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Collection Name LATIN AMERICAN AFFAIRS DIRECTORATE, NSC:
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File Folder BOLIVIA (SAFE 1) 06/26/1986-07/18/1986

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
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120271	CABLE	LA PAZ 05372 R 5/18/2015 M353/1	6	6/26/1986	B1
120273	CABLE	LA PAZ 05209 R 5/18/2015 M353/1	2	6/20/1986	B1
120274	CABLE	LA PAZ 05539 R 5/18/2015 M353/1	2	7/2/1986	B1
120276	CABLE	031939Z JUL 86 PAR 10/18/2013 M353/1	2	7/3/1986	B1 B2 B3
120278	PAPER	RE BOLIVIA	4	7/4/1986	B1 B3
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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

NOFORN

E.O. 12356: DECL: OADR

TAGS: P004, BL

SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

REF: LA PAZ 2598

SUMMARY

1. (C) UNDER THE LEADERSHIP OF HUGO BANZER, THE "NATIONALIST DEMOCRATIC ACTION" (ADN) PARTY IN SEVEN SHORT YEARS HAS ESTABLISHED ITSELF IN DEMOCRATIC BOLIVIA AS A POTENT CONSERVATIVE POLITICAL FORCE. THOUGH POSING AN ALTERNATIVE TO THE POPULIST "NATIONALIST REVOLUTIONARY MOVEMENT" (MNR) OF PRESIDENT PAZ ESTENSOR, THE ADN NONETHELESS HAS GIVEN FULL SUPPORT TO BOLIVIA'S EVOLVING DEMOCRATIC PROCESS, PROMOTED PRIVATE SECTOR-ORIENTED ECONOMIC RECOVERY AND CONDEMNED DRUG TRAFFICKING, THOUGH A COHERENT ADN POLICY ON THAT ISSUE IS YET TO DEVELOP. BY SOME ACCOUNTS, BANZER IS POISED TO ASSUME THE PRESIDENCY IN THE 1989 ELECTIONS, OFFERING A SINGULAR OPPORTUNITY TO CONSOLIDATE DEMOCRACY THROUGH PEACEFUL TRANSITION AND TO CARRY THROUGH THE PRESENT ECONOMIC PROGRAMS.

2. (C) BUT PROBLEMS LOOM FOR THE ADN. YOUNGER ADENISTAS (ADN MEMBERS) ARE RIGHTLY CONCERNED THAT THE PARTY IS NEGLECTING THE GRASS ROOTS ORGANIZING ESSENTIAL FOR SUCCESS IN LEGITIMATE ELECTIVE POLITICS. IF SUCH INATTENTION CONTINUES, THE ADN MAY ONLY REFLECT BANZER

(BE A TYPICAL BOLIVIAN PERSONALIST PARTY), RATHER THAN EVOLVE INTO A PERMANENT VEHICLE FOR POLITICAL PARTICIPATION BY BOLIVIA'S DEMOCRATIC CONSERVATIVES. THE YOUNG ADENISTAS, WHO IN FACT DESERVE MOST OF THE CREDIT FOR THE ADN'S REMARKABLE SUCCESS SINCE THEY FOUNDED IT IN 1979, FEEL SHUT OUT OF ADN LEADERSHIP COUNCILS. THEY SAY BANZER HAS SURROUNDED HIMSELF WITH TOADIES, "FRIENDS" WHO CAME ABOARD ONLY AFTER THE ADN WAS ROLLING. THESE BANZERISTAS ARE UNWILLING TO THINK IN STRATEGIC PARTISAN TERMS OR TO POSE HARD CHOICES.

3. (C) IN THE YOUNG ADENISTAS' MINDS, ALL THIS HAS LED TO A DRIFT WHICH WILL DAMAGE THE ADN FIRST IN THE 1987 MUNICIPAL ELECTIONS AND, MORE IMPORTANTLY, IN THE 1989 PRESIDENTIAL/CONGRESSIONAL CONTEST. FOR NOW, BANZER AND HIS ADN CADRE ENJOY A MID-TERM LULL WHICH PERMITS COLLABORATION WITH THE MNR AND A RELAXED ATTITUDE ABOUT THE BASICS OF PARTY ORGANIZATION. AT SOME POINT, HOWEVER, THE ADN LEADERSHIP MUST FOCUS ON THE CONCERNS RAISED BY THE PARTY'S CHAFFING YOUNG FOUNDERS OR RISK POLITICAL DAMAGE BOTH AT THE POLLS AND WITHIN THE ADN ITSELF. END SUMMARY.

A CONSERVATIVE ALTERNATIVE

4. (C) SINCE FOUNDING THE NATIONALIST DEMOCRATIC ACTION (ADN) PARTY IN 1979 HUGO BANZER AND HIS SUPPORTERS HAVE MOLDED THE PARTY INTO A MAJOR POLITICAL FORCE RIVALING THE LONG-ESTABLISHED NATIONALIST REVOLUTIONARY MOVEMENT (MNR) OF PRESIDENT PAZ ESTENSOR. THE ADN HAS INSTALLED ITSELF AS THE RESPONSIBLE VOICE OF DEMOCRATIC CONSERVATISM IN A SOCIETY STILL EXPERIENCING STRONG

LEFTIST INFLUENCE IN THE UNIVERSITIES AND THE UNION MOVEMENT, BOTH OF WHICH CONTINUE TO FIGHT THE CURRENT TREND TOWARD DOMESTIC POLITICAL EQUILIBRIUM AND DEMOCRATIC NORMS OF CONDUCT. THOUGH THE SUBSTANCE OF BOLIVIA'S WATERSHED 1952 REVOLUTION HAS ERODED CONSIDERABLY, ITS ETHOS LINGERS AND SEEMINGLY LEGITIMIZED THE MNR AS THE COUNTRY'S HEREDITARY GOVERNING PARTY SANDWICHED BETWEEN FREQUENT MILITARY DICTATORSHIPS. A YOUNG GENERATION OF DEMOCRATIC CONSERVATIVES FOUNDED THE CENTER-RIGHT ADN WITH BANZER'S BLESSING TO PROVIDE AN ALTERNATIVE TO THAT REVOLUTIONARY PHILOSOPHY AND TO BREAK THE MNR-MILITARY TUG-OF-WAR FOR BOLIVIA'S FUTURE.

BT

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

NOFORN

E.O. 12356: DECL: OADR
TAGS: ~~FOUO~~, BL
SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

BANZER: THE EARLY YEARS

5. (C) BANZER, A RETIRED ARMY GENERAL, HIMSELF WAS ONCE PART OF THAT CYCLE. HE LED A COUP IN 1971 WHICH OVERTHREW THE SHORT-LIVED RADICAL LEFTIST DE FACTO REGIME OF FELLOW GENERAL JUAN JOSE TORRES. BANZER'S SUBSEQUENT SEVEN-YEAR RULE PROVIDED AN UNACCUSTOMED MEASURE OF STABILITY AND RELATIVE PROSPERITY FOR BOLIVIANS. THROUGH NEGLECT RATHER THAN COLLUSION, HOWEVER, THOSE YEARS ALSO PERMITTED THE DRAMATIC RISE IN COCA CULTIVATION WHICH NOW HAS GROWN TO ALMOST UNCONTROLLABLE PROPORTIONS AND WHICH FEEDS SOUTH AMERICA'S COCAINE TRAFFIC. BANZER'S REIGN STUMBLED TO AN END IN 1978 IN AN ILL-GUIDED EFFORT TO INSTALL A HAND-PICKED SUCCESSOR VIA CONTROLLED ELECTIONS. THE ADN EMERGED SHORTLY THEREAFTER AS BOLIVIA WHIRLED THROUGH A TWO-YEAR RAPID SUCCESSION OF INTERIM CIVILIAN AND MILITARY LEADERS ENDING WITH THE GARCIA MEZA COUP IN 1980. ACCUSED OF PLOTTING AGAINST THE CORRUPT GARCIA MEZA MILITARY REGIME, BANZER SOON FLED INTO EXILE. HE RETURNED TO BOLIVIA ONLY AFTER GARCIA MEZA WAS OVERTHROWN IN 1981. MANY CO-FOUNDERS OF THE ADN WERE DIRECTLY INVOLVED IN THE MACHINATIONS WHICH EVENTUALLY TOPPLED GARCIA MEZA AND RETURNED THE COUNTRY TO DEMOCRATIC GOVERNMENT UNDER HERNAN SILES ZUAZO IN LATE 1982.

6. (C) THE ADN MANAGED TO HOLD TOGETHER THROUGH THOSE LEAN YEARS FROM 1979-82. AN ORGANIZED, CONSERVATIVELY ORIENTED POLITICAL PARTY APPEALED TO MIDDLE/UPPER CLASS PROFESSIONALS AND BUSINESS PEOPLE, MANY OF WHOSE FAMILIES HAD LOST PROPERTY AND POSITION UNDER THE EXTENSIVE LAND AND OTHER REFORMS OF THE POST-1952 MNR GOVERNMENT OF PAZ ESTENSORO. THE ADN ALSO ATTRACTED SUPPORT FROM RIGHT-LEANING ELEMENTS OF THE MILITARY, ONE OF WHOM, GENERAL GUILLERMO VELEZ SALMON, IS NOW COMMANDER OF THE ARMY. THE FALANGE AND CHRISTIAN DEMOCRATS, BOTH DETERIORATING POLITICAL MOVEMENTS HERE, LOST STRENGTH TO THE ADN AS WELL. WHEN IT WAS CLEAR THE ADN COULD BECOME POLITICALLY SIGNIFICANT, MANY OF THE CADRE WHO SERVED BANZER IN THE 1971-78 GOVERNMENT FLOCKED TO HIM AGAIN. DESPITE THIS GROUP'S PRIOR GOVERNMENTAL EXPERIENCE -- NOT LEAST INCLUDING BANZER HIMSELF -- MOST ADN STALWARTS BELIEVE THEY ARE POLITICALLY NAIVE RELATIVE TO MNR POLS AND REMAIN DEFENSIVE ABOUT THEIR LACK OF PRAGMATIC POLITICAL SKILLS.

RESPONSIBLE POLITICS...

7. (C) GIVEN THEIR BACKGROUNDS AND PROFESSIONS, MOST "ADENISTAS" HOLD FAVORABLE OPINIONS OF THE U.S. A NUMBER OF THE PARTY LEADERSHIP WERE EDUCATED IN U.S. UNIVERSITIES AND HAVE ABSORBED RESPECT FOR PLURALISM, AT LEAST TO SOME DEGREE. THIS PERSPECTIVE HAS

CONTRIBUTED TO GENERALLY RESPONSIBLE POLITICAL CONDUCT DURING AND SINCE THE 1985 NATIONAL ELECTIONS WHICH BY A HAIR, ONCE AGAIN BROUGHT PAZ ESTENSORO AND THE MNR TO POWER.

8. (LOU) THE ADN SUPPORTS BOLIVIA'S FLEDGLING DEMOCRACY THROUGH THE "PACT FOR DEMOCRACY" FORMALLY SIGNED WITH THE MNR LAST OCTOBER. THE PACT HAS HELD TOGETHER THROUGH SOME ROUGH TIMES. MOST OBSERVERS, INCLUDING THIS EMBASSY, BELIEVE THAT FOR THE MOMENT IT REMAINS ESSENTIAL TO BOLIVIA'S STABILITY. THE ADN ALSO PROMOTES RESPONSIBLE PRIVATE SECTOR-ORIENTED
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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

NOFORN

E.O. 12356: DECL: OADR
TAGS: FGOV, BL
SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

ECONOMIC POLICIES DESIGNED TO REDRESS A LONG HISTORY
OF STATE CORPORATISM AND INTERVENTION. THE ADN
ECONOMIC PROGRAM NOW FORMS THE BASIS OF THE MNR
GOVERNMENT'S APPROACH AND IS CREDITED WITH HALTING THE
HYPER-INFLATIONARY SPIRAL AND RESTORING BOLIVIA'S
CREDIBILITY WITH INTERNATIONAL LENDERS.

9. (LOU) BANZER AND THE ADN HAVE BEEN LESS DYNAMIC
ON A THIRD ISSUE OF CRUCIAL INTEREST TO THE U.S. --
NARCOTICS. THE PARTY WITH BELIEVABLE PASSION CONDEMNS
THE DRUG SCOURGE AFFLICTING BOLIVIA BUT HAS YET TO
FORMULATE A CLEAR POLICY TO DEAL WITH THE PROBLEM.

...AND CONSTANT POLICY

10. (U) ADN POLICY DOCUMENTS FROM THE PARTY'S EARLY
YEARS REFLECT A CONSIDERABLE DEGREE OF CONTINUITY WITH
ITS CURRENT AGENDA. THE ADN PLATFORM DRAFTED IN 1982
SPEAKS OF GUARANTEES FOR PRIVATE PROPERTY AND
INCENTIVES FOR INDIVIDUAL ECONOMIC INITIATIVE. THE
PARTY ALSO STILL ADVOCATES ADMINISTRATIVE DECENTRAL-
IZATION, MEANING AMONG OTHER THINGS DISMANTLING
NUMEROUS STATE-CONTROLLED ENTERPRISES AND TRANSFERRING
MORE DECISION-MAKING, TAXING AND SPENDING AUTHORITY
TO LOCAL JURISDICTIONS. PART OF THE CONTROVERSY OVER
THE RECENT TAX REFORM LAW, FOR EXAMPLE, AROSE FROM

ADN OBJECTIONS TO PROPOSED PROVISIONS WHICH WOULD HAVE
DEPRIVED LOCAL COMMUNITIES OF THEIR TRADITIONAL CONTROL
OVER CERTAIN REVENUES.

11. (U) ON THE POLITICAL SIDE, THE ELECTORAL REFORM
LAW RECENTLY PASSED BY CONGRESS WAS A LONG-TIME ADN
GOAL. IT IS INTENDED TO RATIONALIZE IN RESPONSIBLE
AND DEMOCRATIC FASHION BOLIVIA'S FREE-FOR-ALL MULTI-
PARTY SYSTEM. A POLITICAL PARTIES LAW TO FURTHER
TIGHTEN THE RULES OF THE GAME REMAINS ELUSIVE, HOWEVER.

12. (LOU) THE ADN SOCIAL PROGRAM IS SOMEWHAT LESS
SPECIFIC. ADN PARTISANS STILL SPEAK OF A "MORAL
CRISIS" FACING BOLIVIA AS CORRUPTION AND NARCOTICS
EXPONENTIALLY ERODE BOLIVIA'S INSTITUTIONS AND SOCIAL
VALUES. THE ANSWER AS THEY SEE IT EMERGES AS SOMETHING
OF A LAW-AND-ORDER PLANK: STRENGTHEN THE POLICE AND
JUDICIAL SYSTEM WHILE RESPECTING HUMAN RIGHTS. EARLY
ADN POLICY PAPERS ALSO RECOGNIZE NARCOTICS AS A FUNDA-
MENTAL THREAT TO STABLE, VIABLE GOVERNMENT. THE DRUG
TRADE REPRESENTS A MENACE WHICH SHOULD BE PENALIZED
WITH THE "FULL FORCE OF THE LAW," A PHRASE BANZER
REPEATED ALMOST VERBATIM IN HIS MAY MEETING WITH DEPUTY
SECRETARY WHITEHEAD.

GROWING POLITICAL MOMENTUM

13. (C) THIS CONSISTENCY IN A NATION WHICH SEES LITTLE
OF IT, PLUS BANZER'S PERSONAL STATURE AND THE FAILINGS
OF GOVERNMENTS UP TO AND INCLUDING THAT OF SILES ZUAZO,
HAVE COMBINED TO ENHANCE THE ADN'S DRAWING POWER. IN
THE 1980 ELECTION WHICH PRECIPITATED GARCIA MEZA'S
COUP, BANZER RAN THIRD BEHIND SILES AND PAZ. THE ADN
WON JUST UNDER 17 PERCENT OF THE VALID VOTES CAST AND
30 OF 157 CONGRESSIONAL SEATS. (SILES' UDP COALITION
CAPTURED OVER 28 PERCENT AND 57 SEATS.) IN THE JULY
1985 ELECTION, BANZER AND THE ADN GREW TO A 33 PERCENT
PLURALITY AND 51 SEATS. PAZ AND THE MNR TRAILED
SLIGHTLY WITH 30 PERCENT BUT WERE AWARDED 59 SEATS
BECAUSE OF BOLIVIA'S PROPORTIONALLY DISTORTED ELECTORAL
SYSTEM IN WHICH RURAL ZONES ARE HEAVILY OVER-REPRESENTED.

BUT ORGANIZATIONAL PROBLEMS...

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E. O. 12356: DECL: OADR

TAGS: PG3V, BL

SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

14. (C) THIS APPARENT MOMENTUM AND DIVISIONS WITHIN THE RULING MMR HAVE LED SOME ENTHUSIASTIC ADN MILITANTS TO PREDICT A SURE WIN FOR THE PARTY IN THE 1989 PRESIDENTIAL CONTEST. WHILE IT IS NOT COCKTAIL GOSSIP, INFORMED POLITICAL SOURCES AROUND TOWN BELIEVE THAT PAZ HAS PROMISED BANZER THE PRESIDENCY IN RETURN FOR ADN SUPPORT NOW. THE OCTOBER 1987 MUNICIPAL ELECTIONS WILL PROVIDE A BAROMETER FOR ADN ASPIRATIONS AS WELL AS A TEST FOR ITS ORGANIZATIONAL BASE. THE ADN IN RELATIVE TERMS DOES HAVE A SEMBLANCE OF ORGANIZATIONAL STRUCTURE, BUT FROM OUR VANTAGE POINT ITS DEPTH AND COHESIVENESS ARE SUPERFICIAL. THE ADN DOES BENEFIT SLIGHTLY FROM OPPOSITION POLITICS FREE FROM THE PRESSURES OF GOVERNING. BUT THIS ADVANTAGE IS LIMITED BY WIDESPREAD RECOGNITION THAT THE GOVERNMENT'S DRACONIAN ECONOMIC STABILIZATION AND RECOVERY PROGRAM WAS DEVELOPED BY ADN CONSULTANTS.

