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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

KML 8/30/2011

File Folder BOLIVIA (08/30/1981-03/21/1983)

FOIA

M10-353/1

Box Number 26

DENNISON

12

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
117749	CABLE	LA PAZ 4634 R 5/18/2015 M353/1	1	8/3/1981	B1
117750	MEMO	AMBASSADOR JEANE KIRKPATRICK TO SECRETARY HAIG RE BOLIVIA R 5/18/2015 M353/1	2	8/17/1981	B1
117751	CABLE	LA PAZ 5201 R 5/18/2015 M353/1	4	8/27/1981	B1
117752	CABLE	LA PAZ 5424 R 5/18/2015 M353/1	4	9/4/1981	B1
117753	CABLE	LA PAZ 5610 R 5/18/2015 M353/1	3	9/16/1981	B1
117755	CABLE	LA PAZ 5618 R 5/18/2015 M353/1	4	9/16/1981	B1
117757	CABLE	LA PAZ 0438 R 5/18/2015 M353/1	2	2/3/1982	B1
117759	CABLE	LA PAZ 1743 R 5/18/2015 M353/1	2	3/27/1982	B1
117761	CABLE	LA PAZ 4696 R 5/18/2015 M353/1	3	8/11/1982	B1

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

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

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

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

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

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

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

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

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

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

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

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

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KML 8/30/2011

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12

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
117763	CABLE	LA PAZ 4570 R 5/18/2015 M353/1	1	8/4/1982	B1
117764	CABLE	LA PAZ 6146 R 5/18/2015 M353/1	3	10/14/1982	B1
117766	CABLE	LA PAZ 6147 R 5/18/2015 M353/1	2	10/14/1982	B1
117768	CABLE	LA PAZ 6624 R 5/18/2015 M353/1	1	11/2/1982	B1
117769	CABLE	LA PAZ 7172 R 5/18/2015 M353/1	1	11/26/1982	B1
117770	CABLE	LA PAZ 7323 R 5/18/2015 M353/1	1	12/1/1982	B1
117772	CABLE	LA PAZ 0223 R 5/18/2015 M353/1	2	1/12/1983	B1
117773	CABLE	STATE 009729 R 5/18/2015 M353/1	1	1/13/1983	B1
117775	CABLE	STATE 076458 R 5/18/2015 M353/1	3	3/21/1983	B1

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117749 1

SENSITIVE

PAGE 1 - 134

SITUATION LISTING

DATE 08/11/81//223

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE198
STU0451
OO RUEHC
DE RUESLZ #4634 2150840
ZNY CCCCC ZZH ZZK
O 030930Z AUG 81 ZFF-4
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 8346
INFO RUEKJCS/DIA WASHDC IMMEDIATE
RULPALJ/USCINCSO J2 QUARRY HEIGHTS PN//INTAFF IMMEDIATE
BT

~~CONFIDENTIAL~~ LA PAZ 4634

E.O. 12065: GDS 8/3/87 (SPROW, GREGORY B.) QR-P

TAGS: MILI, PINS, BL

SUBJECT: COUP BEGINS IN SANTA CRUZ

1. (C-ENTIRE TEXT)

2. TWO EXCELLENT SOURCES HAVE ADVISED US THAT GEN. ALBERTO NATUSCH BUSCH HAS LAUNCHED HIS COUP;

AT ABOUT 0400 HOURS NATUSCH AND HIS SUPPORTERS

BEGAN TO DEPLOY THEIR MILITARY FORCES IN SANTA CRUZ IN ORDER TO TAKE THAT CITY.

3. A CIVILIAN SOURCE IN SANTA CRUZ WHO IS DIRECTLY INVOLVED WITH THE COUP EFFORT SAID THAT FOR THE

"FIRST FEW HOURS" THE PLOTTERS WILL MAINTAIN A "POLITE TONE" AND PUBLICLY CALL FOR THE RESIGNATION OF PRESIDENT GEN. LUIS GARCIA MEZA. GARCIA MEZA AND HIS SUPPORTERS KNOW WHAT IT COMING, ACCORDING TO THIS SOURCE, AND IT IS EXPECTED THEY WILL RESIST.

.....WATSON

BT

#4634

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SENSITIVE

DECLASSIFIED

NLRR M353/1 #117749
BY RW NARA DATE 5/8/15

UNCLASSIFIED

2

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

August 4, 1981

MEMORANDUM FOR RICHARD V. ALLEN

FROM: THE SITUATION ROOM

SUBJECT: Resignation of Garcia Meza

Bolivian President Garcia Meza resigned tonight and will hand over power to a three man military junta, expected to be headed by Air Force Commander General Waldo Bernal. Situation Room notified Admiral Poindexter, who asked that we notify you, Admiral Nance, and General Schweitzer. Roger Fontaine is currently enroute home from Panama.

What about no girls???
J

UNCLASSIFIED

RECEIVED

81 AUG 19 P 2: 56

JANET COLSON

BUD NANCE

DICK ALLEN

IRENE DERUS

JANET COLSON

BUD NANCE

KAY

CY TO VP

CY TO MEESE

CY TO BAKER

CY TO DEEVER

CY TO BRY

JA 19/1600

WA 20

egd 20

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SHOW CC

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8/19 1500

*This arrived w/ no
classified receipt.*

SS



117750 4

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

August 17, 1981

~~SECRET~~

TO: Secretary of State Haig

FR: Ambassador Jeane Kirkpatrick

SUBJECT: Situation in Bolivia

REF: Santiago 4613 and Enders Memorandum #8123537

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

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

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

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

3. It is important to bear in mind that:

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

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RDS 8/17/87

NLRR 117750 #117750
BY RW NARA DATE 5/18/15

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- 2 -

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

DISTRIBUTION:

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

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

OFFICIAL BUSINESS

RICHARD ALLEN
DIRECTOR
NATIONAL SECURITY COUNCIL
THE WHITE HOUSE

POSTAGE OK. CLERK #

SENSITIVE

PAGE 155

SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
 SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
 IMMEDIATE

DECLASSIFIED
 NLRR M353/1 #117751
 BY RW NARA DATE 5/18/15

O 272234Z AUG 81 ZFF4
 FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC NIACT IMMEDIATE 8681

~~SECRET~~ SECTION 01 OF 02 LA PAZ 5201

EXDIS

DEPT PASS TO BUENOS AIRES, DIA, AND USCINCSO
 E.O. 12065: RDS-3 8/27/87 (WATSON, ALEXANDER F.) DR-M
 TAGS: PFOR, PINT, PDIP, BL
 SUBJECT: CONVERSATION WITH HUGO BANZER
 REF: STATE 229263

1. (S - ENTIRE TEXT)
2. ON AFTERNOON OF AUGUST 27, CHARGE, ACCOMPANIED BY POL/ECON CHIEF, MET WITH FORMER PRESIDENT HUGO BANZER PER GUIDANCE REFTEL. THOUGH BANZER WAS ALONE IT IS LIKELY WORD OF THE VISIT WILL BECOME PUBLIC.
3. BANZER LED OFF WITH A REVIEW OF THE CURRENT BOLIVIAN SITUATION. THE COUNTRY HAD FALLEN INTO A SEVERE POLITICAL AND ECONOMIC DECLINE AND NEEDED A "NEW FACE" WHICH WOULD INVOLVE A GOVERNMENT THAT HAS THE CONFIDENCE OF THE INTERNATIONAL COMMUNITY AS WELL AS BOLIVIAN MILITARY AND CIVILIAN SECTORS. THE CURRENT JUNTA MUST GO. BANZER SAID THE JUNTA HAS NO VIABILITY, DOES NOT FUNCTION, AND RECENT ACTION BY THE JUNTA TO NAME ITS THREE MEMBERS AS CO-PRESIDENTS HE CALLED A "DESPERATE ACT." BANZER SAW HIMSELF AS THE PERSON MOST QUALIFIED TO LEAD THE NATION. HE CITED NUMEROUS MEETINGS HE HAD HAD WITH MILITARY AND CIVILIAN ELEMENTS WHO TOLD HIM THAT THE COUNTRY CANNOT GO FORWARD UNLESS THERE WAS A CHANGE IN LEADERSHIP. IN PARTICULAR AT A MEETING HE HAD HAD THAT MORNING WITH A LARGE NUMBER OF CIVILIANS INCLUDING NOT ONLY HIS ADN PARTY STALWARTS, BUT ALSO A BROAD POLITICAL CROSS SECTION OF INDIVIDUALS, HE WAS ASKED TO ASSUME THE PRESIDENCY. THE GROUP WOULD ISSUE A DOCUMENT IN THE NEXT SEVERAL

SIT: (RVA) COL VP JP
 EOB: FONTAINE
 WHSR COMMENTS:

PSN:026401

DTG:272234

TOR:2400436

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PAGE 156

SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

DAYS SUPPORTING THIS VIEW AND WOULD PRESENT IT TO THE CHIEFS OF STAFF OF THE ARMED FORCES (THEREBY CIRCUMVENTING THE JUNTA).

4. BANZER SAW THREE FUNDAMENTAL ELEMENTS IN THE TRANSITION PROCESS: (A) THE NAMING OF A PRESIDENT, WHO WOULD NOT BE MERELY A FOURTH MEMBER OF THE JUNTA BUT RATHER NUMBER ONE; (B) THERE WOULD BE NO CONTINUITY BETWEEN THE GARCIA MEZA AND THE JUNTA REGIMES AND THE NEW GOVERNMENT; AND (C) WITHOUT DAMAGING THE ARMED FORCES A RESTRUCTURING OF ITS LEADERSHIP WOULD TAKE PLACE (SPECIFICALLY AIR FORCE COMMANDER BERNAL WOULD BE RELIEVED OF HIS COMMAND). QUESTIONED ABOUT HIS RELATIONSHIP TO THE OTHER CONTENDERS FOR THE PRESIDENCY, I.E., ANEZ AND RICO TORO, BANZER SAID, "I'M ABOVE THEM ALL."

BANZER SAID HE WAS A "REALIZED MAN," HAVING ALREADY SERVED SEVEN YEARS AS PRESIDENT, BUT ADDED THAT IF IT WAS FELT THAT HE COULD STILL SERVE HIS COUNTRY, HE WOULD ACCEPT THE PRESIDENCY. THIS WOULD HAVE TO BE BY REQUEST OF THE ARMED FORCES, HOWEVER. ASKED WHAT MECHANISM THE ARMED FORCES MIGHT USE TO EXPRESS ITS WILL, BANZER SAID THAT IT WOULD COME FROM THE RANKS TO THE CHIEFS OF STAFF OR IT MIGHT COME DIRECTLY FROM THE MEMBERS OF THE JUNTA. BANZER BANZER SAID HE WOULD NOT WANT TO BECOME PRESIDENT AS THE RESULT OF A COUP, EVEN THOUGH

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SENSITIVE

9
SENSITIVE

PAGE 153

SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:
IMMEDIATE

O 272234Z AUG 81 ZFF4
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC NIACT IMMEDIATE 8682

~~SECRET~~ SECTION 02 OF 02 LA PAZ 5201

EXDIS

DEPT PASS TO BUENOS AIRES, DIA, AND USCINSCO
HE HAD CONSIDERABLE SUPPORT FROM IMPORTANT MILITARY
COMMANDERS. IN LA PAZ HE LISTED COLS. ANGULO (COMMANDER
OF THE COLORADOS REGIMENT) AND ARZABE (COMMANDER OF THE
LANZA REGIMENT), BOTH OF WHOM HAD BEEN HIS
AIDES-DE-CAMP, AND LT. COL. RODRIGUEZ (ACTING COMMANDER
OF THE INGAVI REGIMENT) WHO HAD BEEN HIS CHIEF OF
SECURITY. HE HAD SPOKEN TO THEM AND THEY HAD EXPRESSED
THEIR SUPPORT. HE ALSO SAID COL. SCHIRIQUI IN SANTA
CRUZ (COMMANDER OF THE MANCHEGO RANGERS REGIMENT) WAS
BEHIND HIM 100 PERCENT. BANZER SPECIFICALLY ASKED WHETHER
THE U.S. WOULD SUPPORT HIS GOVERNMENT SHOULD HE BECOME
PRESIDENT.

5. CHARGE MADE POINTS REFTEL (PARA 3 INCLUDED). HE
EMPHASIZED IMPORTANCE OF ANTI-NARCOTICS CAMPAIGN,
NOTING THE THREE-PRONGED APPROACH U.S. BELIEVED NECESSARY
(I.E., ENFORCEMENT, PRODUCTION AND MARKETING CONTROLS
OF COCA LEAF AND CROP SUBSTITUTION). CHARGE ALSO
EXPRESSED THE IMPORTANCE OF DEVELOPING A BROAD-BASED
GOVERNMENT WITH CIVILIAN SUPPORT WHICH WOULD NOT
LOSE TOUCH WITH REALITY AND FALL INTO THE ERRORS
AND EXCESSES OF THE GARCIA MEZA REGIME. BANZER EXPRESSED
HIS COMPLETE UNDERSTANDING AND AGREEMENT WITH OUR POINTS.
ON THE DRUG ISSUE BANZER SAID THAT HE COULD DRAW ON A
RESERVOIR OF HONEST PEOPLE WHO SUPPORTED HIM, AND
RESPONDING TO CHARGE'S LAST POINT, HE ALSO SAID HE
WISHED "GENUINE DEMOCRACY" FOR BOLIVIA. THIS COULD
NOT BE IDENTICAL TO DEMOCRACY IN THE U.S. AND WOULD HAVE

* * * * *

SIT:
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WHSR COMMENTS:

PSN:026402

DTG:272234

TDR:2400438

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PAGE 154

SITUATION(S) MESSAGE(S) LISTING

DATE 08/31/81//243

SITUATION: CHECK
SUBJECT CATAGORY: LIST

MESSAGE / ANNOTATION:

TO TAKE INTO ACCOUNT BOLIVIA'S LEVEL OF CULTURAL AND ECONOMIC DEVELOPMENT, AND WOULD BE INTRODUCED IN STAGES. BANZER APPEARED QUITE PLEASED WITH THE STATEMENT THAT THE U.S. COULD WORK CONSTRUCTIVELY WITH A GOVERNMENT LED BY HIM WHICH MET U.S. CRITERIA, AND SAID IT WOULD BE AN IMPORTANT FACTOR IN HIS DETERMINING WHETHER TO ACCEPT THE PRESIDENCY.

