practices of hegemonism and power politics are still active in various forms. Peace and development are still under threat. Contradictions of all kinds still exist and North-South contradictions are growing. The imbalance of forces gives rise to new contradictions and so the international situation is in a greater degree of turbulence.

Therefore, in this transitional period of alternation of different patterns in the international balance of forces, people are more and more concerned about such questions as peace and development, security and disarmament, etc. Their desire for a fair and reasonable new international political and economic order, as a design of our time, is growing stronger and stronger. It is precisely the international order based on the "Five Principles of Peaceful Coexistence" that well conforms to the desire of our age and reflects the necessity of history, for its basic requirements include: casting away all hegemonist and power politics behaviors; opposing interference in other country's internal affairs, invasion or annexation of other country's territory by any country, especially by any big country; opposing the use or threat of force; opposing the settlement of international disputes by means of war; and the demand for the transformation of the old international economic order. All designs for a "new international order" proposed by anybody and in any form, but deviating from these basic requirements, can be nothing more than a refurbished version of the unfair old international order and in the final analysis will be negated by the history.

The People's Republic of China, which is carrying on her socialist modernization drive, needs an international environment of sustained stability and peace. China always takes the safeguarding of world peace as her sacred duty and hopes to attain a common development of all nations in the world in a peaceful international environment. In the present time of alternation of old and new patterns of international order, China has once again stressed the need for the establishment of a new international order based on the "Five Principles of Peaceful Coexistence" with a view towards creating a new type of international relations, seeking a lasting peace for the world and fostering the common development of all nations. This idea comes from the consideration of the needs of China's socialist modernization drive and is in full accord with the keen aspirations and fundamental interests of all peoples in the world.

Certainly, the establishment of such a new international, political, and economic order is a great and difficult task which will go through the course of history, and not without its share of twists and turns. We are ready to work together with the international community in our efforts to establish such a new international order. (\*)

\* As early as on September 21, 1988, at his meeting with Sri Lanka's Prime Minister, Chinese leader Deng Xiaoping pointed out that it is China's unshakable foreign policy to fight against hegemonism and safeguard world peace, to establish both a new international economic order and also a new international political order. On December 2, 1988, at a meeting with the former Japanese Foreign Minister, Yoshio Sakurachi, Deng Xiaoping once again emphasized that a new international order should be established on the basis of the "Five Principles of Peaceful Coexistence" and that these principles are full of vitality.



*THE ARABISTS*, Robert D. Kaplan, (New York, The Free Press, 1993).

"Israel is only about 2 percent of the Middle East population, and because of our support for that 2 percent, we're willing to alienate the goodwill of the other 98 percent, which have most of the land area and most of the resources, which, I think, in terms of our national interest, is a mistake." (The Arabists, p. 257). This statement, made by Mr. Marshall W. Wiley, a retired Foreign Service man, is in essence the manifesto of the Arabists. Wiley's diplomatic career is also typical of an Arabist. Until 1981, when he resigned from the foreign service, he was a high ranking diplomat, serving among other tours of duty in Israel, Yemen, and in mid and late 1970's, in Iraq, as head of the US interests section in Baghdad. In 1978 he became the DCM (Deputy Chief of Mission) in Saudi Arabia and later was promoted to ambassador to Oman. He resigned because he felt that he "had to work for succeeding American administrations that I fundamentally disagreed with." (P. 256) He implied that what bothered him most was the lack of balance in the administration's support for Israel. Hence, in 1985 he organized the United States-Iraq Business Forum, which was largely responsible for the increased US trade with and aid to Iraq during the late 1980's. After the gassing of thousands of Kurds by Saddam Hussein in 1988, Wiley published a letter in the Washington Post arguing against the imposition of economic sanctions on Iraq. He maintained that "sanctions would reduce, rather than increase, our ability to influence Iraqi behavior."

Typically, Wiley is an "Arabist," a term of art in America's political vocabulary denoting the advocacy of pro-Arab sentiments without reservations or qualifications. Robert Kaplan took upon himself the difficult task of exploring the phenomenon of "Arabism" and its advocates, who have long dominated the State Department's Bureau of Near Eastern Affairs (NEA). Kaplan, a contributing editor of *The Atlantic Monthly*, is also the author of *Balkan ghosts: a Journey Through History, Soldiers of God*, about the war in Afghanistan, and *Surrender or Starve*, about famine in Ethiopia.

In my own experience, I have encountered Arabists many a time, but I never fully comprehended why, or how do these professional experts become so biased. They seem to become infected with "localitis," also known as "clientitis". Kaplan explains that "localitis," or "clientitis", began in the First World War, when British political agents adopted the cause of the particular Arab tribal leader to whom they were assigned. In the post World War II Department of State, it came to mean sympathy for one side of an issue and the people associated with it, due to a lack of exposure to the other side." (P. 122).

