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## WITHDRAWAL SHEET

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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]

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CONFLOENTIAL SECTION Ø1 OF Ø3 LA PAZ 2766

DIA FOR IR BRANCH USCINCSO ALSO FOR POLAD E.O. 12055: GDS 5/12/88 (STRASSER, DANIEL A.) OR-P TAGS: PGOV, PINT, SHUM, ECON, BL SUBJECT: PRESIDENT TORRELIO'S ACHEIVEMENTS

1. (CONELDENTIAL - ENTIRE TEXT.)

### 2. ----- SUMMARY: -----

IN HIS EIGHT MONTHS IN OFFICE, PRESIDENT TORRELIO HAS MADE SIGNIFICANT PROGRESS IN THE MAJOR AREAS OF U.S. INTEREST WITH MEASURABLE SUCCESS IN THE AREAS OF NARCOTICS, HUMAN RIGHTS AND THE RETURN TO DEMOCRACY. IN TERMS OF THE ECONOMY, A DESIRE TO DO THE RIGHT THING IN LINE WITH IMF RECOMMENDATIONS, HAS RUN UP AGAINST CONTRARY POLITICAL AND SOCIAL PRESSURES. TORRELIO'S ATTEMPTS AT COMPROMISE HAVE ONLY SERVED TO WIDEN THE ECONOMIC CRISIS, BUT THE FULL SCORE ON THE ECONOMY IS NOT IN AS GDB NEGO-TIATIONS WITH THE IMF OVER A STANDBY AGREEMENT CONTINUE. THOUGH FACING AN UNCERTAIN FUTURE, DUE TO DECLINING MILITARY SUPPORT, TORRELIO IS STILL HANGING IN THERE IF ONLY BECAUSE OF THE FAILURE OF A MILITARY CONSENSUS ON WHO SHOULD REPLACE HIM-AND CONTINUES TO OFFER THE BEST HOPE IN THE NEAR FUTURE FOR THE ACHIEVEMENT OF U.S. OBJECTIVES. HIS REPLACEMENT BY AN CONCEIVABLE ALTERNATIVE WOULD MEAN AT A MINIMUM A TEMPORARY SETBACK, WITH PRECIOUS TIME LOST AS A NEW GOVERNMENT STARTED FROM SCRATCH TO LEARN WHAT IT HAS TAKEN TORRELIO EIGHT MONTHS TO GRASP ABOUT GOVERNING.

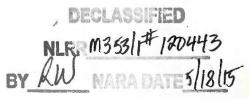
----END SUMMARY-----.

3. IN HIS EIGHT MONTHS AS PRESIDENT OF BOLIVIA, PRESIDENT TORRELIO AND HIS GOVERNMENT HASVE SCORED SIGNIFICANT ACHIEVEMENTS IN MOST OF THE PRINCIPAL AREAS OF USG INTERESTS, I.E. NARCOTICS TRAFFICKING, HUMAN RIGHTS, AND THE RETURN TO DEMOCRATIC GOVERNMENT. WITH THE ECONOMY, GOOD INTENTIONS GAVE WAY TO POLITICAL CONSIDERATIONS, BUT FHE FULL STORY IS NOT YET IN AS NEGOTIATIONS WITH THE IMF CONTINUE OVER A STANDBY AGREEMENT. AT A TIME WHEN HIS POSITION REMAINS HIGHLY UNSTABLE DUE TO DISCONTENT AMONG VARIOUS MILITARY FACTIONS WITH HIS PERFORMANCE, THE FACT THE HE HAS REMAINED IN OFFICE FOR THIS LENGTH OF TIME IS IN ITSELF AN ACHIEVEMENT, PARTICULARLY FOLLOWING THE DISASTROUS GARCIA MEZA REGIME, AND GIVEN THE ORIGINS OF TORRELIO'S ADMINISTRATION AS AN UNCERTAIN TRANSITION GOVERNMENT. WHILE HIS TENURE IN OFFICE TO DATE HAS NOT BEEN A MODEL OF STABILITY, AND SOME CABINET CHANGES HAVE BEEN MADE. TORRELIO MANAGED TO WEATHER SEVERAL POLITICAL CRISES WHICH WOULD HAVE TESTED ANY BOLIVIAN ADMINISTRATION: SEVERE STRIKES IN

THE MINING SECTOR LAST NOVEMBER; THE YEAR-END MILITARY ASSIGNMENTS/ PROMOTIONS PROCESS; AND THE TAKING OF ECONOMIC MEASURES (WHICH WAS FOLLOWED BY A TWO-DAY GENERAL STRIKE THAT CLOSED DOWN THE COUNTRY). THE CONTINUITY OF ONE MAN IN THE PRESIDENCY FOR THIS LENGTH OF TIME HAS ALLOWED FOR THE KIND OF PLANNING AND INTRA-GOVERNMENTAL DECISION MAKING NECESSARY TO BEGIN TO OFFER SOME PAYOFFS.

4. NARCOTICS: SIGNIFICANT PROGRESS HAS BEEN MADE IN THIS AREA WHICH IS PARTICULARLY DIFFICULT BOTH IN TERMS OF US/BOLIVIAN RELATIONS AND IN TERMS OF INTERNAL BOLIVIAN AFFAIRS. AFTER GREAT EFFORTS ON OUR PART AND THT OF ELEMENTS WITHIN THE GOB, THE BEGINNINGS OF A COCA ERADICATION PROGRAM ARE BECOMING EVIDENT. TORRELIO'S GOVERNMENT GOT OFF TO AN UNSATISFACTORY START AT THE END OF LAST YEAR WITH THE NAMING OF COL. RENE OCAMPO AS HEAD OF THE ANTI-NARCOTICS COUNCIL IN AUGUST 1981, BUT PICKED UP STEAM WHEN HE WAS REPLACED IN THE YEAR END MILITARY ASSIGNMENTS PROCESS LTC RAUL GONZALEZ FERRY. UNDER OCAMPO. DESPITE MANY TECHNICAL PROBLEMS, A COMPREHENSIVE ANTI-NARCOTICS LAW WAS DEVELOPED AND A NEW COCA CENSUS WAS CONDUCTED. ON THE BASIS OF THESE, UNDER GONZALEZ, ERADICATION OF ILLICIT COCA WAS BEGUN IN LATE APRIL 1982. WHEN THIS FIRST EFFORT END IN A FEW DAYS, APPROXIMATELY 100 HECTARES OF ILLICIT COCA WILL HAVE BEEN ERADICATED IN THE YAPACANI REGION. IN A SEPARATE BUT CONCURRENT OPERATION, 250 COCA FACTORIES WERE DESTROYED IN THE CHAPARE. SOME 750 MEN WERE MOBILIZED IN BOTH OPERATIONS. WHILE THE GOB HAS NOT TAKEN PUBLIC ACTION SPECIFICALLY AGAINST 8T

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BIG NARCOTICS TRAFFICKERS SINCE TWO MAJOR NARCOTICS TRAFFICKERS, JNDER GOB PRESSURE, TURNED THEMSELVES OVER TO U.S. AUTHORITIES, ARRESTS OF SMALL TRAFFICKERS CONTINUE, AND SOME UNPUBLICIZED ACTIONS HAVE BEEN TAKEN WITHIN THE MILITARY AGAINST OFFICERS. FOR EXAMPLE, ARRESTS HAVE TAKEN PLACE IN THE CASE OF A BOLIVIAN NAVY AIRCRAFT WHICH WAS SEIZED AND FOUND TO CONTAIN ILLICIT COCAINE. ALSO, SEVERAL OFFICERS FROM SANTA CRUZ REMAIN UNDER MILITARY POLICE DETENTION IN LA PAZ AFTER SEVERAL MONTHS, FOLLOWING THEIR DETENTION ON NARCOTICS CHARGES BY MORE SENIOR OFFICER. & FULL COLONEL, WHO WAS LEADING A 5-TRUCK MATERIELS CARAVAN OF ILLICIT COCA FOR COCAINE PROCESSING, WAS REPORTEDLY ARRESTED AND IS BEING HELD BY MILITARY POLICE. ALSO SOLDIERS FROM AN ARMORED REGIMENT IN THE LA PAZ AREA, WHO USED REGIMENTAL TRUCKS TO ILL-EGALLY TRANSPORT COCA LEAF WERE DETAINED. THE EMBASSY IS HOPEFUL THAT CONTINUED PRESSURES BY US ON THE TORRELIO GOVERNMENT WILL YELD JP SUCH MAJOR TRAFFICKERS AS ROBERTO SUAREZ, SR., AND COL. LUIS ARCE GOMEZ.