6. WHEN ASKED HOW HE WOULD DEAL WITH THE REMNANTS OF THE GARCIA MEZA REGIME, BANZER SAID HE FELT THE GROUP HAD DIMINISHED INFLUENCE AND WOULD CONTINUE TO ISOLATE ITSELF. HE SAW PROBLEMS COMING FROM ONLY ONE SECTOR. COL. PADILLA, NEW COMMANDER OF THE TARAPACA REGIMENT, HAD BEEN LEANING TOWARDS RICO TORO, AND THIS TREND REPRESENTED GARCIA MEZA'S INFLUENCE. HOWEVER, BANZER GAVE THE IMPRESSION THAT THIS PROBLEM WAS UNDER CONTROL. AS FOR POSSIBLE COMPETITION FROM ARMY COMMANDER TORRELIO, BANZER SAID AT A MEETING THE PREVIOUS DAY, THE MEMBERS OF THE LA PAZ "SYNDICATE" OF COMMANDERS HAD ASKED TORRELIO TO SEEK THE PRESIDENCY, BUT TORRELIO DECLARED HIMSELF "INCAPABLE OF GOVERNING THE COUNTRY UNDER CURRENT CIRCUMSTANCES. WITH RESPECT TO ANEZ'S AMBITIONS, BANZER SAID HE HAD MET WITH THE GENERAL THE PREVIOUS EVENING. THE UPSHOT OF THE MEETING WAS BANZER ASKING ANEZ TO DECIDE WHO HE AND HIS SUPPORTERS WANTED TO GOVERN. BANZER SAID HE WAS AWAITING THE RESPONSE, BUT GAVE THE IMPRESSION THAT IN THEIR MEETING HE HAD MANAGED TO DOMINATE ANEZ. (NOTE: THE EMBASSY UNDERSTANDS ANEZ'S GROUP IS MEETING AT 5:30 P.M. TODAY AND WILL CONSIDER THE ISSUE OF WHETHER TO THROW THEIR SUPPORT BEHIND BANZER. WE UNDERSTAND THAT THIS GROUP NOW VIEWS BANZER'S MILITARY SUPPORT AS CONSIDERABLE WHICH COULD INFLUENCE THEM IN HIS DIRECTION.)

7. BANZER IS RETURNING TO SANTA CRUZ THIS EVENING (PERHAPS PARTLY AS A SECURITY MEASURE), BUT WILL RETURN TO LA PAZ SOMETIME NEXT WEEK.

8. COMMENT: WHILE FEIGNING MODESTY, BANZER CLEARLY DESIRES TO BECOME PRESIDENT ONCE AGAIN. FURTHERMORE, THROUGH HIS MEETINGS AND CONTACTS, HE APPEARS TO BE GAINING ADHERENTS AND MOMENTUM.

.....WATSON

BT

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117752

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PAGE 1 - 101

SITUATION LISTING

DATE 09/10/81//253

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE885
STU5284
OO RUEHC
DE RUESLZ #5424/1 2472345
ZNY CCCCC ZZH ZZK
O 042322Z SEP 81
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 8810
INFO RUEBBA/AMEMBASSY BUENOS AIRES IMMEDIATE 4742
RUEKJCS/DIA WASHDC IMMEDIATE
RULPALJ/USCINCSO J2 QUARRY HTS PN//INTAFF IMMEDIATE
BT

~~C O N F I D E N T I A L~~ SECTION 01 OF 02 LA PAZ 5424

DIA FOR IR BRANCH
USCINCSO ALSO FOR POLAD
OP CENTER PASS TO ARA/AND
E.O. 12065: RDS 9/4/87 (STRASSER, DANIEL A.) DR-P
TAGS: PEPR, PINT, BL, US
SUBJECT: THE TORRELIO PRESIDENCY: IMPLICATIONS FOR THE FUTURE
1. (C - ENTIRE TEXT)
2. SUMMARY: THE DESIGNATION OF GENERAL TORRELIO HAS BOLIVIA'S
NEW PRESIDENT HAS NOT BEEN RECEIVED FAVORABLY IN THE COUNTRY
AS MOST BOLIVIAN'S SEE HIM AS A CONTINUATION OF THE GARCIA
MEZA AND JUNTA REGIMES. IT REMAINS TO BE SEEN WHETHER TORRELIO
WILL BECOME A CREATURE OF THE LA PAZ SYNDICATE OF COMMANDERS,
GARCIA MEZA AND THE NARCOTICS TRAFFICKERS, OR WILL SEEK
INDEPENDENCE AND ATTEMPT TO MAKE SERIOUS EFFORTS TO
DEAL WITH BOLIVIA'S
PROBLEMS, ESPECIALLY THE NARCOTICS ISSUE, WE BELIEVE THE BEST
U.S. POSTURE IS TO WAIT AND SEE. END SUMMARY.
3. GENERAL CELSO TORRELIO'S DESIGNATION AS BOLIVIA'S NEW
PRESIDENT, FAR FROM BRINGING RELIEF TO THE TROUBLED BOLIVIAN
POLITICAL SITUATION, PRESAGES CONTINUED UNCERTAINTY
AND INSTABILITY.
MOST EMBASSY CONTACTS VIEW
TORRELIO'S SUCCESSION TO THE PRESIDENCY AS NOTHING MORE
THAN A CONTINUATION OF THE RECENT MILITARY GOVERNMENTS
THAT HAVE DOMINATED THE COUNTRY AND LED IT TO ITS
CURRENT STATE OF DECLINE. MOST SEE THE MELODRAMA
THAT OCCURRED OVER THE PAST WEEK INVOLVING A TUG-OF-WAR
BETWEEN MEMBERS OF THE ARMED FORCES AS A MERE CONTEST
OF INTERESTS AMONG SENIOR MILITARY OFFICERS SEEKING TO
PRESERVE THEIR OWN POWER.
4. THERE IS A PARTICULARLY STRONG FEELING THAT TORRELIO.

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NLRR M353/1 #117752

BY RW NARA DATE 5/18/15

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

AN HONORABLE MAN IN THE BOLIVIAN CONTEXT, ALTHOUGH NOT PERSONALLY INVOLVED IN DRUG TRAFFICKING, HAS BECOME THE VEHICLE THROUGH WHICH THE SO-CALLED "SYSDICATE" OF LA PAZ MILITARY COMMANDERS, INCLUDING THOSE INVOLVED IN ILLEGAL ACTIVITIES SUCH AS NARCOTICS TRAFFICKING, CAN MAINTAIN ITS GRIP ON THE GOVERNMENT.

5. ALTHOUGH BOLIVIANS REJECTED THE THREE-MAN JUNTA AND DECRIED THE PRESENCE OF AIR FORCE GENERAL BERNAL AND NAVY VICE ADMIRAL PAMMO RODRIGUEZ IN THE GOVERNMENT BECAUSE OF THEIR PAST ILLEGAL DEALINGS, THEY NOW SEEM EQUALLY UNHAPPY WITH THE EMERGENCE OF ONE-MAN RULE UNDER TORRELIO, WHO MAY PERCEIVE AS A WEAK TOOL OF BEHIND-THE-SCENES INFLUENCES.

6. CHARGE AND POL/ECON CHIEF MET ON THE AFTERNOON OF SEPT 4 WITH GEN LUCIO ANEZ AND COL MARIO OXA, LEADERS OF THE SANTA CRUZ REBELLION LAST MONTH. ANEZ, WHO MET WITH TORRELIO SEPTEMBER 3, AND TURNED DOWN TORRELIO'S OFFER THAT HE PARTICIPATE IN THE GOVERNMENT IN SOME CIVILIAN CAPACITY, SAID HE IS CONVINCED THAT TORRELIO IS CONTROLLED BY THE "SINDICATO" AND GARCIA MEZA. ACCORDING TO ANEZ, IN A MEETING MONDAY, AUGUST 31, BETWEEN GARCIA MEZA, CIVILIAN ADVISORS AND TORRELIO, A PLAN OF ACTION WAS OUTLINED.

ANEZ SAID ALSO THAT TORRELIO HAD BEEN IN TOUCH WITH GARCIA MEZA AND THE INCOMING PRESIDENT DID NOT NOT DENY THAT HE

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PAGE 1 - 99

SITUATION LISTING

DATE 09/10/81//253

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE884
STU5289
DD RUEHC
DE RUESLZ #5424/2 2472355
ZNY CCCCC ZZH ZZK
O 042322Z SEP 81 ZFF=4
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC NIACT IMMEDIATE 8811
INFO RUEBBA/AMEMBASSY BUENOS AIRES IMMEDIATE 4743
RUEKJCS/DIA WASHDC IMMEDIATE
RULPALJ/USCINCSO J2 QUARRY HTS PN//INTAFF IMMEDIATE
BT

~~CONFIDENTIAL~~ SECTION 02 OF 02 LA PAZ 5424

DIA FOR IR BRANCH

USCINCSO ALSO FOR POLAD

OP CENTER PASS TO ARA/AND

HAD SOUGHT ADVICE FROM THE EX-PRESIDENT. ANEZ ALSO SAID THAT IS IS TORRELIO'S INTENTION TO NAME MILITARY SCHOOL COMMANDER COL. FAUSTINO RICO TORO AS THE NEW CHIEF OF STAFF OF THE ARMY. OXA IN ADDITION EXPRESSED HIS DISMAY THAT WHEN THEY WENT TO SEE TORRELIO AT THE MIRAFLORES BARRACKS, THEY NOTED THE PRESENCE OF FORMER INTERIOR MINISTER COL. LUIS ARCE GOMEZ, IN FULL UNIFORM. ANEZ AND OXA SAID THAT TORRELIO WAS AN HONORABLE MAN AND THEY WOULD TAKE A "WAIT AND SEE"

ATTITUDE TOWARD THE NEW GOVERNMENT, BUT DID NOT EXPECT IT TO LAST FOR VERY LONG.

7. INITIALLY DIPLOMATIC MISSIONS IN LA PAZ WERE INVITED TO ATTEND THE TORRELIO SWEARING-IN CEREMONY. HOWEVER, IN THE EARLY AFTERNOON, FOLLOWING DECISIONS BY THE EUROPEANS, ARGENTINA, BRAZIL, AND OTHERS NOT TO ATTEND, THE IDEA OF DIPLOMATIC PARTICIPATION WAS CALLED OFF. (AN INVITATION WAS NEVER EXTENDED TO THE EMBASSY).

8. AFTERNOON "ULTIMA HORA" HAS BANNER HEADLINE "TORRELIO GOVERNMENT PUT IN TRAIN U.S. RECOGNITION," AND GOES ON TO SAY THAT "A FUNDAMENTAL ASPECT THAT DECIDED THE DESIGNATION OF PRESIDENT TORRELIO IS U.S. RECOGNITION. WE ARE IN A POSITION TO INFORM (READERS) THAT THE NORMALIZATION OF RELATIONS WITH THE U.S. BEGAN TO MOVE AHEAD FROM THE MOMENT GEN. TORRELIO WAS NOMINATED."

9. COMMENT: A CRITICAL ISSUE IN THE SUCCESS OF THE NEW GOVERNMENT WILL BE THE DEGREE TO WHICH IT CAN DISTANCE ITSELF FROM THE GARCIA MEZA REGIME. SEVERAL TORRELIO ASSOCIATES HAVE ASSURED THE EMBASSY THAT THIS IS THE NEW

SENSITIVE

PAGE 1 - 100

SITUATION LISTING

DATE 09/10/81//253

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION

PRESIDENT'S INTENTION. ONE VEN SAID THAT TORRELIO WOULD REMOVE FROM THE COUNTRY BOTH GARCIA MEZA AND LUCHO ARCE AND WELL AS FORMER PRESIDENT HUGO BANZER. IN ADDITION, IT REMAINS TO BE SEEN WHAT STEPS TORRELIO'S GOVERNMENT WILL TAKE ON ISSUES OF CRITICAL IMPORTANCE TO THE U.S. SUCH AS NARCOTICS AND A RESTORATION OF FINANCIAL ORDER TO THE BELEAGUERED ECONOMY. WE WILL BE LOOKING CAREFULLY AT ANY CABINET CHANGES TORRELIO WILL MAKE AND THE PROGRAMS THAT WILL BE PUT IN EFFECT. WHILE WE ARE NOT TERRIBLY OPTIMISTIC THAT THE TORRELIO GOVERNMENT REPRESENTS A TURNING OF THE PAGE IN BOLIVIAN POLITICS, WE BELIEVE THE BEST POSTURE FOR THE U.S. IS TO AWAIT FURTHER DEVELOPMENTS, PARTICULARLY PROGRESS IN MEETING U.S. PERFORMANCE CRITERIA ON THE DRUG AND FINANCIAL FRONTS.

..... PRYCE

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SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE139
STU7475
DD RUEHC
DE RUESLZ #5610/1 2591815
ZNY CCCCC ZZH
O 161731Z SEP 81
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8928
INFO RUESBG/AMEMBASSY BOGOTA 1854
RUFHOL/AMEMBASSY BONN 101
RUESUZ/AMEMBASSY BRASILIA 2208
RUESBA/AMEMBASSY BUENOS AIRES PRIORITY 4762
RUESRS/AMEMBASSY CARACAS 3673
RUESLM/AMEMBASSY LIMA 7578
RUEHLD/AMEMBASSY LONDON 509
RUFHFR/AMEMBASSY PARIS 665
RUESQI/AMEMBASSY QUITO 2115
RUEHRO/AMEMBASSY ROME 439
RUESNA/AMEMBASSY SANTIAGO 4075
RUEKJCS/DIA WASHDC
RULPALJ/USCINCSO J2 QUARRY HTS PN// INTAFF/PRIORITY
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~~CONFIDENTIAL~~ SECTION 01 OF 02 LA PAZ 5610
DIA FOR IR BRANCH, USCINCSO ALSO FOR POLAD
E.O. 12065: GDS 9/16/87 (STRASSER, DANIEL A.) OR-P
TAGS: PDIP, PEPR, PINT, SNAR, BL, US
SUBJ: MEETING WITH FOREIGN MINISTER ROMERO
REF: LA PAZ 5514

1. ~~ENTIRE~~ TEXT)
2. SUMMARY: IN A SEPT. 15 MEETING, WITH EMBOFFS AT A PRIVATE HOME, FOREIGN MINISTER ROMERO CLEARLY DEMONSTRATED HIS INTEREST IN WORKING TOWARD NORMALIZATION OF RELATIONS WITH THE US, PRESSING FOR ACTION ON THE NARCOTICS FRONT AND MOVING THE GOVERNMENT TOWARDS DEMOCRACY. HE WISHES TO WORK CLOSELY WITH US TOWARDS THESE ENDS. THE TORRELIO GOVERNMENT, HE RECOGNIZES, IS WEAK AND FACES MANY OBSTACLES FROM WITHOUT AND WITHIN. ROMERO HOPED THE UNITED STATES WOULD HELP MOVE THE GOVERNMENT IN THE RIGHT DIRECTION BY DEMONSTRATING SOME SUPPORT. END SUMMARY.
3. CHARGE AND EMBOFFS (POL/ECON CHIEF AND INFORMATION OFFICER), AT INVITATION OF PROMINENT LA PAZ NEWSPAPER OWNER CARLOS SERRATE REICH, MET SEPT. 15 INFORMALLY AND PRIVATELY AT SERRATE'S HOME WITH BOLIVIA'S NEW FOREIGN MINISTER, GONZALO ROMERO. ALSO PRESENT WAS ROMERO'S DAUGHTER, ANA MARIA CAMPERO.