...AND INTERNAL DIVISIONS ARE APPEARING

15. (C) THERE ARE THOSE IN THE ADN WHO ARE DISHAYED AT THE PARTY'S LAX ORGANIZATION AND WHO ALSO ARE CRITICAL OF WHAT THEY SEE AS OTHER FUNDAMENTAL DEFECTS IN ADN POLICY AND POLITICS. THE SCHISM IS GENERATIONAL, STYLISTIC AND SUBSTANTIVE IN VARYING PROPORTION. ADN DISSIDENTS TEND TO BE A GENERATION YOUNGER THAN BANZER

AND MORE EMOTIVE. IN OUR CONVERSATIONS WITH MEMBERS OF THIS GROUP OVER THE PAST MONTHS A NUMBER OF COMMON THEMES EMERGE WHICH WERE SYNTHESIZED CLEARLY BY FACTION LEADER EUDORO "CHUSO" GALINDO DURING A RECENT LUNCHEON CONVERSATION WITH THE AMBASSADOR. GALINDO, THE ADN'S VICE PRESIDENTIAL CANDIDATE IN 1985, RESIGNED LAST MARCH AS PARTY SUB-CHIEF OVER HIS GROWING DIFFERENCES WITH BANZER AND THE DIRECTION HE PERCEIVES THE ADN IS TAKING (REFTEL). CHUSO IDENTIFIED A NUMBER OF CONCERNS HE SHARES WITH OTHER ADN DISSIDENTS, SEVERAL OF WHOM ALSO ARE FROM HIS HOMETOWN COCHABAMBA:

-- CRONYISM: BANZER HAS GATHERED AROUND HIM A CADRE OF OLD WAR-HORSES WHO SERVED IN HIS 1971-78 GOVERNMENT, AS WELL AS AN ALARMING NUMBER OF SYNCHOPHANTS WHO WILL NOT TELL THE BOSS HARD TRUTHS. AND DEPUTY GUILLERMO FORTUN, GALINDO'S DE FACTO REPLACEMENT AS PARTY SUB-CHIEF, HEADS THE OLD GUARD ALONG WITH OTHERS LIKE SENATOR HECTOR ORMACHEA. BANZER'S PRIVATE SECRETARY AND ADN PUBLIC RELATIONS DIRECTOR GONZALO TORRICO REPRESENTS THE GAGGLE OF YOUNGER YES-MEN ALONG FOR THE RIDE. ONE DISAFFECTED YOUNG ADN CO-FOUNDER, A DEPUTY FROM COCHABAMBA, HAS TOLD US THAT IN 1979 BANZER AGREED TO LET ADN ORGANIZERS BUILD A PARTY USING HIS NAME AND PRESTIGE. HE REPORTEDLY STATED THAT HE WOULD REMAIN REMOVED FROM PARTY AFFAIRS SINCE HE ALREADY HAD SERVED AS PRESIDENT AND "I CANNOT BE POPE." ACCORDING TO THIS ADN DEPUTY, BANZER OVER TIME BEGAN AGAIN TO FEEL THE ALLURE OF POWER, THIS TIME VIA DEMOCRATIC ELECTION. TO FEED HIS EGO HE SURROUNDED HIMSELF WITH THOSE WHO REFUSE TO CARRY BAD NEWS OR URGE TOUGH DECISIONS AND WITH SOME COMFORTABLE OLD FRIENDS FROM HIS EARLIER ADMINISTRATION.

-- ORGANIZATIONAL NEGLECT: NO ONE IN THE ADN HAS DEVOTED ATTENTION OR ENERGY TO BUILDING GRASS ROOTS SUPPORT SINCE LAST JULY'S ELECTION. BANZER SPENDS A GREAT DEAL OF TIME AT HIS SANTA CRUZ RANCH AND ATROPHY HAS SET IN AT PARTY HEADQUARTERS. IF THIS CONTINUES, THE ADN COULD WELL TAKE A LICKING IN THE 1987 MUNICIPAL ELECTIONS AND MAY FAIL TO WIN THE NECESSARY MAJORITY TO CAPTURE THE PRESIDENTIAL PALACE IN 1989 AS WELL. (GALINDO ADDED, HOWEVER, THAT A 1987 DEFEAT MIGHT JUST SPUR THE PARTY IN TIME TO SAVE 1989.) ON ANOTHER FRONT, THE ADN

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

NOFORN

E.O. 12356: DECL: OADR
TAGS: PGOV, BL
SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

WITH SOME EFFORT COULD BREAK THE LEFTIST STRANGLE-
HOLD ON BOLIVIA'S UNIONS AND IN THE PUBLIC
UNIVERSITIES, BUT THE PARTY LEADERSHIP SIMPLY
WILL NOT ADDRESS THE ISSUE.

-- LACK OF PURPOSE: CHUSO ASSERTS THAT HE ORIGINALLY
PROPOSED THE "PACT FOR DEMOCRACY" WITH THE MNR AND
MADE THE FIRST OVERTURES TO PAZ ON THE PROPOSAL.
AS IMPLEMENTED, HOWEVER, THE PACT HAS MADE THE ADN
APPEAR TO BE A PALE REFLECTION OF THE MNR. CHUSO
AND OTHERS BELIEVE THAT THE PROSPECT OF POWER HAS
CAUSED MANY IN THE PARTY TO DOWNPLAY GENUINE POLICY
DIFFERENCES WITH THE MNR. AS A RESULT, THE ADN IS
ADRIFT AND WILL HAVE LITTLE TO OFFER THE ELECTORATE
WHEN THE TIME COMES.

SCORECARD OF ADN PERFORMANCE

16. (C) THERE ARE A NUMBER OF BENCHMARKS WHICH GALINDO
SUGGESTS WILL PROVIDE AN INDICATION OF HOW THE PARTY
IS DOING:

A. FIRST WILL BE THE ELECTION OF NEW CONGRESSIONAL
LEADERSHIP NEXT AUGUST. WE ARE TOLD THAT THE ADN UNDER
THE PACT IS DUE TO RECEIVE THE PRESIDENCY OF THE CHAMBER
OF DEPUTIES. THOUGH RUMORS ABOUND THAT THE MIR
(MOVEMENT OF THE REVOLUTIONARY LEFT -- THIRD-RANKING

PARTY) WILL RETAIN THE POSITION. FORTUN IS A LIKELY
CHOICE FOR THE ADN, BUT GALINDO WOULD PREFER A
COCHABAMBA SOULMATE, WALTER SORIANO.

B. SECOND WILL BE THE ADN NATIONAL ASSEMBLY IN EARLY
1987 WHICH, AMONG OTHER THINGS, WILL ELECT OR RECONFIRM
THE PARTY LEADERSHIP. GALINDO HINTED THAT HE MAY DROP
HIS CURRENT LOW PROFILE AND SPEAK HIS MIND AT OR BEFORE
THAT MEETING.

C. THE OCTOBER 1987 MUNICIPAL ELECTIONS REPRESENT
THE THIRD LITHUS TEST AND AN IMPORTANT ONE SINCE ADN
STRENGTH CONCENTRATES IN THE URBAN AREAS.

D. THE PARTY'S CRUCIAL FINAL CHALLENGE FOR THE
MEDIUM TERM WILL BE THE 1989 NATIONAL ELECTIONS FOR
CONGRESS AND THE PRESIDENCY. IN ANTICIPATION OF THE
1987 AND 1989 ELECTIONS, THE ADN PUSHED HARD FOR
ELECTORAL REFORM AND WILL CONTINUE ITS PRESSURE TO
RATIONALIZE VOTING PROCEDURES.

CONCLUSION

17. (C) FROM OUR PERSPECTIVE, GALINDO'S CRITICISMS
CONTAIN A MEASURE OF TRUTH, PARTICULARLY CONCERNING
THE ADN'S ORGANIZATION. WITHOUT A GRASS ROOTS
ORGANIZATIONAL AND INSTITUTION BUILDING EFFORT, THE
ADN WILL REMAIN MORE A PERSONAL VEHICLE FOR BANZER
THAN A LONG RUN MECHANISM FOR POLITICAL PARTICIPATION
BY BOLIVIA'S CONSERVATIVE COMMUNITY. IT MAY PROVE
DIFFICULT FOR THE ADN TO BREAK THE CUSTOMARY BOLIVIAN
MOLD FOLLOWED BY THE MNR AND A SWARM OF LESSER PARTIES

WHICH KEYS ON PERSONALITY MORE THAN POLICY. THE
CAUDILLO TRADITION, INEXPERIENCE WITH THE DEMOCRATIC
PROCESS AND PERSONAL AMBITIONS LIKELY WILL HINDER
EFFORTS BY GALINDO AND OTHERS TO REORIENT ADN THINKING
SUBSTANTIALLY, AT LEAST IN THE NEAR TERM. MEANWHILE,
GALINDO TELLS THAT ON HIS OWN HE IS GOING AROUND THE
COUNTRY MEETING WITH SMALL GROUPS THAT HE NURTURED
DURING THE 1985 CAMPAIGN.

18. (C) STILL, AT THE MOMENT INTERNAL PARTY ADJUSTMENT
IS A PROSPECTIVE CONCERN. BANZER AND THE ADN THUS FAR
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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD
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E.O. 12356: DECL: OADR
TAGS: PGOV, BL
SUBJECT: THE POLITICS OF BOLIVIA'S CONSERVATIVE ADN

HAVE PLAYED A HIGHLY RESPONSIBLE ROLE IN SHAPING
BOLIVIA'S EVOLVING DEMOCRACY. THIS CONTRIBUTION SHOULD
CONTINUE IN THE MONTHS AHEAD AS THE NATION'S ECONOMY
SLOWLY RESPONDS TO THE TOUGH MEASURES APPLIED BY THE
GOVERNMENT AND THE INTERNATIONAL ASSISTANCE NOW ON ITS
WAY. AT SOME POINT, HOWEVER, BANZER AND THE ADN
LEADERSHIP WILL HAVE TO ADDRESS THE CONCERNS RAISED
BY THE PARTY'S YOUNG FOUNDERS OR RISK POLITICAL DAMAGE
BOTH AT THE POLLS AND WITHIN THE ADN.

(DRAFTED BY: POL: FFOULGER) ROWELL
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E.O. 12356: DECL: OADR
TAGS: BL, ELAB, PGOV, IMF
SUBJECT: PRESIDENT PAZ ESTENSSORO'S CONCERN OVER WAGE
DILEMMA, CORRUPTION

REF: LA PAZ 5196

SUMMARY

1. (C) DEMOCRATIC OPPOSITION (ADN) CHIEF BANZER TOLD THE AMBASSADOR JUNE 19 THAT PRESIDENT PAZ ESTENSSORO BELIEVES THE GOVERNMENT MUST LIMIT THE JULY PUBLIC EMPLOYEES' WAGE INCREASE TO ABOUT TEN PERCENT, IN EFFECT RENEGING ON EARLIER COMMITMENTS TO RAISE PUBLIC WAGES 30-35 PERCENT. BANZER AND PAZ EXPECT ULTRA-LEFT LEADERS IN LABOR AND THE UNIVERSITIES TO EXPLOIT THE ISSUE TO GENERATE VIOLENT DEMONSTRATIONS IN JULY AND AUGUST. AFTER TALKING WITH THE AMBASSADOR, BANZER ACKNOWLEDGED THAT THE GOVERNMENT CANNOT AFFORD MORE THAN ABOUT A TEN PERCENT RAISE. BANZER IMPLIED THAT HE (AND HIS PARTY) WILL NOT/NOT ATTACK THE GOVERNMENT ON THIS ISSUE. END SUMMARY.

SETTING

2. (C) THE AMBASSADOR HAD A CHAT WITH ADN (NATIONALIST DEMOCRATIC ACTION) PARTY CHIEF, HUGO BANZER, LATE JUNE 19 JUST AFTER GENERAL (RET.) BANZER HAD COME FROM ONE OF HIS PERIODIC PRIVATE MEETINGS WITH PRESIDENT PAZ ESTENSSORO. AS CHIEFS OF THE TWO PARTIES (ADN AND MNR -- NATIONALIST REVOLUTIONARY MOVEMENT) THAT MAKE UP THE "PACT FOR DEMOCRACY", PAZ AND BANZER HAVE BEEN HOLDING THESE UNANNOUNCED MEETINGS AT LEAST ONCE A MONTH.

HOBSON'S CHOICE

3. (C) BANZER TOLD THE AMBASSADOR THAT HE AND PAZ ARE INTENSELY CONCERNED ABOUT THE DILEMMA POSED BY THE NEED TO INCREASE PUBLIC EMPLOYEES' WAGES (REFTEL). BANZER SAID GOVERNMENT EMPLOYEES ARE THE ONLY PERSONS IN THE COUNTRY NOW EARNING LESS THAN 100 MILLION PESOS PER MONTH. IN THE PRIVATE SECTOR THE WORST-PAID EMPLOYEES RECEIVE ABOUT 150 MILLION PESOS AND MOST EARN 200 MILLION PESOS OR MORE. THE LONG-SUFFERING PUBLIC EMPLOYEES CANNOT SURVIVE MUCH LONGER AT PRESENT WAGE RATES WHICH ARE A NATIONAL DISGRACE. EVEN THE 30-35 PERCENT WAGE INCREASE PROMISED AT THE BEGINNING OF THE YEAR WOULD BE INADEQUATE. BUT THE PRESIDENT, SAID BANZER, INDICATED THAT THE GOVERNMENT WILL PROBABLY ONLY BE ABLE TO GIVE PUBLIC EMPLOYEES A TEN PERCENT INCREASE AT THIS TIME.

4. (C) THE AMBASSADOR COMMISERATED WITH BANZER REGARDING THE POLICY DILEMMA THE WAGE ISSUE POSES. THE AMBASSADOR EMPHASIZED THAT GRANTING A WAGE INCREASE NOT COVERED BY CURRENT REVENUES WOULD FORCE THE GOVERNMENT TO ISSUE UNBACKED CURRENCY -- IN EFFECT RENEWING THE INFLATIONARY SPIRAL. THIS WOULD ROB THE GOVERNMENT AND THE ECONOMIC PROGRAM, WHICH THE ADN SHARES WITH THE MNR, OF PUBLIC CONFIDENCE INSIDE BOLIVIA AND OF FOREIGN CONFIDENCE ESSENTIAL FOR EXTERNAL FINANCIAL SUPPORT. WHILE GIVING ONLY A TEN PERCENT RAISE IN JULY WILL FURTHER ERODE THE CONFIDENCE OF PUBLIC SECTOR EMPLOYEES REGARDING GOVERNMENT COMMITMENTS, THAT WOULD APPEAR TO BE THE LESSER OF TWO MAJOR EVILS.

5. (C) BANZER RECOGNIZED THAT PAZ FACES A HOBSON'S CHOICE AND COMMENTED THAT HE IS GLAD THAT IT IS PAZ AND NOT HE, BANZER, WHO HAS TO DEAL WITH THIS ONE.

BANZER ALSO AGREED THAT WHATEVER THE PRESIDENT'S DECISION, IT MUST NOT RESULT IN A RENEWAL OF INFLATION.

SITUATION RIPE FOR ULTRA-LEFT EXPLOITATION

6. (C) BANZER THEN COMMENTED THAT ULTRA-LEFT POLITICAL LEADERS, INCLUDING COMPETING FACTIONS IN THE BOLIVIAN WORKERS' CENTRAL (COB), WILL TRY TO EXPLOIT THE INEVITABLE DISMAY AMONG PUBLIC EMPLOYEES TO FOMENT POLITICAL STRIFE AND PERHAPS STREET VIOLENCE. "JULY AND AUGUST WILL BE TOUGH", HE SAID.

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E.O. 12356: N/A
TAGS: BL, SNAR, EAID, IDB
SUBJECT: COCA CONTROL AND ECONOMIC ASSISTANCE

1. (U) DURING A PRIVATE MEETING WITH THE AMBASSADOR JUNE 16, PLANNING MINISTER SANCHEZ DE LOZADA ASKED HOW BOLIVIA CAN GET THE SECOND HALF OF THE FY-1986 ESF MONIES.

2. (C) THE AMBASSADOR SAID THAT THE FOREIGN ASSISTANCE AUTHORIZATION ACT FOR FY-1986 REQUIRES THAT BOLIVIA COMPLETE THE COCA ERADICATION REQUIREMENTS LAID OUT IN ITS 1983 AGREEMENTS WITH THE UNITED STATES. THE CONGRESS HAS UNDERSTOOD THAT TARGET TO BE 4,000 HECTARES. TECHNICALLY, HOWEVER, THE LANGUAGE OF THE AGREEMENTS READS "UP TO 4,000 HECTARES" IN CONNECTION WITH CERTAIN OTHER CRITERIA. THEREFORE, IT MIGHT BE POSSIBLE TO PERSUADE THE CONGRESS THAT THE TARGET HAS BEEN MET AT SOME LESSER LEVEL OF ERADICATION, PROVIDED THAT A SUBSTANTIAL AMOUNT OF ERADICATION HAS TAKEN PLACE AND BOLIVIA HAS TAKEN A NUMBER OF OTHER ACTIONS THAT SHOW THAT IT IS STRONGLY CARRYING OUT THE COMMITMENTS CONVEYED EARLIER THIS YEAR TO THE SECRETARY OF STATE BY THE BOLIVIAN AMBASSADOR IN WASHINGTON. THE NON-ERADICATION ACTIONS WOULD NEED TO INCLUDE:

- ARREST AND PROSECUTION OF A COUPLE OF CLASS A TRAFFICKERS;
- DRAMATIC ENFORCEMENT ACCOMPLISHMENTS SUCH AS THE SEIZURE OF SEVERAL HUNDRED MORE KILOS OF COCAINE, PRECURSOR MATERIALS AND TRAFFICKER AIRCRAFT;
- DEFINITION OF AREAS IN WHICH COCA GROWING IS ILLEGAL (THAT IS, IMPLEMENTATION OF THE 1985 SUPREME DECREE WHICH REQUIRES A DEFINITION OF TRADITIONAL VS. NON-TRADITIONAL COCA GROWING AREAS); AND
- SOME CONTINUING CREDIBLE LEVEL OF ERADICATION.

3. (C) THE AMBASSADOR NOTED THAT THERE HAVE BEEN SOME DRAMATIC SEIZURES OF PRECURSORS AND DRUGS IN RECENT WEEKS. ALSO, THE INTERIOR MINISTER IS SERIOUSLY CONSIDERING THE QUESTION OF DEFINING LEGAL COCA GROWING AREAS AND THE POSSIBILITY OF ARRESTING AT LEAST ONE CLASS A TRAFFICKER. UNFORTUNATELY, VOLUNTARY COCA ERADICATION IN THE CHAPARE HAS VIRTUALLY HALTED, AND THERE IS NO OPERATIONAL MECHANISM YET FOR INVOLUNTARY ERADICATION. IN ADDITION, IF WE ARE NOT ABLE TO MAKE A GOOD CASE FOR THE SECOND HALF OF THE ESF MONEY WITHIN THE NEXT THREE WEEKS, IT WILL PROBABLY HAVE TO BE REALLOCATED TO SOME OTHER COUNTRY BECAUSE WE ARE ALREADY VERY CLOSE TO THE END OF THE U.S. FISCAL YEAR.

