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*Last Updated: 9/6/2024*

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** FONTAINE, ROGER: FILES

**Withdrawer**

KML 9/22/2011

**File Folder** BOLIVIA (AUG-DEC 1981)

**FOIA**

M10-353/1

**Box Number** 1

DENNISON

24

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
119274	MEMO	JANET COLSON TO ROGER FONTAINE RE ITEM OF INTEREST <i>R 5/18/2015 M353/1</i>	1	8/6/1981	B1
119275	MEMO	AMBASSADOR JEANE KIRKPATRICK TO SECRETARY OF STATE HAIG RE SANTIAGO 4613 <i>R 5/18/2015 M353/1</i>	2	8/17/1981	B1
119276	MEMO	SAME TEXT AS DOC 119275 <i>R 5/18/2015 M353/1</i>	2	8/17/1981	B1
119277	PAPER	RE BOLIVIA <i>R 5/18/2015 M353/1</i>	1	9/5/1981	B1
119278	MEMO	JANET COLSON TO ROGER FONTAINE RE ITEM OF INTEREST <i>R 5/18/2015 M353/1</i>	1	9/8/1981	B1
119279	PAPER	RE BOLIVIA <i>R 5/18/2015 M353/1</i>	1	9/9/1981	B1
119284	COVER SHEET	RE BOLIVIA <i>R 5/3/2012 M353/1</i>	1	9/14/1981	B1
119280	MEMO	FOR THE RECORD RE BOLIVIA: WHAT IS TO BE DONE? <i>R 5/18/2015 M353/1</i>	8	9/11/1981	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** FONTAINE, ROGER: FILES

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DENNISON

24

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
119281	PAPER	RE BOLIVIA: SEEKING OUTSIDE HELP <i>R 5/18/2015 M353/1</i>	1	ND	B1
119285	PAPER	RE BOLIVIA <i>R 4/15/2013 M353/1</i>	1	9/17/1981	B1
119283	BIO		1	12/8/1987	B1

The above documents were not referred for declassification review at time of processing

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B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

## MEMORANDUM

THE WHITE HOUSE  
WASHINGTON~~CONFIDENTIAL~~

August 6, 1981

MEMORANDUM FOR:

ROGER FONTAINE

FROM:

JANET COLSON

SUBJECT:

Item of Interest from Secretary Haig's  
Evening Report dated August 5, 1981

- \* NOTE: Because of the desire to limit the circulation of these items, they will be distributed to the "action officers" only. Please share, informally, with others as appropriate.

3. Bolivian President Resigns. The Bolivian political struggle continues to unfold in slow motion and without violence. President Garcia Meza announced his resignation last night and transferred power to the three-man junta of military commanders. The dissident military apparently will not accept this arrangement and wants to pick the next president. It could be several more days before the outcome of this peculiarly Bolivian game is clear. All U.S. citizens are safe. (C)

~~CONFIDENTIAL~~Review 2/3/8/5/01  
Derivative SecState

DECLASSIFIED

NLRR M353/1 #119274

BY FW NARA DATE 5/18/15

2

Daily Report

August 6, 1981

M-19 ANNOUNCES FIVE GUERRILLA GROUPS MERGE

PA051525 Madrid EFE in Spanish 2229 GMT 4 Aug 81

[By Libardo Aguirre Saenz]

[Excerpt] Bogota, 4 Aug (EFE)--The country's five most important guerrilla groups have joined forces following the defeats that they have been enduring in their clashes with regular troops trying to destroy them.

The merger of the Revolutionary Armed Forces of Colombia (FARC), the Army of National Liberation (ELN), the Workers Self-Defense Movement (MAO) [as received; ADO], the Popular Liberation Army (EPL) and the 19 April Movement (M-19), was announced in an M-19 communique issued in the city of Barranquilla.

The unity of the rebel groups takes place at a moment when the military high command has asked for total backing from the Colombians to face subversion because the "point of no return" is near--that is, that the moment when the guerrilla will wear out the state's legitimate defense capacity is near.

The guerrilla document is signed by M-19 leader Jaime Bateman. It is included in messages of the "Omayra Montoya" Atlantic Coast regional command. Until then, only the unity of the M-19 and FARC was known. The M-19 has called the merging of the five groups "Operation Carlos Toledo Plata," after one of the top M-19 leaders in Bogota's La Picota Prison, where 150 militants of the subversive organization are facing a court-martial.

Before being informed about the merging of the rebel groups, Army Commander Gen Fernando Landazabal Reyes noted that he trusts the military will not have to annihilate the guerrillas. He said: "That moment is not here yet, but considering the situation we are going through and the increased actions of subversion against institutions and public peace, it is evident that unless there is total national backing for the armed forces, the subversive elements will continue trying to reach the 'point of no return.'"

He said: "We hope that moment never comes, because the army is fighting subversion where it appears. In spite of limitations, we have to fully comply with this commitment we have with Colombians."

**PRESERVATION COPY**

# Bolivians Ponder Revolt: Who Won?

By EDWARD SCHUMACHER

Special to The New York Times

LA PAZ, Bolivia, Aug. 9. — A week-long struggle for control of the Government has ended as it began: a shadowy and mostly military affair that appears to hold little relevance for the lives of most of Bolivia's six million people.

Today, a day after it was announced that a group of insurgent military officers had reached a compromise with the three-man military junta that replaced President Luis García Meza Wednesday, it remained for the country to assess who had won and who had lost. Those who could read flocked to buy the latest edition of newspapers from street-corner vendors, most of them stoic Indian women dressed in colorful full skirts and bowler hats.

All week long Bolivians had avidly followed the military intrigue, but, as mere bystanders, they did little in the way of strikes or other public reactions. It is a measure of the country's more relevant problems that many of the news vendors cannot read.

## General Quits Presidency

The rebels succeeded in their first demand, the resignation of General García Meza, but their decision to withhold support of the junta in an effort to force its resignation ended in futility and frustration.

Neither side promised elections, although the rebels pledged, in somewhat vague terms, to install a civilian-military transition government and to reshape the country's disastrous economic policies. As a result, most of the country's leading civilian and labor leaders — many of whom are spread around South America in exile — favored the rebels as at least a change from General García Meza, whose presidency for the last year has been characterized by torture, corruption, drug trafficking and near national bankruptcy.

These leaders' support for the senior rebel leader, Gen. Alberto Natusch Bosch, was nonetheless lukewarm. In 1979 he himself led one of the country's more savage coups in which 300 people died before he stepped down less than three weeks later.

## Junta's Accusation Ridiculed

"I prefer Natusch," said a former Cabinet minister who had been instrumental in forcing General Natusch out then. "I believe he wants to wash the blood off his hands. But what could we do anyway? This was an eminently military problem."

Last week, the junta ran an extensive propaganda program on radio and television claiming that the qualified support for the rebels from such popular center-left politicians as former President Lydia Gueiler Tejada from her exile in Chile and Luis Adolfo Siles Suázo from his exile in Peru were proof that the rebels were backed by international Marxist terrorists.

The charge was widely ridiculed among civilian leaders and diplomats here. Neither the center-left parties nor the rebels have any Marxist pretensions.

The rebels, nonetheless, were careful not to become too closely identified with any civilian political leaders for fear they would lose support within the armed forces.