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NLRR M353/1 # 117753
BY RW NARA DATE 5/19/15

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

4. THE MEETING TOOK PLACE JUST AFTER ROMERO HAD MADE AN IMPORTANT STATEMENT GIVEN FRONT PAGE HEADLINE TREATMENT IN THE SEPT. 16 PRESS STATING THAT NARCOTICS TRAFFICKING IS THE MOST IMPORTANT PROBLEM IN THE REESTABLISHMENT OF NORMAL DIPLOMATIC RELATIONS WITH THE US (SEPTELS). IN OUR CONVERSATION, ROMERO STRESSED THE IMPORTANCE OF NORMALIZATION OF RELATIONS. HE SAID THAT SOME PEOPLE IN BOLIVA WERE ALREADY NIPPING AT THE HEELS OF THE NEW ADMINISTRATION WHICH HAD ONLY BEEN IN OFFICE FOR 10 DAYS. CLEARLY, HE SAID, SOME TIME WAS NECESSARY TO GET THE GOVERNMENT'S POLICIES OFF THE GROUND. ROMERO SAID THAT IN HIS CONVERSATIONS WITH PRESIDENT TORRELIO, HE WAS CONVINCED OF THE PRESIDENT'S SINCERITY. DESCRIBING TORRELIO AS A "GOOD AND RELIGIOUS MAN", HE SAID THE PRESIDENT WAS PRACTICALLY OBSESSED WITH THE ISSUE OF NARCOTICS TRAFFICKING AND NORMALIZATION OF RELATIONS.

5. ROMERO INDICATED THAT HE HAD A COMMITMENT FROM THE PRESIDENT TO MOVE TOWARDS DEMOCRATIZATION, BUT THAT THIS PROCESS WOULD HAVE TO COME IN STAGES. HE NOTED ALSO THAT THE EUROPEAN AMBASSADORS IN LA PAZ SEEM TO EMPHASIZE NOTHING ELSE BUT HUMAN RIGHTS. (IN AN ASIDE HE SAID THAT AT A RECENT RECEPTION, THE FRENCH AMBASSADOR HAD DOGGED HIM AROUND THE ROOM INSISTING THAT THE GOVERNMENT ALLOW THE RETURN TO THE COUNTRY OF EXILED POLITICAL AND LABOR LEADERS.)

6. ROMERO CLEARLY INDICATED THAT THOSE IN THE NEW ADMINISTRATION SUCH AS HIMSELF WHO ADVOCATED INCREASED LIBERALIZATION AND DEMOCRACY, NEEDED ALL THE HELP THEY COULD GET IN DEALING WITH THE MILITARY ELEMENTS OF THE REGIME. AS AN EXAMPLE OF BOLIVIAN MILITARY MENTALITY, HE NOTED THAT IT HAD PRACTICALLY BEEN DECIDED WITHIN THE CABINET TO COMPLETELY ELIMINATE THE CURFEW WHEN ON THE DAY OF THE CABINET MEETING TO DECIDE THE ISSUE, THE MOVEMENT OF THE REVOLUTIONARY LEFT (MIR) CONDUCTED ITS PROPAGANDA EFFORTS (REFTEL); THE MILITARY IN THE CABINET REACTED BADLY, AND THE RESULT WAS ONLY A LIMITED REDUCTION IN THE CURFEW. ROMERO ALSO ASKED IF WE COULD USE OUR INFLUENCE WITH THE PRESIDENT TO INSIST ON THE DISSOLUTION OF THE SPECIAL SECURITY SERVICE (SES), WHICH ROMERO CONSIDERED TO BE LITTLE MORE THAN AN ARMED GROUP OF NARCOTICS TRAFFICKERS.

7. ROMERO SAID THAT THE TORRELIO GOVERNMENT WAS "AS WEAK AS A NOODLE". HE KNEW THAT NORMALIZATION AWAITED SOME CONCRETE STEPS BY THE GOVERNMENT ON THE NARCOTICS FRONT. HOWEVER, HE HOPED THAT THE US COULD "DO SOMETHING" TO HELP SHORE UP THE WEAK REGIME. HE WAS NOT SPECIFIC IN THIS REGARD, BUT HE FELT THAT SOME STATEMENT BY THE US INDICATING INTERIM SATISFACTION WITH THE GOVERNMENT'S INTENTIONS WOULD BE HELPFUL.

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17

PAGE 1 - 285

SITUATION LISTING

DATE 09/30/81//273

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

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PAGE 1 - 270

SITUATION LISTING

DATE 09/30/81//273

117755

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE249
STU7889
DD RUEHC
DE RUESLZ #5618/1 2592300
ZNY CCCCC ZZH
O 162241Z SEP 81
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8935
INFO RUESAS/AMEMBASSY ASUNCION 2525
RUEHBS/AMEMBASSY BRUSSELS 114
RUESBA/AMEMBASSY BUENOS AIRES 4767
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~~CONFIDENTIAL~~ SECTION 1 OF 2 LA PAZ 5618

EXDIS

E.O. 12065: RDS-4 9/16/01 (PRYCE, WILLIAM T.) OR-M
TAGS: PEPR, PINT, BL, US
SUBJ: CHARGE'S MEETING WITH PRESIDENT TORRELIO
REF: (A) LA PAZ 5545

1. (~~CONFIDENTIAL~~ - ENTIRE TEXT)

2. SUMMARY: DURING THE COURSE OF A PRIVATE SEPTEMBER 15 CONVERSATION WITH CHARGE, PRESIDENT TORRELIO PLEADED FOR MORE US SUPPORT, OUTLINED STEPS HE IS TAKING TO DISTANCE HIMSELF FROM THE GARCIA MEZA REGIME, AND INDICATED HE DOES NOT WANT TO GO AHEAD WITH REPORTED \$70 MILLION PURCHASE OF F-104'S FROM BELGIUM. EMBASSY BELIEVES TORRELIO, ALTHOUGH WEAK, IS MAKING A SERIOUS ATTEMPT TO MOVE IN DIRECTIONS WHICH WILL ADVANCE US INTERESTS AND RECOMMENDS A FURTHER US GOVERNMENT STATEMENT DESIGNED TO HELP HIM.
END SUMMARY

3. AS AUTHORIZED CHARGE INFORMED PRESIDENT TORRELIO DURING A ONE-ON-ONE MEETING AT HIS HOUSE LAST NIGHT (SEPTEMBER 15) OF USG PLANS TO AUGMENT DEA STAFF HERE. HE WAS ABVIOUSLY PLEASED TO LEARN OF THIS DECISION, BUT, NOT UNEXPECTEDLY, TURNED ALMOST IMMEDIATELY TO IMPASSIONED PLEA FOR COMPLETE NORMALIZATION OF RELATIONS. DURING ENSUING DISCUSSION, TORRELIO REPEATEDLY EMPHASIZED HIS FIRM DETERMINATION TO MOVE HARD AGAINST NARCOTICS TRAFFICKERS, BUT PLEADED THAT IT WOULD TAKE TIME TO SHOW RESULTS AND SAID THAT HE URGENTLY NEEDS POSITIVE SIGNS OF SUPPORT FROM THE USG TO HELP HIM IN HIS EFFORTS. HE SAID THAT ONE THING HE WAS CONSIDERING WAS HAVING SOME SORT OF A PUBLIC ANNOUNCEMENT MADE SAYING THAT THE GOB WAS LOOKING FOR A NUMBER OF IMPORTANT TRAFFICKERS.

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NLRR M353/1 # 117755
BY RW NARA DATE 5/18/15

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

HE WAS ENCOURAGED TO DO SO. HE ALSO SAID HE PLANS TO REPLACE ANTI-NARCOTICS CHIEF IN SANTA CRUZ WITH A STRONGER OFFICER.

4. PRESIDENT TORRELIO SPENT CONSIDERABLE TIME OUTLINING HIS EFFORTS TO DISTANCE HIMSELF FROM THE GARCIA MEZA REGIME. THERE WERE, HE SAID, (ACCURATELY) ONLY TWO OF 18 MEMBERS OF HIS CABINET WHO HAD SERVED UNDER GARCIA MEZA, THE MINISTER OF MINES WHO IS COMPETENT AND THE MINISTER OF DEFENSE WHO DOESN'T REALLY COUNT. (HE UNDERSTANDABLY FAILED TO MENTION THAT THE MINISTER OF DEFENSE IS HIS COUSIN) HE HAD "ENCOURAGED" THE FORMER PRESIDENT TO MAKE AN UNOFFICIAL VISIT TO TAIWAN TO GET HIM OUT OF THE PICTURE, AND WOULD CONTROL HIM WHEN HE CAME BACK. IN THIS REGARD, TORRELIO SAID HE WAS VERY PERTURBED AT REPORTS THAT GARCIA MEZA HAD BEEN HANDING OUT MEDALS IN TAIWAN. IF THESE REPORTS WERE TRUE, HE SAID, GARCIA MEZA HAD BEEN ACTING IN A COMPLETELY UNAUTHORIZED MANNER, AND TORRELIO WOULD INFORM THE APPROPRIATE AUTHORITIES BOTH IN BOLIVIA AND TAIWAN. AS FOR FORMER INTERIOR MINISTER LUIS ARCE GOMEZ, TORRELIO SAID HE HAD BEEN PERTURBED BY THE SLOWNESS OF THE PAPER WORK IN GETTING THAT OFFICER OFF TO ARGENTINA. HE ADDED WITH A LOOK OF DETERMINATION THAT IF THE ARGENTINES WOULD NOT ACCEPT ARCE, HE WOULD SEND HIM OFF TO PARAGUAY, AND THEN, WITH A SIGH, ADDED THAT HE HAD NOT YET HEARD ANYTHING FROM THE ARGENTINES ABOUT RECOGNITION. HE PLANNED TO CHANGE THE MILITARY COMMANDER ALSO, BUT THIS WAS A DELICATE MATTER AND NEEDED TO BE DONE IN A MANNER "WHICH DID NOT DISTURB THE MILITARY HIERARCHY." A GENERAL ROTATION OF PRINCIPAL MILITARY COMMANDERS IN NOVEMBER IS WHAT HE HAS IN MIND.

5. TORRELIO THEN RETURNED TO A PLEA FOR "FULL RECOGNITION" SAYING HE WAS FRANKLY VERY FRUSTRATED BY THE SLOWNESS IN RECEIVING INTERNATIONAL SUPPORT, ESPECIALLY FROM THE UNITED STATES. HE, AS AN HONORABLE MAN, WAS DOING ALL THE RIGHT THINGS SO BADLY NEEDED BUT WAS

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PAGE 1 - 268

SITUATION LISTING

DATE 09/30/81//273

SITUATION: CHECK
SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

MESSAGE:

HCE250
UTS2528
OO RUEHC
DE RUESLZ #5618/2 2592330
ZNY CCCCC ZZZH
O 162241Z SEP 81
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8936
INFO RUESAS/AMEMBASSY ASUNCION 2526
RUEHBS/AMEMBASSY BRUSSELS 115
RUESBA/AMEMBASSY BUENOS AIRES 4768
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~~CONFIDENTIAL~~ SECTION 2 OF 2 LA PAZ 5618

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NOT GETTING THE INTERNATIONAL HELP NECESSARY FOR HIM TO CONTINUE ON HIS COURSE. SUPPORT WHICH HE DESERVED, HE HAD THE SUPPORT OF THE PEOPLE AND THE MILITARY NOW, BUT HE MIGHT LOSE IT IF HE CANNOT DEMONSTRATE INTERNATIONAL BACKING. IF HE SHOULD "THROW UP HIS HANDS" SAID TORRELIO, HE WOULD BE REPLACED EITHER BY A "MARXIST GOVERNMENT" OR MORE LIKELY BY A "HARSH REPRESSIVE RIGHT WING DICTATORSHIP CONTROLLED BY THE NARCOTICS TRAFFICKERS." IN REITERATING USG DESIRE TO BE HELPFUL, CHARGE ADDED THAT IT WAS UNFAIR, BUT AN UNFORTUNATE FACT OF LIFE THAT HIS GOVERNMENT WAS TO SOME EXTENT HAVING TO PAY FOR THE SINS OF GARCIA MEZA, A FACT THAT MADE CONCRETE ACCOMPLISHMENTS IN NARCOTICS AND OTHER FIELDS ALL THE MORE ESSENTIAL FOR COMPLETE NORMALIZATION.

6. RETURNING TO HIS NEED FOR U.S. SUPPORT, TORRELIO SAID THAT HE HAD HAD GREAT SUCCESS IN REINCORPORATING JUNIOR OFFICERS BACK INTO THE ARMY. GENERAL ANEZ, HE ADDED, REMAINED SOMETHING OF A PROBLEM. HE HAD TRIED TO MAKE ACCOMMODATIONS, BUT ANEZ, WHO DID NOT HAVE MUCH MILITARY SUPPORT AND WHO WAS A SELF-SEEKEDR, WANTED THE PRESIDENCY FOR HIMSELF AND WAS MANEUVERING TO THAT END. ANEZ, HE SAID, HAD ACCEPTED MONEY FOR "THAT MARXIST TORRIJOS" IN HIS COUP ATTEMPT AND WOULD BE A DISASTROUS PRESIDENT (HE LATER AGREED THAT TORRIJOS COULD BE MORE ACCURATELY DESCRIBED AS A POPULIST THAN A MARXIST BUT MADE CLEAR THAT HE DIDN'T THINK THERE WAS TOO MUCH DIFFERENCE).