4. (C) THE PLANNING MINISTER GLUMLY SAID THAT THE ESF MONIES ARE THE MOST USEFUL KIND OF ASSISTANCE BECAUSE THEY ARE NOT TIED TO COMMODITY IMPORTS AND SPECIFIC DEVELOPMENT PROJECTS. MOREOVER, THAT KIND OF ASSISTANCE IS MOST DESPERATELY NEEDED NOW. THE AMBASSADOR URGED HIM TO WORK WITHIN THE CABINET TO GET CONCRETE ACTION ON COCA-RELATED ISSUES, PARTICULARLY THE DEFINITION OF ILLEGAL GROWING AREAS.

5. (C) THE MINISTER THEN MUSED THAT PERHAPS A GEOGRAPHICAL DEFINITION IS LESS VALUABLE FOR DETERMINING ILLEGAL COCA THAN SOME OTHER DEFINITION -- FOR EXAMPLE, ONE THAT TIES NON-PAYMENT OF TAXES TO IMMEDIATE INVOLUNTARY ERADICATION. THE MINISTER SAID HE STILL WOULD LIKE TO FIND SOME WAY TO TAX COCA GROWING WHICH, UNFORTUNATELY, IS CURRENTLY THE MOST DYNAMIC SECTOR IN BOLIVIA'S ECONOMY.

6. (C) THE AMBASSADOR SAID THAT GIVEN BOLIVIA'S TRADITIONS AND THE DIFFICULTIES OF TAX ENFORCEMENT, AMONG OTHER THINGS, A GEOGRAPHIC DETERMINATION OF ILLEGAL AREAS SEEMS TO BE THE ONLY PRACTICABLE ROUTE AND CERTAINLY THE ONLY DEVICE THAT COULD BE ACTED ON WITHIN AN ACCEPTABLY SHORT TIME FRAME. THE AMBASSADOR REITERATED THAT THE PROBLEM OF DEFINING ILLEGAL AREAS AFFECTS NOT ONLY THE SECOND HALF OF THIS YEAR'S ESF MONIES, IT ALSO IS CRUCIAL TO THE PENDING DOLS 60 MILLION IDB LOAN FOR THE SANTA CRUZ-COCHABAMBA HIGHWAY.

7. (U) THE MINISTER SAID IT IS "RIDICULOUS" THAT THE DOLS 100 MILLION ALREADY SUNK INTO THAT HIGHWAY COULD BE ALLOWED TO GO FOR NAUGHT BECAUSE THE BANK DID NOT BT

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: BL, PGOV
SUBJECT: STRUGGLE EMERGING OVER CONGRESSIONAL LEADERSHIP; "PACT FOR DEMOCRACY" AT STAKE

SUMMARY

1. (C) WITH JUST A MONTH TO GO BEFORE THE BEGINNING OF THE NEW LEGISLATIVE YEAR (AUGUST 6), LINES ARE BEGINNING TO BE DRAWN IN A TRI-PARTISAN STRUGGLE OVER THE KEY LEADERSHIP POSITIONS IN THE SENATE AND CHAMBER OF DEPUTIES. THE CENTER-RIGHT NATIONALIST DEMOCRATIC ACTION (ADN), ALLIED WITH PRESIDENT ((PAZ)) ESTENSSORO'S NATIONALIST REVOLUTIONARY MOVEMENT (MNR) IN THE "PACT FOR DEMOCRACY," EXPECTS TO ASSUME MOST OF THE LEADERSHIP POSITIONS NOW HELD BY THE DEMOCRATIC MOVEMENT OF THE REVOLUTIONARY LEFT (MIR). EARLIER MNR ASSURANCES TO THE ADN, THE SECOND LARGEST BLOC IN CONGRESS, THAT THEY WOULD BE ALLOWED TO ASSUME THE KEY POSITION OF PRESIDENT OF THE CHAMBER OF DEPUTIES HAVE BEEN CAST INTO DOUBT BY RECENT MNR STATEMENTS, AND BY THE ACTIVE NEGOTIATIONS APPARENTLY BEING CARRIED OUT BETWEEN THE MNR AND THE MIR. IF PAZ ESTENSSORO RENEGES ON HIS "COMMITMENT" TO THE ADN, THE STABILITY OF THE "PACT FOR DEMOCRACY" -- AND OF THE PAZ ADMINISTRATION -- COULD BE ENDANGERED. END SUMMARY.

BEHIND THE SCENES NEGOTIATIONS

2. (C) EVEN BEFORE THE END OF THE LAST REGULAR SESSION OF CONGRESS, THE THREE MAJOR PARTIES HAD BEGUN CLOAK

ROOM TALKS TO DEFINE THE LEADERSHIP ISSUE. THE MIR HELD IMPORTANT POSITIONS IN THE LAST CONGRESS, INCLUDING THE PRESIDENCY OF THE CHAMBER OF DEPUTIES, AS A RESULT OF THE DEAL CUT BETWEEN MIR LEADER JAIME ((PAZ)) ZAMORA AND HIS UNCLE, PAZ ESTENSSORO, WHICH RESULTED IN THE MIR SIDING WITH PAZ IN THE SECOND ROUND CONGRESSIONAL VOTE FOR PRESIDENT. THE ADN HAD NO TOP LEADERSHIP POSITIONS IN THE LAST CONGRESS.

3. (C) ON THE OTHER HAND, AN UNWRITTEN -- BUT FUNDAMENTAL -- PART OF THE "PACT FOR DEMOCRACY" SIGNED BY PAZ AND ADN CHIEF HUGO BANZER IN OCTOBER OF LAST YEAR WAS THE UNDERSTANDING THAT THE MNR WOULD SUPPORT ADN ASPIRATIONS FOR CONGRESSIONAL LEADERSHIP IN AUGUST 1986 IN EXCHANGE FOR ADN SUPPORT IN CONGRESS FOR THE EXECUTIVE'S PROGRAM.

4. (C) THE ADN HAS KEPT ITS PART OF THE BARGAIN, VOTING WITH THE MNR ON KEY ISSUES SUCH AS TAX LEGISLATION AND ELECTORAL REFORM. BOTH INITIATIVES, WHICH THE ADN HAS ADVOCATED ANYHOW, WERE OPPOSED BY THE MULTITUDE OF LEFTIST MINI-PARTIES IN CONGRESS. WITHOUT FIRM BUT NOT UNCRTICAL ADN BACKING, THE SLIGHT AND OFTEN REBELLIOUS MNR PLURALITY WOULD NOT HAVE CARRIED EITHER PROPOSAL.

CONFLICTING STORIES

5. (C) ADN LEADERS HAVE TOLD US PRIVATELY THAT THEY ARE CONFIDENT PAZ WILL HONOR HIS WORD AND LINE HIS PARTY UP BEHIND THE CANDIDACY OF ADN DEPUTY (AND ACTING PARTY SUB-CHIEF) GUILLERMO ((FORTUN)) SUAREZ

FOR THE CHAMBER PRESIDENCY. THE ADN'S PUBLIC POSITION IS CONSISTENT WITH WHAT THEY HAVE TOLD US, CALLING THE ADN/MNR ACCORD A "GENTLEMEN'S AGREEMENT." THE MNR WILL, ACCORDING TO PUBLIC STATEMENTS, RETAIN THE LEADERSHIP OF THE SENATE. (NOTE: WE EXPECT THAT AN "AUTHENTIC" MNR SENATOR WILL ASSUME THE PRESIDENCY IN AUGUST, REPLACING SENATOR OSCAR ((ZAMORA)) MEDINACELLI ((TARIJA)), WHOSE MARXIST REVOLUTIONARY LEFTIST FRONT ((FRI)) JOINED FORCES WITH THE MNR BEFORE THE JULY 1985 ELECTIONS. ZAMORA REPLACED SENATOR GONZALO ((SANCHEZ DE LOZADA)) AS SENATE PRESIDENT WHEN THE LATTER WAS NAMED MINISTER OF PLANNING IN JANUARY, BUT IS NOT PARTICULARLY LOYAL TO THE PRESIDENT AND DOES NOT ENJOY MUCH SYMPATHY WITHIN THE MNR. END NOTE.)
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TAGS: BL, PGOV
SUBJECT: STRUGGLE EMERGING OVER CONGRESSIONAL LEADER-

6. (C) DESPITE THE ADN'S APPARENT CONFIDENCE IN THE MNR, PRESS REPORTS ALSO SUGGEST THAT KEY MNR OFFICIALS, INCLUDING PAZ ESTENSSORO'S NEPHEW JAVIER (CAMPERO) PAZ, ARE NEGOTIATING WITH THE MIR ON THE QUESTION OF CONGRESSIONAL LEADERSHIP. A HIGH LEVEL MIR SOURCE CONFIRMED THIS TO US WITHOUT GOING INTO DETAILS. PAST CHAMBER PRESIDENT GASTON (ENCINAS) VALVERDE (MIR, CHUQUISACA) COMMENTED TO THE PRESS REGARDING REPORTS THAT THE ADN AND THE MNR HAD ALREADY REACHED AGREEMENT WITH THE ENIGMATIC STATEMENT: "I THINK ANY POLITICAL PARTY CAN ASPIRE TO THE PRESIDENCY OF THE CHAMBER OF DEPUTIES, BUT THIS DEPENDS ON THE NEGOTIATIONS AMONG THE PARTIES REPRESENTED IN CONGRESS." ENCINAS ADDED THAT THE MIR ALSO HAS BEEN DISCUSSING THE ISSUE WITH CAMPERO PAZ, WITH THE IDEA OF "EXTENDING THE (PREVIOUS) AGREEMENT BETWEEN THE MNR AND THE MIR TO OTHER POLITICAL FORCES SUCH AS THE NATIONALIST REVOLUTIONARY MOVEMENT OF THE LEFT (THE MNRI OF EX-PRESIDENT SILES ZUAZO) AND OTHER PARTIES OF THE LEFT." CAMPERO PAZ CONFIRMED TO THE PRESS THAT "SOME AGREEMENTS" HAVE BEEN REACHED WITH THE ADN, BUT ADDED THAT "SOME POLITICAL SECTORS HAVE CHANGED, AND A NEW EVALUATION OF THE PROPOSALS MUST BE MADE TO SEE WHETHER THE ADN WILL MAINTAIN ITS (PROSPECTIVE) LEADERSHIP IN CONGRESS."

COMMENT

7. (C) THIS IS A HIGH STAKES GAME IN WHICH THE MNR APPEARS TO BE PLAYING THE ADN AND THE MIR AGAINST EACH OTHER. EXPERIENCE HAS SHOWN THAT THE PARTY THAT CONTROLS CONGRESSIONAL LEADERSHIP, PARTICULARLY IN THE CHAMBER OF DEPUTIES, IS IN A GOOD POSITION TO MANIPULATE BOLIVIA'S ARCHAIC AND UNWIELDY PARLIAMENTARY PROCESS TO ITS ADVANTAGE. THIS WAS MOST RECENTLY SEEN IN THE MARATHON DEBATE OVER TAX LEGISLATION AND ELECTORAL REFORM DURING THE SPECIAL SESSION OF THE 1985-86 CONGRESS. STUBBORN RESISTANCE TO BOTH MEASURES FROM THE LEFTIST MINI-PARTIES WAS OVERCOME IN A DEFT PARLIAMENTARY STROKE BY CHAMBER PRESIDENT ENCINAS, TAKING ADVANTAGE OF THE MOMENTARY ABSENCE OF MANY LEFT-WING DEPUTIES.

8. (C) PRESIDENT PAZ HAS THUS FAR REMAINED ALOOF FROM THE PUBLIC MANEUVERING OVER THE LEADERSHIP ISSUE, BUT HE MOST PROBABLY IS PULLING THE STRINGS FROM BEHIND THE SET. AT AN OPPORTUNE TIME HE WILL PROBABLY STEP IN TO DECIDE THE ISSUE, TRYING TO REACH A COMPROMISE ACCEPTABLE TO BOTH PARTIES. ALTHOUGH THE MNR HAS MUCH GREATER IDEOLOGICAL AFFINITY WITH THE MIR, AND IS PROBABLY GENERALLY SATISFIED WITH ITS LEADERSHIP ROLE IN THE LAST CONGRESS, PAZ ESTENSSORO MUST PROCEED VERY CAUTIOUSLY WITH THE ADN. BANZER'S PARTY IS QUITE SENSITIVE TO THE POPULAR VIEW -- CORRECT IN OUR JUDGMENT -- THAT PAZ AND THE MNR HAVE GENERALLY OUT-MANEUVERED THEM, AND THAT THE "PACT FOR DEMOCRACY" HAS NOT BEEN THE TWO-WAY STREET THAT THE ADN EXPECTED IT TO BE. IF PAZ FAILS TO HONOR HIS "COMMITMENT" TO THE ADN, HOTHEADS IN BANZER'S PARTY WILL PROBABLY PUSH HARD FOR A BREAK WITH THE MNR AND A PUBLIC DENUNCIATION OF THE PACT. PAZ CAN ILL AFFORD THIS. HE HAS MADE CONSIDERABLE PROGRESS ON THE ECONOMIC FRONT, BUT BOLIVIA IS FAR FROM OUT OF THE WOODS. AND ON THE POLITICAL/SOCIAL FRONT THE PRESIDENT STILL FACES FORMIDABLE OBSTACLES...AND ENEMIES.

(DRAFTED BY: POL: WLOFSTROM) ROWELL
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UNCLAS SECTION 01 OF 02 MANAGUA 04450

ROME FOR EMBASSY VATICAN (INFO)

E.O. 12356: N/A
TAGS: PGOV NU
SUBJECT: BISHOPS CONFERENCE ISSUES COMMUNIQUE ON VEGA,
CARBALLO

1. THE EPISCOPAL CONFERENCE OF NICARAGUA ISSUED A BRIEF
COMMUNIQUE ON JULY 5 ANNOUNCING ITS SOLIDARITY WITH
BISHOP VEGA AND MONS. CARBALLO. THE SPANISH TEXT OF
THE COMMUNIQUE AND EMBASSY'S INFORMAL TRANSLATION FOLLOW.

2. BEGIN INFORMAL TRANSLATION OF THE COMMUNIQUE.

COMMUNIQUE OF THE EPISCOPAL CONFERENCE OF NICARAGUA.

THE ARCHBISHOPS OF THE EPISCOPAL CONFERENCE OF NICARAGUA
COMMUNICATE TO ALL FAITHFUL CATHOLICS OF THE COUNTRY THAT:

THE 28TH OF JUNE OF THE CURRENT YEAR, MONSIGNOR BISMARCK
CARBALLO, DIRECTOR OF RADIO CATOLICA, CURIA SPOKESMAN AND
PARISH PRIEST OF THE CHURCH ST. MICHAEL THE ARCHANGEL,
MANAGUA, WAS PREVENTED FROM REENTERING THE COUNTRY.

ON JULY 3 THE AUTHORITIES OF THE REGION SUMMONED MONS.
PABLO ANTONIO VEGA M., BISHOP PRELATE OF JUIGALPA AND
VICE PRESIDENT OF THE EPISCOPAL CONFERENCE IN NICARAGUA,
WHO WAS FOUND IN HIS EPISCOPAL RESIDENCE, TO PRESENT HIM-
SELF ON THE 4TH OF JULY BEFORE SAID AUTHORITIES. THIS
SAME DAY, THE 4TH OF JULY, THEY EXPELLED HIM FROM THE
COUNTRY.

THE BISHOPS OF THE EPISCOPAL CONFERENCE OF NICARAGUA
DECLARE THEIR SOLIDARITY AND APPRECIATION OF THE LORD,

FOR MONS. PABLO ANTONIO VEGA AND MONS. BISMARCK CARBALLO,
AND, REMIND THEIR PRIESTS AND THE FAITHFUL OF THE WORD
OF THE MASTER: "IN THE WORLD YOU WILL HAVE DIFFICULTIES,
BUT DON'T BE AFRAID, I HAVE CONQUERED THE WORLD." AND,
THEY ENCOURAGE EVERYONE TO MAINTAIN THEIR FAITH AND TO
PRAY TO MARY, THE MOTHER OF JESUS, FOR NICARAGUA AND ITS
CHURCH.

MANAGUA, 4TH OF JULY 1986.

EPISCOPAL CONFERENCE OF NICARAGUA
MONS. BOSCO VIVAS ROBELO
AUXILIARY BISHOP OF MANAGUA
SECRETARY OF THE EPISCOPAL CONFERENCE OF NICARAGUA

END INFORMAL TRANSLATION.

3. BEGIN SPANISH TEXT.

COMUNICADO DE LA CONFERENCIA EPISCOPAL DE NICARAGUA

LOS OBISPOS DE LA CONFERENCIA EPISCOPAL DE NICARAGUA,
COMUNICAN A TODOS LOS FIELES CATOLICOS DEL PAIS QUE:

EL DIA 28 DE JUNIO DEL PRESENTE, SE IMPIDIO SU REINGRESO
AL PAIS A MONS. BISMARCK CARBALLO, DIRECTOR DE RADIO
CATOLICA, VICARIO EPISCOPAL DE MEDIOS DE COMUNICACION Y
PARROCO DE LA IGLESIA "SAN MIGUEL ARCANGEL", MANAGUA.

EL DIA 3 DE JULIO, SE CITO, DE PARTE DE LAS AUTORIDADES
DE LA REGION, A MONS. PABLO ANTONIO VEGA M., OBISPO
PRELADO DE JUIGALPA Y VICE-PRESIDENTE DE LA CONFERENCIA
EPISCOPAL DE NICARAGUA, QUIEN SE ENCONTRABA EN SU
RESIDENCIA EPISCOPAL, PARA PRESENTARSE EL DIA 4, ANTE

DICHAS AUTORIDADES. ESE MISMO DIA 4 DE JULIO, SE LE
EXPULSO DEL PAIS.