After a dramatic meeting Friday between General Natusch and the junta at the airport here, General Natusch returned to the rebel stronghold of Santa Cruz, almost 350 miles away, and announced over the radio that the junta had promised to convene a meeting of the commanders of small and large units to decide the future political direction of the nation. The roughly 50 military officers in exile would also be allowed back into the armed forces, so such a meeting would likely have been controlled by the rebels.

## Agreement Made Public

Yesterday, however, after the rebel troops began to disperse, Gen. Waldo Bernal Pereira, the head of the air force and the senior member of the junta, made public what he said was a signed statement by General Natusch about their agreement and it included no such promised meeting. He added at a news conference that the junta would make all political decisions.

In a strong statement, the three-man junta proclaimed victory, saying, "The armed forces have succeeded in institutionally overcoming a dangerous dissident that pretended to deform personalism and take advantage of international extremism."

There was no reaction from General Natusch, but the second most senior officer among the rebels, Gen. Lucio Añez Rivero, said in a telephone interview from Santa Cruz at midnight last night that he was dissatisfied with the agreement. He declined to expound over the telephone, but he said he was staying in hiding, raising the possibility that the insurrection might resume.

Its chances of succeeding are limited, however. The junta stressed working within the chain of command, which had

been a major issue among the rebels. Many disliked General García Meza's arbitrariness in installing and dismissing commanders, often buying loyalty, the rebels charged, with drug money.

General Añez, a former Chief of Staff of the army sent into exile by General García Meza, is widely recognized as a relatively honest and idealistic military officer interested in cleaning up corruption within the armed forces and instituting a nationalist, military-civilian government that would focus on economic development.

## Drug Crackdown Promised

The rebels did succeed in extracting promises from the junta that it would, according to the junta's statement, move against rampant drug trafficking here and study a return to elections. General Bernal said a primary concern was to regain international respect, and he called for international economic assistance, much of which was cut in the last year.

Civilian and military leaders fear, however, that the junta may be inherently unstable. General Bernal has emerged as the leader, but as commander of the air force he has little power over the army. The army commander, Gen. Celso Torrelio Villa, is widely considered indecisive. And the navy, under Adm. Oscar Pammo is, like all three services, seriously divided.

Moreover, the three commanders had been appointed by General García Meza and rumors abound here that he will soon return to power. He still lives in the presidential residence.



4  
FBIS 12

BOLIVIAN DECREE APPOINTS NEW MINISTERS

PY120252 LZ PAZ RADIO ILLIMANI NETWORK IN SPANISH 0123 GMT 12 AUG 81

(PRESIDENTIAL DECREE NO. 18,557 APPOINTING NEW BOLIVIAN MINISTERS, READ BY MINISTER SECRETARY (MARCELO GALINDO DE UGARTE) IN THE MAIN HALL OF GOVERNMENT HOUSE IN LA PAZ--LIVE)

(TEXT) PRESIDENTIAL DECREE NO. 18,557. GEN WALDO BERNAL PEREIRA; GEN CELSO TORRELIO VILLA; REAR ADM OSCAR PANNO RODRIGUEZ; PRESIDENTS OF THE REPUBLIC:

CONSIDERING THAT THE HONORABLE JUNTA OF COMMANDERS OF THE ARMED FORCES HAVE ASSUMED THE LEADERSHIP OF THE GOVERNMENT AS A COLLEGIATE BODY IN ACCORDANCE WITH THE RESOLUTION DATED 4 AUGUST 1981, IT FINDS NECESSARY TO DESIGNATE NEW MINISTERS. THE HONORABLE JUNTA OF COMMANDERS IN EXERCISING THE RIGHTS PROVIDED BY ARTICLE NO. 99 OF THE CONSTITUTIONS DECREES:

ARTICLE NO. 1. THE FOLLOWING MINISTERS ARE HEREBY DESIGNATED:

MINISTER OF FOREIGN AFFAIRS AND RELIGION	MARIO ROLON ANAYA
MINISTER OF INTERIOR, MIGRATION AND JUSTICE	COL ROLANDO CANIDO BERRASCOCHA
MINISTER OF NATIONAL DEFENSE	GEN ARMANDO REYES VILLA
MINISTER OF FINANCE	COL JAVIER ALCOREZA MELGAREJO
MINISTER OF PLANNING AND COORDINATION	ADOLFO LINARES
MINISTER OF EDUCATION AND CULTURE	COL GUILLERMO ESCOBAR HURY
MINISTER OF TRANSPORT AND COMMUNICATIONS	COL RENE GUZMAN FORTUM

MINISTER OF INDUSTRY, COMMERCE AND  
TOURISM

LUCIO PAZ RIVERO

MINISTER OF LABOR AND LABOR  
DEVELOPMENT

COL GUIDO SUAREZ CASTELLON

MINISTER OF MINES AND METALLURGY

COL CARLOS MORALES NUNEZ DEL  
PRADO

MINISTER OF AGRICULTURE, LIVESTOCK  
AND CAMPESINO AFFAIRS

COL JULIO MOLINA

MINISTER OF AERNAUTICS

GEN NATALIO MORALES MOSQUERA

MINISTER OF ENERGY AND HYDROCARBONS

NOT YET DESIGNATED

MINISTER OF PUBLIC HEALTH AND SOCIAL  
SECURITY

JOSE VILLARREAL SUAREZ

MINISTER OF URBAN DEVELOPMENT AND  
HOUSING

CAPT EDUARDO PEREIRA TORRICO

MINISTER SECRETARY OF THE PRESIDENCY

JUAN CARLOS DURAN SAUCEDO

MINISTER SECRETARY GENERAL OF  
INTEGRATION

EDGAR MIRALLES REYES

MINISTER SECRETARY OF PRESS AND  
INFORMATION

GUILLERMO CESPEDES RIVERA

ARTICLE NO. 2. THE NEW MINISTERS WILL ASSUME THEIR  
POSITIONS TODAY.

LA PAZ, GOVERNMENT HOUSE, 11 AUGUST 1981.

SIGNED: GEN WALSO BERNAL PEREIRA, COMMANDER OF THE AIR FORCE;  
GEN CELSO TORRELIO, COMMANDER OF THE ARMY; REAR ADM OSCAR PAMNO,  
COMMANDER OF THE NAVY.

(AT 0128 GMT THE ANNOUNCER ALSO REPORTS THAT GEN ROBERTO  
QUINTEROS ENCINA HAS BEEN CONFIRMED AS COMMANDER OF THE BOLIVIAN  
POLICE--FBIS)

12 AUG 0427Z DWK/CH



## Bolivian Junta's Position Is Precarious As Military Men Continue Machinations

Special to THE WALL STREET JOURNAL

LA PAZ, Bolivia—The three-member military junta that has replaced Bolivian President Luis Garcia Meza is maintaining a tenuous grip on the state's power. But the machinations of high-level military men are continuing.

The door of government in Bolivia has long been a revolving one. Since 1978, there have been four successful and several abortive military coups, and six changes in the presidency.

Gen. Garcia Meza seized power in July 1980 by toppling a leftist-oriented civilian interim government and eliminating the opposition in one of the bloodiest coups in Bolivia's history.