7. AS THE CONVERSATION DREW TO A CLOSE, CHARGE MENTIONED REPORTS CIRCULATING THAT GUB WAS PLANNING TO MAKE A LARGE PURCHASE OF F-104'S FROM BELGIUM,

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SUBJECT CATEGORY: LIST

MESSAGE / ANNOTATION:

AND BELIEF THAT IF THIS CAME ABOUT IT WOULD BE A SERIOUS MISTAKE, TORRELIO SAID THAT SUCH A PURCHASE HAD INDEED BEEN AUTHORIZED BY A PREVIOUS GOVERNMENT (HE DID NOT SAY WHAT WE LEARNED SUBSEQUENTLY--THAT IT WAS AUTHORIZED BY THE JUNTA ON ITS LAST DAY), AND THAT IT WAS APPEALING IN SOME WAY BECAUSE IT MEANT GETTING A \$6 MILLION AIRCRAFT FOR A FRACTION OF THE ORIGINAL PRICE. HE SAID, HOWEVER, THAT HE WAS NOW OPPOSED TO THE DEAL AND HAD PUT A HOLD ON IT ("ESTA PARADA.") "HOW," HE ASKED RHETORICALLY, "CAN I AUTHORIZE SUCH EXPENDITURES FOR ARMAMENTS AT A TIME WHEN MY COUNTRY AND PEOPLE NEED THE MONEY SO DESPERATELY FOR OTHER THINGS." (CHARGE DID NOT MENTION THAT WE HAD BEEN TOLD GO-AHEAD HAD BEEN AUTHORIZED AS PART OF THE DEAL TO GET AIR FORCE SUPPORT FOR HIS PRESIDENCY.) WE HAVE SUBSEQUENTLY BEEN APPROACHED BY CLOSE TORRELIO CONFIDANT WHO ESSENTIALLY ADMITTED THAT SUCH A DEAL HAD BEEN MADE AND URGED U.S. ASSISTANCE IN PUTTING THE KIBOSH ON IT FROM THE OTHER END. (SEPTTEL) 7. COMMENT: TORRELIO APPEARED SOMEWHAT BELEAGUERED DURING OUR MEETING AND IS CLEARLY HURT PERSONALLY AT WHAT HE PERCEIVES TO BE U.S. FOOT DRAGGING REGARDING SUPPORT FOR HIS GOVERNMENT. WE ARE INCREASINGLY CONVINCED THAT TORRELIO, WEAK AS HE IS, DOES WANT AND INTENDS TO MOVE FORWARD IN WAYS WHICH WILL ADVANCE U.S. INTERESTS AND THAT WE SHOULD HELP WHERE WE REASONABLY CAN. TO THIS END, EMBASSY RECOMMENDS AS AN ADDITIONAL SIGN OF SUPPORT A PUBLIC STATEMENT, PREFERABLY MADE IN WASHINGTON, SAYING THAT IN RESPONSE TO THE GOB'S PUBLIC STATEMENTS ON NARCOTICS AND OTHER MATTERS AND EFFORTS IT IS INITIATING IN THIS REGARD, USG HAS DECIDED TO AUGMENT THE DEA STAFF IN BOLIVIA.
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20

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 LA PAZ 0618
SIT301 DATE 02/17/82

DTG: 031649Z FEB 82 PSN: 000403
TOR: 034/1837Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: WPC MCF NAN JP VP SIT EOB
EOB:
WHSR COMMENT: CHECKLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUESLZ #0618 0341723
O 031649Z FEB 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 0438

~~CONFIDENTIAL~~ LA PAZ 0618

E.O. 12065: GDS 2/3/88 (CORR, EDWIN, G.) OR-M
TAGS: PEPR, EAID, EFIN, BL
SUBJECT: PRESIDENT TORRELIO REQUESTS TECHNICAL ASSISTANCE TO
HELP ECONOMIC TEAM

1. (C - ENTIRE TEXT).
2. PRESIDENT TORRELIO CALLED ME TO THE PALACE ON THE EVEING OF FEBRUARY 2 TO INFORM ME THAT HE INTENDS IN THE VERY NEAR FUTURE TO TAKE ECONOMIC MEASURES REQUIRED TO RESCUE THE AIL-KING BOLIVIAN ECONOMY, BRING ABOUT NEEDED STRUCTURAL REFORMS, AND OBTAIN AN IMF STANDBY LAON.
3. PRESIDENT TORRELIO ALSO ASKED THAT THE USG PROVIDE HIM AS QUICKLY AS POSSIBLE SEVERAL ECONOMIC TECHNICIANS TO WORK WITH HIS ECONOMIC TEAM TO HELP IMPLEMENT THE DIFFICULT MEASURES HE WAS ADOPTING. HE MADE VERY CLEAR THAT SUCH TECHNICAL ASSISTANCE WOULD NOT IN ANY WAY RIVAL OR REPLACE THE IMF MISSION THE GOB EXPECTS TO COME BOLIVIA TO WORK OUT THE CONDITIONS, TERMS AND COLLATERAL ACTIXONS THE GOB WILL NEED TO TAKE, IN ADDITION TO DEVLUTION, FOR AN IMF STANDBY LOAN. THE U.S. TECHNICIANS ARE NEEDED, HE SAID, TO HELP HIS OWN ECONOMIC TEAM RESPOND RAPIDLY AND COMPETENTLY TO IMF REQUIREMENTS AND ASSURE THEIR IMPLEMENTATION. HE ASKED THAT TWO OR THREE SKILLED U.S. TECHNICIANS BE PROVIDED AS SOON AS POSSIBLE FOR A THREE-MONTH

MESSAGE (CONTINUED):

PERIOD TO HELP BOLIVIAN ECONOMISTS GUIDE BOLIVIA THROUGH THE CURRENT ECONOMIC CRISIS AND EFFECTIVELY PLAN MEASURES NEEDED FOR SOUND, LONG-TERM DEVELOPMENT.

4. THE TORRELIO GOVERNMENT HAS ANNOUNCED A PLAN TO RETURN BOLIVIA TO DEMOCRACY IN THREE YEARS AND IS MAKING PREPARATIONS TO IMPLEMENT THAT PLAN, HAS CURBED HUMAN RIGHTS ABUSES, HAS RELEASED ALL POLITICAL PRISONERS (THOUGH THERE ARE STILL A NUMBER OF EXILES), AND IS PLANNING IN COORDINATION WITH THE EMBASSY ACTIONS WHICH IF CARRIED OUT WILL CONCRETELY DEMONSTRATE GOB SERIOUSNESS AND DETERMINATION TO CONTROL COCA PRODUCTION AND COCAINE TRAFFICKING. A FOURTH AREA OF CONTINUING CONCERN TO THE USG HAS BEEN GOB ACTION TO REMEDY ITS CRISIS-RIDDEN ECONOMY. THE CONTINUED IMPROVEMENT AND SUCCESS IN THE PREVIOUS THREE MENTIONED AREAS ARE DEPENDENT UPON

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NLRR M353/1 #117757

BY RW NARA DATE 5/19/15

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22

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 LA PAZ 0618

DTG: 031649Z FEB 82 PSN: 000403

RESOLUTION OF THE CURRENT ECONOMIC CRISIS. POLITICAL STABILITY AND ECONOMIC/SOCIAL DEVELOPMENT ARE ALSO DEPENDENT ON SUCCESS IN DEALING WITH THE CURRENT ECONOMIC SITUATION AND BRINGING ABOUT A RATIONAL RESTRUCTURING OF THE ECONOMY.

5. PROVIDING U.S. ECONOMIC TECHNICIANS WOULD SHOW USG SUPPORT FOR PROGRAMS AND ACTIONS OF INTEREST TO US WHICH ARE BEING PLANNED AND IMPLEMENTED BY THE TORRELIO GOVERNMENT. THE PRESENCE OF QUALIFIED TECHNICIANS WOULD ALSO HELP ASSURE MORE EFFECTIVE GOB ACTION IN CARRYING OUT IMF REQUIRED REFORMS. AND, FINALLY, THE TECHNICIANS AND, FINALLY, THE TECHNICIANS COULD BE INFLUENTIAL IN HELPING THE GOB TO COMMENCE NEEDED STRUCTURAL CHANGES AND PREPARE ITS BUDGET ALLOCATIONS IN SUCH A WAY TO ENSURE A MORE RATIONAL USE OF RESOURCES FOR DEVELOPMENT AND PROVISION OF ADEQUATE COUNTERPART FUNDS FOR FOREIGN AID, INCLUDING THE NOW "FROZEN" AID PROJECTS. ALTHOUGH THERE MAY BE SOME RISK THAT PROVIDING TECHNICIANS COULD SUBJECT US TO CRITICISM BY THOSE WHO OPPOSE THE MEASURES, WE BELIEVE THIS RISK IS MINIMAL AND WELL WORTH TAKING.

6. I REQUEST THAT AID WASHINGTON PROGRAM DOLS 60,000 FROM WASHINGTON PROGRAM DEVELOPMENT AND SUPPORT FUNDS FOR TWO TECHNICIANS FOR THREE MONTHS (OR THREE TECHNICIANS FOR TWO MONTHS), AND THAT ACTION BE TAKEN AS QUICKLY AS POSSIBLE (PROBABLY THROUGH AN INDEFINITE

MESSAGE (CONTINUED):

QUANTITY CONTRACT-IQC) TO RECRUIT A TEAM AND DISPATCH IT TO BOLIVIA.

7. I BELIEVE THAT A POSITIVE AND RAPID RESPONSE TO PRESIDENT TORRELIO'S REQUEST WILL BE IMPORTANT IN TERMS OF ADVANCING U.S. POLITICAL INTERESTS AND IN IMPROVING THE POSSIBILITIES FOR A EFFECTIVE AID PROGRAM WHEN WE DEEM IT APPROPRIATE TO RESUME OUR CURRENTLY FROZEN DEVELOPMENT PROJECTS.
.....CORR

LA PAZ 0618

DTG: 031649Z FEB 82 PSN: 000403

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23

WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 LA PAZ 1743
SIT222 DATE 04/06/82

DTG: 270109Z MAR 82 PSN: 014013
TOR: 086/0211Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: CKLS
EOB:
WHSR COMMENT: CHEKCLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUESLZ #1743 0860045
O 270109Z MAR 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 0999

INFO AMEMBASSY BOGOTA IMMEDIATE 2002
AMEMBASSY BUENOS AIRES IMMEDIATE 4934
AMEMBASSY LIMA 7973
BT

~~CONFIDENTIAL~~ LA PAZ 1743
BOGOTA FOR U. S. IDB DELEGATION
E.O. 12065: GDS 3/26/88 (CORR, EDWIN G.) OR-M
TAGS: EFAIN, EAID, IDB, BL
SUBJECT: GOB REQUESTS FOR USG SUPPORT AT IDB MEETING, CARTAGENA
REF: (A) STATE 057357, (B) LA PAZ 1367, (C) LA PAZ 1453,
(D) LA PAZ 1740

1. (C -ENTIRE TEXT).

2. ON THE AFTERNOON OF MARCH 26 PRESIDENT TORRELIO AND MINISTER OF FINANCE ALCOREZA EACH SPOKE SEPARATELY WITH ME TO REQUEST USG SUPPORT FOR GOB EFFORTS AT THE IDB MEETING IN CARGAENA BOTH IN THE OFFICIAL SESSIONS AND IN THE CORRIDORS. MINISTERS ALCOREZA, WHO IS HEADING THE GOB DELEGATION, INTENDS TO REQUEST HELP IN THREE SPECIFIC AREAS FROM THE INTERNATIONAL COMMUNITY TO HELP BOLIVIA WITH ITS CURRENT SERIOUS POLICIAL AND ECONOMIC SITUATION: (A) THAT THE WORLD BANK ACCELERATE AND AUGMENT THE AMOUNT OF A STRUCUTRAL ADJUSTMENT LOAN FOR 50 MILLION DOLLARS WHICH HAS BEEN DISUCSSED PREVIOUSLY, (B) THAT THE INTER-

MESSAGE (CONTINUED):

AMERICAN DEVELOPMENT BANK MAKE AN "EMERGENCY LOAN" AS QUICKLY AS POSSIBLE TO BOLIVIA, IN ADDITIONAL TO OTHER LOANS ALREADY CONTEMPLATED; AND (C) THAT HE CONSORITUM OF PRIVATE BANKS WHO HAVE LANEDM MONEY TO BOLIVIA (REPRESENTATIVES OF SOME OF THOSE BANKS WILL BE IN CARTAGENA) EXTEND THE APRIL 15 DEADLINE FOR PAYMENT BY 30 TO 45 DAYS.

3. THE GOB HAS BEGUN TAKING THE DIFFICULT MASURES RECOMMENDED BY THE IMF TO RESOLVE THE CURRENT EDONOMIC CRISIS BUT WILL BE UNALBE TO MANAGE ITS VERY HEAVY DEBT BURDEN WITHOUT SOME HELP FROM THE INTERNATIONAL COMMUNITY IN TERMS OF PROVIDING FINANACIAL ASSISTANCE AND/OR POST-POINING DEBT PAYMENT. INITIAL BOLIVIAN PUBLIC REACTION TO THE GOB'S EFFORTS TO IMPLEMENT THE IMF'S REQUIRED MEASURES HAS BEEN LARGELY NEGATIVE--PUBLIC DISTURBANCES,

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BY RW NARA DATE 5/18/15

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24

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 LA PAZ 1743

DTG: 270109Z MAR 82 PSN: 014013

STRIKES, CLOSING OF BUSINESSES AND GREAT UNCERTAINTY THROUGHOUT THE ECONOMY. THE GOB ELIVES INTERNATIONAL HELP IS REQUIRED IF IT IS TO SURVIVE AND MOVE FORWARD IN AREAS OF CONCERN TO THE INTERNATIONAL COMMUNITY AS WELL AS TO BOLIVIAN.

4. SINCE TORRELIO BECAME PRESIDENT, THE GOB HAS MADE PROGRESS IN HUMAN RIGHTS, HAS MOVED FORWARD IN ITS DECLARED INTENT TO RETURN THE GOVERNMENT TO CONSTITUTIONAL RULE WITHIN THREE YEARS, AND HAS NOW TAKEN DIFFICULT MEASURES IN THE ECONOMIC FIELD. WE ALSO EXPECT CONCRETE ACTIONS IN THE COCA CONTROL AREA BY MID-APRIL.

5. WE HAVE BEEN INFORMED BY GOB OFFICIALS THAT THE GOVERNMENT OF ARGENTINA WILL SUPPORT BOLIVIAN INITIATIVES IN CARTAGENA AND THAT THE GOB IS ENDEAVORING TO OBTAIN HELP FROM OTHER FRIENDLY NATIONS. PRESIDENT TORRELIO AND FINANCE MINISTER ALCOREZA STRESSED TO ME THEIR BELIEF THAT USG SUPPORT IS UNDOUBTEDLY THE MOST IMPORTANT OF ALL AND MADE VERY STRONG PLEAS FOR UR HELP. I HOPE THAT THAT THE USG DELGATION WILL BE SUPPORTIVE. OUR IDENTIFICATION WITH THE BOLIVIAN EFFORT IN CARTAGENA OR OUR FAILURE TO SUPPORT THEM IN THIS INSTANCE WILL HAVE IMPORTANT RAMIFICATIONS FOR OUR BILATERAL RELATIONSHIP.