LOS OBISPOS DE LA CONFERENCIA EPISCOPAL DE NICARAGUA,
MANIFIESTAN SU SOLIDARIDAD Y APRECIO EN EL SENOR, A MONS.
PABLO ANTONIO VEGA Y A MONS. BISMARCK CARBALLO, Y,
RECORDANDO A SUS SACERDOTES Y FIELES LA PALABRA DEL
MAESTRO: "EN EL MUNDO TENDRAN DIFICULTADES, PERO NO
TEMAN, YO HE VENCIDO AL MUNDO", LES ALIENTAN A TODOS, A
MANTENERSE FIRMES EN SU FE, Y A PERMANECER EN ORACION CON
MARIA, LA MADRE DE JESUS, PIDIENDO POR NICARAGUA Y POR
SU IGLESIA.

BT

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UNCLAS SECTION 02 OF 02 MANAGUA 04450

ROME FOR EMBASSY VATICAN (INFO)

E. O. 12356: N/A
TAGS: PGOV NU
SUBJECT: BISHOPS CONFERENCE ISSUES COMMUNIQUE ON VEGA,

MANAGUA 4 DE JULIO DE 1986.

CONFERENCIA EPISCOPAL DE NICARAGUA

DOY FE,

MONS. BOSCO VIVAS ROBELO
OBISPO AUXILIAR DE MANAGUA
SECRETARIO DE LA CONFERENCIA
EPISCOPAL DE NICARAGUA.

END SPANISH TEXT. BERGOLD
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CONTAINING SENSITIVE INFORMATION. STRICT CONTROL IS
REQUIRED.

[REDACTED]

SUMMARY: (C/NOFORN) VE FAC WILL HOST AN INTERNATIONAL
NARCOTICS CONFERENCE BEGINNING 05 AUG 85. COUNTRIES
INVITED ARE PE, CO, BR, BO, AND EC. CONFERENCE HOPES
TO PROMOTE BETTER COOPERATION AND INTELLIGENCE
EXCHANGE ON ILLEGAL DRUG MATTERS.

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PAGE 02 OF 02

DTG: 031939Z JUL 86 PSN: 064517

TEXT: 1. (C/NF) [REDACTED] MOST
OF THE COUNTRIES INVITED HAVE AGREED TO PARTICIPATE.
[REDACTED] BOTH MILITARY AND CIVILIAN
DRUG ENFORCEMENT AUTHORITIES FROM THESE COUNTRIES
AND VE HAVE BEEN INVITED TO THE CONFERENCE.

2. (C/NOFORN) [REDACTED] MG ALFREDO
(SANDOVAL) HERNANDEZ, FAC COMMANDER, WILL
HOST THE CONFERENCE AND THAT HE IS VERY ENTHUSIASTIC
AND POSITIVE ABOUT IT. THE NARCOTICS CONFERENCE
DATES COINCIDE WITH THE NATIONAL GUARD'S FIFTIETH
ANNIVERSARY.

3. (C/NF) [REDACTED] THE OBJECTIVES OF THE
CONFERENCE ARE THE FOLLOWING:
A. CLOSER COOPERATION AMONG THE PARTICIPATING
COUNTRIES ON ILLEGAL NARCOTICS-RELATED ISSUES; AND
B. TO PROMOTE THE EXCHANGE OF ACCURATE AND CURRENT
INTELLIGENCE INFORMATION ON DRUG DEALERS MOVES.

COMMENTS: 1. (C/NOFORN) THE VE NATIONAL GUARD
FEELS THAT THIS NARCOTICS CONFERENCE IS
VERY CRITICAL BECAUSE THE SHARED INFORMATION ON
DRUG DEALERS COULD HELP VE NEUTRALIZE ILLEGAL
DRUG TRAFFIC. SINCE MOST OF THE OTHER
PARTICIPANTS HAVE A BIGGER DRUG PROBLEM IN
THEIR COUNTRIES, VE PARTICIPANTS WILL SEEK
TO SQUEEZE AS MUCH INFORMATION AS THEY CAN SO
THAT VE DOES NOT BECOME ANOTHER COLOMBIA OR PERU.

2. (C/NOFORN) THIS IS ANOTHER EXAMPLE OF HOW
THE GOV IS WILLING TO HELP ITSELF AND ERRADICATE
THE ILLEGAL DRUG TRAFFIC PROBLEM. THIS ACTION
MERITS THE FINANCIAL AND MORAL SUPPORT OF OTHER
COUNTRIES AFFECTED BY THE ILLEGAL DRUG TRAFFIC,
INCLUDING OUR OWN. THIS REPORT HAS BEEN COORDINATED
WITH DEA AND POL.

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: PGOV, BL
SUBJECT: MNR AND ADN AGREE ON CONGRESSIONAL LEADERSHIP;
SOME BANZERITES STILL WANT TO SCUTTLE "PACT
FOR DEMOCRACY"

REF: LA PAZ 5539

SUMMARY

1. (C) HIGH LEVEL REPRESENTATIVES OF THE GOVERNING NATIONALIST REVOLUTIONARY MOVEMENT (MNR) AND THE CENTER-RIGHT NATIONALIST DEMOCRATIC ACTION (ADN) MET ON JULY 4 AND, ACCORDING TO PRESS ACCOUNTS, AGREED ON SHARING THE LEADERSHIP POSITIONS IN THE 1986-87 CONGRESS WHICH CONVENES ON AUGUST 6 (RETEL). IN THE CHAMBER OF DEPUTIES THE ADN WILL GET THE PRESIDENCY, AND PROBABLY THE SECOND VICE PRESIDENCY AND THE SECOND AND FOURTH SECRETARY POSITIONS. THE MNR WILL RECEIVE THE PRESIDENCY AND THE SECOND VICE PRESIDENCY OF THE SENATE, LIKELY YIELDING THE FIRST VICE PRESIDENCY TO THE ADN. EMBASSY MNR SOURCES HAVE TOLD POLCOONS THAT THEY PERSONALLY BELIEVE THAT THE MOVEMENT OF THE REVOLUTIONARY LEFT (MIR), WHICH DOMINATED CHAMBER LEADERSHIP IN THE LAST CONGRESS, SHOULD BE ALLOWED TO RETAIN AT LEAST SOME OF THE TOP SLOTS. THERE IS NO CONFIRMATION, HOWEVER, THAT THIS IS IN THE CARDS. ALTHOUGH THE MNR HAS APPARENTLY YIELDED TO ADN PRESSURE ON THE CONGRESSIONAL LEADERSHIP ISSUE, ADN SOURCES TELL US THAT THERE ARE STILL SOME IN GENERAL BANZER'S PARTY WHO ADVOCATE PULLING OUT OF THE "PACT FOR DEMOCRACY" WHICH HAS BEEN ESSENTIAL FOR THE SUCCESS THUS FAR OF THE GOVERNMENT'S ECONOMIC RECOVERY PROGRAM -- AND THE PAZ ESTENSSORO

2. (U) ADN DEPUTY EDGAR ((BARRIENTOS)) CAZASOLA (POTOSI DEPARTMENT), ANNOUNCED THE JULY 4 MNR/ADN AGREEMENT TO THE PRESS. HE SAID THE AGREEMENT "CONFIRMS THE VALIDITY OF THE PACT (FOR DEMOCRACY)" AND BOTH PARTIES' WILL TO CARRY OUT THE OBJECTIVES FOR WHICH IT WAS CREATED. HE DECLINED TO REVEAL ANY MORE DETAILS THAN THOSE PROVIDED IN PARA 1 ABOVE.

THE MIR: OUT IN THE COLD?

3. (C) THE MIR, WITH 15 OF THE CHAMBER'S 130 DEPUTIES, MAY NOT RETAIN ANY OF THE LEADERSHIP POSITIONS HELD IN THE LAST CONGRESS, DESPITE EARLIER CONVERSATIONS BETWEEN THE MIR AND THE MNR (RETEL). OUT-GOING CHAMBER PRESIDENT GASTON ((ENCINAS)) VALVERDE TOLD THE PRESS RECENTLY THAT WHATEVER AGREEMENT IS REACHED BETWEEN THE ADN AND THE MNR SHOULD RESPECT THE MIR'S "ACQUIRED RIGHTS" IN THE CHAMBER. DESPITE THE MIR'S CLAIM, AND THE VIEW OF SOME MNR CONGRESSMEN THAT THE PARTY OF FORMER VICE PRESIDENT JAIME ((PAZ)) ZAMORA SHOULD BE ALLOWED TO RETAIN SOME LEADERSHIP POSITIONS IN THE CHAMBER, NOTHING HAS BEEN CONFIRMED. OUR UNDERSTANDING OF THE POST-ELECTORAL ACCORD BETWEEN THE MIR AND THE MNR, IN WHICH THE MIR MEMBERS IN THE NEW CONGRESS VOTED FOR PAZ ESTENSSORO IN EXCHANGE FOR TOP JOBS IN THE CONGRESS'S LEADERSHIP, IS THAT THE DEAL WAS ONLY GOOD FOR A YEAR. SO THE MIR MAY INDEED BE OUT IN THE COLD.

CANDIDATES FOR TOP POSTS IN THE CHAMBER AND SENATE

4. (C) NOW THAT THE ISSUE OF WHICH PARTIES ARE TO ASSUME THE PRESIDENCIES OF THE TWO HOUSES OF CONGRESS IS APPARENTLY RESOLVED, THE INTERNAL JOCKEYING HAS BEGUN WITHIN EACH PARTY TO SEE WHO WINS THE PRIZE. FRONT RUNNER FOR THE CHAMBER IS GUILLERMO ((FORTUN)) SUAREZ, ACTING ADN SUBCHIEF. DEPUTY WALTER ((SORIANO)) LEA PLAZA (COCHABAMBA) HAS BEEN MENTIONED (MOSTLY BY BT

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: PGOV, BL
SUBJECT: MNR AND ADN AGREE ON CONGRESSIONAL LEADERSHIP;

HIMSELF) AS A DARK HORSE. IN THE SENATE IT IS VIRTUALLY CERTAIN THAT OSCAR ((ZAMORA)) MEDINACELLI IS OUT (SEE REFTEL, PARA 5). SELF-PROCLAIMED CANDIDATES TO SUCCEED HIM ARE CIRO ((HUMBOLDT)) BARRERA (CHUIQUISACA), AND MARIO ((ROLON)) ANAYA (COCHABAMBA), BUT THE FINAL DECISION OBVIOUSLY RESTS IN THE PRESIDENT'S HANDS.

IMPOSING PARTY DISCIPLINE

5. (C) THE LEADERS OF BOTH THE MNR AND THE ADN ARE HAVING DISCIPLINARY PROBLEMS WITHIN THEIR PARTIES. PAZ ESTENSORO'S NEPHEW JAVIER ((CAMPERO)) PAZ, WHOSE FLIRTATION WITH THE MIR IS DESCRIBED IN REFTEL, HAS APPARENTLY BEEN CHASTISED BY THE PRESIDENT, WHO ALLEGEDLY TOLD A RECENT PARTY GATHERING THAT THE ADN, WITH WHICH THE MNR IS ALLIED IN THE "PACT FOR DEMOCRACY," IS MORE CONSISTENT AND LOYAL THAN MANY OF HIS OWN PARTY FAITHFUL.

6. (C) FOR HIS PART, ADN'S BANZER IS ALSO HAVING DISCIPLINARY PROBLEMS. MANY KEY ADN LEADERS STILL OPPOSE THE "PACT FOR DEMOCRACY" AS BEING A VIRTUAL CO-GOVERNMENT, AND WANT TO SPARE THE ADN FROM POPULAR BLAME FOR THE NEGATIVE IMPACT OF THE ECONOMIC RECOVERY PROGRAM AND ESPECIALLY THE NEW TAX REFORMS, EVEN THOUGH BOTH ARE BASICALLY OF ADN ORIGIN. THESE PEOPLE, MANY OF WHOM ARE PERSONALLY CLOSE TO BANZER BUT DO NOT IDENTIFY MUCH WITH THE ADN, WERE HOPING TO USE THE MNR'S

ANTICIPATED FAILURE TO KEEP ITS PLEDGE ON THE CONGRESSIONAL LEADERSHIP ISSUE AS AN EXCUSE TO DEMAND THAT THE ADN PULL OUT OF THE PACT. EVEN THOUGH THEIR FEARS/HOPES WERE NOT REALIZED, THEY ARE STILL LOBBYING WITH BANZER TO PULL OUT AND LEAVE PAZ HOLDING THE BAG. THEIR SHORT TERM OBJECTIVE SEEMS TO BE SIMPLY TO RUIN THE MNR; THEY APPARENTLY PLACE A LOWER PRIORITY ON THE LONG TERM CONSEQUENCES OF SUCH AN ACT OR ON CONSIDERATIONS OF THE POSSIBLE ALTERNATIVES TO THE PAZ GOVERNMENT. ACCORDING TO AN EMBASSY SOURCE WHO IS PERSONALLY CLOSE TO BANZER, THE GENERAL IS NOT SWAYED BY THE "BANZERITES" ARGUMENTS AND WANTS TO PRESERVE THE PACT AS WELL AS THE ECONOMIC PROGRAM. BANZER IS IN LA PAZ THIS WEEK, OSTENSIBLY TO MEET WITH WEST GERMAN OFFICIALS ON PROJECTS OF INTEREST TO HIS NATIVE SANTA CRUZ REGION. WE EXPECT, HOWEVER, THAT HE WILL MEET PRIVATELY WITH PAZ, AND THAT THE TWO WILL RESOLVE MANY OF THE PENDING ISSUES DESCRIBED ABOVE OVER THE HEADS OF THEIR PARTY "FAITHFUL."

(DRAFTED BY: POL: WLOFSTROM) ROWELL
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E.O. 12356: N/A
TAGS: PGOV
SUBJECT: TEXT OF NEWSPAPER ARTICLE "NEOLIBERALISM IN
-- RETREAT"

THE FOLLOWING IS A TRANSLATION OF NEWSPAPER ARTICLE
"NEOLIBERALISMO EN RETIRADA" WHICH APPEARED IN EL MIAMI
HERALD, MAY 14, 1986.

BEGIN TRANSLATION

NEOLIBERALISM IN RETREAT

NEOLIBERALISM HAS FAILED IN THE LATIN AMERICAN COUNTRIES
THAT HAVE TRIED TO APPLY IT. THE ARGENTINE EXPERIMENT
LED BY THE GENERALS OF THE DICTATORSHIP (NOW TRIED AND
JAILED), ENDED IN THE MALVINAS CATASTROPHE, LEAVING A
FEARFUL CRIMINAL RECORD AND AN ECONOMY IN RUINS. IN
CHILE, GENERAL AUGUSTO PINOCHET, SURROUNDED BY A GENERA-
TION OF DISCIPLES OF THE NOBEL PRICE-WINNING CHICAGO
SCHOOL, ALSO FAILED TO ACHIEVE A MIRACLE, EXCEPT THAT OF
INDUSTRIAL COLLAPSE AND HIGH UNEMPLOYMENT AND AT THE
EXPENSE OF SOCIAL EXPECTATIONS WHICH WERE SACRIFICED AND
POSTPONED IN ORDER TO EXPEDITE THE ECONOMIC PLAN. OTHER
EXAMPLES OF NEOLIBERALISM, LIKE THE MILITARY REGIME IN
URUGUAY OR THE PERUVIAN DEMOCRACY OF BELAUNDE TERRY, LESS
RADICAL IN PRINCIPLE, ALSO FAILED TO ACHIEVE POSITIVE
RESULTS.

DESPITE THIS UNPROMISING HISTORY, ECUADOR HAS MADE A LAST
MINUTE ATTEMPT AT NEOLIBERALISM WITH THE ELECTORAL
TRIUMPH OF THE CURRENT PRESIDENT, LEON FEBRES CORDERO.
THE ECUADOREAN MODEL HAS FOLLOWED POLITICAL AUTHORITAR-
IANISM--EMULATING ITS PREDECESSORS--BUT MOVED CAUTIOUSLY
AND SLOWLY IN THE ECONOMIC FIELD: STATE PARTICIPATION IN
THE ECONOMY HAS BEEN PARSIMONIOUSLY DISMANTLED, PRICE
CONTROLS AND SUBSIDIES HAVE BEEN ELIMINATED, BUT IMPORT
TARIFF REDUCTIONS HAVE COME SLOWLY IN THE FACE OF THE
THREATENED NATIONAL INDUSTRIES' FIRM BUT SILENT ATTEMPTS
TO DEFEND THEMSELVES. THE REGIME HAD MAINTAINED THE
ECONOMY BUT HAD FAILED TO ACHIEVE SPECTACULAR RESULTS.
WHEN THE NEOLIBERAL FOUNDATION WAS STILL BEING LAID, IT
COLLAPSED ABRUPTLY DUE TO THE CATASTROPHIC FALL IN THE
PRICE OF PETROLEUM.

THE LATE NEOLIBERALS MAINTAIN THAT EXTERNAL, INEXPLICABLE
FORCES HAVE ALWAYS CAUSED NEOLIBERALISM'S MISFORTUNE BY
FORCING THEM TO BEFORE THE HARSH TOWNS OF THE MARKET
IMPOSE THE FREE PLAY OF MARKET FORCES WHICH, WITHOUT
REGULATION OR IMPLIMENTS, WOULD MIRACULOUSLY FOSTER
PRODUCTION STOP INFLATION, CORRECT ALL DISTORTIONS AND,
COINCIDENTALLY, END THE POLITICAL FUTURE OF LEFTISTS,

WHETHER ORANGE OR RED. IN CHILE, THE MODEL FAILED DUE TO
THE FALL IN THE PRICE OF COPPER; IN ARGENTINA, DUE TO THE
FALL IN GRAIN AND BEEF PRICES; IN OTHER COUNTRIES, DUE TO
THE RISE IN THE PRICE OF PETROLEUM; AND IN ECUADOR, DUE
TO THE FALL IN THE PRICE OF PETROLEUM.

NEVERTHELESS, WHAT NEOLIBERAL THEORISTS CONSIDER STRANGE,
ACCIDENTAL, BAD LUCK IF YOU WILL, IS THE ESSENTIAL
REALITY OF LATIN AMERICA: ITS DEPENDENCY. THESE COUN-
TRIES CANNOT ORGANIZE THEMSELVES BASED ON THE . . .
FREE AND HAPPILY IN THE ENTIRE PLANET. REALITY BELIES
THIS THEORY: POWERFUL INTERNATIONAL POLITICAL FORCES
IMPOSE HIGH PRICES ON MANUFACTURED GOODS AND TECHNOLOGY,
LOW PRICES ON RAW MATERIALS, MARKET CONTROLS AND PROTEC-
TIONIST TRADE BARRIERS, WHILE DEMANDING UNRESTRICTED
COMMERCE WITH THEIR DEPENDENTS.