Kaplan's erudite and fascinating study of this phenomenon helps solve some historical mysteries concerning our Middle Eastern policy in the Twentieth Century. However, if one expects the discovery of the "localitis" malaise in our State Department to provide an easy definition of an Arabist, Kaplan soon disappoints. His thorough research proved that in order to comprehend "Arabism", one has to go back to the 19th Century, when Presbyterian missionaries sailed to the Levant to spread the gospel among Moslems, Jews, and Greek Orthodox, and convert them to the true faith. Kaplan interviewed the families of these early missionaries, who, like Lawrence of Arabia, were fascinated with the Middle Eastern desert and its arcane Arab tribes.

For the most part, the phenomenon has its roots in the sons, daughters, and grandchildren of the early American missionaries who were born, grew up and were educated in Lebanon. They graduated from the American University of Beirut (AUB), the nucleus and source of inspiration for American families living in the Middle East. Indeed, these young people grew up to become the State Department experts on the Middle East, namely, the "Arabists."

Kaplan makes this point early in his manuscript. In most cases, he says, Arabists are not the handful of upper level State Department officials savaged by columnists. Nor usually, are they the Middle East policy types who appear on talk shows. Arabists are men and women,



like Bill Stoltzfus, a career diplomat who served as a US ambassador in no less than six Arab countries, and was born in Beirut in 1924. He is the son of a Protestant missionary from the Midwest, and his birth certificate indicates his place of birth and shows where he had spent the best years of his life: Beirut, Syria. He carefully notes that Lebanon did not exist then.

Arabists are mostly people like Stoltzfus, "who read and speak Arabic and who have passed many years of their professional lives, with their families, in the Arab world, whether as diplomats, military attaches, intelligence agents, or even scholar-adventurers." (p. 7). This definition, is generally accepted by most members of the foreign service and by political scientists. It has been further elaborated by Francis Fukuyama, a former member of the State Department's policy Planning Staff, when he stated that "Arabists are a sociological phenomenon, an elite within an elite, who have been more systemically wrong than any other area specialists in the diplomatic corps. This is because Arabists not only take on the cause of the Arabs, but also the Arabs' tendency for self-delusion." (p. 7). Nicholas Veliotis, an esteemed Arabist, who served as US ambassador to Jordan and Egypt and was former Assistant Secretary of State for NEA, disagrees. "Arabists are men and women who have mastered a difficult language and have spent years of their lives in a difficult foreign environment in service of the United States." (P. 8)

American Arabists followed the footsteps of their British predecessors whose journeys and philosophical accounts they studied, learning their tactics and strategies, and generally adopting the British Arabists' theories and concepts of the Middle East. However, Kaplan points out some important differences between the two breeds. "While British Arabists were imperialists, American Arabists were originally missionaries...A missionary-Arabist was concerned less with political power than with the doing of good deeds in order to improve the world...The British sought to dominate...but the Americans sought to change this terrain, to improve upon it, using their own model." (p.8)

All this, however, changed drastically after the Second World War. Although Kaplan insists on a connection between the Stoltzfus missionary vision, for example, and April Glaspie's misjudgment of Saddam Hussein in July 1990. "The famous encounter...was in reality, two centuries in the making. Miss Glaspie entered Saddam's lair freighted with baggage of a venerable Arabist tradition. The real Iraq-gate was never a banking scandal but an epic human story that parallels the history of the American Republic." (p. 9).

Indeed, Kaplan argues that understanding present-day Arabists requires going back in time, space, and culture. Without this historical perspective the picture will be distorted. He is a wonderful storyteller, who makes the reader forget that these American heroes, and their Arab counterparts, both wandering in the Middle Eastern deserts, often dressed in local regalia, were not figments of the imagination. In many ways this is a revolutionary book, explaining and tracing foreign policy to religion, culture, ideology and personal convictions, all of which is expected to be excluded from pragmatic policy-making considerations.

While Kaplan's method is controversial at times, his work is meticulous and his reasoning deserves serious consideration. He often carries the reader on a reluctant journey, which will be enjoyed retrospectively, when the goal is reached. Those who do not care to risk inquiry into the lives and times of the fathers of our Middle East policy, will of course not agree with Kaplan's assumptions and conclusions. However, even the skeptics will enjoy the accounts of this well-traveled journalist, who shows empathy toward the Arabists even if, at times, their localitis seems pathetic. Indeed, American Arabists consider themselves "realists," asking difficult questions and pointing out that Israel has no oil or a substantial population that could turn it into a strategic asset. One of the leading architects of our Middle East policy, Loy Henderson, head of NEA in the late 1940's, did not hide his contempt for leftist Jewish intellectuals (whom he considered all the Israelis to be). President Truman wrote in his memoirs: "The Department of State's specialists on the Near East were almost without exception unfriendly to the idea of a Jewish State...Some thought that the Arabs, on account of their number and because of the fact that they controlled such immense oil resources, should be appeased."(p. 86).

After the Second World War, with the Cold War enmeshing the Middle East, a new breed of Arabists joined the clan. These were people like Loy Henderson and Alfred Leroy Atherton



Jr, and they were no idealists. They did not have a vested interest in developing personal relationship with the Arabs. "For Henderson there was no contest: The Arabs had oil, strategic locations, and numbers. And how many oil wells do the Jews have?" (p. 95) Henderson's tenure as director of the NEA shaped for decades to come the State Department attitudes toward the Middle East.