6. WE UNDERSTAND AMBASSADOR SANJINES WILL BE SEEKING AN APPOINTMENT TO DISCUSS THESE MATTERS WITH ASSISTANT SECRETARY ENDERS.

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MESSAGE (CONTINUED):

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WHITE HOUSE SITUATION ROOM

PAGE 01 LA PAZ 4696
SIT969 DATE 08/16/82

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~~CONFIDENTIAL~~ SECTION 01 OF 03 LA PAZ 4696

EXDIS

ARA/AND AND INM; DEPT PASS TO WHITE HOUSE FOR ADM MURPHY

E.O. 12356: DECL: OADR

TAGS: PEPR, EFIN, EAID, SNAR, BL, US

SUBJECT: PRESIDENT VILDOSO DESCRIBES ECONOMIC CRISIS AND PLEADS
FOR U.S. ASSISTANCE

1. C - ENTIRE TEXT

2. SUMMARY: DURING TWO AND A HALF HOUR MEETING AT PRESIDENTIAL PALACE LAST NIGHT (AUGUST 10) CALLED BY PRESIDENT VILDOSO, CHARGE' AND A/DCM WERE GIVEN AN ORCHESTRATED PRESENTATION BY THE PRESIDENT, THE JUNTA OF COMMANDERS, THE FOREIGN MINISTER, THE FINANCE MINISTER AND HIS SUB-SECRETARY, AND THE CENTRAL BANK PRESIDENT WHICH DESCRIBED IN GLOOMY TERMS THE ECONOMIC AND FINANCIAL PRESSURES CONFRONTING THE COUNTRY AND THEIR GOVERNMENT AND INCLUDED A REQUEST FOR URGENT U.S. ASSISTANCE. PRESIDENT VILDOSO SAID THAT HIS PLANS TO DEMOCRATIZE THE COUNTRY RESTED ON HIS ABILITY TO RESOLVE THE ECONOMIC PROBLEMS HE CONFRONTED, AND HE NEEDED SOME ASSURANCE OF EXTERNAL ASSISTANCE PRIOR TO AUGUST 20 WHEN THE ELECTOAL COURT WAS TO BE FORMED. THE ECONOMIC TEAM LAID OUT THEIR PROPOSED ECONOMIC EMERGENCY PLAN, INCLUDING MONETARY, FISCAL, AND BALANCE OF PAYMENTS MEASURES BUT SAID THAT THE PLAN DEPENDED ON A FUND OF BETWEEN 30 AND 40 MILLION DOLLARS TO STABILIZE THE

MESSAGE (CONTINUED):

PESO. THE GOB OFFICIALS ALSO MADE VARIOUS SUGGESTIONS ON WHAT FORM USG ASSISTANCE MIGHT TAKE; THIS AMOUNTED TO A REQUEST FOR SOME TYPE OF EMERGENCY GOVERNMENT-TO-GOVERNMENT LOAN. CHARGE' TOLD THEM THAT WE WERE VERY CLOSE TO AGREEMENT ON A TEN MILLION DOLLAR PL-480 TITLE III PROGRAM AND THAT IF A COCO CONTROL PLAN WERE AGREED UPON, CONSIDERABLE FURTHER ASSISTANCE COULD BE FORTHCOMING AS LONG AS THERE WAS CONTINUED PROGRESS IN ALL AREAS OF U.S. INTEREST, ESPECIALLY NARCOTICS TRAFFICKING. HE URGED THAT GOB NOT ALLOW ITS IMAGE TO BE SOILED BY CONTACT WITH NARCOTICS TRAFFICKERS AND SAID THAT THIS WAS A CONTINUING REAL CONCERN IN WASHINGTON. HE NOTED THAT RECENT DEVELOPMENTS, INCLUDING REPORTED ATTEMPTS BY NARCOTICS TRAFFICKERS TO APPROACH MEMBERS OF THE ADMINISTRATION AND SUSPICIONS ABOUT THESE ACTIVITIES, WOULD BE HIGHLY DAMAGING TO

U.S.-BOLIVIAN RELATIONS SHOULD THE OVERTURES MEET WITH ANY KIND OF POSITIVE RESPONSE OR EVEN APPEAR TO DO SO WHILE MAKING CLEAR THAT HE DID NOT THINK U.S. BUDGETARY SUPPORT FUNDS COULD BE MADE AVAILABLE, HE PROMOSD TO TRANSMIT THE PRESIDENT'S REQUEST TO WASHINGTON. END SUMMARY.

3. ON AUGUST 10 CHARGE' AND A/DCM STRASSER ATTENDED A TWO AND A HALF HOUR MEETING AT PRESIDENTIAL PALACE WITH PRESIDENT VILDOSO, THE JUNTA OF COMMANDERS, THE FOREIGN MINISTER, THE FINANCE MINISTER AND HIS SUBSECRETARY, AND THE CENTRAL BANK PRESIDENT. PRESIDENT VILDOSO SAID THE PURPOSE OF THE MEETING WAS TO GIVE AN EXPOSITION ON THE POLITICAL AND ECONOMIC SITUATION FACING THE GOVERNMENT. HE NEEDED TO ASSURE HIMSELF BEFORE GOING AHEAD WITH PLANS TO IMPLEMENT THE APRIL 1983 ELECTIONS THAT THE ECONOMIC PROSPECTS FOR THE COUNTRY WOULD SO PERMIT. VILDOSO SAID HE HAD TO FORM THE ELECTORAL COURT BY AUGUST 20, WHICH WAS HIS DEADLINE FOR EVALUATING WHETHER ECONOMIC CONDITIONS WOULD PERMIT HIM TO GO AHEAD WITH PLANS FOR THE ELECTIONS AS WELL AS WITH ECONOMIC MEASURES. THE U.S. RESPONSE TO CERTAIN QUESTIONS WOULD BE CRITICAL IN THIS REGARD.

4. FINANCE MINISTER REVOLLO SAID THAT THE EMERGENCY ECONOMIC PLAN OF THE GOVERNMENT WAS READY, DISCUSSIONS HAD BEEN HELD WITH THE IMF REPRESENTATIVE AND AN AGREEMENT ON A STANDBY WOULD OPEN THE WAY TO ASSISTANCE FROM

MESSAGE (CONTINUED):

OTHER INTERNATIONAL FINANCIAL INSTITUTIONS. HE SAID THE PLAN INVOLVED FISCAL MEASURES, BALANCE OF PAYMENTS AND DEBT ADJUSTMENTS, CHANGES IN MONETARY POLICY AND MORALIZATION MEASURES.

5. CENTRAL BANK PRESIDENT FABBRI SAID IN THE MONETARY AREA THAT THE GOVERNMENT HAD CONCLUDED THE ONLY WORKABLE SYSTEM WOULD BE A CONTINUED FLOATATION OF THE PESO, HOWEVER, WITH CENTRAL BANK INTERVENTION TO STABILIZE ITS VALUE. FABBRI SAID THAT BOTH THE GOB AND THE IMF WERE IN AGREEMENT THAT THE PESO WAS SERIOUSLY UNDERVALUED DUE TO SPECULATION IN THE EXCHANGE MARKETS. THE PLAN ALSO INCLUDED OBLIGATING THE EXCHANGE OF ALL DOLLARS THROUGH THE CENTRAL BANK, CREATING DISINCENTIVES FOR THE USE OF EXCHANGE WHILE PROMOTING EXPORTS. THE CENTRAL BANK PRESIDENT NOTED, HOWEVER, THAT THE BANK WAS IN A NEGATIVE RESERVE POSITION AND HAD ONLY YESTERDAY, WITH THE GREATEST OF EFFORT, BEEN ABLE TO PUT TOGETHER JUST UNDER TWO MILLION DOLLARS TO PAY THE INSURANCE PREMIUM FOR THE NATIONAL AIRLINE. WHILE THE CENTRAL BANK WOULD ALSO COME UP WITH APPROXIMATELY 1.2 MILLION DOLLARS FOR THE FIRST PAYMENT ON PL-480 ARREARAGES NECESSARY FOR THE TEN MILLION DOLLAR PL-480 AGREEMENT, THIS WOULD COME OUT

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26

WHITE HOUSE SITUATION ROOM

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~~CONFIDENTIAL~~ SECTION 02 OF 03 LA PAZ 4696
EXDIS

ARA/AND AND INM; DEPT PASS TO WHITE HOUSE FOR ADM MURPHY
OF EXPECTED DELINQUENT ARGENTINE GAS SALES PAYMENTS WHICH NOW TOTAL
94 MILLION DOLLARS.

6. FABBRI SAID THAT THE GOB NEEDED TO CREATE A FUND
WHICH WOULD ALLOW CENTRAL BANK INTERVENTION IN THE FLOAT-
ING EXCHANGE MARKET. THE FLOAT, HE SAID, IS NOT PERMAN-
ENT BUT A TRANSITORY STEP TOWARDS A REALISTIC RATE OF
EXCHANGE. HE FURTHER LAID OUT THE VARIOUS DEBT PAYMENTS,
INCLUDING INTEREST, WHICH THE GOB NEEDED TO PAY OVER THE
COMING MONTHS AND THE PROSPECTS OF DECREASED IMPORTS CAUSED
BY EXCESSIVE PAYMENTS. IN ORDER TO CREATE THE PESO
STABILIZATION FUND, THE COUNTR NEEDED EXTERNAL ASSIS-
TANCE.

7. SUBSECRETARY OF FINANCE DELGADILLO PRESENTED BUDGET
AND FISCAL MEASURES BEING CONSIDERED BY THE VILDOSO GOV-
ERNMENT. THE ORIGIN OF BOLIVIA'S ECONOMIC CRISIS, HE
SAID, LAY IN THE GOB FISCAL DEFICIT WHICH EFFECTED OTHER
AREAS, INCLUDING THE VALUE OF THE PESO AND THE RATE OF
INFLATION. THE GOB EMERGENCY ECONOMIC PLAN INCLUDED
RAISING PRICES FOR HYDROCARBON PRODUCTS BETWEEN 60 AND
65 PERCENT; RAISING RATES ON PUBLIC UTILITIES SUCH AS
ELECTRICITY, TELEPHONE, WATER AND SEWAGE, AND RAIL FEES;
ELIMINATING THE GOVERNMENT SUBSIDY ON FLOUR; AND, TO COM-

MESSAGE (CONTINUED):

PENSATE FOR THESE MEASURES WHICH WOULD SERIOUSLY EFFECT
THE COMMON PEOPLE, TO INSTITUTE A SALARY INCREASE FOR THE
LOWER ECONOMIC STRATA. THE EXTENT OF THIS BONUS WAS STILL
UNDER DISCUSSION WITH THE IMF. HE ALSO SPOKE ABOUT AN
EXPORT TAX AND THE NEED TO SET PRIORITIES IN TERMS OF
GOVERNMENT PROSPECTS TO REDUCE EXPENDITURES AND THE BUDGET DEFICIT.

8. DELGADILLO SAID, HOWEVER, THAT THE HEAVY DEBT BURDEN
CREATED A NEED FOR ASSISTANCE TO FILL THE GAP. THE GOV-
ERNMENT OWED 680 MILLION DOLLARS THROUGH THE END OF THE YEAR.
THIS MEANT THAT VITAL IMPORTS, INCLUDING FOOD, MEDICINES,
ETC., WOULD BE SERIOUSLY RESTRICTED. THERE WAS THEREFORE
A NEED TO RE-FINANCE THE DEBT. FABBRI NOTED THAT OF THE
680 MILLION DOLLAR DEBT FOR THE YEAR SOME 540 MILLION
DOLLARS REMAINED TO BE PAID. THE GOVERNMENT HAD MET ALL
OF ITS OBLIGATIONS TO THE PRIVATE BANKS BUT WAS 250 MIL-

LION DOLLARS IN ARREARS TO FRIENDLY GOVERNMENTS AND COM-
MERCIAL SUPPLIERS. IN SEPTEMBER, HOWEVER, IT WAS POSSI-
BLE THAT THE GOVERNMENT WOULD NOT BE ABLE TO PAY ITS DEBTS.

9. THE PRESIDENT DEPLORED A SITUATION IN WHICH BOLIVIA
WOULD BECOME A COUNTRY WITH THE REPUTATION FOR NOT PAY-
ING ITS DEBTS ON TIME. THE PRESIDENT SAID THAT HE DE-
SIGNED TO PUT THE EMERGENCY ECONOMIC PLAN INTO ACTION BUT
NEEDED EMERGENCY RESOURCES. VILDOSO SAID THAT IN HIS
DISCUSSIONS WITH VICE PRESIDENT BUSH IN BOGOTA, HE WAS
ASKED WHETHER THE GOB HAD INITIATED STEPS TO REQUEST
ASSISTANCE. THIS MEETING THEREFORE CONSTITUTED SUCH
A REQUEST. THE PRESIDENT SAID IT WAS A DANGEROUS SITU-
ATION AND THE COUNTRY COULD FIND ITSELF IN A SOCIAL AND
POLITICAL DISORDER IF SOLUTIONS WERE NOT FOUND.

10. THE CHARGE' REVIEWED THE POSSIBILITIES OF FUTURE
U.S. ASSISTANCE, NOTING THAT WE WOULD BE ACTING QUICKLY
TO FINALIZE AGREEMENT ON A 10 MILLION DOLLAR PL-480 TITLE
III PROGRAM AND COULD POSSIBLY BE READY TO SIGN THE AGREE-
MENT ON SATURDAY WHEN AMBASSADOR CORR RETURNED. HE ADDED
THAT THERE WERE WORRIES IN WASHINGTON ABOUT REPORTS THAT
NARCOTICS TRAFFICKERS WERE ENGAGED IN OVERTURES TO THE
GOVERNMENT AND WARNED THAT ANY POSITIVE RESPONSE OR EVEN AN APPEAR-
ANCE OF SOME SUCH RESPONSE WOULD SERIOUSLY DAMAGE U.S.-BOLIVIAN RE-
LATIONS AND ASSISTANCE PROSPECTS. HE SAID THAT IF THERE WERE AGREE-
MENT SOON ON THE GOB COCA CONTROL PLAN, SUBSTANTIAL FURTHER
ASSISTANCE WAS POSSIBLE, INCLUDING UNFREEZING OF USAID

MESSAGE (CONTINUED):

LOANS, ADDITIONAL TITLE III ASSISTANCE, A HOUSING INVEST-
MENT GUARANTEE AND SOME MILITARY ASSISTANCE, AS WELL AS
GRANTS FOR NARCOTICS CONTROL. THESE PROSPECTS DEPENDED
ALSO, HOWEVER, ON CONTINUED PERFORMANCE IN AREAS OF U.S.
INTEREST, INCLUDING HUMAN RIGHTS, DEMOCRACY, THE ECONOMY,
BUT ESPECIALLY IN THE AREA OF NARCOTICS. THE CHARGE' AGAIN
WARNED THAT THERE WAS CONCERN IN WASHINGTON THAT THE GOB
NOT BE LINKED IN ANY WAY TO NARCOTICS TRAFFICKERS.