5. //HUMAN RIGHTS//: PRESIDENT TORRELIO HAS MOVED SIGNIFICANTLY AWAY FROM HIS PREDECESSOR GOVERNMENT IN RE-ESTABLISING RESPECT FOR HUMAN RIGHTS: PRESS FREEDOM HAS BEEN RESTORED. THE NATIONAL RADIO CHAIN WHICH OBLIGED ALL STATIONS TO CARRY THE GOVERNMENT'S VERSION OF THE NEWS, WAS ENDED. A MAJOR CHURCH RUN RADIO STATION, AND 4 MINER'S STATION, RADIO FIDES CLOSED DOWN BY GARCIA MEZA, WERE ALLOWED TO RE-OPEN. FULL LABOR FREEDOMS HAVE BEEN AGREED TO ON A PHASED BASIS THROUGH THE END OF THIS YEAR AS A RESULT OF A GOVERN-MENT/MINER NEGOTIATIONS CONCLUDED THROUGH CHURCH MEDIATION LATE .AST YEAR. DETENTIONS OF A POLITICAL NATURE, THOUGH THEY CONTINUE, HAVE DECREASED MARKEDLY. DETAINEES ARE GENERALLY HELD FOR MUCH SHORTER PERIODS OF TIME, AND REPORTED ABUSES OF DETAINESS HAVE DIMINISHED. IN THE LATTER REGARD, PRESIDENT TORRELIG TOOK A SIGNIFICANT STEP BY REMOVING COL. FREDOY QUIROGA AS HEAD OF THE STATE INTELLIGENCE DIRECTORATE (FORMERLY SES OR SPECIAL SECURITY SERVICES) WHO WAS HELD RESPONSIBLE FOR ALLOWING MUCH OF THE TORTURE WHICH HAD TAKEN PLACE PREVIOUSLY. IN ADDITION, THREE NON-COMISSIONED OFFICERS DIRECTLY RESPONSIBLE FOR THE USE OF TORTURE WERE REMOVED. THE IMPROVEMENTS OF THE HUMAN RIGHTS SITUATION UNDER TORRELIO ARE NOTED IN THE REPORT OF THE REPRESENTATIVE OF THE UN HUMAN RIGHTS COMMISSION, VICTOR GROS ESPIEL, WHO VISITED BOLIVIA LATE LAST YEAR. WHILE HUMAN RIGHTS PERFORMANCE- REMAINS IMPERFECT WITH OCCASIONAL SETBACKS, SIGNIFICANT IMPROVEMENTS HAVE OCCURRED AND IN JUR VIEW MAY BE EXPECTED TO CONTINUE. MOST RECENTLY TORRELIO LIFTED COMPLETELY THE GARCIA MEZA-IMPOSED CURFEW ON MAY 6, AND RESTORED UNIVERSITY AUTONOMY ON MAY 11.

6. //RE-DEMOCRATIZATION//: RE-DEMOCRATIZATION: PRESIDENT TORRELIO SET A THREE-YEAR TIME

TABLE BEGINNING EARLY IN HIS ADMINISTRATION TO RETURN THE COUNTRY TO DEMOCRATIC INSTITUTIONALIZATION. FACED, HOWEVER, WITH SERIOUS ECONOMIC AND SOCIAL PROBLEMS, INHERITED FROM PERVIOUS REGIMES, HE STRESSED THE NEED TO DEAL WITH THE ECONOMY FIRST BEFORE BEGINNING REFORM OF POLITICAL PARTY AND ELECTORAL LAWS AS WELL AS THE CONSTITUTION IN PREPARATION FOR EVENTUAL ELECTIONS AND THE TURNING OVER OF THE GOVERNMENT TO ELECTED CIVILIAN RULE. HOWEVER, ON APRIL 2 1

OF THIS YEAR. HE ADJUSTED TO PRESSURES FROM POLITICAL PARTIES AND FROM WITHIN THE MILITARY FOR A FASTER RETURN TO DEMOCRATIC RULE BY PROMISING ELECTIONS EARLY NEXT YEAR FOR A CONSTITUENT ASSEMBLY WHICH WOULD BE SEATED IN AUGUST 1982. WHILE THIS MEASURE DID NOT SATISFY THE POLITICIANS, IT WAS YET A FURTHER STEP IN ADDING APECIFICITY TO THE RETURN TO DEMOCRACY TIMETABLE. AN EVEN FULLER PACKAGE OF POLITICAL REFORMS PROPOSED BY TORRELIO WAS REPORTEDLY ADOPTED BY THE SENIOR BOLIVIAN MILITARY IN MEETINGS THE WEEK OF MAY 2. ALTHOUGH THE DETAILS OF THESE REFORMS ARE NOT YET KNOWN, THEY ARE SAID TO INCLUDE POLITICAL AMNESTY FOR EXILES, THE RETURN TO LEGALIZED POLITICAL PARTY ACTIVITY, A MILITARY/CIVILIAN DIALOGUE CONCERNING THE RETURN TO DEMOCRACY AND A RENEWAL OF UNIVERSITY AUTONOMY.

7. //THE ECONOMY//: DELAING WITH BOLIVIA'S EXTREMELY DIFFICULT ECONOMIC CRISIS, INCLUDING MASSIVE DEBT BURDEN AND BALANCE OF PAYMENTS PROBLEMS AND AN EFFORT TO ACHIEVE A NEW STANDBY AGREEMENT WITH THE IMF, PUTTING THE COUNTRY ON THE ROAD BACK TO ECONOMY RECOVERY, HAS BEEN TORRELIO'S BIGGEST CHALLENGE. THE GOVERNMENT ADOPTED TWO SETS OF ECONOMIC MEASURES IN AN EFFORT TO MEET IMF REQUIREMENTS. UNFORTUNATELY, BOTH SETS OF MEASURES WERE POLITICAL COMPROMISES. HAVING ALREADY AGREED TO MAJOR DEMANDS FOR A RETURN TO LABOR ACTIVITY, THE GOVERNMENT FOUND IT DIFFICULT BOTH TO HOLD DOWN WAGES AS WELL AS TO ACCEPT A FULL FLOAT OF THE BOLIVIAN PESO WHICH WOULD HAVE HAD A HIGHLY INFLATIONARY IMPACT ON THE WORKING CLASS. LISTENING TO THE POLITICAL ADVISERS WITHIN HIS BT

## NAME TO THE TABLE TABLE

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WHTS ASSIGNED DISTRIBUTION: SIT: VP PUBS SIT EOB EOB: NEW REGIME WHICH IS HOSTILE TO OUR OBJECTIVE IN THESE AREAS (I.E. A GOVERNMENT WITH STRONG LINKS TO THE FORMER GARCIA MEZA REGIME) SHOULD TAKE OVER. IN SHDRT, TORRELID CONTINUES TO OFFER THE BEST HOPE IN THE NEAR FUTURE FOR THE ACHIEVEMENT OF U.S. OBJECTIVES. .....CORR. BT m

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CABINET, TORRELIO FIRST MADE A PHASED DAVALUATION OF THE PESO AND LATER MOVED TO A PRIVATE SECTOR/PUBLIC SECTOR FOREIGN EXCHANGE REGIME FLOATING THE PESO IN THE FORMER WHILE MAINTAINING A FIXED RATE IN THE LATTER. THE TORRELIO GOVERNMENT ONLY BELATEDLY CAME TO UNDERSTAND THAT MORE IMPORTANT THAN THE MONETARY POLICY WAS ITS FISCAL POLICY AND IS CURRENTLY ENGAGED IN DIFFICULT NEGO-TIATIONS WITH THE IMF OVER THE SIZE OF ITS BUDGET DEFICIT. THE ECONOMY IS UNDOUBTEDLY IN WORSE SHAPE TODAY THAN WHEN THIS PROCESS BEGAN. FOREIGN EXCHANGE IS PRACTICALLY NON-EXISTENT AND INTERNATIONA I