Last week, he in turn was toppled when two generals tried to seize power. In the moves and countermoves that followed, a compromise junta assumed command. But there is speculation in La Paz that the junta is unstable and that it could be challenged by the rebel leaders or the former top military men who are returning from exile, ostensibly to work with the junta toward building a government.

While Bolivia's political situation remains murky, its economy is clearly hurting. The nation's output increased less than 1% last year in the face of a population increase of 3.5%, and has remained stagnant this year. Production levels are estimated to be at a 15-year low. In construction, which employs many unskilled laborers, more than three-fourths of the workers are without jobs.

But amid what is being called the worst economic depression in decades, there is one industry that is thriving: cocaine. Bolivian government sources estimate that cocaine may be a \$1.6 billion-a-year business, mak-

ing its export value three times that of tin, the country's leading legal export.

In recent months, there have been charges, supported by international drug enforcement officials, that Gen. Garcia Meza and his supporters in the government had been directly involved in cocaine trafficking to the U.S. The two generals who moved to unseat him have charged that Gen. Garcia Meza had maintained the loyalty of military commanders by buying them off with drug money.

The rebel leaders, despite other areas of disagreement, did get the junta to pledge to move against the drug trafficking, but how that will be done remains to be seen.

In Lima, Peru, Monday, Jeane Kirkpatrick, U.S. ambassador to the United Nations, said U.S. relations with Bolivia have been abnormal because of the Garcia Meza regime's lack of cooperation in the fight to stem the cocaine trafficking. She said relations would be normalized when the "necessary conditions" permit.

The U.S. hasn't assigned an ambassador to Bolivia since last year's coup. Economic aid programs have been drastically cut.

Earlier this year international banks stalled on refinancing \$460 million in loans to Bolivia. While the official reason was given as legal technicalities, some suggested that the agreement was delayed because of reports that the Bolivian government was paying public-sector wages and planning to buy French jet fighters with drug money.



119275 1

THE REPRESENTATIVE  
OF THE  
UNITED STATES OF AMERICA  
TO THE  
UNITED NATIONS

August 17, 1981

~~SECRET~~

TO: Secretary of State Haig

FR: Ambassador Jeane Kirkpatrick

SUBJECT: Situation in Bolivia

REF: Santiago 4613 and Enders Memorandum #8123537

1. I should like once again to reaffirm my strong conviction that the United States should act now to regain influence over the events in Bolivia for the following reasons:

- a) because the situation is extremely fluid and more capable of being influenced at this juncture;
- b) because we could have a positive effect.

2. Our ability to influence the Bolivian government's policy will depend on our presence --- not our absence. The previous administration's decision to draw down Embassy, DEA and military personnel did not produce the desired results. Our absence made it easier for the most irresponsible groups to develop greater influence.

Our presence along with positive incentives, such as the hope of closer relations and desperately needed economic aid, has a far better chance of producing the desired results --- including specifically interruption of the drug traffic.

3. It is important to bear in mind that:

- a) It is difficult for any nation, whether Colombia, the US or Peru, to seriously cripple any drug traffic.
- b) The narcotics traffic, unplatable as it is, is not our only national interest in Bolivia anymore than in Colombia and various other nations.

DECLASSIFIED

SECRET  
RDS 8/17/87

NLRR M353/1 #119275  
BY RW NARA DATE 5/18/15

8

~~SECRET~~

- 2 -

4. No one who is well informed about Bolivia believes they are a client state of the United States. Like all other Latin American nations, however, they are very vulnerable to US influence --- intended and unintended.
5. Ambassador Schlaudeman agrees Argentina is prepared to work with us on this problem. President Viola reaffirmed this to me last week.
6. Finally, if the US government fails to act at this time when its influence could be greatest, it is certain to be confronted with the need to act later when our influence will be more difficult to establish.

DISTRIBUTION:

Richard Allen - NSC  
Amb. Tom Enders - ARA  
Col. Larry Tracy - DOD/ISA



119276  
*Roger Fontaine*  
9  
THE REPRESENTATIVE  
OF THE  
UNITED STATES OF AMERICA  
TO THE  
UNITED NATIONS

August 17, 1981

*Close Hld*

SECRET

TO: Secretary of State Haig  
FR: Ambassador Jeane Kirkpatrick  
SUBJECT: Situation in Bolivia  
REF: Santiago 4613 and Enders Memorandum #8123537

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DECLASSIFIED

SECRET  
RDS 8/17/87

NLRRM 353/1 #119276  
BY *RW* NARA DATE *5/8/15*

10  
~~SECRET~~

- 2 -

4. No one who is well informed about Bolivia believes they are a client state of the United States. Like all other Latin American nations, however, they are very vulnerable to US influence --- intended and unintended.
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DISTRIBUTION:

Richard Allen - NSC  
Amb. Tom Enders - ARA  
Col. Larry Tracy - DOD/ISA



FBIS 38 (SEE 31)

BOLIVIAN COMMUNIQUE ON TORRELIO VILLA APPOINTMENT

PY041028 BUENOS AIRES LATIN IN SPANISH 0751 GMT 4 SEP 81

(BY JUAN JAVIER ZEBALLOS)

(EXCERPTS) LA PAZ, 4 SEP (LATIN-RUETER)--GEN CELSO TORRELIO VILLA WHO WAS DESIGNATED PRESIDENT OF BOLIVIA TODAY, PROMISED TO SEARCH FOR UNITY AND THE WELL-BEING OF THE BOLIVIAN PEOPLE AND ASKED THE PEOPLE TO HAVE FAITH AND CONFIDENCE IN HIM.

TORRELIO VILLA, THE COMMANDER IN CHIEF OF THE ARMY, WAS NAMED TO THIS OFFICE BY JUNTA OF COMMANDERS, WHO WILL TURN OVER POWER TO HIM THIS AFTERNOON AFTER MORE THAN 36 HOURS OF TENSE AND PROLONGED NEGOTIATIONS.

THE ANNOUNCEMENT OF THE DESIGNATION OF THE NEW PRESIDENT--WHO SAID THAT HE WOULD MAKE KNOWN TODAY THE LENGTH OF TIME THAT HE WILL STAY IN POWER--CAME EARLY THIS MORNING AT THE ARMED FORCES HEADQUARTERS THROUGH A JOINT COMMUNIQUE OF THE THREE COMMANDERS WHO MAKE UP THE MILITARY TRIUMVIRATE.

THAT DOCUMENT SAYS THAT AFTER EXHAUSTIVE ANALYSIS OF THE SITUATION AND THE NECESSITY OF ESTABLISHING AN ADMINISTRATION WITH INSTITUTIONAL UNITY TO REPLACE THE COLLEGIAL BODY OF THE JUNTA OF COMMANDERS, WHICH IS TRANSITORY IN CHARACTER, THE MILITARY TRIUMVIRATE HAS REACHED AN AGREEMENT WITH INSTITUTIONAL CONSENSUS TO DESIGNATE GEN CELSO TORRELIO VILLA AS PRESIDENT OF THE ARMED FORCES GOVERNMENT.