11. THE ECONOMIC TEAM MEMBERS SUGGESTED VARIOUS WAYS IN
WHICH THE U.S. COULD HELP. THEY HOPED THE USG WOULD
ASSIST WITH THE IMF IN SPEEDING UP IMF PROCEDURES WHICH
COULD DELAY A STANDBY AGREEMENT FOR TWO MONTHS AFTER GOB
ECONOMIC MEASURES HAD BEEN TAKEN. ONE SUGGESTION WAS THE
POSSIBILITY OF A BRIDGE LOAN WHICH WOULD HELP THEM MAKE
IT THROUGH THIS PERIOD. THEY NOTED THAT AN IMF COMPEN-
SATORY FINANCING FACILITY LOAN (FOR DEPRESSED TIN PRICES)
WHICH MIGHT AMOUNT TO APPROXIMATELY 10 MILLION DOLLARS
WAS ALSO IN THE WORKS. A FURTHER IDEA PROPOSED WAS
SOME SORT OF USG MORATORIUM ON PAYMENT OF INTEREST ON
GOB LOANS OWED TO THE USG. (THEY ESTIMATED OUTSTANDING
DEBT TO THE USG AT 300 MILLION DOLLARS WITH INTEREST PAY-
MENTS AMOUNTING TO 56 MILLION DOLLARS.) FINANCE MINISTER
REVOLLO SAID THAT WHAT WAS MOST NEEDED AND REQUESTED WAS
A 30 TO 40 MILLION DOLLAR DIRECT LOAN TO SUPPORT THE PESO
STABILIZATION FUND DESCRIBED BY THE CENTRAL BANK PRESIDENT.

12. CHARGE' TRIED TO DISCOURAGE SUCH THINKING, NOTING
THE SERIOUS RESTRICTIONS OF THE AVAILABILITY OF U.S.
GOVERNMENT FUNDING. WHILE PROMISING TO TRANSMIT THE RE-
QUEST TO WASHINGTON, HE EMPHASIZED THAT THE GOB SHOULD
FOCUS ON CONCRETE PROSPECTS FOR AID SUCH AS THE UPCOMING
10 MILLION DOLLAR PL-480 TITLE III AGREEMENT.

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WHITE HOUSE SITUATION ROOM

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~~CONFIDENTIAL~~ SECTION 03 OF 03 LA PAZ 4696

EXDIS

ARA/AND AND INM; DEPT PASS TO WHITE HOUSE FOR ADM MURPHY

13. PRESIDENT VILDOSO EXPRESSED GRATITUDE FOR THE EXPECTED TITLE III ASSISTANCE AND OTHER POSSIBLE AID BUT ASSERTED THAT THIS WOULD BE LITTLE COMPARED TO BOLIVIA'S NEEDS. COMPARING BOLIVIA TO A "DYING MAN" WHO NEEDS "FIVE PINTS OF PLASMA," PROSPECTS OF USG AID AMOUNTED TO "FIVE TEASPOONS OF PLASMA." VILDOSO APPEALED FOR "THE FULL FIVE PINTS," NOTING THAT OUR COUNTRIES HAD BEEN CLOSE ALLIES FOR MANY YEARS AND THAT THE COUNTRY FACED THE PROSPECT OF TOTAL COLLAPSE. BOTH VILDOSO AND THE FOREIGN MINISTER ASKED WHAT WOULD BE THE U. S. POSITION IF BOLIVIA INDEED WENT THE WAY OF NICARAGUA. THE PRESIDENT WARNED THAT ONLY THE SOVIETS AND THE CUBANS WOULD BENEFIT. VILDOSO SAID THAT HE HAD ONLY NINE DAYS TO COME TO DECISIONS AND ASKED THAT A U. S. OFFICIAL RESPONSE TO HIS REQUEST FOR ASSISTANCE BE FORTHCOMING QUICKLY. THE CHARGE' PROMISED TO REPORT ON THE MEETING AND TRANSMIT THE PRESIDENT'S REQUEST IMMEDIATELY.

14. COMMENT: CHARGE' DID NOT GIVE THE PRESIDENT AND HIS SENIOR AIDES ANY HOPE THAT THE KIND OF ASSISTANCE THEY WERE LOOKING FOR FROM THE USG WOULD BE AVAILABLE. RATHER THEY WERE ORIENTED TOWARD WORKING TO FINALIZE THE CURRENT NEGOTIATIONS FOR TITLE III AND TO TAKE

MESSAGE (CONTINUED):

STEPS WHICH WOULD OPEN UP FURTHER PROSPECTS OF ASSISTANCE WHICH ARE ALREADY BEING CONSIDERED SUCH AS THE FROZEN AID PROJECTS, THE HOUSING INVESTMENT GUARANTEE, AND NARCOTICS ASSISTANCE. IN THIS REGARD, THE GOB IS MOVING AHEAD QUICKLY TO OFFICIALLY APPROVE THE COCA CONTROL PLAN WITH ALL THE CHANGES PROPOSED BY THE DEPARTMENT (SEPTEL). IF THE GOB SEEMS A BIT UNREALISTIC ABOUT THE AVAILABILITY OF A QUICK 30 TO 40 MILLION DOLLARS IN EMERGENCY ASSISTANCE, THEY MAY BE DEMONSTRATING SOME OF THE DESPERATION OF THE "DYING MAN" OR AT LEAST A GOVERNMENT WHICH IS DESPERATELY STRUGGLING FOR SURVIVAL. THE EMBASSY HOPES THAT IF, AS WE ARE QUITE SURE, THE PRESIDENT'S PERSONAL REQUEST FOR ADDITIONAL ASSISTANCE CANNOT BE ACCOMMODATED, THAT WE CAN AT LEAST QUICKLY SIGN THE 10 MILLION DOLLAR TITLE III AGREEMENT BY SATURDAY, AUGUST 14. PRYCE

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28

WHITE HOUSE SITUATION ROOM

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~~CONFIDENTIAL~~ SECTION 1 OF 2 LA PAZ 4570
E.O. 12356: DECL: 8/4/88
TAGS: PEPR, EFIN, EAID, BL, US
SUBJ: FINANCE MINISTER APPEALS FOR US ASSISTANCE

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT

2. SUMMARY: FOREIGN MINISTER REVOLLO DESCRIBED THE FINANCIAL SITUATION OF THE COUNTRY AND THE POLITICAL IMPLICATIONS FOR THE GOVERNMENT IN SOMEWHAT ALARMING TERMS IN A MEETING WITH THE CHARGE AUGUST 3. THE GOVERNMENT'S ECONOMIC MEASURES HE SAID WHILE ALMOST COMPLETED WOULD EVOKE A STRONG SOCIAL AND POLITICAL REACTION FROM THE POPULACE AND WOULD BE DIFFICULT TO ENACT WITHOUT SOME FINANCIAL BACKUP. PROSPECTS FOR IMMEDIATE ARGENTINE GAS PAYMENTS ARE LIMITED (16 MILLION DOLLARS), AND IMF STANDBY CREDITS WOULD NOT BE AVAILABLE BEFORE NOVEMBER HE SAID. HE ADDED THAT THE PRESIDENT'S SUPPORT AMONG THE ARMED FORCES WAS LESS THAN SOLID, AND THAT THE GOVERNMENT FACED A THREAT FROM A GROUP OF LIEUTENANT COLONELS WHO WANT TO RUN THE COUNTRY ON DRUG MONEY. THE MINISTER APPEALED FOR WHATEVER USG ASSISTANCE WAS POSSIBLE AND SPECIFICALLY URGED PROMPT ACTION ON OUR UPCOMING US 10 MILLION DOLLARS IN PL480

MESSAGE (CONTINUED):

TITLE III ASSISTANCE, WHILE AT THE SAME TIME EXPRESSING DOUBTS ABOUT WHETHER THIS WOULD BE ENOUGH AGAINST THE BACKDROP OF BOLIVIA'S DIFFICULT PROBLEMS. ALTHOUGH REVOLLO WAS PROBABLY EXAGGERATING A LITTLE, WE HAVE NO DOUBT THAT PRESIDENT VILDOSO'S POSITION IS SHAKY. THIS POINTS UP THE NEED FOR US TO MOVE AS PROMPTLY AS POSSIBLE TO IMPLEMENT OUR POLICY DECISION TO MAKE AVAILABLE 10 MILLION DOLLARS IN PL480 ASSISTANCE. IF WE ARE TO USE THIS MONEY TO MOVE THE VILDOSO GOVERNMENT IN THE DIRECTIONS HE AND WE WANT TO SEE IT GO, WE MUST MOVE QUICKLY. WE, THEREFORE, STRONGLY URGE THAT NEGOTIATING INSTRUCTION FOR THE LOAN BE SENT BEFORE THE END OF THIS WEEK. END SUMMARY.
PRYCE

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WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 LA PAZ 6146
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E.O. 12356: DECL: OADR
TAGS: PDIP, PEPR, PGOV, BL, US
SUBJ: MEETING OF U.S. INAUGURAL DELEGATION WITH PRESIDENT SILES
ZUAZO AND CABINET: REQUEST FOR SHORT-TERM ASSISTANCE
REF: STATE 285409

1. (C - ENTIRE TEXT)

2. SUMMARY: THE U.S. DELEGATION TO THE BOLIVIAN PRESIDENTIAL INAUGURAL, LED BY AMBASSADOR J. WILLIAM MIDDENDORF, HAD A FULL SUBSTANTIVE BILATERAL WITH PRESIDENT SILES ZUAZO AND FIVE KEY MEMBERS OF THE NEW CABINET ON OCTOBER 11. AMBASSADOR MIDDENDORF STRESSED U.S. SUPPORT FOR THE RETURN TO DEMOCRACY IN BOLIVIA; PUT ON THE RECORD U.S. CONCERN ABOUT COMMUNIST PARTICIPATION IN THE NEW GOVERNMENT; DISCUSSED THE IMPORTANCE OF SOUND ECONOMIC POLICIES, THE ROLE OF THE PRIVATE SECTOR AND DEVELOPMENT OF A GAS PIPELINE TO BRAZIL; SPOKE ABOUT THE NEED FOR A DECISIVE ATTACK ON NARCOTICS TRAFFICKING AND A PROGRAM FOR COCA CONTROL; AND SAID THE U.S. WOULD BE LOOKING TO CONTINUED COOPERATION WITH BOLIVIA IN THE INTERNATIONAL AREA, INCLUDING THE OAS AND UN. PRESIDENT SILES SAID HE HAD AGREED WITH THE PRESIDENTS OF PERU AND COLOMBIA TO SIGN A TRILATERAL TREATY TO COMBAT NARCOTICS, PLEDGED A REGIME OF ECONOMIC AUSTERITY AND HARD WORK AND NOTED THE GOB WOULD RECEIVE A UN TECHNICAL TEAM; AND INDICATED THAT THE COMMUNIST PRESENCE IN HIS GOVERNMENT WAS A MATTER OF PRAGMATIC POLITICS. THREE OF

MESSAGE (CONTINUED):

THE CABINET MEMBERS RAISED THE QUESTION OF EARLY U.S. ECONOMIC ASSISTANCE IN SUPPORT OF THE NEW AND FRAGILE BOLIVIAN DEMOCRACY, ESPECIALLY BALANCE OF PAYMENTS HELP, IN ORDER TO ALLOW THE GOVERNMENT BREATHING SPACE UNTIL AGREEMENT WITH THE IMF IS REACHED. AMBASSADOR CORR REVIEWED POSSIBILITIES AND CONDITIONS FOR UNFREEZING PROJECTS SUSPENDED SINCE THE 1980 COUP, AND OTHER MEMBERS OF THE DELEGATION NOTED THE DIFFICULTIES OF FINDING NEW MONIES, STRESSED THE IMPORTANCE OF GOB AGREEMENT WITH THE IMF, AND CITED THE IMPORTANCE OF EFFECTIVE ACTION ON COCAINE AND COCA. THE MEETING WAS FRANK AND CORDIAL. OBVIOUSLY, THE NEW GOVERNMENT HOPES FOR SOME QUICK ECONOMIC ASSISTANCE. EMBASSY BELIEVES U.S. INTERESTS WOULD BE WELL SERVED BY A 25 MILLION DOLLAR ESF GRANT TO THE NEW GOVERNMENT, WHICH WOULD HELP THE USG TO INFLUENCE THE POLITICAL DIRECTION OF THE GOVERNMENT AND HELP US ATTAIN OUR OBJECTIVES HERE. END SUMMARY.

3. ON OCTOBER 11, MEMBERS OF THE U.S. DELEGATION TO THE BOLIVIAN PRESIDENTIAL INAUGURATION MET WITH PRESIDENT HERNAN SILES ZUAZO. ATTENDING WERE OAS AMBASSADOR J. WILLIAM MIDDENDORF, DELEGATION HEAD AND THE PRESIDENT'S PERSONAL REPRESENTATIVE; AMBASSADOR CORR; ROGER FONTAINE, NSC STAFFER FOR LATIN AMERICA; FRANK KIMBALL, COUNSELOR OF AID; AND SAMUEL HART, ARA/AND OFFICE DIRECTOR, AND DAN STRASSER, POLITICAL COUNSELOR. # WITH PRESENT SILES WAS MARIO VELARDEN FOREIGN MINISTER; ARTURO NUNEZ DEL PRADO, MINISTER OF PLANNING AND COORDINATION; HORACIO TORREZ GUZMAN, MINISTER SECRETARY OF THE PRESIDENCY; ERNESTO ARANIBAR, MINISTER OF FINANCE; AND MARIO RONCAL, MINISTER OF INTERIOR.

4. PRESIDENT SILES EXPRESSED APPRECIATION FOR THE PRESENCE OF THE U.S. DELEGATION AND SUPPORT FOR DEMOCRACY IN BOLIVIA AT A TIME OF GRAVE ECONOMIC CRISIS. AMBASSADOR MIDDENDORF INTRODUCED EACH MEMBER OF THE DELEGATION AND PRESENTED PRESIDENT SILES WITH THE LETTER FROM PRESIDENT REAGAN (REFTEL). (NOTE: LETTER HAS BEEN PUBLISHED SINCE IN THE LOCAL PRESS.) AMB. MIDDENDORF NOTED THE FAVORABLE REACTION IN THE U.S. PRESS AND PUBLIC TO PRESIDENT SILES' COMING TO POWER AND STATED THE SUPPORT OF THE U.S. FOR THE NEW DEMOCRATIC REGIME AND THE DESIRE FOR ITS SUCCESS. NEVERTHELESS, HE SAID THE U.S. WAS CONCERNED ABOUT THE PRESENCE OF THE BOLIVIAN COMMUNIST PARTY (PCB) IN THE GOVERNMENT (LABOR AND MINING MINISTRIES) AND THAT HE WOULD BE LOOKING WITH INTEREST AT THE EXTENT OF PCB INFLUENCE.