CREDIT IS NOT AVAILABLE. TORRELIO'S INTENTIONS ON THE ECONOMIC FRONT SEEMED TO HAVE BEEN GOOD BUT INDECISIVENESS AND A TENDENCY TO LOOK AT THE POLITICAL AND SOCIAL CONSEQUENCES OF TOUGH MEASURES LED HIM TO TAKE HALF MEASURES WHICH HAVE MADE PROSPECTS FOR A STANDBY AGREEMENT MORE DIFFICULT. INCOMPENTENCE WITHIN THE GOB BUREAUCRACY HAS CERTAINLY ADDED TO THE DIFFICULTIES. UNCOMMONLY SERVE FLOODING, DECLARED A NATIONA LISASTER, IN THE COUNTRY'S EASTERN AND NORTHERN REGIONS ADDED TO BOLVIA'S ECONMIC WOES.

8. //DIPLOMATIC PERFORMANCE//: ALTHOUGH FREQUENTLY OVERLOOKED IN ASSESSMENTS OF THE TORRELIO GOVERNMENT'S PERFORMANCE, THE GOB SINCE HE TOOK OFFICE HAS RETURNED TO ITS POSITION OF SUPPORTER AND FRIEND OF THE U.S. IN INTERNATIONAL FORUMS. CONTRASTING T THE DAY IN 1988 WHEN GARCIA MEZA'S AMBASSADOR TO THE UN WALKED OUT OF THE GENERAL ASEMBLY TO AVOID VOTING AGAINST THE SOVIETS ON AFGHANISTAN, TORRELIO'S GOVERNMENT WAS ONE OF SOME DOZEN GOVERNMENTS WORLD-WIDE TO DECLARE MARCH 21 AFGHANISTAN DAY. IN THE LAST UNGA, THE GOB WAS TIED FOR THIRO OUT OF THRY-SIX LATIN AMERICAN/ CARIBBEAN GOVERNMENT IN VOTING PERFORMANCE ON 25 ISSUES OF IMPORTANCE TO THE U.S. ANO IN THE ONGOING FALKLANDS DISPUTE, THE GOB, DESPITE STRONG HISTORIC AND ECONOMIC TIES TO ARGENTINA, HAS MAINTAINED A POSITION OF MODERATION.

9. // TORRELIO'S REMOVAL A SETBACK//: DESPITE THE MANY PERSONAL AND INSTITUTIONAL SHORTCOMINGS OF TORRELIO'S ADMINISTRATION, THE ACHIEVEMENTS TO DATE MUST BE NOTED. EVEN MORE IMPORTANT, WE BELIEVE THAT THE BEGINNINGS OF PROGRESS IN THE AREAS OF NARCOTICS, HUMAN RIGHTS AND DEMOCRATIC RETURN HAVE FINALLY DEVELOPED A MOMENTUM AFTER TORRELIO'S EIGHT MONTHS IN OFFICE, THAT THIS MOMENTUM WOULD BE LOST WITH A CHANGE OF REGIME AND THAT A WHOLE NEW EFFORT WOULD BE NECESSARY ON OUR PART AS WELL AS ON THAT OF THE NEW LEADERSHIP TO RESTORE THIS MOMENTUM. THUS PRECIOUS TIME WOULD BE LOST. OF COURSE OUR PROBLEMS WOULD BE MUCH WORSE IF A

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WHITE HOUSE ALSO FOR NSC FROM ADMIRAL DANIEL MURPHY, CHIEF OF STAFF TO THE VICE PRESIDENT E.O. 12356:DECL:8/8/92 TAGS: OVIP, CO, PEPR, ECON, BO SUBJECT: MEMORANDUM OF CONVERSATION BETWEEN ADMIRAL DANIEL J. MURPHY AND GENERAL GUIDO VILDOSO, PRESIDENT OF BOLIVIA

### 1. CONFIDENTIAL (ENTIRE TEXT).

2. DATE: FRIDAY, AUGUST 6, 1982, 7: 00 P.M. PLACE: PRESIDENT VILDOSO'S SUITE, HOTEL TEQUENDAMA, BOGOTA, COLOMBIA. ATTENDEES: GENERAL GUIDO VILDOSO, PRESIDENT OF BOLIVIA; ADMIRAL DANIEL J. MURPHY, CHIEF OF STAFF TO THE VICE PRESIDENT; AUGUSTIN SAAVEDRA, GOB FOREIGN MINISTER; TRANSLATOR XAVIER CASTELLANOS, AND JOAN ABRAHAMSON, NOTETAKER.

3. ADMIRAL MURPHY: I THINK YOU KNOW BY NOW THAT PRESIDENT REAGAN IS A VERY DETERMINED MAN. THE PRESIDENT HAS VOWED TO DO SOMETHING ABOUT DRUGS IN THE UNITED STATES. THE FIRST LADY, MRS. REAGAN, IS SPEARHEADING AN EFFORT TO ERRADICATE THE WHOLE DRUG HABIT IN THE U.S. ABOUT ONE MONTH AGO, PRESIDENT REAGAN SIGNED AN EXECUTIVE ORDER TO ATTACK THE DRUG PROBLEM ACROSS THE BOARD. HE PUT OUT A STRATEGY PAPER FOR THIS EFFORT. THEN HE ATTACKED THE PROBLEM WE HAVE IN SOUTH FLORIDA. HE SET UP A TASK FORCE

WITH THE VICE PRESIDENT IN CHARGE. HE PUT THE TASK FORCE IN ACTION BECAUSE WE HAD AN EMERGENCY SITUATION THERE, VIOLENT CRIME WAS COMMON ON THE STREETS, MURDERS HAD DOUBLED, AND 23 PERCENT OF THE MURDERS HAD BEEN BY MACHINE GUNS. MUCH OF THE CRIME COULD BE TRACED TO DRUG TRAFFICKERS. EIGHTY PERCENT OF THE COCAINE AND MARIJUANA ENTERING THE US COMES THROUGH SOUTH FLORIDA. FIFTY PERCENT OF THIS COMES FROM PERU: THE OTHER 50 PERCENT IS FROM YOUR FINE COUNTRY. SO THE VICE PRESIDENT SET UP A PROGRAM TO INCREASE LAW ENFORCEMENT PERSONNEL. HE HAS INCREASED AIR SURVEILLANCE OFF SOUTH FLORIDA. HE HAS PUT IN PLACE E2C'S (NAVY RADAR PLANES), P3 PATROL PLANES, AND AN INCREASED RADAR NET. THIS EFFORT HAS ALMOST STOPPED THE FLOW OF DRUGS INTO SOUTH FLORIDA. SOME ARE TRYING TO REACH AROUND US, BUT WE ARE TRYING TO HEAD THEM OFF. DRUG SMUGGLERS ARE LAYING LOW IN COLOMBIA AND THE BAHAMAS, WAITING FOR US TO GO AWAY.

4. GENERAL, I KNOW THESE EFFORTS ARE ONLY A PARTIAL SOLU-TION. THE WAY TO REALLY STOP IT IS TO CUT IT OFF AT THE SOURCE. WE HAVE SEEN THIS WORK IN MEXICO AND IN TURKEY. I HAVE READ YOUR EXCELLENT FIVE-YEAR PLAN. THE REASON I WANTED TO MEET WITH YOU IS THE VICE PRESIDENT IS AWARE OF THIS PLAN AND SOON PRESIDENT REAGAN WILL BE BRIEFED. IT IS IMPORTANT THAT IT BE A SUCCESS. I THINK YOU KNOW WE WANT TO BE AS HELPFUL AS POSSIBLE. ONE WAY WE COULD BE HELPFUL IS IN THE INTELLIGENCE AREA. DRUG TRAFFIC LEADS TO CORRUPTION. WE HAVE HAD CORRUPTION IN OUR GOVERNMENT AT THE LEVEL OF SOME LOCAL OFFICIALS IN SOUTH FLORIDA. WE ARE BRINGING TOGETHER INFORMATION IN THIS AREA, NOT ONLY IN THE UNITED STATES, BUT ALL OVER THE WORLD. WE STAND READY TO HELP.