THE DOCUMENT ADDED THAT TORRELIO VILLA RECEIVES THE UNANIMOUS SUPPORT OF THE ARMED FORCES OF THE NATION AND THAT THE MEMBERS OF THE JUNTA WILL RETAIN THE EXCLUSIVE RESPONSIBILITY OF COMMANDING THEIR RESPECTIVE BRANCHES. HOWEVER, IT WAS NOT SPECIFIED WHO WILL BECOME THE COMMANDING GENERAL OF THE ARMY, REPLACING THE NEW BOLIVIAN PRESIDENT. THIS AND OTHER DETAILS WILL SOON BE MADE KNOWN TO THE PRESS, MILITARY SPOKESMEN SAID. THE DOCUMENT SAYS THAT IN THIS MANNER THE PRESIDENT WILL BE PROVIDED SUITABLE LEEWAY TO EXERCISE THE HIGH GOVERNMENT FUNCTIONS IN ORDER TO OVERCOME THE GRAVE NATIONAL PROBLEMS.

AFTER THE READING OF THIS DOCUMENT THE PRESIDENT-DESIGNATE SAID: FAITHFUL TO MY TRADITION OF HONOR IN ALL ASPECTS OF MY OFFICIAL LIFE, I WILL KNOW HOW TO GUIDE THE BOLIVIAN NATION ALONG THE PATHS OF PROGRESS, SEEKING BY ALL MEANS THE WELL-BEING AND THE UNITY OF THE BOLIVIAN PEOPLE.

TORRELIO VILLA HAD BEEN CONSIDERED A POTENTIAL PRESIDENT 2 DAY AGO, BUT NEGOTIATIONS BECAME STAGNATED BECAUSE OF THE OPPOSITION BY THE AIR FORCE. THE AIR FORCE HAD ISSUED A STATEMENT IN WHICH IT REASSERTED ITS SUPPORT FOR SANJINES GOITIA. THIS WAS APPARENTLY WHY A SOLUTION COULD NOT BE REACHED YESTERDAY. BUT AFTER EXHAUSTIVE NEGOTIATIONS IT AGREED TO WITHDRAW ITS CANDIDATE AND SUPPORT TORRELIO VILLA'S APPOINTMENT.

R SEP 1239Z JA/LJ



BUREAU OF INTELLIGENCE AND RESEARCH - ANALYSIS - SEPTEMBER 5, 1981

1. BOLIVIA: ARMY COMMANDER SUCCEEDS JUNTA

After an intense period of jockeying, the Bolivian armed forces have chosen General Celso Torrelío Villa as president. Torrelío's junta colleagues, Air Force General Waldo Bernal and Navy Rear Adm. Oscar Pammo, joined in making the announcement of his selection shortly after midnight on September 4, thus giving the impression of armed forces unity in the decision to replace the month-old junta with a single president.

\* \* \*

Torrelío was initially reluctant to accept the job. He is not in good health--he wears a pacemaker--and does not appear to have the leadership qualities necessary to:

- keep the constantly warring factions of the Bolivian military in line;
- begin to resolve Bolivia's desperate financial problems; or
- move decisively against the cocaine traffickers and their close allies within the armed forces, the basic US condition for normalizing diplomatic ties.

The new president does have a number of assets, however, including:

- a clean record with regard to drug-related corruption, as far as we know;
- the support of the Argentine military, who helped engineer the July 1980 coup of former President Luis García Meza and provided his regime with financial assistance; and
- the backing of García Meza and the group of colonels known as the "black eagles" that helped keep him in power, including his notorious Interior Minister Col. Luis Arce Gómez.

It is too early to know if the Torrelío regime will be a continuation of the García Meza-Junta style of government which was characterized by administrative chaos, worsening financial situation, and business-as-usual for the cocaine traffickers. The circumstances strongly suggest, however, that the Torrelío regime will be as weak and inept as its predecessors, and that it will be unable to offer meaningful assurances of cooperation in the narcotics area.

Elements of the army that opposed García Meza and the junta will not be any happier with the Torrelío regime, and will probably continue their plotting. Moreover, the Argentine imprimatur on his regime may not translate into any significant economic assistance.

DECLASSIFIED

SECRET/NOFORN/NOCONTRACT

NLRR M353/1 #119277

BY RW NARA DATE 5/18/85

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

119278

13

~~SECRET~~

September 8, 1981

MEMORANDUM FOR ROGER FONTAINE

FROM: JANET COLSON

SUBJECT: Item of Interest from Secretary Haig's  
Evening Report dated September 4, 1981

- \* NOTE: Because of the desire to limit the circulation of these items, they will be distributed to the "action officers" only. Please share, informally, with others as appropriate.

3. Bolivia. Bolivian army commander Torrelío today succeeded in having himself named president after several days of maneuvering to oust his fellow junta members. Torrelío appears to owe his position in large part to former president Garcia Meza and his narcotics-tarnished group. This bodes ill for producing either political stability or badly needed economic reforms. Torrelío knows of our concerns about narcotics and the need for economic reform. We will be watching his cabinet appointments and actions in these areas as we determine the kind of relationship with his government which best meets US interests.

~~SECRET~~

Review 9/4/01

Classified by State

DECLASSIFIED

NLRR M353/1 # 119278

BY RW NARA DATE 5/18/15

9/9/81

DATE

5. BOLIVIA SEEKS NORMALIZATION OF RELATIONS WITH THE US

Speaking at the swearing-in ceremony for his new cabinet, President Torrelío:

- promised a return to civilian rule within three years;
- called for normalization of relations with foreign governments; and
- declared a "battle without truce" against narcotics trafficking.

His commitment to these promises was underscored by the Director of Customs who, as Torrelío's representative, stressed to Embassy La Paz the need for "normalization" of relations. He promised firm action against the drug traffic and cooperation with the IMF in order to achieve "normalization" because US "recognition" is essential to the survival of the government. ~~(CONFIDENTIAL)~~

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BY RW NARA DATE 5/18/15

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119280

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11 September 1981

MEMORANDUM FOR THE RECORD

SUBJECT: Bolivia: What is to be done?

1. The Issue

We are now at a crossroads in deciding what policy the Reagan Administration should follow in Bolivia. Since July 17, 1980, U.S. policy under two Administrations has been to manifest our displeasure at the drug involvement of key figures in the Government of Bolivia (GOB) by not naming an ambassador, reducing our presence, withholding programmed security assistance, and sharply curtailing economic aid.

The objective of this policy has been to cause the GOB to take genuine measures against drug trafficking. In this regard, the policy has failed. On the plus side, the Reagan Administration has avoided appearing to tolerate drug traffickers as long as they are anti-communist.

The economy of Bolivia is now in its worst state since the Depression and the military, the country's political arbiter, is badly fragmented. Argentina and Chile maintain that the U.S. is contributing to a deteriorating situation which could see an extreme leftist government come to power, an occurrence that would be intolerable for Buenos Aires and Santiago.

U.S. policy has been essentially passive, that of the spectator offering advice to the players on the field. This memorandum reviews and assesses that policy, and recommends a means for the U.S. to become the player Bolivia and our allies expect it to be.

2. Background

- To understand the Bolivian variant of military-civil relations, it is necessary to understand that the Bolivian military is institutionally paranoic. The Armed Forces were almost destroyed by a populist revolution in 1952 (led by the MNR's Hernan Siles) and today's military leaders will never allow the institution to be placed in a vulnerable position again. To the military, survival of the Armed Forces and the nation are coterminous.