5. THE U.S. IS PREPARED TO BE HELPFUL, HE SAID, BUT MORE IMPORTANT

MESSAGE (CONTINUED):

WILL BE THE FISCAL INTEGRITY OF THE GOB. AS THE LARGEST DONOR OF THE INTERNATIONAL FINANCIAL INSTITUTIONS, WE CAN BE OF HELP. THE IMF, HE SAID, DID REQUIRE GOVERNMENTS TO PUT ON A "HAIR SHIRT" AND CARRY OUT DIFFICULT BUT NEEDED ECONOMIC REFORMS IN DEVELOPING COUNTRIES IN ECONOMIC DISTRESS, (HE JOKED THAT WHEN HE HAD USED THIS TERMINOLOGY IN MEXICO OFFICIALS HAD ARGUED THAT THE IMF DEMANDED A "STRAIGHT JACKET" NOT A "HAIR SHIRT.") THOSE COUNTRIES THAT HAVE IMF GRANTS DON'T LIKE THE IMF, BUT THEY ARE ABLE TO SELL THE NECESSARY PROGRAMS TO THEIR PEOPLE OFTEN BY PUTTING THE RESPONSIBILITY ON THE IMF. BOLIVIA FACES A DEBT TO THE U.S. PRIVATE BANKS ALONE OF 372 MILLION DOLLARS AND IN ORDER TO RENEGOTIATE THAT DEBT NEEDS AN IMF AGREEMENT FIRST. THE FORMER MILITARY GOVERNMENTS PASSED TO SILES A "HOT POTATO" AND THE GOVERNMENT HAS A YEAR TO DEMONSTRATE ITS ABILITY TO MANAGE THE ECONOMY, AMBASSADOR MIDDENDORF SAID. HE NOTED THE DIFFICULTIES WHICH EVEN DEMOCRATICALLY ELECTED GOVERNMENTS FACE DUE TO THE ECONOMIC CRISIS, CITING AS AN EXAMPLE THOSE OF PRESIDENT MONGE IN COSTA RICA WHEN HE COULD NOT DELIVER "BILLIONS" IN FOREIGN AID AFTER TAKING OFFICE.

6. AMBASSADOR MIDDENDORF CALLED FOR EXPANSION OF THE PRIVATE SECTOR IN BOLIVIA, NOTING THAT 90 PERCENT OF TRANSFERS OF CAPITAL TO LATIN AMERICA ARE OF PRIVATE CAPITAL. HE ALSO NOTED THE POTENTIAL DEVELOPMENT OF THE AGRICULTURAL SECTOR AND AGRICULTURE, TAKING ADVANTAGE OF THEIR RESERVES OF NATURAL GAS. IN THIS REGARD, HE REFERRED TO THE FUTURE GAS PIPELINE TO BRAZIL AS THE SINGLE PROJECT OF MOST POTENTIAL TO BRING AN INFUX OF FOREIGN EXCHANGE WITH AS MUCH AS A 70-90 PERCENT PROFIT ACCRUING. HE DESCRIBED THE BILATERAL INVESTMENT TREATY RECENTLY NEGOTIATED WITH PANAMA TO THE MINISTER OF FINANCE, WHO ASKED FOR A COPY OF THE TEXT. (EARLIER IN THE DAY HE HAD ALSO PROMISED TO SEND A COPY TO THE INFLUENTIAL PRESIDENT OF THE SENATE. THE EMBASSY IS SENDING COPIES.)

7. CONCERNING NARCOTICS TRAFFICKING AND COCA CONTROL, AMB. MIDDENDORF NOTED THAT THE U.S. HAS NO PROBLEM WITH THE PRODUCTION OF COCA FOR DOMESTIC LICIT USES BUT ONLY AGAINST THE EXCESS USED FOR ILLICIT PRODUCTION OF COCAINE. HE NOTED THE BOLIVIAN PRESIDENT'S PERSONAL REPUTATION FOR HONESTY AND INTEGRITY. IT IS NOW THE TIME TO MOVE BRISKLY AGAINST THE PROBLEM, AND THE USG IS READY TO ASSIST

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30

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 LA PAZ 6146

DTG: 141240Z OCT 82 PSN: 016483

FINANCIALLY WITH THIS EFFORT, INCLUDING DEVELOPMENT ASSISTANCE TO POOR COCA PRODUCERS TO GIVE THEM AN ALTERNATIVE SOURCE OF INCOME.

8. FINALLY AMB. MIDDENDORF DISCUSSED THE UPCOMING OASGA, EXPRESS-

MESSAGE (CONTINUED):

ING HOPE THAT FOREIGN MINISTER VELARDE WOULD ATTEND. AT THAT MEETING THE ISSUE OF BOLIVIA'S ACCESS TO THE SEA WOULD BE TAKEN UP AND THE U.S. WOULD BE SUPPORTIVE OF BOLIVIA'S POSITION AS ON THREE PREVIOUS OCCASIONS. ALSO IMPORTANT WOULD BE ACHIEVEMENT OF A MODERATE RESOLUTION ON THE MALVINAS ISSUE WHICH WE COULD SUPPORT IN ORDER TO FURTHER THE PROCESS OF HEALING IN THE HEMISPHERE. FURTHER, HE ASKED FOR GOB SUPPORT IN REJECTING ANY EFFORTS TO EXCLUDE THE U.S. FROM THE OAS AS A RESULT OF THE MALVINAS CRISIS. HE ALSO EXPRESSED HOPE THAT BOLIVIA COULD SUPPORT THE U.S. CANDIDATE FOR THE INTER-AMERICAN JURIDICAL COMMITTEE. IN THE UN ARENA, HE NOTED OUR STRONG TIES TO ISREAL AND ASKED THAT BOLIVIA REJECT EFFORTS TO EXPEL ISREAL FROM THE UN.

LA PAZ 6146

DTG: 141240Z OCT 82 PSN: 016483

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WHITE HOUSE SITUATION ROOM

31

PAGE 01 LA PAZ 10/14 6146 DTG: 141240Z OCT 82 PSN: 016461
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MESSAGE:

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O 141240Z OCT 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 3436

~~CONFIDENTIAL~~ SECTION 02 OF 02 LA PAZ 6146
AID FOR ADMINISTRATOR

9. PRESIDENT SILES THANKED MIDDENDORF FOR HIS SUPPORT FOR BOLIVIAN DEMOCRACY AND FOR HIS FRANK REVIEW OF U.S. CONCERNS AND ADDRESSED SEVERAL OF THE ISSUES RAISED. ON THE PRESENCE OF THE PCB IN THE GOVERNMENT, SILES SAID THAT HE WAS "REALISTIC AND THE COMMUNISTS ARE REALISTIC," IMPLYING THAT A PRAGMATIC AGREEMENT HAD BEEN REACHED BETWEEN HIS PARTY AND THE PCB THAT WOULD RESULT IN POLICIES ACCEPTABLE TO THE USG. ON THE QUESTION OF NARCOTICS, SILES REVIEWED HIS LONG-STANDING PUBLIC COMMITMENT TO COMBAT NARCOTICS TRAFFICKING AND SAID THAT HE HAD SPOKEN DURING THE INAUGURATION TO THE PRESIDENTS OF PERU AND COLOMBIA ABOUT THE SIGNING OF A TREATY TO CARRY OUT A COORDINATED EFFORT TO COMBAT TRAFFICKING, WHICH HE FELT CERTAIN THE USG WOULD WANT TO SUPPORT. THE WHOLE NARCOTICS ISSUE IS TO BE STUDIED BY THE GOVERNMENT UNDER THE LEADERSHIP OF THE MINISTER OF PLANNING AND COORDINATION. ON THE ECONOMIC MEASURES TO BE ADOPTED BY THE GOVERNMENT, PRESIDENT SILES SAID THAT HIS ADVISORS WERE HARD AT WORK TO PUT FORTH AS SOON AS POSSIBLE A COHERENT AND PRAGMATIC ECONOMIC PLAN. IT IS THE FIRM DETERMINATION OF THE GOVERNMENT TO SET AN EXAMPLE OF AUSTERITY, TO LIMIT IMPORTS OF LUXURY ITEMS, TO PUT THE BOLIVIAN PEOPLE TO WORK AND PROMOTE EXPORTS. ALSO, THE GOVERNMENT HAS ACCEPTED A UN TEAM OF TECHNICAL EXPERTS WHICH WILL ADVISE IT ON ECONOMIC POLICY. SILES MADE THE POINT THAT WE LIVE IN AN INTERDEPENDENT WORLD IN WHICH THERE MUST BE MUTUAL CONCERN FOR THE WELFARE OF OUR FRIENDS, IN THIS CASE THE FRAGILE BOLIVIAN

MESSAGE (CONTINUED):

DEMOCRACY.

10. THE PRESENT TURNED THE DISCUSSION OVER TO MINISTER OF PLANNING NUNEZ WHO DISCUSSED THE UNPRECEDENTED NATURE OF THE ECONOMIC CRISIS FACING THE GOB WHICH HE SAID WAS WORSE EVEN THAN THAT FACED FOLLOWING PAST WARS. UNDER THESE EXCEPTIONAL CIRCUMSTANCES, AN EXCEPTIONAL TYPE OF ASSISTANCE WAS NEEDED, AND NUNEZ DEL PRADO ASKED IF THE U.S. WAS PREPARED TO HELP. HIS REQUEST WAS REITERATED BY THE MINISTER OF FINANCE AND THE MINISTER SECRETARY OF THE PRESIDENCY. THE MINISTER OF FINANCE NOTED THAT UNDER A PAST NOT-SO-DEMOCRATIC REGIME AND WITHOUT AN IMF AGREEMENT AN EMERGENCY 20 MILLION DOLLAR LOAN HAD BEEN GIVEN BY THE U.S. AND THE MINISTER SECRETARY RECALLED INFORMATION HE HAD THAT BEFORE THE GARCIA MEZA COUP THE U.S. HAD DISCUSSED WITH THEN-CANDIDATE SILES THE POSSIBILITY OF ABOUT 200 MILLION DOLLARS IN ASSISTANCE.

11. MEMBERS OF THE U.S. DELEGATION POINTED OUT THE DIFFICULT U.S. BUDGET SITUATION, THE PROBLEM OF GETTING NEW MONIES QUICKLY UNDER THE U.S. BUDGETING CYCLE, AND ALSO NOTED THE NECESSITY OF KNOWING WHAT ECONOMIC POLICIES WOULD BE FOLLOWED BY THE NEW GOVERNMENT. THE IMPORTANCE OF THE GOB REACHING AGREEMENT WITH THE IMF OVER ECONOMIC MEASURES AND A STANDBY CREDIT WAS STRESSED. AMBASSADOR CORR REVIEWED THE VARIOUS SUSPENDED ASSISTANCE PROJECTS FROM 1980 WHICH COULD BE CONSIDERED FOR UNFREEZING. HE ALSO NOTED THAT TITLE II HUMANITARIAN ASSISTANCE HAD NEVER BEEN CUT OFF.

12. PRESIDENT SILES INTERVENED TO MAKE THE POINT THAT HIS GOVERNMENT WAS TIED CLOSELY TO AND REPRESENTED THE TRIUMPH OF THE WORKING CLASS AND WOULD FIND DIFFICULTY IN TAKING ECONOMIC MEASURES WHICH WOULD DENY TO THE WORKER THE ABILITY TO HAVE AT LEAST ONE DECENT MEAL A DAY. AT THE SAME TIME, HE POINTED OUT THAT HE HAD TOLD THE PEOPLE THEY SHOULD EXPECT TO MIRACLES FROM HIS GOVERNMENT AND BE PREPARED TO MAKE SACRIFICES OVER A 2-TO-4-YEAR PERIOD. "THIS COULD MAKE MY GOVERNMENT VERY UNPOPULAR," HE SAID. ON NARCOTICS HE SAID HIS PARTY WAS THE FIRST TO DECLARE THE NEED TO COMBAT TRAFFICKING AND OFFERED TO ELIMINATE THE PROBLEM, BUT HE SAID BOLIVIANS WERE NOT RESPONSIBLE FOR THE PROBLEM WHICH ORIGINATED IN THE CONSUMER COUNTRIES, AND WOULD NEED FINANCIAL AID FROM THE INTERNATIONAL COMMUNITY. AS TO ASSISTANCE FOR THE ARMED FORCES, SILES SAID THERE HAD TO BE CERTAIN LIMITS SINCE THE MILITARY HAD EXCEEDED ITSELF IN CERTAIN AREAS AND HAD BECOME AN "ARMY OF OCCUPATION" INSTEAD OF ONE DESIGNED TO DEFEND THE NATIONAL SOVEREIGNTY. HE BELIEVED, HOWEVER, THAT U.S. ASSISTANCE AND TRAINING COULD HELP MAINTAIN

MESSAGE (CONTINUED):

INFLUENCE WITH THE BOLIVIAN MILITARY THAT WOULD HAVE A STABILIZING EFFECT. FOREIGN MINISTER VELARDE SPOKE BRIEFLY TO EXPRESS APPRECIATION FOR U.S. SUPPORT FOR BOLIVIA'S DEMAND FOR ACCESS TO THE SEA.

13. AMBASSADOR MIDDENDORF CLOSED BY ASSURING THE NEW GOVERNMENT THAT WE WANTED TO DEAL WITH IT FOR FOUR YEARS AND THAT OUR PRAYERS WERE WITH THEM. HE SAID THAT PRESIDENT SILES HAD BEEN SUCCESSFUL IN MANAGING AN ECONOMIC CRISIS IN THE 1950'S AND HE WAS CONFIDENT IN HIS ABILITIES NOW, CALLING HIM "THE RIGHT MAN FOR THE TIME."