5. THE VICE PRESIDENT IS AWARE THAT OUR GOVERNMENT HAD MADE COMMENTS ON YOUR VERY EXCELLENT FIVE-YEAR PLAN. I DON'T KNOW IF THESE HAVE WORKED THEIR WAY UP TO YOU YET. I'D BE VERY INTERESTED TO KNOW YOUR RESPONSE TO THESE RECOMMENDATIONS. THANK YOU VERY MUCH.

6. PRESIDENT VILDOSO REPLIED: I BELIEVE IN THIS CONTEXT WE CAN REACH SOME VERY IMPORTANT CONCLUSIONS. THE FINAL POINT THAT BOTH BOLIVIA AND THE UNITED STATES DESIRE IS TO ELIMINATE COCAINE. WE HAVE PASSED LAWS RAPIDLY TO ADDRESS THIS PROBLEM. WE HAVE SET UP A SPECIAL COMMITTEE UNDER THE COMMAND OF AN OFFICER OF THE ARMY WHERE THEY HAVE GONE OUT AND ACTUALLY DESTROYED COCA PLANTS.

7. BUT THIS HAS ALSO BROUGHT US SERIOUS SOCIAL PROBLEMS. RIGHT NOW NOT ONLY DO WE HAVE SOCIAL PROBLEMS, BUT ALSO POLITICAL PROBLEMS. NARCOTICS PROFITS ARE SO HIGH THAT DRUG TRAFFICKERS INFLUENCE OUR SECURITY FORCES. THEY HAVE MUCH MORE POWER THAN THE STATE. WE CAN'T CARRY ON A SUBSTANTIAL PROGRAM TO COMBAT THEM BECAUSE OF LACK OF

### RESOURCES.

8. BECAUSE OF THE NARCOTICS PROBLEM, THE IMAGE OF OUR COUNTRY IS BAD. WE ARE SUFFERING A BLOCKADE FROM NOT ONLY THE U.S. BUT ALSO EUROPEAN COUNTRIES. BECAUSE OF THAT OUR BT

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DECLASSIFIED BY AW NARA DATE 5/18/15

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TO SECSTATE WASHDC IMMEDIATE 3524 AMEMBASSY LA PAZ IMMEDIATE 2245 WHITEHOUSE WASHDC IMMEDIATE

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ECONOMY IS HURTING. WE NEED RESOURCES FOR HELICOPTERS AND JEEPS, FOR DEPLOYMENT OF PERSONNEL TO GO TO AREAS WHERE COCA IS BEING GROWN AND PRODUCED. WE ALSO HAVE TO MAKE BOLIVIAN PEASANTS UNDERSTAND. OTHERWISE WE RISK THAT PEASANTS MAY BECOME NARCOTICS TRAFFICKERS. THE TRAF-FICKERS COME FROM THE EXTERIOR. THEY ARE NOT NECES-SARILY BOLIVIAN CITIZENS. BECAUSE OF THAT WE HAVE A SOCIAL PROBLEM. WE ALSO WANT TO REPLACE CULTIVATION OF COCAINE WITH OTHER PRODUCTS WHICH ARE ALSO MARKETABLE. WE NEED SUPPORT FROM THE U.S. THROUGH VERY SERIOUS AGRICULTURAL STUDIES. NOW IT IS MORE ECONOMICAL FOR BOLIVIAN PEASANTS TO CULTIVATE COCA LEAF AND SELL IT. BECAUSE OF THAT, WE WANT TO REPLACE COCA WITH OTHER PRODUCTS. BUT WE CAN'T DO THIS DUE TO LACK OF RESOURCES IN OUR COUNTRY.

9. WE ALSO ARE HOST INTERESTED IN ERRADICATING THIS NARCOTIC. IT HAS CAUSED US GREAT PROBLEMS. WE REALIZE THE PROBLEMS IT IS CAUSING AMERICAN YOUTH, AND WE KNOW THAT THE SAME PROBLEMS COULD START WITH BOLIVIAN YOUTH. THIS IS THE REASON WE CARE. WITH HELP FROM THE U.S. WE HOPE WE WOULD BE ABLE TO COMPLETELY ELIMINATE THIS GREAT DANGER THAT FACES US.

10. ADMIRAL MURPHY ASKED: "WHAT IS THE NEXT STEP?" THE BOLIVIAN FOREIGN MINISTER SAID THAT THE U.S. GOVERNMENT HAS PRESENTED A DRAFT OF AN AGREEMENT. HE HAS BEEN IN TOUCH WITH THE U.S. EMBASSY IN BOLIVIA, AND HIS GOVERNMENT IS WILLING TO WORK ON THIS AGREEMENT. HE SAID THAT HE THOUGHT IT WAS IMPORTANT TO COME TO A FORMAL ARRANGEMENT OR TREATY WITH THE U.S.

11. ADMIRAL MURPHY REPLIED: "THAT'S HAPPENING RIGHT NOW?" THE FOREIGN MINISTER SAID, "WE ARE A NEW GOVERN-MENT. IT IS NECESSARY FOR US TO TAKE A FORMAL POSITION TO OPPOSE NARCOTICS. A GLOBAL APPROACH TO THE PROBLEM IS NECESSARY. IT IS AN ECONOMIC REALITY AS FAR AS THE PEASANTS ARE CONCERNED. WE NEED MARKETING STRATEGIES AND TECHNICAL RESEARCH TO FIND NEW CROPS. ADMIRAL MURPHY ASKED ABOUT THE OCCUPATION OF THE PEASANTS BEFORE THEY SHIFTED TO COCA PRODUCTION. THE FOREIGN HINISTER REPLIED THAT MANY PEASANTS, DUE TO TRAFFICKERS' INFLUENCE, HAVE STARTED TO GROW COCA IN AN INNOCENT WAY. HE REPEATED THAT BOLIVIA'S RESOURCES ARE VERY LIMITED, AND THAT THEY COULD NOT MAKE A REAL IMPACT WITHOUT AN AGREEMENT WITH THE UNITED STATES FOR FULL COOPERATION. 12. ADMIRAL MURPHY: SO, MR. PRESIDENT, AS I UNDERSTAND THE PROBLEM, YOU NEED RESOURCES THAT INCLUDE AIRCRAFT, VEHICLES, TRUCKS, AND JEEPS TO HELP FIND AND DESTROY COCA FIELDS. YOU NEED SOME AGRICULTURAL ASSISTANCE AND A NEW WAY TO SUBSTITUTE FOR THE PRODUCTION OF COCA. THE UNITED STATES WILL LOOK VERY SERIOUSLY AT THOSE SUGGES-TIONS.

13. PRESIDENT MEAGAN AND VICE PRESIDENT BUSH WILL BE LOOKING TO SEE HOW WE MAKE PROGRESS ON THIS AGREEMENT. YOU'LL BE SITTING NEXT TO THE VICE PRESIDENT AT DINNER; I'M SURE HE WILL DISCUSS SOME OF THE THINGS WE HAVE TALKED ABOUT HERE. ON BEHALF OF THE PRESIDENT AND THE VICE PRESIDENT, I'D LIKE TO THANK YOU FOR ALL YOU'RE DDING AND ALSO FOR THE OPPORTUNITY TO MEET WITH YOU.

14. PRESIDENT VILDOSO: ADMIRAL, I DON'T WANT TO FINISH THIS CHAT WITHOUT EXPRESSING ANOTHER SITUATION BOLIVIA IS FACING. I HAVE TWO POINTS TO MAKE, ONE ECONOMIC, ONE POLITICAL.