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- Despite Hernan Siles role in the 1952 revolution, the real villain for the military in 1980 was not the aging Siles, but his youthful running mate, Jaime Paz Zamora of the MIR. In the collective view of the military, the MIR is Castroite, and, if it came to power, would attempt to destroy its principal adversary, the Armed Forces. Whether the MIR is, in fact, a potential/actual tool of Castro is not relevant in examining the motivations of the military in July 1980. The perception of the MIR as a radical Marxist, anti-military movement was almost universal within the officer corps. Consequently, they staged a "veto" coup after the Siles-Paz Zamora UDP coalition gained a plurality.
- While the anti-democratic actions of the military were the original cause of U.S. "denormalizing" relations, the very real involvement of the President, and other junta members, and key cabinet officials with the international drug business soon became the principal reason for the U.S. refraining from sending an ambassador.
- In the ensuing 14 months, the State Department and the U.S. Embassy have made clear to the GOB that the government would have to demonstrate clear, unambiguous political will to move against drug trafficking. The Government of President Garcia Meza had made only cosmetic efforts, however, and the continual involvement of key junta members (to include General Bernal and Admiral Pantoja of the "new" junta) in the drug trade has been well-documented by the U.S.

### 3. An Assessment of U.S. Policy Since July 1980

- An underlying assumption of the U.S. policy, although unstated, has been that this latest manifestation of political malaise would be ended, at least temporarily, in characteristic Bolivian fashion--the Garcia Meza clique would be overthrown in a military coup, and a new governmental group, hopefully cleaner in terms of drugs, would take over and adopt programs with which the USG could associate itself. In the 14 months since the Garcia Meza coup, several coup attempts have been launched. None have succeeded, although the most recent one forced Garcia Meza, at least ostensibly, to resign.
- The current GOB is, possibly, the Garcia Meza government without Garcia Meza. Even his role is in doubt, as there is strong evidence that he remains the power behind the scenes.

- On the plus side, the policy of the past year has had the political advantage of showing that the Reagan Administration is sensitive to official wrongdoing, and that declarations of anti-communism are not sufficient to gain U.S. friendship.
- During the past year, the military, perhaps Bolivia's only cohesive political institution, has been seriously split. Drug money has undoubtedly bought the loyalty of key units, and it is difficult to assess just how deep the corruption runs. In the 4-7 August coup attempt, Armed Forces units came dangerously close to internecine fighting, which is almost unheard of, even in Bolivia's turbulent history. The next attempt could see military fight military, and the institution's survival could be in jeopardy. Should the divisions continue in the Armed Forces, a populist uprising, fueled by the rapidly declining economy, could plunge the country into civil war.

#### 4. Time for a New Policy

- The U.S. has been able to follow a relatively passive policy towards Bolivia because the assumption has been made that the extreme alternative to a military government, the MIR, is a reformist left of center party, but not Marxist, and not anti-U.S. Thus, a MIR-dominated government would not be a serious setback for U.S. foreign policy. The U.S. could afford the luxury of following a morally laudatory policy of not condoning the reprehensible drug and human rights abuses of the Garcia Meza government.
- If, however, the MIR leaders are actually "closet Sandinistas", then the choice becomes more difficult, and ideology must impact on the decision process. If the alternative to a corrupt military government is not a reformist, non-communist government, but instead one with strong links to Cuba, Nicaragua, and other bloc countries, then the U.S. must consider becoming an active shaper of events, not the aloof spectator it has been.
- Over the past year, there have been indications of a split between the Siles and Paz factions of the UDP coalition. Siles followers believe Paz and other MIR leaders have collected funds in the name of the UDP, but have used this money for MIR activities. As a result, many of Siles' followers (if not Siles himself) believe the MIR used Siles and the MNRI as a means of gaining political legitimacy. There is a growing belief within the Siles camp that the MIR is radical Marxist.

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- The role of ~~Argentina~~ and Chile is critical in any revamped policy. Both are concerned that unless the political and economic deterioration in Bolivia is arrested quickly, they could find ~~an extreme leftist government on their borders~~. It was this fear that drove the Argentines to support the Garcia Meza coup in July 1980. They now see the situation they helped create coming unglued, and they wish the U.S. to take the lead in reversing the disintegration process in Bolivia.
- As long as the U.S. remains on the sidelines, the political and economic decline will continue. The policy followed since July 1980 has been a logical plan designed to force the GOB to develop positive programs against drugs. The policy has not succeeded. Some of the worse elements of the Bolivian military have remained in power, and U.S. aloofness, while contributing to the economic decline of the country, has not succeeded in generating either new programs or a new character to the GOB.
- We must now examine the option of adopting a more active policy that will influence events in Bolivia, with the goal of preserving Bolivia as a free society, improving the political and economic situation of the Bolivian people, and serving U.S. hemispheric interests.

#### 5. What the U.S. Can Do

- Our leverage is the economic aid we can provide, and that which other countries will provide after we take the lead.
- While Bolivia wants a U.S. ambassador, we should delay. This is not the time to send an ambassador-designate to the Senate for confirmation hearings. Until the sincerity of the GOB in undertaking anti-drug efforts is fully known, we run the risk of having the Reagan Administration criticized for being tolerant of any wrongdoing, so long as the government in question is anti-communist. Our Central American aid package, particularly for El Salvador and Guatemala, could be endangered by any Congressional backlash. The recent spate of publicity on the involvement of the GOB in drug trafficking (the 30 August CBS rerun of the "Sixty Minutes" feature, plus articles in the New York Times on 31 August and 2 September, to include an editorial) are examples of the negative press reaction we may face.
- The intelligence community should be tasked to make an in-depth assessment of the MIR to determine its actual or potential Castroite tendencies. This assessment should focus on sources of MIR funding and contacts that Paz Zamora and other MIR leaders have had with Cuba, the PLO, etc.

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- State and the U.S. Embassy in La Paz have consistently told the GOB the prerequisites for improved U.S. relations. Still, the GOB asks "What do you want us to do?" Now is the time not to change the message, but the messenger.
- The recent change in the junta and the cabinet presents the U.S. with the opportunity to start a new dialogue. The new President, MG Celso Torrelío, is apparently clean of drug trafficking involvement, as is his cabinet. Additionally, the cabinet appears much more competent than its various predecessors of the past year. We should send a small delegation to La Paz to communicate directly with the GOB. The message conveyed should be "Stop collaborating with cocaine trafficking and start fighting it." This should be the stick, with the carrot being a comprehensive aid package (economic and DEA-type assistance). This delegation should be able to speak with the junta and the cabinet, as well as with opposition political figures, church leaders and dissident military officers. The theme of this mission should be that the USG recognizes the dire straits in which Bolivia finds itself, and is ready to help Bolivia help itself. But official complicity with drugs must end. Specific proposals can be made to help Bolivia develop an effective anti-drug program as well as a long range plan for constitutional government.

Such a step should clearly demonstrate that the U.S. has moved out of the stands and onto the field. The leadership role expected of the U.S. would be shown. The Bolivians would be told once again what they would have to do. If the GOB continues moving toward self-destruction, it would be a Bolivian decision. The U.S. would have made the effort to help in Bolivia's moment of need.

- A brief outline of the Junta, key personalities, and Presidential alternatives is at TAB A.