STATE INTERVENTION IN THE ECONOMY IS NOT A REJECTION OF
PRIVATE ENTERPRISE NOR DOES IT SHOW AN OBSTINATE AND
FANATICAL HOSTILITY TOWARD FOREIGN CAPITAL. IT IS
NECESSARY TO PROTECT THE ECONOMIC ENVIRONMENT OF EACH
COUNTRY, ITS INDUSTRY AND PRODUCTION, IN A WORLD FULL OF
GREED. IN DOMESTIC AFFAIRS, STATE INTERVENTION NARROWS
THE GAP BETWEEN AFFLUENCE AND POVERTY, CONTROLS MONOPO-
LIES AND CURBS EXAGGERATED POWER, IN ORDER TO ACHIEVE A
SAFER AND MORE JUST SOCIETY.

IN ITS RETREAT, NEOLIBERALISM HAS ALSO DAMAGED THE
STRATEGY OF THE INTERNATIONAL MONETARY FUND (IMF),
CUSTODIAN OF INTERNATIONAL FINANCE, WHICH HAS IMPOSED
CRIPPLING CONDITIONS ON DEBTOR COUNTRIES TO COLLECT THE
ENORMOUS EXTERNAL DEBT OF MILLIONS AND MILLIONS OF
DOLLARS. THESE CONDITIONS FAILED TO BRING ORDER TO THE
ECONOMIES OF DEBTOR NATIONS; INSTEAD, THE DEBT AND SOCIAL
UNREST GREW IN ALMOST EVERY COUNTRY.

NEOLIBERALISM HAS NOT FAILED BY ACCIDENT. ITS FAILURE
HAS RESULTED FROM A DELIRIOUS ANALYTICAL FANTASY. IT IS
THEREFORE NOT SURPRISING THAT DEBTOR COUNTRIES ARE SEEKING
ALTERNATE PLANS, LIKE THE ECONOMIC PROGRAM OF BRAZIL, THE
MOST DEBT-RIDDEN COUNTRY IN THE WORLD. BRAZIL'S CONSER-
VATIVE GOVERNMENT, IGNORING THE RULES OF THE MARKETPLACE
AND IMF ADVICE, STOPPED CHRONIC INFLATION WITH A POLITICAL
DECISION.

BRAZIL IS AN EXAMPLE, PERHAPS THE MOST SPECTACULAR, THAT
NEOLIBERALISM'S FAILURE WILL DEMAND THE RETURN OF RATION-
ALISM, REALITY, AND, IF YOU WILL, PATRIOTISM, TO THE
ECONOMIC ANALYSIS OF LATIN AMERICA, SIGNALING A RETREAT
FROM THE FANTASIES THAT CONFUSE NATIONALISM WITH TOTALI-
TARIANISM OR WITH SYSTEMS EQUALLY FAR FROM OUR TRADITION.

END TRANSLATION.

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SUBJECT: PUBLIC AFFAIRS GUIDANCE (PAG) - BLAST FURNACE (U)

- A. USCINCSO 302130Z JUN 86
- B. AMEMB LA PAZ 012004Z JUL 86
- C. USCINCSO 022007Z JUL 86
- D. SECDEF 071650Z JUL 86
- E. AMEMB LA PAZO 071650Z JUL 86

F. PHONE CON BETWEEN LTC TAYLOR, OASD-PA, AND MR. HOFFMAN, AMEMB LA PAZ, 8 JUL 86.

1. (U) REF A WAS USCINCSO'S PROPOSED PAG FOR BLAST FURNACE. REF B WAS AMEMB LA PAZ'S PROPOSED PAG FOR BLAST FURNACE. REF C RESCINDED REF A AND MODIFIED AND CONCURRED WITH REF B. REF D PROPOSED MODIFYING AND COMBINING REFERENCES A AND B. REF E PROPOSED ADDITIONAL CHANGES TO REF B.

2. (U) PER PHONE CONVERSATION (REF F), THE PROPOSED PAG IN REF E, HAS BEEN INCORPORATED INTO THE REF D, AND IS SUBMITTED FOR COMMENTS/CONCURRENCE. TWO QUESTIONS STILL REQUIRE ANSWERS, Q'S 10 AND 20. REQUEST USCINCSO COORDINATE AND PROVIDE THEATRE/EMBASSY COORDINATED COMMENTS AND/OR CONCURRENCE TO: OASD-PA-DPL NLT 1300 HRS EDT, 9 JUL 86. COMMENTS WILL BE CONSOLIDATED AND INCORPORATED INTO THIS GUIDANCE AND THE RESULTING PAG WILL BE STAFFED WITHIN THE DOD, WITH DOS AND DEA. ONCE COORDINATED AND APPROVED, FINAL PAG WILL BE TRANSMITTED TO ALL ADDRESSES.

3. (C) PROPOSED PUBLIC AFFAIRS POLICY: PUBLIC AFFAIRS FOR OPERATION BLAST FURNACE WILL BE IN TWO PHASES. BOTH PHASES WILL BE PASSIVE, LOW KEY. THE FIRST PHASE WILL BE USED IN RTQ AFTER THE ARRIVAL OF THE HELICOPTERS IN BOLIVIA BUT PRIOR TO COMMENCEMENT

OF OPERATIONS. THE SECOND PHASE WILL BE USED IN RTQ AFTER THE COMMENCEMENT OF OPERATIONS. PROPOSED GUIDANCE FOLLOWS:

A. PHASE I - PRE-OPERATIONS (ARRIVAL/SETUP)

Q1. AMERICAN HELICOPTERS HAVE BEEN SEEN IN BOLIVIA. WHAT ARE THEY DOING THERE?

A1. THESE HELICOPTERS ARE ON TEMPORARY LOAN TO THE BOLIVIAN GOVERNMENT AT THAT GOVERNMENT'S REQUEST.

Q2. IS THE U.S. PRESENCE HERE RELATED TO THE EXERCISE THAT WAS HELD IN APRIL?

A2. NO.

Q3. HOW MANY HELICOPTERS?

A3. (GIVE NUMBER DEPLOYED WHEN KNOWN.)

Q4. WILL U.S. PILOTS FLY THE HELICOPTERS?

A4. YES.

Q5. DO THE HELICOPTERS OR CREWMEMBERS HAVE WEAPONS.

A5. IT IS STANDARD POLICY THAT U.S. MILITARY PERSONNEL DEPLOYING HAVE THEIR NORMALLY ASSIGNED WEAPONS AND EQUIPMENT WITH THEM. BEYOND THAT WE DO NOT DISCUSS RULES OF ENGAGEMENT FOR SECURITY REASONS.

Q6. WHAT EXACTLY ARE THE HELICOPTERS DOING?

A6. THEIR USE IS BEING DETERMINED BY BOLIVIAN AUTHORITIES. WE UNDERSTAND BOLIVIAN AUTHORITIES MAY PROVIDE FURTHER DETAILS "NEXT WEEK" (JULY 14-18).

Q7. CAN MEDIA COVER THIS OPERATION?

A7. ANY MEDIA WISHING TO COVER THIS SHOULD CONTACT USIS IN LA PAZ, BOLIVIA, TELE 005912-35-0120.

Q8. WHERE WILL THE HELICOPTERS BE USED?

A8. WE DON'T DISCUSS OPERATIONAL DETAILS. (ALSO SEE A6).

Q9. HOW LONG WILL THE AIRCRAFT BE IN BOLIVIA?

A9. THEY ARE IN BOLIVIA FOR A LIMITED, BUT YET-TO-BE-DETERMINED, PERIOD.

Q10. WHERE ARE THE HELICOPTERS AND CREWS FROM?

A10. THEY ARE ASSIGNED TO (USCINCSO PLEASE PROVIDE ANSWER.)

Q11. WHAT UNIT OWES THE AIRCRAFT THAT TRANSPORTED THE HELICOPTERS AND CREWS TO BOLIVIA?

A11. THE TRANSPORT AIRCRAFT BELONG TO THE U.S. MILITARY AIRLIFT COMMAND. (REFER ANY QUERIES CONCERNING MAC ASSETS TO MAC PUBLIC AFFAIRS COMMERCIAL 618-256-4502 DURING DUTY HOURS AND 618-256-3325.

B. PHASE-II OPERATIONS (TO BE USED IN RTQ ONLY AFTER THE

AIRCRAFT HAVE COMMENCED ANTI-NARCOTICS OPERATIONS.)

(1) STATEMENT: "ON (DATE), A C-5A TRANSPORT PLANE LANDED AT VIRU-VIRU AIRPORT IN SANTA CRUZ CARRYING (NUMBER) UH-60 HELICOPTERS BELONGING TO THE U.S. ARMY. THESE AIRCRAFT, ALONG WITH NECESSARY SUPPORT PERSONNEL, ARE HERE BECAUSE THE BOLIVIAN GOVERNMENT HAS ASKED THE UNITED STATES FOR LOGISTICAL SUPPORT FOR ANTI-NARCOTICS OPERATIONS. THESE OPERATIONS ARE BEING CONDUCTED UNDER THE DIRECTION OF THE BOLIVIAN GOVERNMENT. THE HELICOPTERS WILL HAVE U.S. AND BOLIVIAN CREWS. APPROXIMATELY 160 AMERICANS WILL BE PRESENT, INCLUDING PILOTS AND TECHNICAL SUPPORT PERSONNEL SUCH AS MECHANICS. ON-THE-GROUND OPERATIONS ARE BEING DIRECTED BY BOLIVIAN NATIONAL POLICE ANTI-NARCOTICS UNIT (UMOPAR). THE UNITED STATES IS PROVIDING THESE HELICOPTERS ON A TEMPORARY BASIS AT THIS TIME IN ORDER TO BE HELPFUL TO THE BOLIVIAN GOVERNMENT'S ANTI-NARCOTICS PROGRAMS. THE BOLIVIAN GOVERNMENT HAS REPEATEDLY INDICATED THAT IT WOULD LIKE TO HAVE THIS KIND OF HELICOPTER SUPPORT IN ORDER TO MOUNT EFFECTIVE ENFORCEMENT AND INTERDICTION OPERATIONS. BECAUSE RESPONSIBILITY FOR THE OPERATIONS BELONGS TO THE GOVERNMENT OF BOLIVIA, ANY FURTHER QUESTIONS SHOULD BE DIRECTED TO THEIR MINISTRY OF THE INTERIOR.

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(2) QUESTIONS AND ANSWERS:

Q12. WHAT ARE THE U.S. HELICOPTERS AND PERSONNEL DOING IN BOLIVIA?

A12. THEY ARE IN BOLIVIA ON A TEMPORARY BASIS AT THE REQUEST OF THE BOLIVIAN GOVERNMENT TO PROVIDE LOGISITICAL SUPPORT FOR ANTI-NARCOTICS OPERATIONS.

Q13. WHERE WILL THE HELICOPTERS BE OPERATING WHILE HERE IN BOLIVIA?

A13. IN ORDER TO ENSURE THE SECURITY AND SUCCESS OF THE OPERATIONS PLANNED BY THE BOLIVIAN GOVERNMENT, WE CANNOT PROVIDE INFORMATION AS TO THE WHEREABOUTS OF THE HELICOPTERS UNTIL THE OPERATIONS HAVE CONCLUDED.

Q14. HOW LONG WILL THE HELICOPTERS REMAIN IN BOLIVIA?

A14. THE HELICOPTERS WILL BE HERE FOR A LIMITED AMOUNT OF TIME;

AS YET, THE EXACT DURATION HAS NOT BEEN DETERMINED.

Q15. HOW MANY AMERICANS WILL TAKE PART IN THESE OPERATIONS?

A15. APPROXIMATELY 160 AMERICANS WILL ACCOMPANY THE HELICOPTERS. THIS NUMBER INCLUDES PILOTS AND TECHNICAL SUPPORT PERSONNEL, SUCH AS MECHANICS.

Q16. HOW MUCH WILL IT COST TO BRING THE HELICOPTERS TO BOLIVIA

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THE BOLIVIAN MINISTRY OF THE INTERIOR FOR DETAILS.

Q20. ARE THESE HELICOPTERS/CREWS IN DANGER DURING THESE OPERATIONS?

A20. (REQUEST USCINCSO/AMEMB LAPAZ SUPPLY ANSWER AND RATIONALE).

4. (U) OASD (PA) POC FOR PLANNING, LTC BOB TAYLOR, A/V 227-1254.

DECL: OADR

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AND WHO WILL PAY FOR IT?

A16. A SEPARATE CALCULATION FOR THE COST OF THIS OPERATION HAS NOT YET BEEN MADE. HOWEVER, THE COST FOR TRANSPORTATION TO AND FROM BOLIVIA AND MAINTENANCE WHILE HERE IN THE COUNTRY, INCLUDING FUEL COSTS, WILL BE COVERED BY THE UNITED STATES GOVERNMENT. THERE WILL BE NO COST TO THE GOVERNMENT OF BOLIVIA

FOR U.S. SUPPORT.

Q17. WHY IS THE UNITED STATES PROVIDING THESE HELICOPTERS AT THIS TIME?

A17. THE UNITED STATES HAS REPEATEDLY EXPRESSED ITS DESIRE TO BE AS HELPFUL TO THE BOLIVIAN GOVERNMENT'S ANTI-NARCOTICS PROGRAMS AS OUR RESOURCES WILL ALLOW. THE BOLIVIAN GOVERNMENT HAS REPEATEDLY INDICATED THAT IT WOULD LIKE TO HAVE THIS KIND OF HELICOPTER SUPPORT IN ORDER TO MOUNT EFFECTIVE ANTI-NARCOTICS ENFORCEMENT/INTERDICTION OPERATIONS. SINCE WE SHARE THE BOLIVIAN GOVERNMENT'S VIEW THAT SUCH OPERATIONS ARE VITAL IF NARCOTICS TRAFFICKING IS TO BE ELIMINATED FROM BOLIVIAN NATIONAL TERRITORY, WE ARE PROVIDING THE HELICOPTERS AT THIS TIME, ON A TEMPORARY BASIS.

Q18. WHO WILL BE IN CHARGE OF THIS OPERATION?

A18. THE ENTIRE OPERATION IS UNDER THE DIRECTION OF THE BOLIVIAN GOVERNMENT. THE HELICOPTERS WILL HAVE U.S. AND BOLIVIAN CREWS. THE UNITED STATES IS ALSO PROVIDING TECHNICAL AND MAINTENANCE SUPPORT FOR THE HELICOPTERS FOR THE DURATION OF THE OPERATION.

Q19. WHAT ELSE CAN YOU TELL US SPECIFICALLY ABOUT THE OPERATIONS?

A19. BECAUSE THE OPERATIONS ARE BEING CONDUCTED UNDER THE DIRECTION OF THE BOLIVIAN GOVERNMENT, I SUGGEST THAT YOU CONTACT

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OPERATIONAL CONCEPT AS OUTLINED BY THE AMBASSADOR EARLIER
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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: BL, SNAR, MARR, PREL, PGOV
SUBJECT: OPERATION BLAST FURNACE: PRESIDENT GIVES
STRONG APPROVAL BUT INSISTS ON CONSTITUTIONAL
FIGLEAF

REF: LA PAZ 5685 DTG 082354Z JUL 86

1. ~~SECRET~~-ENTIRE TEXT.

PRESIDENT APPROVES BLAST FURNACE AS CURRENTLY PROPOSED

2. AMBASSADOR (ACCOMPANIED BY DCM BIGGS, CHUSMILGP
COL. BROWN AND ACTING DEA CHIEF BRADLEY) MET AT 9:30 P.M.
JULY 8 WITH MINISTERS OF INTERIOR, FOREIGN RELATIONS
AND DEFENSE. MEETING WAS AT INTERIOR MINISTRY. THE
MINISTERS HAD JUST COME FROM A TWO-HOUR SESSION WITH
PRESIDENT PAZ ESTENSORRO WHICH HAD BEEN CONVENED
IMMEDIATELY FOLLOWING THE AMBASSADOR'S PRESENTATION TO
THE PRESIDENT EARLIER THAT EVENING (REFTEL).

3. THE MINISTERS SAID PRESIDENT PAZ HAD INSISTED THAT
BLAST FURNACE MUST GO FORWARD AS SCHEDULED. THE OVERALL

4. THE MINISTERS SAID THAT UNDER BOLIVIA'S CONSTITUTION
FOREIGN MILITARY OPERATIONS IN BOLIVIA MUST HAVE PRIOR
CONGRESSIONAL CONSENT. TO AVOID THE NEED FOR SUCH
CONSENT, IT WILL BE NECESSARY TO SHOW THAT BLAST FURNACE
IS UNITED STATES SUPPORT FOR BOLIVIAN POLICE ACTION
AGAINST "COMMON CRIMINALS", THAT IS, DRUG TRAFFICKERS.
ALL THE COORDINATION WILL HAVE TO BE THROUGH THE
MINISTRY OF INTERIOR. THE FACT THAT THE U.S. ASSISTANCE
COMES FROM THE U.S. ARMED FORCES WILL NOT BE DENIED,
BUT IT MUST BE DOWN-PLAYED IN TERMS OF PUBLIC APPEARANCES
INSIDE BOLIVIA. DIRECT COMMUNICATION WITH THE BOLIVIAN
MILITARY WILL BE HELD TO A MINIMUM AND WILL BE CONFINED
TO THE BOLIVIAN AIR FORCE WHICH IS PROVIDING FACILITATIVE
ASSISTANCE AT SANTA CRUZ AND TRINIDAD. THERE WILL
BE NO FURTHER DIRECT DISCUSSION WITH THE BOLIVIAN ARMY
ON BLAST FURNACE. HOWEVER, THE BOLIVIAN ARMY WILL
CONTINUE ITS RESERVE SUPPORT ROLE; THAT IS, IF THE
BOLIVIAN "UMOPAR" POLICE UNITS OPERATING AGAINST
TRAFFICKERS WITH OUR HELICOPTER SUPPORT RUN INTO A
SITUATION WHERE THEY NEED SPECIAL REENFORCEMENT, THE
BOLIVIAN ARMY WILL PROVIDE THAT REENFORCEMENT JUST AS
IT ALWAYS HAS.