15. A REVOLUTION OF THE ARMED FORCES HAS JUST TAKEN PLACE IN MY COUNTRY. IT HAS BEEN DETERMINED TO MAKE BOLIVIA A DEMOCRATIC SYSTEM SO THAT THE ARMED FORCES CAN RETURN TO THEIR DUTIES AND GIVE THE OPPORTUNITY TO GOVERN TO THE CIVILIAN AUTHORITIES SO THEY CAN DIRECT THE COUNTRY AS THEY SHOULD. I AM A REPRESENTATIVE OF A TRANSITION GOVERNMENT. I HAVE THE SUPPORT OF THE ARMED FORCES, ALL THREE BRANCHES.

16. ON THE ECONOMIC PART, BOLIVIA IS A DEVELOPING COUNTRY. IT IS EXPERIENCING A TREMENDOUS ECONOMIC CRISIS THAT WORRIES THE MILITARY BECAUSE IN THE FUTURE IT COULD CONVERT ITSELF INTO A FOCAL POINT FOR SUBVERSION. WE LACK BASIC NUTRITIONAL PRODUCTS. WE HAVE LONG LINES FOR A LOAF OF BREAD. WE LACK NUTRITIONAL GOODS. WE HAVE A TREMENDOUS INFLATION PROBLEM. WE HAVE A TREMENDOUS EXTERNAL DEBT. PARTLY THIS IS DUE TO THE REDUCING PRICES OF RAW MATERIALS WE HAVE FOR EXPORT. WE WOULD LIKE TO HAVE AN UNDERSTANDING WITH THE GOVERNMENT OF THE US THAT WE CAN PARTICIPATE TOGETHER AND BE BT

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CONFIDENTIAL SECTION #3 OF #3 BOGOTA #8482

BLE TO GET OUT OF THIS TREMENDOUS PROBLEM THAT COULD BE A FOCAL POINT FOR SUBVERSION.

17. WE ARE RESPECTFUL OF HUMAN RIGHTS. IF IN THE PAST SOME VIOLATIONS HAVE BEEN COMITTED, I CAN GIVE YOU THE GUARANTEE OF THE ARMED FORCES THAT THIS WILL NOT HAPPEN AGAIN.

18. WE WANT A DEMOCRATIC PROCESS AND CIVILIAN GUARAN-TEES. DURING THE TRANSITION GOVERNEMNT I HAVE THE OB-JECTIVE OF CONSOLIDATING A DEMOCRATIC SYSTEM IN A TIME FRAME NOT GOING BEYOND TWELVE MONTHS. I WILL RESPECT THE WINNER OF THE ELECTIONS AND TURN OVER THE COMMAND OF THE COUNTRY. ELECTIONS ARE SCHEDULED FOR AUGUST 6, 1983 --OUR NATIONAL HOLIDAY. TODAY IS OUR NATIONAL HOLIDAY

19. FROM THESE POSITIVE POINTS WE WOULD HAVE TO HAVE A POLITICAL AND ECONOMIC DECISION SO THE AMERICAN PEOPLE AND THE AMERICAN GOVERNMENT COULD UNDERSTAND THIS SITUATION THE BOLIVIAN GOVERNMENT FINDS ITSELF IN, AND IN THE NEAR FUTURE HAVE THE SAME TYPE OF DEMOCRATIC SYSTEM THAT EXISTS IN COLOMBIA. WE MUST DEVELOP EMERGENCY PLANS TO STOP INFLATION, CREATE A BASIS TO REVITALIZE THE ECONOMY, AND HAVE A DIRECTION LEADING TO THE 6TH OF AUGUST THAT IS COMING.

20. FOREIGN MINISTER: WE NEED THE UNDERSTANDING AND ALSO THE DIRECT SUPPORT OF THE UNITED STATES TO CREATE ECONOMIC AND POLITICAL CONDITIONS. WE ARE ALMOST STARVING--IT IS SAD TO HAVE TO SAY THAT. WE NEED THE DIRECT HELP OF THE USG IN ORDER TO GET OUT OF THIS CRISIS.

21. ADMIRAL MURPHY: I THINK THIS COULD BE HELPED BY SOLVING THE DRUG PROBLEM. WE NEGOTIATED WIHT THE LAST GOB AND DID NOT GET ANYWHERE BUT TALK. WITH PROOF OF ACTION IN THIS AREA AND ALSO YOUR STATEMENT ON HUMAN RIGHTS, THE US FEELS IN A POSITION TO BE HELPFUL. IT WOULD BE A GOOD IDEA TO SETTLE ON AN AGREEMENT ON DRUGS QUICKLY. AND ON HUMAN RIGHTS, IT IS A MATTER OF OBSERVING OVER TIME AND I AM SURE YOU HAVE ALREADY STARTED THAT. I WILL CARRY THE MESSAGE BACK TO THE PRESIDENT AND WICE PRESIDENT, AND ALSO TO SECRETARY SHULTZ AND WE WILL SEE WHERE WE GO FROM THERE.

22. PRESIDENT VILDOSO: I WOULD LIKE TO STRESSI HONESTLY

AM GOING TO USE MY BEST EFFORTS TO SERVE MY COUNTRY AND GET IT OUT OF THIS ECONOMIC CRISIS. WE NEED THE UNDER-STANDING AND COOPERATION OF THE AMERICAN PEOPLE. THEN WE PROBABLY CAN ACHIEVE OUR OBJECTIVE. I AM GLAD TO HAVE HAD THIS FRANK AND HONEST DISCUSSION. B

23. ADMIRAL MURPHY: THANK YOU VERY MUCH. I HOPE SOME DAY TO HAVE AN OPPORTUNITY TO VISIT YOUR COUNTRY.

24. FOREIGN MINISTER: I EXTEND YOU AN OFFICIAL INVI-TATION. ALSO, I WOULD LIKE TO UNDERLINE THE IMPORTANCE OF THE IMF NEGOTIATIONS--WE NEED A SOLUTION WITH THE INTERNATIONAL MONETARY FUND. IT IS VERY IMPORTANT FOR US TO HAVE THE DIRECT SUPPORT OF THE US UNTIL WE REACH AN AGREEMENT. ADMIRAL, DRUG TRAFFIC IS A DARK AND DIRTY BUSINESS, WITH DIRTY PEOPLE. IT IS VERY DIFFICULT TO SUPPRESS THEM.

25. ADMIRAL MURPHY: I MUST REMIND YOU THAT EVERYTHING WE ARE TALKING ABOUT HAS TO BE APPROVED BY CONGRESS. WHAT IMMEDIATE SIGNS CAN YOU SHOW TO HELP GET THIS THROUGH CONGRESS. OTHERWISE IT WILL DRAG ON FOR YEARS.

25. PRESIDENT VILDOSO: WE CAN SEND OUR FINANCE MINISTER AS SOON AS POSSIBLE TO THE UNITED STATES SO HE CAN EXPLAIN OUR ECONOMIC CRISIS.

27. ADMIRAL MURPHY: LET ME CARRY THE MESSAGE BACK. BOYATT BT

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CONFIDENTIAL LA PAZ 4668

Deloven James James EXDIS DEPT PLS PASS DEA HQS FOR OCI, OFR FOR ARA/AND AND INM VE, O. 12356: DECL: OADR TAGS: SNAR, BL STRUGGLE FOR LEADERSHIP OF NATIONAL COUNCIL FOR SUBJ: THE FIGHT AGAINST NARCOTICS TRAFFICKING

(C-ENTIRE TEXT) 1.

THE POSSIBILITY OF A CHANGE IN THE LEADERSHIP SUMMARY: OF THE GOB ANTI-NARCOTICS COUNCIL IS VERY STRONG ALTHOUGH THE INCUMBENT DIRECTOR, COLONEL GONZALEZ, IS STRUGGLING TO MAINTAIN HIS POSITION. THERE IS SOME QUESTION WHETHER EFFORTS TO REPLACE GANZALES ARE BEING DIRECTED BY THE WRONG ELEMENTS WITHIN THE GOB. WE ARE SEEKING FURTHER INFORMA-TION ON THE INDIVIDUAL WHOSE NAME IS CIRCULATING AS GONZALEZ'S REPLACEMENT, AN UNKNOWN CRIMINAL LAWYER NAMED VICTOR VARGAS CUETO. NONETHELESS, WE HAVE LET THE PALACE KNOW IN NO UNCERTAIN TERMS THAT WE QUESTION GONZALEZ'S REPLACEMENT BY VARGAS, ESPECIALLY AT THIS TIME WHEN WE ARE NEGOTIATING THE COCA CONTROL PLAN. AT THE SAME TIME WE ARE SUGGESTING THE NAMING OF A SENIOR POLICE OFFICER TO THE COUNCIL'S NUMBER TWO JOB, END SUMMARY.