Attachment  
TAB A



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### The Junta

MG Celso Torrelío - President. He succeeded "Lucho" Arce in February as Minister of Interior, a positive move. He is apparently "clean" of drug involvement. He was, however, a loyal supporter of Garcia Meza, opposing the various coup attempts of the past year. Torrelío had a serious heart attack in 1978 and wears a pacemaker. At this time, he seems to have the backing of the majority of the Army but the support may be very soft. He is also backed by COLS Rico Toro, Lea Plaza, and Arce, three of Garcia Meza's strongest supporters, as well as by Garcia Meza himself. As President, he must show he is his own man. There are few in Bolivia who believe he can operate independently of the Garcia Meza group.

BG Angel Mariscal - Army Commander. A very junior general. There is little known of any involvement by him in drugs. He has received training in Germany, and has a reputation as a good, strong professional soldier, with few political inclinations. How he will react to the political pressures of his new post is unclear, given his lack of experience.

BG Waldo Bernal - Air Force Commander. A member of the junta headed by Garcia Meza, and a staunch supporter. While he maintains privately that he abhors the drug involvement, there is considerable intelligence available linking him to the trafficking. He is very pro-U.S., speaks fluent English, and served as Air Attache in Washington and as Ambassador to the United Kingdom. He probably understands the U.S. better than any other Bolivian officer, but his alleged drug involvement weighs against the U.S. giving him the appearance of support.

Admiral Oscar Pammo - Navy Commander. A very unimaginative, stoic man, heading the weakest of the three Services. As a cabinet minister in 1979, he imported spoiled rice from Pakistan and this later became a cause celebre. Many had died from food poisoning, and an investigation, led by the leftist political leader Marcelo Quiroga Santa Cruz, was underway prior to the July 1980 coup. Quiroga Santa Cruz was then killed in the aftermath of the coup. Pammo is not a Presidential alternative, and enjoys only minimal support within the Navy.

### Key Personalities

Gonzalo Romero - Foreign Minister. A much respected academician and diplomat, Romero served as Ambassador to the Organization of American States from early 1979 to mid-1980. He resigned after the

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Garcia Meza coup. He is a former Ambassador to Brazil, and a leading historian. His appointment is a very positive move by Torrelío. But Bolivia's foreign relations problems flow directly from internal policies, where Romero may have minimal influence.

COL Romulo Mercado - Minister of Interior. A quiet, very professional officer who has no known involvement in drugs or other corruption. Like Mariscal, he has stayed clear of the political intrigue so common in the Bolivian military. It is not known how well he can handle the affairs of the Ministry of Interior, especially if COL "Lucho" Arce still retains influence in the Ministry. He, Alcoreza and Morales (see below) are all members of the Class of 1959 of the Military Academy, and are close friends.

COL Javier Alcoreza - Minister of Finance. One of the brightest, most politically astute officers in the Army. He has served as number two to Torrelío in a number of posts, and is generally considered Torrelío's "brains." He is independently wealthy, the owner of a large ranch in Cordoba, Argentina. Alcoreza is a great admirer of the now-sidelined COL Gary Prado (the man who captured "Che" Guevarra in 1967) erstwhile leader of the "young colonels." Prado was wounded (under curious circumstances) in May, and is rehabilitating in New York. Alcoreza served as Assistant Military Attaché to then-COL Hugo Banzer in Washington circa 1966-68. On balance, Alcoreza is a positive, pro-U.S. influence. He is not presidential timber, however, as his cherubic appearance weighs against him. He looks like Lou Costello.

COL Carlos Morales - Minister of Mines. The quintessential technocrat, Morales is well respected within the military. He is an engineer, and headed Bolivia's nascent steel industry during Banzer's years. He, like Alcoreza, is very close to Prado, but is as apolitical as Alcoreza is political. He is generally unknown to the Bolivian public, and as a presidential alternative, would suffer from the "Who's he?" effect.

COL Jose Faustino Rico Toro - Army Chief of Staff. Perhaps the most Machiavellian officer in the Army. He has long been a key player on the political scene in Bolivia, and has very close ties to the Argentines. (Like many Bolivian officers, he is a graduate of the Argentine Command and Staff College. His son is a graduate of the Argentine Military Academy.) He definitely has presidential aspirations, and is probably backing Torrelío because he believes (1) the time is not ripe for his own presidency, and (2) Torrelío can be manipulated. Rico Toro has frequently said in private that a "blood bath" may be necessary to determine whether capitalism or communism will prevail in Bolivia. He has had a long association with COL "Lucho" Arce. As Chief of Staff, he will try to manipulate Army Commander Mariscal. He may not succeed.



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### Other Presidential Alternatives

Hugo Banzer. Hugo Banzer ruled for seven years and provided an unprecedented era of stability and relative prosperity. He adroitly manipulated his basic constituency, the military, playing one side against another. Concurrently, he developed closer ties to the private sector. As a result, his support within the military gradually eroded. By late 1977, when he called for elections two years ahead of the time table he himself had established in 1974, the military would not support him. There had been little modernization of the Armed Forces during his presidency, another factor contributing to Banzer's lack of military support.

His Government, despite its success, was marked by widespread corruption, and after the election of Walter Guevarra Arze in 1979, the newly-elected Congress launched an investigation into the alleged corruption, graft and financial mismanagement of the Banzer years. Banzer relatives had been deeply involved in drug trafficking and many Bolivians believe Banzer himself profited as well from drugs. The intense anti-Banzer, anti-military Congressional investigation precipitated the November 1979 coup by Banzer's long-time Minister of Agriculture, COL Alberto Natusch Busch.

Banzer has great political and administrative skills. He was a good President. The antagonistic attitude within the Armed Forces toward him may have lessened as a result of the chaos Bolivia has experienced since his July 1979 departure from Government. But, if the U.S. is going to tilt toward Banzer, it should be done fully aware of the baggage he carries. He is no panacea. He may, however, be the lesser of various evils.

COL Luis Anez. Anez was the co-leader of the last two coup attempts. He, like Morales, is an engineer and professionally respected within the Armed Forces. He has no known involvement with drugs. The main criticism being leveled against him by the Garcia Meza-Torrel-Rico Toro clique is that he is a "leftist." He travelled to Panama and met with the late Omar Torrijos in June, and this has been used as evidence of his supposed "leftist" tendencies. Anez is "clean", and could be expected to move forcefully against the cocaine trade. He likewise could probably establish a working dialogue with the various political parties. The nagging question is how much support he has within the Armed Forces. Without significant support, Anez' presidency could be short-lived.

COL Guido Vildoso. A former Minister of Health under Banzer, Vildoso surfaced before Torrel's selection as a compromise presidential choice. He is not a charismatic figure, however, and it is doubtful he could consolidate political power. Even his supposed "clean" reputation has recently come into doubt, with charges being made that he was involved in drug smuggling around 1975 with Dr. "Chito" Valle, the son-in-law of Hugo Banzer.

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State Summary  
9/15/81

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BY RW NARA DATE 5/18/15

3. BOLIVIA: SEEKING OUTSIDE HELP TO AVERT BANKRUPTCY

Bolivia's new government faces a financial crisis and is polishing its image in order to obtain assistance, especially from the IMF and the US. Success will depend on its uncertain ability to restore financial order and to control narcotics trafficking.