REVISED LEGAL FRAMEWORK

5. GIVEN THE NEED TO AVOID A FORMAL MILITARY CHARACTER
TO THE OPERATION, THE PRESIDENT AND FOREIGN MINISTER
SUGGEST THAT THE LEGAL BASIS AND LEGAL PROTECTION FOR
U.S. FORCES AND MATERIEL TAKE THE FORM OF AN EXCHANGE
OF NOTES IN WHICH:

A. THIS EMBASSY INFORMS THE BOLIVIAN GOVERNMENT
THAT WE PROPOSE TO PROVIDE HELICOPTER SUPPORT WITH
ACCOMPANYING PERSONNEL FOR THE BOLIVIAN POLICE AS
PREVIOUSLY REQUESTED BY THE BOLIVIAN GOVERNMENT, AND
THAT DURING THE PERIOD THE U.S. SUPPORT IS IN BOLIVIA
IT WILL BE CONSIDERED PART OF THE BILATERAL COOPERATION
MISSIONS ATTACHED TO THE UNITED STATES EMBASSY AND WILL
HAVE ALL THE PRIVILEGES AND IMMUNITIES OF THOSE MISSIONS.

B. THE BOLIVIAN FOREIGN MINISTRY WILL IMMEDIATELY
REPLY ACCEPTING AND APPROVING THE PROPOSAL.

6. THIS FORMULATION WOULD GIVE U.S. PERSONNEL AND
MATERIEL FULL PROTECTION AS CURRENTLY ACCORDED TO THE
U.S. MILITARY GROUP UNDER THE BILATERAL AGREEMENTS OF
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BY *FW* NARA DATE 10/3/17

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1956. WE ARE DRAFTING THE NOTE NOW, WILL PRESENT IT
TO THE FOREIGN MINISTER EARLY JULY 9 AND EXPECT TO HAVE
HIS REPLY LATE THE SAME DAY.

PUBLIC AFFAIRS GUIDANCE

7. THE BOLIVIAN GOVERNMENT PREFERS TO TAKE EXCLUSIVE
RESPONSIBILITY FOR PUBLIC AFFAIRS, AT LEAST IN THE
INITIAL STAGES. THEREFORE:

-- THERE WILL BE NO RPT NO PUBLIC AFFAIRS STATEMENT AND
NO/NO RESPONSE TO ANY PRESS INQUIRIES DURING THE
INITIAL DEPLOYMENT OF THE HELICOPTERS (JULY 11-13).

-- THERE WILL BE NO/NO U.S. PUBLIC AFFAIRS OFFICER AT
VIRU VIRU AIRPORT IN SANTA CRUZ DURING THAT PERIOD.
U.S. PERSONNEL WILL REMAIN CONFINED WITH THEIR
EQUIPMENT IN A FAR CORNER OF THE AIRPORT WHERE THEY
WILL PREPARE THE HELICOPTERS. BOLIVIAN SECURITY
WILL ASSURE THAT NO PRESS OR OTHERS APPROACH THE
U.S. WORKING AREA.

-- THE BOLIVIAN GOVERNMENT WILL MAKE A VERY BRIEF
ANNOUNCEMENT AFTER OPERATIONS HAVE COMMENCED SAYING
THAT IN RESPONSE TO BOLIVIAN REQUESTS THE UNITED
STATES GOVERNMENT IS PROVIDING LOGISTICAL SUPPORT
TO THE BOLIVIAN NATIONAL POLICE SO THAT THE POLICE
CAN CARRY OUT ACTIONS AGAINST PERSONS ENGAGING IN
COMMON CRIMES, THAT IS, NARCO-TRAFFICKERS.

MARKINGS

8. IN ORDER TO DOWN-PLAY THE FACT THAT THE U.S. SUPPORT
COMES FROM MILITARY SOURCES, THE BOLIVIANS INSIST THAT THE
U.S. ARMY IDENTIFICATION ON THE HELICOPTERS BE COVERED
WHILE THE HELICOPTERS ARE IN URBAN CENTERS. THE STAR
MARKING IDENTIFYING THE HELICOPTERS AS BELONGING TO THE
U.S. NEED NOT/NOT BE COVERED. THIS MEANS THAT THE WORDS
"U.S. ARMY" MUST BE COVERED OVER BEFORE THE HELICOPTERS
ARE UNLOADED AT VIRU VIRU. THE COVERS MAY BE REMOVED
WHILE THE HELICOPTERS ARE AT THE ADVANCED OPERATIONS
BASE AND WHILE SUPPORTING THE UMAPAR IN ITS FIELD
OPERATIONS. IF ANY HELICOPTERS MUST COME IN TO TRINIDAD
FOR MAINTENANCE, THE U.S. ARMY IDENTIFICATION MUST BE
COVERED OVER BEFORE ARRIVING IN TRINIDAD.

WEAPONS

9. NO/NO WEAPONS ARE TO BE DISPLAYED BY U.S. PERSONNEL
WHILE IN URBAN CENTERS (SANTA CRUZ AND TRINIDAD AIRPORTS).
THERE IS NO/NO OBJECTION TO CARRYING PERSONAL WEAPONS
IN THE NORMAL FASHION AT THE ADVANCED FIELD SITE AND
DURING OPERATIONS.

10. M-60 MACHINE GUNS: DURING THE PRESENTATION TO
THE PRESIDENT THE AMBASSADOR EMPHASIZED THAT MACHINE
GUNS WOULD BE MOUNTED ON THE HELICOPTERS AND WOULD BE
MANNED BY U.S. PERSONNEL PURELY FOR SELF-DEFENSE PURPOSES.
THE AMBASSADOR OUTLINED THE RESTRICTIVE AND PURELY
DEFENSIVE NATURE OF THE RULES OF ENGAGEMENT WHICH
EMPHASIZE WITHDRAWING THE HELICOPTERS AND PERSONNEL
ON BOARD FROM AREAS IN WHICH ANY HOSTILE FIRE IS
ENCOUNTERED. NO/NO OBJECTION HAS BEEN RAISED TO HAVING
U.S. PERSONNEL MAN THE MACHINE GUNS.

11. THE INTERIOR MINISTER EMPHASIZED THAT IN ALL PREVIOUS
OPERATIONS AGAINST TRAFFICKER BASES IN NORTH EASTERN
BOLIVIA THE PEOPLE AT THE BASES HAD FLED OR SURRENDERED,
BUT NEVER RESISTED. HE ACKNOWLEDGED, HOWEVER, THAT IN
AN OPERATION AS WIDE-RANGING AND LENGTHY AS BLAST FURNACE
WE HAVE TO BE PREPARED FOR ALL CONTINGENCIES.

SUCCESS AS ESSENTIAL FOR BOLIVIANS AS FOR US

12. THE MINISTERS EMPHASIZED THAT SUCCESS -- MEANING
SIGNIFICANT SEIZURES AND/OR DESTRUCTION OF DRUGS, DRUG
MANUFACTURING EQUIPMENT, NARCO-TRAFFICKER TRANSPORT AND
COMMUNICATIOS EQUIPMENT, AND ARRESTS -- ARE ESSENTIAL FOR
POLITICAL REASONS IN BOLIVIA AS WELL AS FOR THE WAR
AGAINST DRUGS. ALTHOUGH THE CIVILIAN POLICE ASPECTS OF
THE OPERATION ARE EMPHASIZED, THE MINISTERS ALL
EXPECT TO BE INTERROGATED BY THE BOLIVIAN CONGRESS
REGARDING BLAST FURNACE WHEN THE CONGRESS RECONVENES

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DTG: 091423Z JUL 86 PSN: 074521

AUGUST 6. IF BY THAT TIME THERE HAVE BEEN IMPORTANT
BT

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DIA FOR IR BRANCH; USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: BL, SNAR, MARR, PREL, PGOV
SUBJECT: OPERATION BLAST FURNACE: PRESIDENT GIVES

SUCCESSSES, THE MINISTERS WILL BE IN A POSITION TO
SQUELCH COMPLAINTS BY IMPLYING THAT ANYONE COMPLAINING
MAY BE IN THE PAY OF THE TRAFFICKERS. BUT IF THEY CANNOT
SHOW IMPORTANT RESULTS, THEIR POLITICAL DEFENSE WILL BE
MORE PRECARIOUS.

13. IN THIS REGARD THE PRESIDENT TWICE ASKED THE
AMBASSADOR FOR ASSURANCE THAT WE (DEA) ARE CONFIDENT
WE HAVE GOOD TARGETS AGAINST WHICH TO OPERATE. THE
AMBASSADOR ASSURED HIM THAT WE HAVE AT LEAST NINE VERY
GOOD TARGETS AND AT LEAST 26 OTHER PROMISING TARGETS.
THE MINISTER OF INTERIOR AT THE LATER MEETING ASKED FOR
AND RECEIVED SIMILAR ASSURANCES.
ROWELL
BT

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PLEASE PASS TO DEPT OF LABOR FOR ILAB

E.O. 12356: DECL: OADR
TAGS: BL, ELAB, PGOV, ICFTU
SUBJECT: GOVERNMENT CONFUSION RESULTS IN ERRONEOUS
ACCUSATION AGAINST AIFLD

REF: LA PAZ 5521 DTG 021402Z JUL 86

1. (C) ON JULY 11 BOLIVIA'S FOREIGN MINISTER GUILLERMO BEDREGAL COMPLAINED TO THE AMBASSADOR THAT THE AMERICAN INSTITUTE FOR FREE LABOR DEVELOPMENT (AIFLD) HAD HELPED FUND A JUNE 30 ANTI-GOVERNMENT MARCH (REFTEL) AND A PENDING BOLIVIAN WORKERS' CENTRAL (COB) PLEBISCITE ON GOVERNMENT ECONOMIC POLICY (REFTEL). IN RESPONSE TO THE AMBASSADOR'S REQUEST FOR "PROOF" OF THESE ALLEGATIONS, THE FOREIGN MINISTER SENT EMBASSY A COPY OF AN APRIL 21, 1986, LETTER FROM MANUEL MENACHEM TOPEL, DIRECTOR OF THE LATIN AMERICAN SOCIO-ECONOMIC PROJECTS DEPARTMENT FOR THE INTERAMERICAN DIVISION (ORIT) OF THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU) TO GENARO FLORES, THE EXECUTIVE SECRETARY OF THE SOLE SYNDICAL CONFEDERATION OF BOLIVIAN PEASANT WORKERS (CSUTCB). IN THE LETTER, TOPEL WRITES "I HOPE THAT BY THE TIME THAT YOU RECEIVE THIS LETTER, YOU WILL HAVE RECEIVED THE CONTRIBUTION FOR THE EDUCATIONAL PROGRAM, AFTER THE DELAYS AND INCONVENIENCES THAT HAVE OCCURRED." THE GOVERNMENT APPARENTLY BELIEVED THAT ORIT IS AN AIFLD INSTRUMENT RATHER THAN PURELY AND SIMPLY A PART OF THE ICFTU.

2. (C) ON JULY 14 THE AMBASSADOR DELIVERED TO BEDREGAL ON A STRICTLY CONFIDENTIAL BASIS THE FOLLOWING MEMORANDUM. BEDREGAL EXPRESSED APPRECIATION AND SAID HE WOULD GET IT TO PRESIDENT PAZ ESTENSORO (APPARENTLY THE SOURCE OF BEDREGAL'S INITIAL COMPLAINT). TEXT OF EMBASSY MEMORANDUM (PLEASE NOTE THAT THE ICFTU SPANISH ACRONYM IS CIOSL):

"CIOSL AND ITS LATIN AMERICAN BRANCH, ORIT, ARE INDEPENDENT LABOR BODIES WITH WHICH THE U.S. HAS HAD A LONG AND STORMY RELATIONSHIP. IN PARTICULAR, THE AFL-CIO HAS OBJECTED STRENUOUSLY TO THEIR LEFTIST BIAS AND FOR SEVERAL YEARS IN THE EARLY 1980'S WITHDREW FROM THE ORGANIZATIONS ONLY TO REJOIN IN 1984.

"IN 1981, CIOSL AGREED TO GIVE GENARO FLORES (WHO WAS IN FRANCE AT THE TIME) DOLS 42,000 FOR EDUCATIONAL PROJECTS AND COURSES. IN 1983, THE PROJECT FELL THROUGH BUT WAS REVIVED IN 1984. EVEN THOUGH AIFLD OPPOSED THE GRANT ORIT DECIDED TO GO THROUGH WITH THE PROJECT. IN LATE APRIL - EARLY MAY 1986, AFTER A FIVE-YEAR DELAY, ORIT SENT DOWN THE FIRST INSTALLMENT OF THE GRANT: A CHECK FOR DOLS 12,000 WHICH THE CSUTCB WAS UNABLE TO CASH FOR REASONS UNKNOWN TO US. WE BELIEVE THAT TOPEL CAME TO LA PAZ IN EARLY JUNE WITH AT LEAST PART OF THE MONEY BUT WE HAVE BEEN UNABLE TO FIND OUT HOW MUCH WAS GIVEN TO FLORES OR WHETHER ANY OF IT HAS BEEN SENT.

"THE MONEY IS FOR EDUCATIONAL PROGRAMS, NOT FOR SUPPORTING THE "CONSULTA POPULAR." ANY SUCH USE WOULD BE IN DIRECT VIOLATION OF FLORES' AGREEMENT WITH THE CIOSL-ORIT.

"THE U.S. LABOR AIFLD REPRESENTATIVE IN LA PAZ OPPOSES THE GRANT TO FLORES AS DOES THE EMBASSY."

3. (LOU) WE UNDERSTAND THAT THE FOREIGN MINISTRY SENT INSTRUCTIONS TO AMBASSADOR ILLANES IN WASHINGTON TO COMPLAIN TO WILLIAM DOUGHERTY ABOUT AIFLD'S ALLEGED ACTIVITIES.

4. (LOU) ABOVE MESSAGE WAS COORDINATED WITH AIFLD LA PAZ.

(DRAFTED BY: POL:HO'HARA) ROWELL
BT

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BY RW NARA DATE 5/18/15

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DIA FOR IR BRANCH

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E.O. 12356: DECL: OADR
TAGS: BL, SMAR, MARR, PREL, PGOV
SUBJECT: BLAST FURNACE: IMMEDIATE PRESS ISSUES

REFS: (A) STATE 216620/01 DTG 110036Z JUL 86
(B) LA PAZ 5508 DTG 032008Z JUL 86

SUMMARY

1. (C) WHILE THERE IS COMPLETE AGREEMENT ON THE PART OF THE EMBASSY AS TO THE APPROPRIATENESS AND DESIRABILITY OF BOLIVIAN AUTHORITIES TAKING THE LEAD IN PRESS MATTERS REGARDING BLAST FURNACE, SEVERAL CONVERSATIONS TODAY (JULY 15) WITH BOLIVIAN AUTHORITIES SUGGEST PROBLEMS IN THIS PROCEDURE. EMBASSY WISHES TO ALERT ADDRESSEES TO POTENTIAL SHORTCOMINGS WHICH WE MAY HAVE TO TAKE INTO ACCOUNT, ESPECIALLY IN THE HANDLING OF THE U.S. PRESS, WHICH HAS ALREADY DESCENDED ON US. WE EXPECT FORMAL BOLIVIAN STATEMENT LATE FRIDAY, JULY 18, IN TIME FOR SATURDAY A.M. PAPERS. END SUMMARY.

SHORTCOMINGS IN BOLIVIAN PRESS MECHANISMS

BILITIES AND PROCEDURES AND PASSED HIM A COPY OF OUR PRESS GUIDANCE IN SPANISH, BASED ON STATE 216620. INTERIOR MINISTRY SPOKESMAN CLAIMED THAT, OTHER INFORMATION NOTWITHSTANDING, HIS MINISTRY DID, INDEED, HAVE RESPONSIBILITY FOR DEALING WITH THE PRESS ON BLAST FURNACE MATTERS. UNFORTUNATELY, HE WAS QUITE UNAWARE OF WHAT WAS GOING ON IN THAT REGARD AND WAS UNABLE TO DISCUSS KNOWLEDGEABLY WHAT PLANS THE MINISTRY HAD. THE SPOKESMAN APPEARED NOT TO HAVE ANY MORE KNOWLEDGE ABOUT BLAST FURNACE THAN IN A SIMILAR CONVERSATION A WEEK AGO.

3. (C) EMBASSY PAO ALSO MET WITH THE MINISTER OF INFORMATION ON THE SAME TOPIC. THE MINISTER CLAIMED TO HAVE OVERALL AUTHORITY ON ALL MATTERS PERTAINING TO THE PRESS AND BLAST FURNACE, BUT ADMITTED THAT THE MINISTRY OF INTERIOR WOULD HAVE A ROLE INsofar AS DETAILS WERE CONCERNED. THE PAO DISCUSSED OUR GUIDANCE WITH THE MINISTER, STRESSING THAT WHILE WE AGREE THAT THE BOLIVIAN GOVERNMENT SHOULD TAKE THE LEAD IN PRESS MATTERS, IT IS IMPORTANT THAT WE BE INFORMED WHEN THE FIRST RELEASE OR STATEMENT IS TO BE MADE TO THE PRESS AND WHAT IS TO BE SAID. THE MINISTER AGREED TO COORDINATE, BUT COULD GIVE NO MORE SPECIFICS PRIOR TO A MEETING WITH THE MINISTER OF INTERIOR LATE TODAY (JULY 15) WHEN THEY WILL AGREE ON PROCEDURES.

4. (C) THE INFORMATION MINISTER GIVES REGULAR PRESS BRIEFINGS AT THE PRESIDENTIAL PALACE, AND SUGGESTED THAT IT MIGHT BE APPROPRIATE TO USE THAT OCCASION TO MAKE HIS INITIAL STATEMENT.