3. A STRUGGLE APPEARS TO BE TAKING PLACE WITHIN THE GOB OVER CONTROL OF THE NATIONAL COUNCIL FOR THE FIGHT AGAINST NARCOTICS TRAFFICKING. COLONEL RAUL GONALEZ FERRY SUBMITTED HIS RESIGNATIONAS DIRECTOR OF THE COUNCIL ON AUGUST 5, ALTHOUGH HE CONTINUES TO HOLD THE POSITION AND INDEED IS FIGHTING TO REMAIN IN OFFICE AGAINST PRESSURES FROM WITHIN THE GOVERNMENT TO REPLACE HIM.

4. THE CHARGE WAS INFORMED ON FRIDAY, AUGUST 6, BY PRESIDENT VILDOSO'S PRIVATE SECRETARY THAT THE NAME OF VICTOR ("EDDY) VARGAS CUETO WAS BEING CONSIDERED AS GONZALEZ'S REPLACE-MENT, AND THE EMBASSY'S VIEWS WERE SOUGHT. WE DO NOT KNOW OF VARGAS, OTHER THAN THAT HE IS A CRIMINAL LAWYER; AND WE ARE CURRENTLY RUNNING CHECKS ON HIM (REF A) M. HOWEVER, OUR INTIAL REACTION TO THE PALACE INQUIRY WAS THAT WE WERE MOST DUBIOUS ABOUT THE APPOINT-MENT OF A LAWYER OR ECONOMIST TO THE COUNCIL POSITION, AS OPPOSED TO A STRONG LEADER WITH COMMAND AND ADMINIS-TRATIVE EXPERIENCE.

5. WE ALSO PASSED WORD THAT GONZALEZ'S REMOVAL WOULD BE INOPPORTUNE GIVEN OUR DESIRE TO REACH PROMPT AGREEMENT WITH THE GOB ON THE COCA CONTROL PLAN. FURTHER, AS WE HAVE ALSO HEARD OF THE POSSIBLLITY THAT COLONEL CARLOS ZAPATA, CURRENT

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DIRECTOR OF THE NATIONAL DEPARTMENT FOR THE CONTROL OF DANGEROUS SUBSTANCES (DNSCP), COULD ALSO BE CHANGED, WE HAVE STRONGLY SUGGESTED TO THE PALACE AND TO GONZALEZ THAT HE BE REPLACED BY A SENIOR POLICE OFFICER AND HAVE PROVIDED SOME NAMES SUGGESTED BY DEA. (COL VICTOR AMELLER ZULETA, DEPUTY DIRECTOR OF THE NATIONAL POLICE COL. GUIDO LOPEZ, IN CHARGE OF IDENTIFICATION AND RECORDS DIVISION OF THE NATIONAL POLICE; COL. (RETIRED) AND RUDOLFO TAPIA, FORMERLY WORKED WITH THE COUNCIL.)

6. EVEN OUR PALACE CONTACT HAS EXPRESSED PERSONAL RES-ERVATIONS ABOUT THE VARGAS NOMINATION, NOT SO MUCH BE-CAUSE OF VARGAS HIMSELF, WHO REMAINS AN UNKNOWN EVEN TO THIS OFFICIAL, BUT BECASUE OF THE SOURCE OF THE NOMINA-TION, NAMELY, ALFREDO CAREAGA, MINISTER SECRETARY OF THE PRESIDENCY. GONZALEZ HIMSELF TOLD DEA SAIC MEDINA THAT VARGAS HAS BEEN PROPOSED BY FORMER GARCIA MEZA INTERIOR MINISTER LUIS ARCE GOMEZ, AND HE TOLD A/DCM STRASSER THAT JORGE SALAZAR, CHIEF OF THE PRESIDENT'S MILITARY HOUSE-HOLD AND ANOTHER FORMER GARCIA MEZA INTERIOR MINISTER, WAS BEHIND EFFORTS TO REMOVE HIM. GONZALEZ SAYS THAT HE HAS INTERVENED TO QUASH THE VARGAS NOMINATION (GON-ZALEZ IS CLOSE TO AIR FORCE COMMANDER AND SENIOR JUNTA MEMBER NATALIO MORALES.)

AT THE SAME TIME, HOWEVER, GONZALEZ ASKED FOR THE EMBASSY'S SUPPORT SO HE WOULD BE ABLE TO CONTINUE IN OFFICE. HE PROMISED SAIC MEDINA THAT IF HE COULD REMAIN HE WOULD BE MORE EFFEC-TIVE, INCLUDING IN THE PURSUIT OF ROBERTO SUAREZ AND OTHER MAJOR VIOLATORS.

7. WITH CONCURRENCE OF THE PRÉSIDENT'S PRIVATE SECRETARY, A/DCM STRASSER CALLED ON GONZALEZ AUGUST 9, SHORTLY AFTER LATTER'S MEETING WITH MEDINA, TO PRESENT HIM WITH US PROPOSED CHANGES TO THE GOB COCA CONTROL

PLAN (REF B). GONZALEZ APPEARED PLEASED TO RECEIVE OUR PROPOSED CHANGES; AND, IN AMOVE OBVIOUSLY DESIGNED TO ADVANCE HIS OWN STATURE AND HIS ABILITY TO REMAIN IN OFFICE, GONZALEZ CALLED IN THE PRESS WHICH WAS WAITING OUTSIDE HIS OFFICE, TO DEMONSTRATE ACTIVITY WITH THE EMBASSY OVER THE COCA CONTROL PLAN. (WE ACCOMMODATED GONZALEZ). IN A LATER SOCIAL MEETING WITH GONZALEZ, HE TOLD STRASSER THAT HE HAD STUDIED THE US PROPOSED CHANGES AND WOULD RECOMMEND TO THE PRESIDENT THAT THEY BE ACCEPTED.

OBVIOUSLY AN IMPORTANT STRUGGLE IS GOING COMMENT: 8. ON WITHIN THE GOB FOR CONTROL OF ANTI-NARCOTICS OPER-ATIONS. WHILE GONZALEZ COULD BE FAULTED FOR SOME FOOT DRAGGING ON THE COCA CONTROL PLAN LESS ACTIVITY THAN WE WOULD LIKE TO HAVE SEEN PAST, HIS TENURE AS DIRECTOR OF THE COUNCIL WAS MARKED BY POSITIVE PROGRESS IN SOME AREAS, NOTABLY THE CARRYING OUT OF THE YAPACANI AND CHAPARE OPERATIONS AND HAS BEEN CONSIDERABLY MORE ACTIVE IN ENFORCEMENT OPERATION AS THAN HIS PREDECESSOR COL. OCAMPO WAS. IN THE EMBASSY'S VIEW IT IS IN OUR INTEREST TO KEEP GONZALEZ AT LEAST TEMPORARILY IN HIS JOB (A) IN ORDER TO COMPLETE AGREEMENT WITH THE GOB ON THE COCA CONTROL PLAN AND (B) TO STAVE OFF THE POSSIBILITY OF WORSE ELEMENTS GAINING CONTROL OF THE COUNCIL. WE ARE ALSO PUSHING HARD TO GET A POLICE ELEMENT INTO THE COUNCIL AT A VERY SENIOR LEVEL WHICH WILL HOPEFULLY ENHANCE PRFESSIONALISM IN THE COUNCIL. WE BELIEVE THAT PRESIDENT VILDOSO'S HEART IS IN THE RIGHT PLACE AND THAT HE WILL COME TO TERMS WITH US, AND THAT IF WE CAN AGREE ON A NARCOTICS CONTROL PLAN AND THE ECONOMIC HELP IT IMPLIES, HIS RESOLVE AND ABILITY TO REJECT OVERTURES BY THOSE WHO WOULD HAVE THE GOVERNMENT COOPERATE WITH NARCOTICS TRAFFICKERS WILL BE GREAT-