\* \* \*

Bolivia is in an economic recession, with a growing foreign debt and virtually no new investment. The central bank is essentially broke and cannot meet over \$270 million in debt payments due foreign creditors through next month. Some defaulting has already begun, and further rescheduling seems likely. The government is operating on heavily discounted receipts of future natural gas sales to Argentina.

Bolivian economic difficulties are the result of:

- persistent political instability, including six changes of government in the last three years;
- depressed world prices and declining production of minerals (mainly tin and silver), which account for over 60 percent of export revenues;
- mismanagement, corruption, and general inefficiency in the economically-dominant state-run enterprises (especially in mining); and
- international isolation due to human rights violations and the involvement of senior government officials in cocaine trafficking.

Since taking over in July 1980, Bolivia's military leaders have depended heavily on commercial and official lending (including over \$300 million from Buenos Aires). Aid from the US and Western Europe has been frozen. Private lenders have been made increasingly nervous, however, by deteriorating economic and political conditions, and the Viola government in Argentina has been less disposed than its predecessor to help the regime.

The government, now headed by General Torrelio following last month's forced resignation of Garcia Meza, has recently announced measures to limit public spending and to increase tax revenues and exports in an attempt to qualify for an IMF standby agreement. It has also declared its intention to control the cocaine trade in the hope of normalizing relations with the US. Torrelio has not yet demonstrated that he has sufficient clout to implement these measures fully.

CONFIDENTIAL

Sept. 17, 1981  
DATE

6. BOLIVIA: NEW FOREIGN MINISTER SPEAKS OUT ON NARCOTICS TRAFFICKING

In a press conference September 15 Foreign Minister Romero took a hard line against the narcotics traffic and in a later conversation with Embassy Officers indicated his willingness to work with US authorities. He admitted President Torrelío's weakness but said Torrelío wants to improve narcotics control and recognizes it is the major problem in bilateral relations. Romero indicated the need for outside assistance to counteract the strength of the military and narcotics interests.

Embassy La Paz Comment: Romero's influence in the government is limited. A public statement from Washington announcing augmentation of the DEA staff in Bolivia would help to support him.  
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NLRR M353/1 #119285

BY KML NARA DATE 4/15/13

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# BOLIVIA SHIFTS TIED TO U.S. DISPLEASURE

Aid Cutoff Seen as a Stimulus  
Toward Fall of 2 Regimes  
— Drug Traffic Is Issue

By EDWARD SCHUMACHER

Special to The New York Times

LA PAZ, Bolivia — A virtual blockade of international economic aid led by the Reagan Administration is held responsible in large part for the fall of two Bolivian governments in one month.

According to United States diplomats in several Latin American countries, the Administration's actions, carried out quietly, are a departure from policies it has adopted toward authoritarian regimes considered friendly to Washington. For example, it is trying to persuade Congress to lift a ban on arms sales to Argentina, and it has succeeded in making it possible for Chile to obtain trade credits from the Export-Import Bank.

But the Administration, the diplomats said, is officially withholding some \$125 million in budgeted economic aid to Bolivia and has not appointed an ambassador to La Paz on the ground that senior Bolivian officials have participated in cocaine trafficking or the protection of such trade since the military took power in a coup in July 1980. Bolivia is the source of most of the cocaine that reaches the United States.

## Carter Policy Is Renewed

The Bolivian aid was actually cut and the ambassador withdrawn by the Carter Administration, shortly after the 1980 coup. The Reagan Administration, however, after a period of indecision, renewed the policy with vigor.

Moreover, according to Bolivian officials and foreign diplomats, it is quietly using its influence to restrict economic help from other countries as well as from the World Bank and International Monetary Fund.

The economic pressure is sorely felt because Bolivia has a foreign debt of about \$3.7 billion and the Government is essentially broke. Almost \$15 million in Government checks were returned by United States banks for insufficient funds in July and August, according to international bankers and Government officials.

Bolivian military leaders and Government officials say the economic pressure and diplomatic isolation of their country by the Reagan Administration were a major stimulus behind the military infighting that forced the resignation of Gen. Luis García Meza as President Aug. 4 and the departure Sept. 4 of the junta that succeeded him.

"The country is in economic chaos," Gen. Lucio Añez said in an interview during the revolt he led that forced General García Meza to resign.

"We need U.S. and international help, but with the disgraceful image of this Government, we cannot get it."

Among other factors contributing to the change in governments has been a revolt by some officers against what they denounced as corruption and mismanagement under General García Meza and the junta.

However, Mario Rolón Anaya, Foreign Minister under the short-lived junta, characterized the Reagan Administration's withholding of support as "strangling us."

## Normal Ties Called Priority

Gen. Celso Torrelio said shortly after taking over as President Sept. 4 that "the normalization of relations is the immediate priority task" of his Government. He also promised a crackdown on drug trafficking, moves to improve the economy and elections in three years.

[In Washington, the State Department said that it was encouraged by the general's statements and that it would send two officials to La Paz to discuss with the Bolivians "the details of the concrete actions they expect to take" to combat narcotics trafficking. These discussions are part of a continuing study of the question of whether to normalize relations, State Department officials said, noting that the United States chargé d'affaires, William Price, met General Torrelio on Sept. 10 to explore the question.

[Alan Romberg, the deputy departmental spokesman, said the delegation would consist of Gordon Sumner, a special adviser to Thomas O. Enders, Assistant Secretary of State for Inter-American Affairs, and Samuel Hart, director of the department's Office of Andean Affairs.]

General Torrelio is considered here in La Paz to have no connection with the drug traffic, although he is accused by some Bolivian officers and foreign diplomats of being a front for a group of young colonels who have profited from the trafficking. Reagan Administration officials had said before the latest change of Bolivian governments that restoration of aid and an ambassador depended on Bolivian actions to fight the drug traffic, not promises, which had been heard before.

The severed aid was mostly for economic development projects such as housing and roads. About the only United States funds still coming into the country, United States officials said, are for humanitarian food aid channeled through private charities and several hundred thousand dollars to sustain a crop substitution project for cocoa farmers at a low level.

The World Bank has indefinitely delayed almost all the new projects it had planned for this year while the International Monetary Fund has all year been putting off a Bolivian request for an emergency standby loan.

Diplomats say that United States pressure has been critical in the decisions by the international agencies. Aid from those institutions is supposed to be dispensed on economic, not political grounds, but, the informants said, the actions have also been justified by the instability in the country.

An exception is Argentina, which last year lent \$250 million and gave military and intelligence assistance to the Bolivian armed forces. The Reagan Administration, however, is now reportedly encouraging the Argentines not to be so supportive.



## U.S. Resumes Bolivian Diplomatic Ties In Hopes of Stemming Flow of Cocaine

By JOHN ENDERS

Special to THE WALL STREET JOURNAL

LA PAZ—The Reagan administration's normalization of diplomatic relations with Bolivia—after 18 months of cold-shouldering the country's military leaders—is an attempt to restore traditionally strong U.S. influence.

Washington's decision is a pragmatic attempt to shore up the shaky military regime of Gen. Celso Torrelio Villa in this coup-prone nation, diplomats in La Paz say.

Formal ties, as well as most U.S. economic assistance to Bolivia, were cut by the Carter administration shortly after the July 1980 coup led by Gen. Luis Garcia Meza. They were resumed Nov. 28.