CURRENT STATE OF PUBLIC INFORMATION IN BOLIVIA

5. (U) THE JULY 14 ARRIVAL OF THE GALAXY AND ITS DISCHARGE OF SIX HELICOPTERS WITH LIMITED SUPPORT PERSONNEL HAS NOW BEEN REPORTED BY VARIOUS RADIO STATIONS AND THE FOLLOWING NEWSPAPERS: "EL MUNDO" OF SANTA CRUZ (WITH PIX OF THREE HELICOPTERS, THE C-5A AND A C-130), AND LA PAZ DAILIES "HOY" AND "ULTIMA HORA." THE AFTERNOON JULY 15 "ULTIMA HORA" HAS THE LENGTHIEST COVERAGE, REPORTING "OUR COUNTRY BEGAN TO RECEIVE YESTERDAY LOGISTIC SUPPORT FROM THE U.S. GOVERNMENT FOR THE FIGHT AGAINST NARCO-TRAFFICKING." IT STATES THAT IN RESPONSE TO INQUIRIES, INTERIOR MINISTER BARTHELEMY REFUSED TO MAKE ANY STATEMENT; THAT THE CHIEF OF POLICE, GENERAL VARGAS SOTO, CLAIMED NO KNOWLEDGE; AND

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2. (C) EMBASSY INFORMATION OFFICER TALKED WITH THE MINISTRY OF INTERIOR'S PRESS SPOKESMAN ABOUT RESPONSIB-

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DIA FOR IR BRANCH

USCINCSO ALSO FR POLAD

E.O. 12356: DECL: OADR
TAGS: BL, SNAR, MARR, PREL, PGOV
SUBJECT: BLAST FURNACE: IMMEDIATE PRESS ISSUES

THAT AN INQUIRY WITH THE U.S. EMBASSY PRODUCED A
RESPONSE THAT ANY INFORMATION ON THE SUBJECT WOULD
HAVE TO COME FROM BOLIVIAN AUTHORITIES. "ULTIMA
HORA" ALSO SAID THAT ARMED FORCES SOURCES SAID THAT
THEY ARE NOT INVOLVED IN THE ARRANGEMENTS BETWEEN
THE U.S. AND BOLIVIA FOR FIGHTING THE NARCO-
TRAFFICKERS AND THAT THE HELICOPTERS ARE EXCLUSIVELY
FOR USE BY THE BOLIVIAN POLICE.

U.S. PRESS INQUIRIES IN LW
PAZ

6. (LOU) ON JULY 15 THE AMBASSADOR MET WITH THE
FOLLOWING U.S. CORRESPONDENTS: BRADLEY GRAHAM OF
THE "WASHINGTON POST," CARLA ROBBINS OF "U.S. NEWS
AND WORLD REPORT," JUAN DE ONIS OF THE "LOS ANGELES
TIMES," AND PETER MCFARREN, STRINGER FOR UP, NBC
AND "NEWSWEEK." THE ENTIRE CONVERSATION WAS FOR
BACKGROUND GUIDANCE WITH NO RPT NO ATTRIBUTION
("DEEPBACKGROUND"). WHILE REFUSING TO DISCUSS
ANY REPORTED OPERATIONS OR TO RESPOND IN ANY WAY TO
REPORTERS' ASSERTIONS ABOUT THE OPERATION, THE

AMBASSADOR DID BRIEF THE CORRESPONDENTS ON THE
BACKGROUND OF THE NARCOTICS ISSUE IN BOLIVIA,
INCLUDING U.S. GOVERNMENT EFFORTS SINCE 1983 AND THE
GENUINE COMMITMENT OF THE PAZ ESTENSORRO GOVERNMENT.
THE REPORTERS STRESSED TO THE AMBASSADOR THAT THEY
MUST COVER THE CURRENT STORY, AND WOULD ABIDE BY
WHATEVER GROUND RULES THE EMBASSY MIGHT ESTABLISH,
BUT THAT THEY ARE UNDER TREMENDOUS PRESSURE OF
COMPETITION TO REPORT THE STORY. THEY NOTED THAT
8,194.-59, -7975 "THE OPERATION" IS WIDELY KNOWN
IN WASHINGTON MONG JOURNALISTS, AND THAT JOEL
BRINKLEY OF THE "NEW YORK TIMES" IS PLANNING TO
RUN THE STORY WEDNESDAY, JULY 16. THE REPORTERS
EMPHASIZED THAT IF STORIES WITH A WASHINGTON DATE-
LINE BEGIN TO APPEAR, THEY WILL HAVE TO PUBLISH
FROM LA PAZ WHATEVER THEY HAVE, DESPITE THE ABSENCE
OF OFFICIAL USG COMMENT.

7. (U) THROUGH AN INADVERTENCE, THE LINE IN PARA 7
OF REF A HAS BEEN RELEASED BUT NOTHING, REPEAT NOTHING,
ELSE HAS BEEN SAID.

ACTION

8. (C) WE ARE PROPOSING TO THE INTERIOR MINISTER THAT HE
MAKE HIS STATEMENT (PARA 8 OF REF A) LATE FRIDAY AFTER-
NOON, JULY 18 (THAT IS, FOR SATURDAY A.M. PAPERS). HE
WILL HAVE AVAILABLE THE CONTINGENCY Q'S ANBLF'1
PREVIOUSLY PROPOSED (REF B, EXCEPT FIRST Q AND A).
ASSUMING THE MINISTER ACCEPTS THIS SCHEDULE, WE WILL
OFFER THE SAME INFORMATION TO THE U.S. PRESS HERE ON
BACKGROUND ON FRIDAY SO THEY CAN MEET THEIR FRIDAY NIGHT

DEADLINES.

9. (C) SUGGEST THAT APPROPRIATE WASHINGTON OFFICE
CONTACT BRINKLEY AT "THE TIMES" AND SEEK HIS
AGREEMENT TO HOLD THE FULL STORY UNTIL SATURDAY,
JULY 19, IN VIEW OF CURRENT SLIPPAGE IN INITIATION
OF OPERATIONS.

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USCINCARRED FT MCPHERSON GA//PAO// IMMEDIATE
DA WASHDC//SAPA// IMMEDIATE
CSAF WASHDC//SAFPA// IMMEDIATE
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E.O. 12356 DECL OADR
TAGS: SNAR, BL, XM, XR
SUBJECT: OPERATION BLAST FURNACE: PROPOSED ADDITIONAL
GUIDANCE

SUBJECT: OPERATION BLAST FURNACE: PROPOSED ADDITIONAL
GUIDANCE

REFERENCE: (A.) ROWELL/TAYLOR TELECON 07/14/86

1. IN LIGHT OF THE INCREASING NUMBER OF PRESS INQUIRIES THAT HAVE BEEN RECEIVED ON OPERATION BLAST FURNACE, THE NEED FOR CONTINGENCY PRESS GUIDANCE, PARTICULARLY AS CONCERNS DOD ASPECTS IS EVIDENT. THE FOLLOWING UPDATE ON PRESS KNOWLEDGE OF THE OPERATION IS BEING PROVIDED TO POST FOR YOUR INFORMATION. ALSO INCLUDED IS PROPOSED CONTINGENCY GUIDANCE.

2. THE OASD (PA) WAS INFORMED BY MESSAGE FROM AMEMB LA PAZ, PHONECON WITH DOS AND PHONECON WITH USCINCSO PAO THAT NEWS MEDIA, SPECIFICALLY NEWSWEEK AND NBC, HAVE HAD KNOWLEDGE OF THE OPERATION FOR AT LEAST A WEEK. IN FACT,

AN INDIVIDUAL IDENTIFYING HIMSELF AS AN NBC REPORTER FROM NEW YORK INFORMED USCINCSO PAO THAT HE WAS WORKING WITH DOS AND DEA ON THE OPERATION AND REQUESTED THE PAO TO ARRANGE FOR HIM TO ACCOMPANY THE AIRCRAFT TO BOLIVIA. THE PAO DENIED KNOWLEDGE OF THE OPERATION AND SUGGESTED THAT THE REPORTER PURSUE SUCH ARRANGEMENTS WITH DOS AND DEA CONTACTS. ADDITIONALLY, USCINCSO PA WAS CONTACTED TODAY BY A WASHINGTON POST CORRESPONDENT CALLING FROM LA PAZ WHO REQUESTED THAT HE AND TWO OTHER CORRESPONDENTS, (US NEWS AND WORLD REPORT AND LA TIMES) WHO WERE ALSO IN

LA PAZ, BE PLACED ON A STANDBY LIST TO FLY IN THE HELOS DURING THE OPERATION. AGAIN, THE PAO INDICATED THAT HE HAD NOTHING ON THE OPERATION.

3. AS OF THE MORNING OF JULY 14, DEA INDICATED THAT THE LA TIMES AND THE WASHINGTON POST HAD REPORTERS IN LA PAZ TO COVER THE STORY. DEA ALSO INDICATED THAT THEY HAD RECEIVED A CALL OVER THE WEEKEND FROM U.S. NEWS AND WORLD REPORT (MIAMI OFFICE). THE REPORTER WAS EXTREMELY WELL VERSED IN THE DETAILS OF THE OPERATION, AND REPORTED FAIRLY RECENT INFORMATION INCLUDING THE NUMBER OF AMERICANS IN THE OPERATION (BETWEEN 100 AND 140) AND THE FACT THAT THE PLANE WOULD TRAVEL TO TRINIDAD AFTER SANTA CRUZ. WE ARE ALSO AWARE OF THE FACT THAT THE NEW YORK TIMES IS PURSUING THE STORY.

4. DEPARTMENT SUGGESTS THAT DUE TO SPACE RESTRICTIONS ON THE DOD HELICOPTERS REPORTERS NOT BE ALLOWED TO TRAVEL DURING OPERATIONS. IF EMBASSY BELIEVES IT BENEFICIAL TO ENCOURAGE REPORTING OF LAB DESTRUCTIONS AFTER THEY TAKE PLACE, WE SUGGEST THAT GOB OR REPORTERS MAKE ARRANGEMENTS FOR SEPARATE TRANSPORTATION. ALL US AGENCIES WILL REFER MEDIA TRANSPORTATION REQUESTS TO THE GOB.

5. IN VIEW OF THE LIKELIHOOD THAT THE U.S. MEDIA WILL REPORT ON THE OPERATION PRIOR TO THE GOB ANNOUNCEMENT, IT IS IMPERATIVE TO COORDINATE ALL PUBLIC STATEMENTS.

6. THE FOLLOWING IS A SUMMARY OF THE UNDERSTANDING THAT HAS BEEN REACHED BY EMBASSY LA PAZ AND THE WASHINGTON COMMUNITY ON THE SCHEDULE AND NATURE OF PRESS STATEMENTS.

7. IN A REF TELCON BETWEEN AMBASSADOR ROWELL AND ARA TAYLOR, IT WAS REITERATED THAT THE BOLIVIANS WILL TAKE THE LEAD ON PUBLIC STATEMENTS AND HANDLING THE MEDIA. THE AMBASSADOR CONFIRMED THAT THE FOLLOWING STATEMENT CAN BE MADE AT THE BEGINNING OF PHASE I. (STATEMENT CONTAINED REFTEL, PARA. 7).

AMERICAN HELICOPTERS AND U.S. PERSONNEL HAVE BEEN SENT TO BOLIVIA AT THE REQUEST OF THE BOLIVIAN GOVERNMENT TO PROVIDE TRANSPORTATION SUPPORT TO BOLIVIAN CIVIL AUTHORITIES. NO FURTHER DETAILS ARE AVAILABLE AT THIS TIME."

8. PHASE I REPRESENTS THE TIME BETWEEN THE BOLIVIAN ANNOUNCEMENT ON THE LANDING OF THE AIRCRAFT AND THE BOLIVIAN GOVERNMENT'S ANNOUNCEMENT THAT U.S. MILITARY EQUIPMENT HAD BEEN PROVIDED ON A TEMPORARY BASIS FOR USE IN ANTI-NARCOTICS WORK. A 'NO COMMENT' POSTURE WILL BE MAINTAINED BY STATE AND DOD PRESS OFFICES BEGINNING P.M. JULY 14 AND CONTINUING UNTIL A BOLIVIAN ANNOUNCEMENT ON THE OPERATION. (IT IS QUITE POSSIBLE THAT PHASE I WILL BT

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LAST A VERY SHORT TIME, DEPENDING ON TIMING AND NATURE OF
BOLIVIAN ANNOUNCEMENT.)

9. PHASE II BEGINS AT THE POINT THAT THE GOB DETERMINES
THAT THE ANTI-NARCOTICS PURPOSE OF THE OPERATION BE MADE
-PUBLIC AND LASTS UNTIL THE OPERATION IS COMPLETED.
DURING THIS TIME GUIDANCE IN PARA. 8 OF REFTL WILL BE
USED AND IS QUOTED BELOW. FOR CONVENIENCE PURPOSES, THIS
PARAGRAPH IS BEING REPEATED HERE.

STATEMENT: ON (DATE) A C-5 TRANSPORT PLANE LANDED IN
BOLIVIA CARRYING HELICOPTERS PROVIDED ON A TEMPORARY
BASIS FROM THE UNITED STATES. THESE AIRCRAFT, ALONG WITH
THE NECESSARY SUPPORT PERSONNEL ARE IN BOLIVIA BECAUSE
THE BOLIVIAN GOVERNMENT HAS ASKED THE UNITED STATES FOR
LOGISTICAL SUPPORT FOR ANTI-NARCOTICS OPERATIONS. THESE
OPERATIONS ARE BEING CONDUCTED UNDER THE DIRECTION OF THE
BOLIVIAN GOVERNMENT. ON-THE-GROUND OPERATIONS ARE BEING
DIRECTED BY THE BOLIVIAN NATIONAL POLICE (UMOPAR). THE
UNITED STATES IS PROVIDING HELICOPTERS TO BOLIVIA ON A
TEMPORARY BASIS BECAUSE OF OUR DESIRE TO BE HELPFUL IN
BOLIVIA'S ANTI-NARCOTICS EFFORTS. FURTHER QUESTIONS ABOUT
THE OPERATION SHOULD BE DIRECTED TO THE MINISTRY OF THE
INTERIOR.

10. GIVEN THE SIGNIFICANT AMOUNT OF INFORMATION THAT THE
PRESS SEEMS TO HAVE AT THIS POINT, DEPARTMENT PROPOSES
THE FOLLOWING CONTINGENCY QUESTIONS TO BE ANSWERED ONLY
AFTER GOB ANNOUNCEMENT AND OPERATIONS HAVE BEGUN. THE
FOLLOWING GUIDANCE HAS BEEN CLEARED BY APPROPRIATE
WASHINGTON AGENCIES. ALL ADDRESSEES ARE CAUTIONED THAT
THE FOLLOWING IS PROPOSED GUIDANCE AND IS NOT -- REPEAT
NOT -- CLEARED FOR USE AT THIS TIME.

Q1. ARE THESE U.S. MILITARY HELICOPTERS AND PERSONNEL?

A1. THE HELICOPTERS AND SUPPORT PERSONNEL HAVE BEEN
PROVIDED BY THE U.S. GOVERNMENT. SPECIFICALLY THE U.S.
ARMY HAS MADE THESE RESOURCES AVAILABLE ON A TEMPORARY
BASIS TO THE GOB AS REQUESTED THROUGH THE DEPARTMENT OF
STATE. THEY HAVE BEEN PROVIDED IN SUPPORT OF
ANTI-NARCOTICS OPERATIONS BEING CONDUCTED BY BOLIVIAN
CIVILIAN LAW ENFORCEMENT AUTHORITIES.

Q2. UNDER WHAT AUTHORITY IS THIS SUPPORT BEING PROVIDED?

A2. TITLE TEN, US CODE 374 PERMITS MILITARY SUPPORT FOR
DRUG INTERDICTION OUTSIDE THE LAND AREA OF THE U.S. BASED
ON A JOINT DECLARATION BY THE ATTORNEY GENERAL AND
SECRETARY OF DEFENSE OF AN EMERGENCY SITUATION AFFECTING
THE NATIONAL INTEREST OF THE U.S. THE SCOPE OF DRUG
TRAFFICKING CREATES AN EMERGENCY CIRCUMSTANCE WARRANTING
DOD SUPPORT. THE EMERGENCY DECLARATION IS KEPT ON FILE
AT THE JUSTICE AND DEFENSE DEPARTMENTS; COPIES ARE
AVAILABLE.

Q3. HOW MANY HELICOPTERS AND PERSONNEL HAS THE U.S.
PROVIDED?

A3. WE CANNOT REVEAL THE EXACT NUMBERS FOR REASONS OF
OPERATIONAL SECURITY.

Q4. DO THE HELICOPTERS OR CREW MEMBERS HAVE WEAPONS?

A4. PERSONNEL HAVE BEEN DEPLOYED WITH THEIR NORMALLY
ASSIGNED EQUIPMENT. IT IS OUR POLICY NOT TO DISCUSS THAT
KIND OF INFORMATION IN DETAIL.

Q5. WHO IS PROVIDING THE SECURITY FOR OUR AMERICAN
PERSONNEL?

A5. THE GOVERNMENT OF BOLIVIA IS PROVIDING SECURITY FOR
THIS ANTI-NARCOTICS OPERATION.

Q6. ARE THESE HELICOPTERS/ CREWS IN DANGER DURING THESE
OPERATIONS?

A6. CONCERN FOR THE SAFETY AND WELFARE OF U.S. PERSONNEL
ON ANY OPERATION IS ALWAYS A PRIMARY CONSIDERATION. OUR
PERSONNEL ARE BEING USED TO PROVIDE TRANSPORT FOR
ANTI-NARCOTICS ACTIONS UNDERTAKEN BY BOLIVIAN POLICE

UNITS AND WILL NOT PARTICIPATE DIRECTLY IN THE GROUND
OPERATIONS. EVERY EFFORT IS BEING MADE TO AVOID PLACING
U.S. PERSONNEL IN SITUATIONS WHERE THEY MIGHT BECOME
INVOLVED IN A CONFRONTATION. (IF ASKED, "WHAT IF A
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EXERCISE THAT WAS HELD IN APRIL?

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A13. NO.

Q.14. CAN WE EXPECT MORE OF THIS TYPE OF ACTION?

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A.14. WE ARE NOT IN A POSITION TO FORECAST ANY SUCH OPERATIONS FOR THE FUTURE.

Q.15. HAVE WE EVER DONE THIS TYPE OF OPERATION BEFORE?

A15. YES. THE U.S. MILITARY HAS AIRLIFTED BAHAMIAN NATIONAL POLICE TO DRUG TRANSHIPMENT LOCATIONS ON THE ISLANDS SINCE MAY, 1983. U.S. MILITARY HELICOPTERS BASED IN THE BAHAMAS RESPOND TO BAHAMIAN AUTHORITIES' REQUESTS FOR SIMILAR AIRLIFT.

Q16. ARE U.S. FORCES INVOLVED SPECIALLY TRAINED IN DRUG INTERDICTION?

A.16. NO, THEY REQUIRE NO SPECIALIZED TRAINING SINCE U.S. ARMED FORCES ARE PROHIBITED FROM PARTICIPATING DIRECTLY IN LAW ENFORCEMENT ACTIVITIES. THEY PERFORM A LEGAL, INDIRECT SUPPORT ROLE.

Q17. WILL U.S. ARMED FORCES BE INVOLVED IN THE ARREST OF DRUG TRAFFICKERS?

A17. NO, U.S. ARMED FORCES ARE PROHIBITED BY LAW FROM SEARCH, SEIZURE OR ARREST.