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LY STRENGTHENED. WE ARE THEREFORE CONTINUING TO PUSH HARD FOR AGREEMENT ON THAT PLAN AND PROCEEDING WITH NEGOTIATION ON THE PL-480 AGREEMENT. PRYCE BT

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CONFIDENTIAL SECTION Ø1 OF Ø2 LA PAZ 6246

E.O. 12356: DECL: 10/18/88 TAGS: SNAR, PINT, PEPR, EAID, PGOV, BL SUBJ: THE NEW BOLIVIAN GOVERNMENT, COCAINE CONTROL, AND USG .COOPERATION

1. (C - ENTIRE TEXT)

2. SUMMARY: PRESIDENT SILES HAS MADE REPEATED PUBLIC STATEMENTS SINCE 1980, PARTICULARLY DURING THE FIRST DAYS OF HIS GOVERNMENT, OF HIS INTENTION TO COMBAT VIGOROUSLY COCAINE TRAFFICKING; AND HE HAS TWICE PERSONALLY ASSURED ME OF HIS SERIOUSNESS IN THIS AREA, THE NEW MINISTERS OF FOREIGN RELATIONS AND INTERIOR HAVE ALSO STRESSED THE GOB'S PURPOSE TO ELIMINATE THE FLOW OF ILLIGIT COCAINE TO THE U.S. THERE ARE CONFUSING STATEMENTS AND DIVISIONS WITHIN THE NEW GOVERNMENT, HOWEVER, REGARDING HOW TO ORGANIZE THE BUREAUCRACY FOR THIS ENDEAVOR AND ON HOW TO BRING COCA PRODUCTION INTO BALANCE WITH LICIT DEMAND. THERE EXIST CONSENSUS AND A STRONG DESIRE TO MOVE RAPIDLY AGAINST BIG TRAFFICKERS, AS SHOWN BY THE SILES GOVERNMENT'S ACTIONS AGAINST THE ITALIAN NARCO-TERRORIST PAGLIAI AND CURRENT COOPERATION AGAINST LUCHO ARCE. BUT EDUCATION IS REQUIRED ABOUT ERADICATION. THE SILES GOVERNMENT OFFERS A GOOD POSSIBILITY TO MOVE EFFECTIVELY ON THE NARCOTICS CONTROL FRONT. THE USG SHOULD SUPPORT IT, PROVIDE IMMEDIATE AID FOR POLICE OPERATIONS AGAINST LARGE TRAFFICKERS AND ASSISTANCE TO CREATE GREATER CAPACITY FOR BETTER ENFORCEMENT AND DEVELOPMENT IN THE COCA GROWING REGION, WHILE CONTINUING TO PREPARE, EDUCATE AND PLAN WITH THE GOB FOR A COMBINED CROP REDUCTION/DEVELOPMENT PROJECT IN THE LARGEST COCA GROWING AREA FOR COCAINE, THE CHAPARE, END SUMMARY.

3. PRESIDENT HERNAN SILES ZUAZO TOLD ME DURING OUR MEETING IN LIMA ON AUGUST 14, PRIOR TO HIS INAUGURATION, OF HIS DEEP COMMITMENT TO BATTLE VIGOROUSLY COCAINE TRAFFICKING WHEN HE AGAIN BECAME PRESIDENT (MEMCON OF 8/24/82). HE AVERRED THAT HE WAS THE ONLY CANDIDATE DURING THE 1988 ELECTION CAMPAIGN TO MAKE NARCOTICS CONTROL A KEY ISSUE, CITED A MAGAZINE INTERVIEW IN LATE 1988 IN WHICH HE FURTHER DECLARED HIS WAR AGAINST TRAFFICKERS, AND HE PROMISED THAT ELIMINATING COCAINE TRAFFICKING WOULD BE A PRIORITY OBJECTIVE OF HIS GOVERNMENT. PRIOR TO HIS RETURN TO BOLIVIA AS PRESIDENT AND SINCE HIS INAUGURATION HE HAS MADE REPEATED PUBLIC DECLARATIONS OF HIS GOAL TO ELIMINATE TRAFFICKING. PRESIDENT SILES ALSO ASSURED AMBASSADOR MIDDENDORF AND THE U.S. DELEGATION TO THE INAUGURATION DURING THEIR MEETING WITH HIM ON OCTOBER 11 THAT HIS GOVERNMENT WOULD MOVE EFFECTIVELY IN NARCOTICS CONTROL.

4. FOREIGN MINISTER MARIO VELARDE DORADO AND MINISTER OF INTERIOR MARIO RONCAL ANTEZANA HAVE ALSO MADE PUBLIC STATEMENTS OF THE GOVERNMENT'S INTENTION TO ACT DECISIVELY IN THIS AREA. EVEN BEFORE TAKING OFFICE, VELARDE AND ONE OF HIS LIEUTENANTS PLANNED AND COOPERATED WITH THE EMBASSY IN CAPTURING THE NOTORIOUS ITALIAN NARCO-TERRORIST, PIERLUIGI PALGLIAI, AND THE GOB TURNED HIM OVER TO THE ITALIAN GOVERNMENT AS SOON AS SILES WAS INSTALLED. WE ARE ALSO DISCUSSING AND PLANNING HOW BEST TO APPRHEND COLONEL LUIS ARCE GOMEZ ONCE THE SEALED INDICTMENT IS OBTAINED (LA PAZ 6245 I HAVE HAO A SERIES OF CONVERSATIONS ON HOW THE NEW GOB MIGHT PROCEED ON COCA CONTROL AND TO WHAT EXTENT THE USG MIGHT BE ABLE TO ASSIST.

5. DESPITE THESE PUBLIC AND PRIVATE VOWS OF INTENT, THERE IS CON-FUSION WITHIN THE GOB AS HOW BEST TO ORGANIZE ITSELF AND PROCEED. THE SILES GOVERNMENT HAS INHERITED A CORRUPT AND INEFFICIENT BUREAUCRACY, ESPECIALLY EXEMPLIFIED BY THE NARCOTICS CONTROL COUNCIL. I HAVE SUGGESTED TO PRESIDENT SILES AND HIS MINISTERS THAT THEY CONSIDER DISSOLVING THE COUNCIL AND IN ITS PLACE APPOINT A NARCOTICS COORDINATOR TO BE OFFICED IN THE PALACE AND TO SPEAK DIRECTLY FOR THE PRESIDENT TO LINE AGENCIES TO ASSURE EFFECTIVE ACTION. THE PROPOSAL IS BEING STUDIED. FOREIGN MINISTER VELARDE TOLD ME HE HAO NAMEO FRANKLIN ANAYA VASQUEZ AS HIS SUE-SECRETARY BECAUSE OF HIS INTEGRITY, CAPACITY AND KNOWLEDGE OF COCA CONTROL. THE MNRI (INSTITUTIONALIZED NATIONAL REVOLUTIONARY MOVEMENT -SILES' PARTY) PALCED ANAYA ON THE COUNCIL FOR TWO MONTHS IN ORDER THAT HE BECOME FAMILIAR WITH THIS AREA. ANAYA, ACCORDING TO VELARDE, WILL PRESIDE OVER AN ADVISORY COUNCIL OF SUB-SECRETARIES FROM THE PERTINENT MINISTRIES TO DEVELOP AND PROPOSE POLICIES AND ACTIONS FOR COCAINE CONTROL.