Gen. Garcia Meza resigned the presidency last August during a major army rebellion. His 13-month regime was accused of brutally suppressing human rights, of inefficiency and of allowing leading military officers in the regime to traffic in illicit cocaine destined for the U.S.

One month after Gen. Garcia Meza stepped down, the lifelong friend he had picked to be army commander, the 48-year-old Gen. Torrelio, was named president by fellow commanders.

Observers in La Paz, both foreign and Bolivian, say the newly arrived American ambassador, Edwin Corr, won't have an easy task accomplishing his major missions: controlling the booming trade in cocaine that is smuggled to the U.S. and Europe; and to a lesser degree persuading Bolivia's military men to restore a degree of democratic rule.

Mr. Corr is suited to the job. He was recently ambassador to neighboring Peru and is a former top official in the State Department's narcotics office.

Aside from keeping its military support, the regime's greatest problem continues to be mounting economic problems in this poorest nation of South America. The economic crisis, called by the finance minister, Col. Javier Alcoreza, "the worst since the country's independence" 156 years ago, has seen public sector debt service reach 88% of total government expenditures. Last year, the mostly state-operated and notoriously inefficient mining industry, mainly tin, showed its lowest production figures in 15 years. And overall economic growth is expected to be close to zero this year.

The regime has resisted taking measures demanded by the International Monetary Fund because it considers them politically unfeasible. But government officials have said that "drastic measures" would soon be taken to cut public-sector spending and to "rationalize" state-owned industries.

Gen. Torrelio, who was only a colonel a year ago, has had to balance competing forces within the military since taking power Sept. 4. He is closely associated with the former president and the colonels who brought the military to power. But he also appears to listen to army officers who favor democratic rule and moves to end widespread corruption within the military hierarchy and the civil service.

While bribery has long been a part of life in countries of the region, observers say the relatively new cocaine traffic hasn't only increased the stakes but the violence as well. "There is no way the cocaine traffic can be eradicated in this country," says a former army commander involved in one of the four army-led attempts to remove Gen. Garcia Meza this year. "The drug mafia is so powerful, they have so much money. But we have to try. We can't have drug runners in the presidential palace," he says.

Persistent reports since the 1980 coup have implicated the former president with major drug-trafficking rings.

Military sources opposed to the current regime say that Gen. Torrelio has left in place most regimental commanders who had been named by Gen. Garcia Meza. "He can't make the move, even if he wants to," says one colonel with military friends said to be involved in cocaine-smuggling operations here.

American and other diplomats, and army sources close to the drug business, say leading regime officers remain active dealers in cocaine in spite of apparent attempts by Gen. Torrelio and his backers to crack down on the trade. An investigation into such activities of officers in the current and former regime by the Supreme Military Court is currently "stalled," the diplomats say.

Gen. Torrelio also faces a significant resurgence of labor union activity, banned since July of last year. A two-week strike by Bolivia's militant tin miners, in a direct challenge to government forces, ended Nov. 25 only after intense mediation by the Roman Catholic Church.

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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

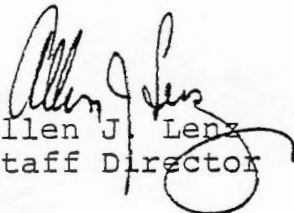
December 16, 1981

~~CONFIDENTIAL~~

MEMORANDUM FOR L. PAUL BREMER, III  
Executive Secretary  
Department of State

SUBJECT: Bolivian Ambassador to the United States  
(S/S 8135578)

The President has reviewed and concurs in the recommendation of the Department of State that the appointment of Julio Sanjines Goitia as Ambassador-Extraordinary and Plenipotentiary of the Republic of Bolivia to the United States would be agreeable to the Government of the United States. You are requested to so inform the Government of the Republic of Bolivia.

  
Allen J. Lenz  
Staff Director

DECLASSIFIED  
Sec.3.4(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2006  
BY NARA KML, DATE 9/22/11



MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

ACTION

December 11, 1981

MEMORANDUM FOR JAMES W. NANCE

FROM: ROGER W. FONTAINE

SUBJECT: Appointment of Julio Sanjines Goitia of the  
Republic of Bolivia as Ambassador to the U.S.

Attached at Tab A is a State Department memo requesting approval of the Bolivian government's appointment of Julio Sanjines Goitia as Ambassador to the U.S.

The State Department finds nothing detrimental in this appointment; indeed Sanjines is pro-American, and has served as Ambassador to the U.S. from 1965-1970.

I concur with the State Department.

Attached at Tab I is a Lenz to Bremer memo transmitting NSC approval.

Recommendation

That you approve the Lenz to Bremer memo at Tab I.

Approve Burl Disapprove \_\_\_\_\_

Tab I Lenz to Bremer Memo  
Tab A State Department Memo

~~CONFIDENTIAL~~

Review December 11, 1987

7085 *agf* 30  
DECLASSIFIED  
Sec.3.4(b), E.O. 12958, as amended  
White House Guidelines, Sept. 11, 2006  
BY NARA KML, DATE 9/2/11



## DEPARTMENT OF STATE

Washington, D.C. 20520

~~CONFIDENTIAL~~ 31

December 9, 1981

MEMORANDUM FOR MR. JAMES W. NANCE  
THE WHITE HOUSE

Subject: Appointment of Julio SANJINES Goitia of the Republic of Bolivia as Ambassador to the United States.

The Government of Bolivia has inquired whether our Government agrees to the appointment of Julio SANJINES Goitia as Ambassador Extraordinary and Plenipotentiary of the Republic of Bolivia to the United States (Tab 2). A biography of Sanjines is attached (Tab 1).

The Department believes from the information available that Sanjines will make a good ambassador to the United States and recommends that the President agree to the proposed appointment. If he concurs, the Department will inform the Bolivian Government.

L. Paul Bremer, III  
Executive Secretary

## Attachments:

1. Biography.
2. Note dated November 24, 1981 from Embassy of Bolivia.

UNCLASSIFIED UPON REMOVAL  
OF CLASSIFIED ENCLOSURE(S)

24 9/21/11

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(UNCLASSIFIED UPON REMOVAL  
OF ATTACHMENTS)

# WITHDRAWAL SHEET

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BOLIVIA (AUG-DEC 1981)

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The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



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EMBAJADA DE BOLIVIA  
WASHINGTON, D. C. 20008

Courtesy Translation

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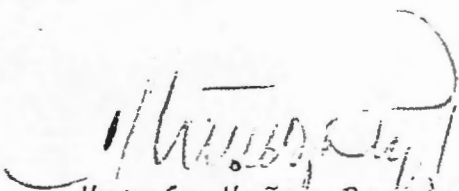
**ARA**

November 24, 1981

Excellency:

I have the high honour to address His Excellency to communicate that today the Government of my country delivered to the Charge d'Affaires of the United States in La Paz, the request of Agreement in favor of Colonel Ing. Julio Sanjines Goitia to fill the post of Ambassador Extraordinary and Plenipotenciary before the illustrated Government of your country.

Please accept, Excellency, the renewed assurances of my highest consideration.

  
Hernán Muñoz Reyes  
Chargé d'Affaires ad-interim

His Excellency  
Alexander M. Haig, Jr.,  
Secretary of State  
Department of State  
Washington D.C.

RECEIVED NOV 25 1981



7085

JANET COLSON

BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

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PETER

CY TO VP

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CY TO BRADY

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