Q18. HAS THE ADMINISTRATION NOTIFIED CONGRESS OF THIS ACTION, AND IF SO, WHEN WERE THEY NOTIFIED?

A18. YES, KEY MEMBERS WERE BRIEFED ON JULY 14.

Q19. DOES THE PRESIDENTIAL WAR POWERS RESOLUTION APPLY?

A19. NO.

Q20. WHY HAS THE UNITED STATES AGREED TO PROVIDE SUCH EXTENSIVE HELP TO THE GOVERNMENT OF BOLIVIA?

A20. LET ME QUOTE DIRECTLY FROM A SPEECH THAT VICE PRESIDENT BUSH DELIVERED IN HOUSTON, TEXAS IN EARLY JUNE; "THIS SPRING, THE PRESIDENT ISSUED A DIRECTIVE, RECENTLY DECLASSIFIED IN PART, THAT EXPLICITLY RECOGNIZES THE THREAT TO THE U.S. NATIONAL SECURITY FROM DRUG TRAFFICKING. FOR THE FIRST TIME, THROUGH THE DIRECTIVE, THE U.S. GOVERNMENT SPECIFICALLY STATES THAT THE
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CONFRONTATION OCCURS", RESPONSE IS THAT WE DO NOT COMMENT ON RULES OF ENGAGEMENT.)

Q7. WHERE WILL THE HELICOPTERS BE USED? CAN WE COVER THE OPERATIONS?

A8. REFER ALL OPERATIONS QUESTIONS TO THE GOB.

Q9. IF THIS IS NOT A DOD-SPONSORED OPERATION, WHICH U.S. GOVERNMENT AGENCIES HAVE SPONSORED THIS OPERATION?

A9. AS WE HAVE SAID, THE GOB REQUESTED U.S. ASSISTANCE THROUGH THE DEPARTMENT OF STATE. THE U.S. DRUG ENFORCEMENT ADMINISTRATION, AND THE DEPARTMENT OF STATE ARE THE LEAD AGENCIES INVOLVED IN SUPPORTING THE BOLIVIAN ANTI-NARCOTICS EFFORT.

Q10. HOW LONG WILL THE HELICOPTERS REMAIN IN BOLIVIA?

A10. THEY ARE THERE FOR A LIMITED, BUT YET-TO-BE-DETERMINED TIME.

Q11. WHO IS PICKING UP THE COST FOR THIS OPERATION?

A11. THIS IS A COOPERATIVE GOB-USG EFFORT. SUPPORT COSTS ARE BEING SHARED BY THE USG AGENCIES INVOLVED.

Q12. WHO IS IN CHARGE OF THIS OPERATION?

A12. THE ENTIRE OPERATION IS A COOPERATIVE EFFORT BETWEEN THE U.S. AND THE BOLIVIAN GOVERNMENTS. THE HELICOPTERS ARE BEING FLOWN BY U.S. PILOTS AND ARE TRANSPORTING BOLIVIAN AND US (DEA) LAW ENFORCEMENT OFFICIALS.

Q13. IS THE U.S. PRESENCE IN BOLIVIA RELATED TO THE?

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INTERNATIONAL DRUG TRADE IS A NATIONAL SECURITY CONCERN BECAUSE OF ITS ABILITY TO DESTABILIZE DEMOCRATIC ALLIES THROUGH THE CORRUPTION OF POLITICAL AND JUDICIAL

INSTITUTIONS. IT IS ALSO AN IMPORTANT SOURCE OF FINANCING FROM SOME INSURGENT GROUPS... ACCORDINGLY, WE HAVE DECLARED IT UNITED STATES POLICY TO AGGRESSIVELY JOIN WITH OTHER NATIONS TO HALT THE PRODUCTION AND FLOW OF ILLEGAL DRUGS, TO REDUCE THE ABILITY OF TERRORISTS TO DERIVE SUPPORT FROM DRUG TRAFFICKING, AND TO STRENGTHEN THE ABILITY OF INDIVIDUAL GOVERNMENTS TO CONFRONT AND DEFEAT THIS INSIDIOUS THREAT."

12. THE FOLLOWING CONTINGENCY GUIDANCE IS PROVIDED IN THE EVENT THAT AN AIRCRAFT ACCIDENT OCCURS:

"A U.S. ARMY HELICOPTER CRASHED/ WAS SHOT DOWN IN (PLACE) BOLIVIA AT (TIME) (TODAY.) THIS AIRCRAFT WAS PART OF A CONTINGENT OF U.S. ARMY HELICOPTERS DEPLOYED TO BOLIVIA TO PROVIDE LOGISTICAL SUPPORT FOR ANTI NARCOTICS OPERATIONS. THE AIRCRAFT ALONG WITH NECESSARY PERSONNEL ARE HERE/ THERE AT THE REQUEST OF THE BOLIVIAN GOVERNMENT AND OPERATIONS ARE BEING CONDUCTED IN COOPERATION WITH THE BOLIVIAN GOVERNMENT. THE HELICOPTER WAS ASSIGNED TO THE U.S. SOUTHERN COMMAND. IT CARRIED (NUMBER) PEOPLE ABOARD, (NUMBER) OF WHICH WERE AMERICANS. THEIR CONDITION IS UNKNOWN AT THIS TIME, (OR) THERE WERE (PROVIDE NUMBER) FATALITIES/ SURVIVORS, BUT FURTHER DETAILS ARE NOT KNOWN AT THIS TIME. A RESCUE TEAM OF U.S. AND BOLIVIAN PERSONNEL ARE EN ROUTE TO THE SCENE. ADDITIONAL DETAILS WILL BE PROVIDED AS SOON AS THEY BECOME AVAILABLE. END STATEMENT.

Q1. WAS THE AIRCRAFT SHOT DOWN? IF SO, BY WHOM?

A1. WE EXPECT FURTHER DETAILS ON CONCLUSION OF RESCUE/ RECOVERY OPERATIONS AND WILL ADDRESS THAT QUESTION AT THAT TIME.

Q2. HOW DID THE CRASH OCCUR?

A2. WE EXPECT FURTHER DETAILS ON CONCLUSION OF RESCUE/ RECOVERY OPERATIONS AND I WILL ADDRESS THAT QUESTION AT THAT TIME. IN ADDITION, A BOARD OF QUALIFIED OFFICERS WILL INVESTIGATE THE ACCIDENT.

Q3. WILL THE OPERATION CONTINUE?

A3. FOR OBVIOUS REASONS WE CANNOT ANSWER THAT.

Q4. WAS THE AIRCRAFT ARMED?

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A4. IT IS STANDARD POLICY THAT OUR PERSONNEL ARE DEPLOYED WITH THEIR NORMALLY ASSIGNED WEAPONS AND EQUIPMENT. (IF PRESSED FOR ADDITIONAL INFORMATION: I HAVE NO ADDITIONAL INFORMATION FOR YOU IN THIS AREA. IT IS OUR POLICY NOT TO DISCUSS THAT TYPE OF INFORMATION IN DETAIL OR THE RULES OF ENGAGEMENT.)

Q5. CAN NEWS MEDIA VISIT THE SITE?

A5. THE GOVERNMENT OF BOLIVIA IS THE AUTHORITY TO ANSWER THIS QUESTION.

13. THE FOLLOWING CONTINGENCY GUIDANCE IS PROVIDED IN THE EVENT THAT U.S. PERSONNEL ARE SERIOUSLY INJURED OR KILLED IN AN AIRCRAFT ACCIDENT/ EVENT. INCIDENTS INVOLVING INJURIES WILL BE DEALT WITH ON AN RTQ BASIS;

INCIDENTS INVOLVING DEATHS SHOULD BE ANNOUNCED BY THE EMBASSY LA PAZ AFTER COORDINATION WITH THE DOS/DEA AND DOD.

STATEMENT: A U.S. (SERVICEMAN) WAS KILLED/INJURED TODAY IN A (BRIEFLY DESCRIBE EVENT) WHICH OCCURRED IN (LOCATION) BOLIVIA. THE NAME OF THE INDIVIDUAL IS BEING WITHHELD PENDING NOTIFICATION OF NEXT OF KIN. THE INCIDENT IS CURRENTLY UNDER INVESTIGATION BY U.S. AND BOLIVIAN GOVERNMENT AUTHORITIES. FURTHER DETAILS WILL BE RELEASED AS THEY BECOME AVAILABLE. (ALSO LIST PERTINENT INFORMATION ABOUT INDIVIDUALS THAT MAY BE INVOLVED.) END OF STATEMENT.

14. IN THE EVENT OF DEATH, REQUEST AUTHORIZATION TO USE GENERAL INFORMATION CONTAINED IN SEC STATE (Z16620/110036Z JUL 86) TO BRIEF FAMILY MEMBERS (CIVILIAN BT

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DEPENDENTS) OF THE U.S. MILITARY PERSONNEL INVOLVED IN
THE OPERATION. ALL BEING BRIEFED WILL BE CAUTIONED THAT
THE INFORMATION BEING PROVIDED TO THEM IS CONFIDENTIAL
AND IS NOT TO BE DISCUSSED. SHULTZ
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DIA FOR IR BRANCH

USCINCSO ALSO FOR POLAD

E.O. 12356: DECL: OADR
TAGS: BL, SNAR, MARR, PREL, PGOV
SUBJECT: BLAST FURNACE: IMMEDIATE PRESS ISSUES

REFS: (A) STATE 216620/01 DTG 110036Z JUL 86
(B) LA PAZ 5508 DTG 032008Z JUL 86

SUMMARY

1. (C) WHILE THERE IS COMPLETE AGREEMENT ON THE PART OF THE EMBASSY AS TO THE APPROPRIATENESS AND DESIRABILITY OF BOLIVIAN AUTHORITIES TAKING THE LEAD IN PRESS MATTERS REGARDING BLAST FURNACE, SEVERAL CONVERSATIONS TODAY (JULY 15) WITH BOLIVIAN AUTHORITIES SUGGEST PROBLEMS IN THIS PROCEDURE. EMBASSY WISHES TO ALERT ADDRESSEES TO POTENTIAL SHORTCOMINGS WHICH WE MAY HAVE TO TAKE INTO ACCOUNT, ESPECIALLY IN THE HANDLING OF THE U.S. PRESS, WHICH HAS ALREADY DESCENDED ON US. WE EXPECT FORMAL BOLIVIAN STATEMENT LATE FRIDAY, JULY 18, IN TIME FOR SATURDAY A.M. PAPERS. END SUMMARY.

SHORTCOMINGS IN BOLIVIAN PRESS MECHANISMS

2. (C) EMBASSY INFORMATION OFFICER TALKED WITH THE MINISTRY OF INTERIOR'S PRESS SPOKESMAN ABOUT RESPONSIBILITIES AND PROCEDURES AND PASSED HIM A COPY OF OUR PRESS GUIDANCE IN SPANISH, BASED ON STATE 216620. INTERIOR MINISTRY SPOKESMAN CLAIMED THAT, OTHER INFORMA-

TION NOTWITHSTANDING, HIS MINISTRY DID, INDEED, HAVE RESPONSIBILITY FOR DEALING WITH THE PRESS ON BLAST FURNACE MATTERS. UNFORTUNATELY, HE WAS QUITE UNAWARE OF WHAT WAS GOING ON IN THAT REGARD AND WAS UNABLE TO DISCUSS KNOWLEDGEABLY WHAT PLANS THE MINISTRY HAD. THE SPOKESMAN APPEARED NOT TO HAVE ANY MORE KNOWLEDGE ABOUT BLAST FURNACE THAN IN A SIMILAR CONVERSATION A WEEK AGO.

3. (C) EMBASSY PAO ALSO MET WITH THE MINISTER OF INFORMATION ON THE SAME TOPIC. THE MINISTER CLAIMED TO HAVE OVERALL AUTHORITY ON ALL MATTERS PERTAINING TO THE PRESS AND BLAST FURNACE, BUT ADMITTED THAT THE MINISTRY OF INTERIOR WOULD HAVE A ROLE INsofar AS DETAILS WERE CONCERNED. THE PAO DISCUSSED OUR GUIDANCE WITH THE MINISTER, STRESSING THAT WHILE WE AGREE THAT THE BOLIVIAN GOVERNMENT SHOULD TAKE THE LEAD IN PRESS MATTERS, IT IS IMPORTANT THAT WE BE INFORMED WHEN THE FIRST RELEASE OR STATEMENT IS TO BE MADE TO THE PRESS AND WHAT IS TO BE SAID. THE MINISTER AGREED TO COORDINATE, BUT COULD GIVE NO MORE SPECIFICS PRIOR TO A MEETING WITH THE MINISTER OF INTERIOR LATE TODAY (JULY 15) WHEN THEY WILL AGREE ON PROCEDURES.

4. (C) THE INFORMATION MINISTER GIVES REGULAR PRESS BRIEFINGS AT THE PRESIDENTIAL PALACE, AND SUGGESTED THAT IT MIGHT BE APPROPRIATE TO USE THAT OCCASION TO MAKE HIS INITIAL STATEMENT.

CURRENT STATE OF PUBLIC INFORMATION IN BOLIVIA

5. (U) THE JULY 14 ARRIVAL OF THE GALAXY AND ITS

DISCHARGE OF SIX HELICOPTERS WITH LIMITED SUPPORT PERSONNEL HAS NOW BEEN REPORTED BY VARIOUS RADIO STATIONS AND THE FOLLOWING NEWSPAPERS: "EL MUNDO" OF SANTA CRUZ (WITH PIX OF THREE HELICOPTERS, THE C-5A AND A C-130), AND LA PAZ DAILIES "HOY" AND "ULTIMA HORA." THE AFTERNOON JULY 15 "ULTIMA HORA" HAS THE LENGTHIEST COVERAGE, REPORTING "OUR COUNTRY BEGAN TO RECEIVE YESTERDAY LOGISTIC SUPPORT FROM THE U.S. GOVERNMENT FOR THE FIGHT AGAINST NARCOTRAFFICKING." IT STATES THAT IN RESPONSE TO INQUIRIES, INTERIOR MINISTER BARTHELEMY REFUSED TO MAKE ANY STATEMENT; THAT THE CHIEF OF POLICE, GENERAL VARGAS SOTO, CLAIMED NO KNOWLEDGE; AND BT

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TAGS: BL, SHAR, MARR, PREL, PGOV
SUBJECT: BLAST FURNACE: IMMEDIATE PRESS-ISSUES

THAT AN INQUIRY WITH THE U.S. EMBASSY PRODUCED A RESPONSE THAT ANY INFORMATION ON THE SUBJECT WOULD HAVE TO COME FROM BOLIVIAN AUTHORITIES. "ULTIMA HORA" ALSO SAID THAT ARMED FORCES SOURCES SAID THAT THEY ARE NOT INVOLVED IN THE ARRANGEMENTS BETWEEN THE U.S. AND BOLIVIA FOR FIGHTING THE NARCO-TRAFFICKERS AND THAT THE HELICOPTERS ARE EXCLUSIVELY FOR USE BY THE BOLIVIAN POLICE.

U.S. PRESS INQUIRIES IN LA PAZ

6. (LOU) ON JULY 15 THE AMBASSADOR MET WITH THE FOLLOWING U.S. CORRESPONDENTS: BRADLEY GRAHAM OF THE "WASHINGTON POST," CARLA ROBBINS OF "U.S. NEWS AND WORLD REPORT," JUAN DE ONIS OF THE "LOS ANGELES TIMES," AND PETER MCFARREN, STRINGER FOR UP, NBC AND "NEWSWEEK." THE ENTIRE CONVERSATION WAS FOR BACKGROUND GUIDANCE WITH NO RPT NO ATTRIBUTION ("DEEP BACKGROUND"). WHILE REFUSING TO DISCUSS ANY REPORTED OPERATIONS OR TO RESPOND IN ANY WAY TO REPORTERS' ASSERTIONS ABOUT THE OPERATION, THE AMBASSADOR DID BRIEF THE CORRESPONDENTS ON THE BACKGROUND OF THE NARCOTICS ISSUE IN BOLIVIA, INCLUDING U.S. GOVERNMENT EFFORTS SINCE 1983 AND THE GENUINE COMMITMENT OF THE PAZ ESTENSORO GOVERNMENT. THE REPORTERS STRESSED TO THE AMBASSADOR THAT THEY

MUST COVER THE CURRENT STORY, AND WOULD ABIDE BY WHATEVER GROUND RULES THE EMBASSY MIGHT ESTABLISH, BUT THAT THEY ARE UNDER TREMENDOUS PRESSURE OF COMPETITION TO REPORT THE STORY. THEY NOTED THAT INFORMATION ABOUT "THE OPERATION" IS WIDELY KNOWN IN WASHINGTON AMONG JOURNALISTS, AND THAT JOEL BRINKLEY OF THE "NEW YORK TIMES" IS PLANNING TO RUN THE STORY WEDNESDAY, JULY 16. THE REPORTERS EMPHASIZED THAT IF STORIES WITH A WASHINGTON DATE-LINE BEGIN TO APPEAR, THEY WILL HAVE TO PUBLISH FROM LA PAZ WHATEVER THEY HAVE, DESPITE THE ABSENCE OF OFFICIAL USG COMMENT.

7. (U) THROUGH AN INADVERTENCE, THE LINE IN PARA 7 OF REF A HAS BEEN RELEASED BUT NOTHING, REPEAT NOTHING, ELSE HAS BEEN SAID.

ACTION

8. (C) WE ARE PROPOSING TO THE INTERIOR MINISTER THAT HE MAKE HIS STATEMENT (PARA 8 OF REF A) LATE FRIDAY AFTERNOON, JULY 18 (THAT IS, FOR SATURDAY A.M. PAPERS). HE WILL HAVE AVAILABLE THE CONTINGENCY Q'S AND A'S PREVIOUSLY PROPOSED (REF B, EXCEPT FIRST Q AND A). ASSUMING THE MINISTER ACCEPTS THIS SCHEDULE, WE WILL OFFER THE SAME INFORMATION TO THE U.S. PRESS HERE ON BACKGROUND ON FRIDAY SO THEY CAN MEET THEIR FRIDAY NIGHT DEADLINES.

9. (C) SUGGEST THAT APPROPRIATE WASHINGTON OFFICE CONTACT BRINKLEY AT "THE TIMES" AND SEEK HIS

AGREEMENT TO HOLD THE FULL STORY UNTIL SATURDAY, JULY 19, IN VIEW OF CURRENT SLIPPAGE IN INITIATION OF OPERATIONS.

ROWELL
BT

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