6. I HAVE CONCERNS REGAROING THE NEW GOVERNMENT'S ATTITUDES ON CERTAIN ASPECTS OF COCA CONTROL. DURING MY CONVERSATIONS WITH PRESIDENT SILES, HE HAS ALWAYS EMPHASIZED STRONG ACTION AGAINST BIG TRAFFICKERS AND AVOIDED COMMENTS ABOUT ACTIONS IMPACTING DIRECTLY ON SMALL COCA GROWERS OR ABOUT COCA ERADICATION. WE HAVE REPORTS THAT WHAT HE HAY WANT IS TO CARRY OUT A VIGOROUS SUSTAINED EFFORT AGAINST BIG TRAFFICKERS AND PROCESSING LABORATORIES

APPLY CONTROLS TO AVOID DIVERSION OF COCA LEAF FROM LICIT USES TO COCAINE, AND PROVIDE & DEVELOPMENT PROJECT THAT WOULD OFFER AN ALTERNATE WAY TO MAKE A LIVING TO SMALL COCA GROWERS. ON TWO PREVIOUS OCCASIONS STRONG CONTROL EFFORTS RESULTED IN A DEFRESSED COCA PRICE. MANY BOLIVIANS THEREFORE BELIEVE ENFORCEMENT EFFORTS ALONE WILL DEPRESS THE PRICE OF COCA, MAKE IT RELATIVELY UNPROFIT-ABLE, AND MOTIVATE FARMERS TO TRANSFER TO OTHER CROPS AND WORK, THUS RESULTING IN COCA PRODUCTION DECLINING TO THE LEVEL OF LIGIT DEMAND. THIS WOULD ENABLE THE GOVERNMENT TO AVOID ERADICATION OF FARMERS' COCA FIELDS AND THE POLITICAL PROBLEMS CONCOMMITANT THEREWITH, I AM WORRIED ABOUT THE POSSIBLE REPEAT POSSIBLE RELUCTANCE OF SILES AT THIS STAGE TO LEAP INTO AN ERADICATION PROGRAM. I AM ALSO CONCERNED BY REPORTED STATEMENTS OF THE NEW MINISTER OF AGRICULTURE THAT HE OPPOSES ERADICATION PROGRAMS. HOWEVER, WE FIRMLY BELIEVE THAT WITH INITIAL JOINT ENGAGEMENT AND SUCCESS IN THE ENFORCEMENT AREA, WE WILL HAVE GREATER INFLUENCE AND SUCCESS IN BRINGING THE SILES GOVERNMENT ALONG ON ERADICATION. BT

P Buliora opy to Turner

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD E.O. 12355: OADR TAGS: PREL, SNAR, BL, US SUBJECT: GOB ATTENTION TO U.S. INTERESTS: PART II --NARCOTICS REF: LA PAZ 646

1. (C - ENTIRE TEXT)

2. SUMMARY: NARCOTICS POLICY IN THE EARLY MONTHS OF THE ADMINISTRATION OF PRESIDENT HERNAN SILES ZUAZO WAS CHARACTERIZED PRIMARILY BY RHETORIC AND ISOLATED ACTIONS RATHER THAN BY CONCRETE EFFORTS TO ORGANIZE A SERIOUS ANTI-NARCOTICS CAMPAIGN. SINCE EARLY JANUARY, HOWEVER, AS A RESULT OF THE CRITICISMS BY AND FINAL WITHDRAWAL FROM THE CABINET OF THE MOVEMENT OF THE REVOLUTIONARY LEFT (MIR) AND OF CONTINUING USG PRESSURES. THERE SEEMS TO BE A CHANGE IN ATTITUDE AND SOME MOVEMENT IN THE DIRECTION OF REMEDYING THIS SITUATION. THE NARCOTICS LAW OF 1976 HAS BEEN RE-INSTATED, A MINISTERIAL LEVEL COMMISSION TO ADVISE THE PRESIDENT IS TO BE SET UP, A SPECIAL GROUP OF POLICE HAS BEEN ACTIVATED TO WORK WITH DEA. THE GOB HAS OBTAINED THE RETURN OF TWO MAJOR TRAFFICKERS FROM PANAMA AND A SPECIAL CHAPARE-BASED NARCOTICS POLICE UNIT TO DEAL NOT ONLY WITH ENFORCEMENT BUT ALSO WITH COCA CONTROL HAS BEEN PROPOSED. MOVEMENT TOWARDS A GENUINE ANTI-NARCOTICS EFFORT APPEARS DIS-CERNIBLE. THE PROOF WILL BE IN THE IMPLEMENTA-TION. END SUMMARY.

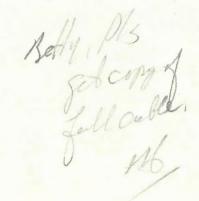
3. SINCE HIS OCTOBER 10 INAUGURATION, PRESIDENT SILES HAS PUBLICLY COMHITTED HIS GOVERNMENT TO THE WIGOROUS PURSUIT OF NARCOTICS TRAFFICKERS. ON THE DAY THE GOVERNMENT WAS INSTALLED, IT COOPERATED WITH THE CAPTURE AND EXPULSION OF ITALIAN NARCOTICS TRAF- FICKER AND TERRORIST, PIERLUIGI PAGLIAI. THIS WAS FOLLOWED BY THE DISCHARGE (INCLUDING FORMER PRESIDENT LUIS GARCIA MEZA AND HIS MINISTER OF INTERIOR, LUIS ARCE GOMEZ) OR FORCED RETIREMENT OF A NUMBER OF MILITARY OFFICERS CLEARLY INVOLVED IN HARCOTICS TRAFFICKING AND THE REMOVAL OF CIVILIAN OFFICIALS DIPECTING MARCOTICS PROGRAMS BECALSE OF ESTABLISHED CF SUSPECTED IRREGULARITIES. THREE OTHER MAJOR TRAFFICKERS HAD BEEN CAPTURED BY THE END OF DECEMBER AND BY MID-JANUARY 279 KILOGRAMS OF COCAINE HAD BEEN SEIZED. 5

INCOMING

**TELEGRAM** 

4. HOWEVER, BEYOND THE RHETORIC AND THESE ESSEN-TIALLY ISOLATED ACTIONS, THROUGH MID-JANUARY THE SILES GOVERNMENT APPEARED NOT TO HAVE FOCUSSED ON THE ORGANIZATION OF A SERIOUS ANTI-NARCOTICS EFFORT. THERE ARE SIGNS THAT THE WITHDRAWAL OF THE MOVEMENT OF THE REVOLUTIONARY LEFT (MIR) MINISTERS FROM THE CABINET IN MID-JANUARY AND CONTINUING USG PRESSURE MAY HAVE CHANGED THIS SITUATION. THE CABINET CRISIS WAS PRODUCED IN LARGE PART BY MIR PROTESTS ABOUT THE GOVERNMENT'S LACK OF ACTION AGAINST NARCOTICS TRAF-FICKING. SINCE THE CRISIS WAS RESOLVED, THE GOVERN-MENT HAS PASSED A DECREE REINSTATING THE NARCOTICS LAW OF 1976, REPLACING THE LAW DRAFTED DURING THE GARCIA MEZA GOVERNMENT AND PASSED IN 1981 BY THE TORRELIO GOVERNMENT. THIS ACTION WILL RESULT IN THE ABOLISHMENT OF THE NATIONAL COUNCIL FOR THE FIGHT AGAINST NARCOTICS, WHICH HAS BEEN INEFFECTIVE AND CORRUPT, AND WILL RETURN THE FUNCTIONS OF THE COUNCIL TO THE NATIONAL NARCOTICS POLICE (DNCSP). AT THE SAME TIME, THE CABINET APPROVED A DECREE SETTING UP A COMMISSION TO STUDY THE LAW AND DRAFT PROPOSALS FOR FURTHER CHANGES OR A NEW LAW WITHIN 90 DAYS. ANOTHER DECREE IS BEFORE THE CABINET WHICH WILL SET UP A COMMISSION AT THE MINISTERIAL LEVEL TO ADVISE THE PRESIDENT ON NARCOTICS MATTERS.

5. IN TERMS OF ATMOSPHERICS, WE HAVE FOUND THE MINIS-TER OF INTERIOR TO BE MORE COOPERATIVE IN RECENT WEEKS. GOVERNMENT OFFICIALS SEEMED GENUINELY INTER-BT



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