No longer were the children of the missionaries the masters and leaders of our Middle East policy. This new breed of "pragmatic" Arabists, who took their place, favored the Arab point of view because they perceived it to be more advantageous for American interests. Most of them never mastered Arabic and spent much of their diplomatic career outside the Arab world. They became known as "NEA type," and thus close cousins of the more traditional, "romantic" Arabists. (p. 111) They worked behind the scene to influence American policy in the direction that they believed served American interests best. Joe Sisco, who in 1969 became the first non-Arabist to head NEA, claims he "can identify two dozen different kinds of Arabists." His case in point was Roy Atherton, who proved to be the most successful and influential of his generation (the 1970's) of Middle East specialists. (p. 124) Regardless of the different personality types, Kaplan argues that, as late as the 1960's, "NEA in this period was a well-greased Arabist machine, functioning as a bureaucratic counterweight to an increasingly sophisticated Jewish lobbying apparatus." (p.129)

As the book progresses in time, it becomes more intriguing. Kaplan takes the reader into Henry Kissinger's inner circle, and examines how Kissinger changed and reshaped the NEA. Kissinger was looking for "nonbaggage Arabists, an Arabist who did not appear to hold pro-Arab views." (p.132) He wanted to change the prevailing condition in the State Department that "you could never go back to the Arab world after serving in Israel. In the 1970s, Cluverius, and later Thomas Pickering, the new NEA type, were breaking new ground. Pickering went from ambassador to Jordan to ambassador to Israel, while Veliotes went from DCM in Tel Aviv to ambassador to Jordan. During that time, "Joe Sisco and Roy Atherton divided the old Arab hands into two groups: those whose skills could be useful to the new order in NEA and those who were either too troublesome or not worth saving." (p. 160) The new NEA policy was to avoid getting hooked on the region in a cultural or even a broadly political sense, to focus, instead, on "the problem." (p. 161) Although "the problem" was a euphemism for the Israeli-Arab peace process, it also subsumed the equally troubling inter-Arab conflicts.

The Arabists, both of the old and the new kinds, often made the error of assuming that the US had to choose between supporting Israel or supporting the Arabs. Kissinger proved them very wrong. The US, even during the height days of the Cold War, had many available options. Sophisticated and sensitive policy could yield the US friends on both sides and at the same time, advance US interests. One such example was Operation Moses, the rescue operation of the Ethiopian Jews (1984), that Kaplan recounts in great details and with arresting descriptions. It was, indeed, the dedication and resourcefulness of two American diplomats, the ambassador to the Sudan, Mr. Hume Horan, and Mr. Jerry Weaver, an embassy employee, who used their good Sudanese contacts to save the Ethiopian Jews.

Ambassador Hume Horan, who was later ambassador to Saudi Arabia, was a pragmatic Arabists. He knew Arabic and was a hands-on-type foreign service man. In 1987, when he assumed his position as ambassador to Saudi Arabia he began wondering why Chinese food disappeared so fast from local markets. He found a simple but startling solution to the puzzle: Chinese technicians, who were installing the Silkworm missiles, were eating it! Horan informed Washington, which in turn instructed Horan to make clear to King Fahd just how angry the US was. Horan delivered the US protest in person. Within hours Prince Bandar, the Saudi ambassador to Washington, had Horan's protest rescinded, and Ambassador Horan himself was recalled. (p.233) Washington made sure that the new ambassador, Walter Culter, a highly rated generalist, spoke no Arabic. Nevertheless, he enjoyed good access to King Fahd.

Kaplan's book ends with the Iraq debacle, which he claims was in evolutionary terms, an aberration and not a trend. "Ambassador April Glaspie was a member of the Arabist old guard, (while) many of the other US embassies in the Arab world were being stocked with



more contemporary brand of area experts." (p.305) The new generation of Arabists, Kaplan assures us, are in increasing numbers people with "ethnic and suburban roots, have studied Hebrew and have served in Israel." (p. 306). These new Arabists stand old stereotypes on their heads. Indeed, the Arab world too, says Alberto Fernandez, one of the new generation Arabists, has changed. "The Arab world is embarking on a slow and convoluted path toward political modernization." (p. 306) However, Kaplan does not predict instant breakthrough in the Middle East, as occurred in Eastern Europe.

The Twenty-First Century Arabists, according to Kaplan, are going to be a new breed. They will probably be multi-area experts, rather than special area experts. They might speak French, Russian, and Bulgarian in addition to Arabic, and "thus have much wider frame of reference than Arabists of the past." (p. 308).

Kaplan's book certainly makes the term "Arabist" much clearer and comprehensible. His concept of the future Arabist as a more sophisticated, sensitive, even-handed and multi-area expert is reassuring. However, Islamic fundamentalism, mentioned only in passing (p. 310), Jewish extremism, and tyrannical leaders such as Saddam Hussein of Iraq, Muammar Ghaddafi of Libya and the ruling Ayatollah of Iran, certainly cast a long shadow over the future of the Middle East.

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