14. COMMENT: THIS WAS AN EXTREMELY CORDIAL AND PRODUCTIVE SESSION. TAKING PLACE THE FIRST DAY AFTER THE HECTIC INAUGURAL SCHEDULE WHICH ACTUALLY HAD REACHED LATE INTO THAT MORNING, IT WAS OBVIOUS THE PRESIDENT WISHED TO GIVE THE U.S. DELEGATION THE OPPORTUNITY TO HAVE A FULL, SUBSTANTIVE MEETING WITH HIM AND KEY MEMBERS OF THE CABINET. THE EMBASSY BELIEVES THAT THE NEW GOVERNMENT'S REQUEST FOR SHORT-TERM ASSISTANCE MERITS OUR CONSIDERATION AND SUPPORT. THE NEW GOVERNMENT NEEDS TIME TO SET POLICIES AND COME TO TERMS WITH THE IMF. MEANWHILE, IT FACES CHALLENGES FROM ALL SIDES. WE RECOMMEND WASHINGTON CONSIDERATION OF A 25 MILLION DOLLAR ESF GRANT AS A WAY TO HAVE INFLUENCE WITH THE SILES GOVERNMENT AND INFLUENCE ITS POLITICAL AND ECONOMIC DIRECTIONS. THE GRANT WOULD BE TIED TO CERTAIN DEVELOPMENT OBJECTIVES SUCH AS PROMOTING RATIONAL ECONOMIC POLICIES, FOSTERING THE PRIVATE AS OPPOSED TO THE PUBLIC SECTOR, AND SUPPORTING AGRIBUSINESS WHICH HAS SIGNIFICANT BACKWARD LINKAGES IN THE LOCAL ECONOMY. DRAFTED BY DANIEL A. STRASSER.
CORR

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WHITE HOUSE SITUATION ROOM

PAGE 01 LA PAZ 6147 DTG: 141526Z OCT 82 PSN: 016572
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MESSAGE:

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O 141526Z OCT 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 3437

~~CONFIDENTIAL~~ SECTION 1 OF 2 LA PAZ 6147

E.O. 12356: DECL: 10-14-88
TAGS: E.AID, PDIP, PEPR, BL, US
SUBJ: BOLIVIAN REQUEST FOR SHORT-TERM ECONOMIC ASSISTANCE:
POLITICAL RATIONALE
REF: A. LAPAZ 6146 B. LA PAZ 6148 C. LPAZ 5971
D. LA PAZ 6140

1. (C-ENTIRE TEXT)

2. I AND THE COUNTRY TEAM BELIEVE THAT THERE ARE IMPERATIVE POLICY REASONS FOR THE US TO PROVIDE THE NEW CONSTITUTIONAL GOVERNMENT OF PRESIDENT HERNAN SILES ZUAZO WITH AN IMMEDIATE ESF GRANT OF 25 MILLION DOLLARS. THIS WOULD BE IN RESPONSE TO THE REQUEST MADE BY PRESIDENT SILES AND HIS CABINET TO AMBASSADOR MIDDENDORF AND THE US INAUGURAL DELEGATION (REFA) AND MORE IMPORTANTLY DEMONSTRATE US DETERMINATION TO NURTURE AND SUPPORT THOSE DEMOCRATIC ELEMENTS WITHIN THE NEW REGIME STRUGGLING AGAINST BOTH ECONOMIC COLLAPSE AND POLITICAL/ECONOMIC EXTREMISM.

3. THE US SHOULD BE PREPARED TO SUPPORT WITH FINANCIAL AID A FRAGILE NEW DEMOCRACY, ON THE EDGE OF THE DICTATORSHIP DOMINATED SOUTHERN CONE, AND ONE WHICH IN MANY WAYS OWES ITS COMING TO POWER TO OUR POLICIES OVER THE LAST TWO YEARS. THE NEW SILES GOVERNMENT FACES SEVERE ECONOMIC AND POLITICAL CHALLENGES: A SITUATION

MESSAGE (CONTINUED):

REGARDED AS ONE OF THE MOST DIFFICULT ECONOMIC CRISES IN BOLIVIAN HISTORY AND WITH LEFT AND RIGHT WING EXTREMISTS WAITING IN THE WINGS FOR THE NEW DEMOCRATIC GOVERNMENT TO FLOUNDER. SILES NEEDS IMMEDIATE REPEAT IMMEDIATE US ECONOMIC HELP BOTH AS SHORT-TERM BALANCE OF PAYMENT SUPPORT AND TO GIVE HIM POLITICAL BREATHING SPACE TO GET HIS HOUSE IN ORDER AND COME TO TERMS WITH THE IMF.

4. IN A COUNTRY LIKE BOLIVIA PLAGUED BY 157 YEARS OF CHRONIC INSTABILITY THERE ARE RARE "WINDOWS OF OPPORTUNITY" THAT SHOULD BE TAKEN ADVANTAGE OF, AND THIS IS ONE OF THEM. SILES HAS CONSIDERABLE POLITICAL CAPITAL AND, FOR THE TIME BEING, BROAD POPULAR SUPPORT. DURING HIS FIRST TERM (1956-60) HE PRAGMATICALLY MANIPULATED CONTENDING FORCES, AND WITH USG HELP CARRIED OUT ECONOMIC REFORMS THAT LASTED 16

YEARS. UNDER SILES, IF WE CAN HELP HIM TO MOVE IN THE RIGHT DIRECTION, THERE IS A CHANCE FOR BOLIVIA TO DEVELOP NATIONAL CONSENSUS AND MOVE TOWARD LASTING STABLE CONSTITUTIONAL GOVERNMENT.

5. PERHAPS EQUALLY AS IMPORTANT AS TAKING ADVANTAGE OF WHAT MAY BE UNIQUE MOMENT IN BOLIVIA HISTORY IS CONSIDERING THE RESULTS OF THE SILES GOVERNMENT FALLING OR MOVING TOO FAR TO THE LEFT. (AS FONTAINE NOTED, JUST WHEN WE SEEM TO BE COMING OUT OF ANTI-US FEELING PROVOKED BY THE FALKLANDS' CRISIS, WE DO NOT NEED A SHARP LURCH TO THE LEFT AND AN ANTI-US REGIME IN BOLIVIA.) THE USP COALITION INCLUDES THE BOLIVIAN COMMUNIST PARTY, WHICH SILES HAS ASSURED ME HE WILL BE ABLE TO CONTROL. NEVERTHELESS, THE OUTCOME IS NOT CERTAIN AND THERE ARE STRONG INTERNAL AND INTERNATIONAL PRESSURES FOR SILES TO TAKE LEFTIST DEMOGRAPHIC MEASURES THAT WILL SATISFY POPULAR DEMAND SINCE THE SHORT RUN BUT NOT SOLVE BOLIVIA'S BASIC STRUCTURAL PROBLEMS.

6. CUBAN VICE PRESIDENT RAFAEL RODRIGUEZ, WHO HEADED HIS COUNTRY'S DELEGATION TO THE INAUGURATION, RECALLED THE SPILT BLOOD OF "CHE" AND YOUNG CUBANS, INVEIGHED AGAINST US IMPERIALISM, AND OFFERED TO SEND CUBAN VOLUNTEER WORKERS. THE LARGE NICARAGUAN DELEGATION SPOKE SIMILARLY, AND ANNOUNCED UPON DEPARTURE THAT DIPLOMATIC RELATIONS HAD BEEN RE-ESTABLISHED. THE PLO DELEGATE STATED THAT IF RELATIONS COULD BE ESTABLISHED

MESSAGE (CONTINUED):

THE PLO COULD DO MUCH TO CHANNEL IMPORTANT AID FROM ARAB COUNTRIES, AND THERE IS THE NORMAL UNREALISTIC TALK OF LIBYAN HELP. (THE ISRAELI, TAIWANESE, SOUTH AFRICAN AND SOUTH KOREAN EMBASSIES ARE BATTENING DOWN THEIR HATCHES OUT OF FEAR OF EXCESSIVE "THIRD WORLD" INFLUENCE WITHIN AND ON THE GOVERNMENT.) INTERNALLY, AND MORE AWESOME, IS THE POWERFUL COMMUNIST/STATIST LEANING CONFEDERATION OF BOLIVIAN WORKERS (COB) WHICH RESISTS ANY MEASURES THAT WOULD SEEM TO AFFECT ADVERSELY WORKERS, EVEN IN THE SHORT RUN.

7. ADDITIONALLY, COPPAL, MEETING HERE IMMEDIATELY AFTER THE INAUGURATION, CALLED FOR SOLIDARITY AND ECONOMIC COOPERATION WITH BOLIVIA. I EXPECT MORE SOLIDARITY, OFTEN AGAINST THE US, THAN AID. THE FRENCH AMBASSADOR HAS ANNOUNCED HIS GOVERNMENT'S INTENTION TO PROVIDE ASSISTANCE AND A SPOKESMAN FOR THE EUROPEAN COMMUNITY HAS DONE THE SAME. I WELCOME EUROPEAN ASSISTANCE, IF IT ACTUALLY MATERIALIZES, BUT BELIEVE IT IMPORTANT THE US NOT LOSE INFLUENCE IN BOLIVIA RELATIVE TO THAT EXERCISED BY OTHER COUNTRIES, INCLUDING ALLIES, SINCE THEIR VIEWS ON POLITICAL, SOCIAL AND ECONOMIC/FREE ENTERPRISE, AND LABOR DEVELOPMENT ARE TOO OFTEN AT SOME VARIANCE WITH OURS. IT WOULD BE UNFORTUNATE FOR US TO BE LEFT STANDING AT THE GATE WHILE OTHERS EXPAND THEIR INFLUENCE THROUGH ASSISTANCE AND AT OUR EXPENSE.

8. WHILE I BELIEVE THAT SILES AND HIS MINISTER ARE WELL INTENDED, IT IS APPARENT THAT THEY ARE STILL UNDECIDED AS TO THEIR ORIENTATION IN SEVERAL CRITICAL AREAS. IN PARTICULAR, IT IS UNCLEAR WHETHER THEY WILL

LA PAZ 6147

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32

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PAGE 01 LA PAZ 6147 DTG: 141526Z OCT 82 PSN: 016567
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WHSR COMMENT:

MESSAGE ANNOTATIONS:

MILITARY REACTION AND A RETURN TO AUTOCRATIC DE FACTO
RULE WITH THRSACCOMPANYING ABUSES.

1. AS A FINAL NOTE, ECUADOREAN PRESIDENT OSWALDO HURTADO
STRESSED TO AMBASSADOR MIDDENDORF THE NECESSITY OF US
SUPPORT FOR BOLIVIAN DEMOCRACY (REF D), AND PRESIDENT
BELAUNDE, IN PRIVATE CONVERSATION WITH ME, MENTIONED HIS
INTENTION TO RAISE THE SUBJECT OF US AID TO THE SILES
GOVERNMENT DURING HIS VISIT TO WASHINGTON NEXT MONTH.
THEY BELIEVE IT HIGHLY IMPORTANT. I SHARE THEIR VIEW.
PLEASE GIVE THIS REQUEST THE MOST SERIOUS CONSIDERATION.
CORR

MESSAGE:

IMMEDIATE
DE RUESLZ #6147/2 2871615
O 141526Z OCT 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 3438

~~CONFIDENTIAL~~ SECTION 2 OF 2 LA PAZ 6147
CHOOSE ECONOMIC POLITICIES WHICH WILL MOVE BOLIVIA
TOWARD RESPONSIBLE ECONOMIC REFORMS, A MARKET ECONOMY
AND ALLOW THEM TO COME TO AGREEMENT WITH THE IMF,
ALTHOUGH THEY TELL ME IT IS THEIR INTENTION TO DO SO.
VARIOUS INTERNAL INFLUENCES ARE IN PLAY, ESPECIALLY
THAT OF THE BOLIVIAN COMMUNIST PARTY AND THE COB. I
BELIEVE THAT AN EARLY AND CONCRETE IDENTIFICATION OF THE
US WITH THE NEW GOVERNMENT WILL HELP ORIENT IT TOWARDS
THE GOALS WHICH WE DESIRE AND GIVE US ADDED INFLUENCE
IN BOTH THE ECONOMIC AND POLITICAL/FOREIGN POLICY
AREAS. IT WAS NO COINCIDENCE THAT THE DELEGATIONS TO
THE INAUGURATION WHICH MADE THE GREATEST NOISE AND
PROMISES WERE THOSE OF CUBA AND NICARAGUA. I FURTHER
BELIEVE THAT DECISIONS MADE IN THE VERY FIRST DAYS OF
THE NEW REGIME WILL BE OF CRITICAL IMPORTANCE IN SETTING
THE TONE AND DIRECTION OF WHAT COMES LATER. THUS THE
USG MUST TAKE ADVANTAGE OF THE SMALL WINDOW AVAILABLE,
OR MISS ITS CHANCE.

9. THE EMBASSY (REF B) SETS FORTH A CONCRETE
PROPOSAL FOR USE OF THE 25 MILLION DOLLARS ESF PACKAGE
WHICH WE ARE SUGGESTING IN REF B. THE PROPOSAL WOULD PROVIDE
25 MILLION DOLLARS IN BALANCE OF PAYMENTS SUPPORT,
BUT PRIMARILY WOULD TIE THE COUNTER-PART PESOS TO
PROGRAMS DESIGNED TO PROMOTE THE PRIVATE AS OPPOSED TO
THE PUBLIC SECTOR, SUPPORT AGRIBUSINESS, WHICH WOULD

MESSAGE (CONTINUED):

HAVE A MULTIPLYING EFFECT ON THE ECONOMY, AND ORIENT
THE GOVERNMENT TOWARD RATIONAL ECONOMIC POLICIES. THIS
WOULD BE IN ADDITION TO THE STRATEGY OUTLINED IN REF C
WHICH DOES NOT PROVIDE BALANCE OF PAYMENTS RELIEF
NOR STRESS EMPHATICALLY THE PRIVATE SECTOR.

10. I BELIEVE--AND
THE MEMBERS OF THE US INAUGURAL
DELEGATION TOLD US THAT THEY WERE IN AGREEMENT WITH THIS--
THAT A RELATIVELY SMALL OUTLAY AT THIS TIME BY THE USG
COULD PROVIDE SIGNIFICANT LEVERAGE WITH THE NEW GOVERNMENT
AND COULD, IN THE MEDIUM TO LONG TERM, SAVE THE US MUCH
GREATER EXPENSE IN BOTH POLITICAL AND FINANCIAL TERMS.
SUCH WOULD RESULT FROM EITHER VA DRIFTING LEFTWARD OF A
REGIME WHICH COULD NOT DEAL WITH CONCRETE ECONOMIC
PROBLEMS AND WOULD SEEK REFUGE IN DEMAGOGUERY OR A SUDDEN

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33

PAGE 01 LA PAZ 6624
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O 021901Z NOV 82
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 3685

~~CONFIDENTIAL~~ LA PAZ 6624
E O 12356: DECL 11-2-88
TAGS: PEPR, PORG, UNGA, AR, BL
SUBJ: US POSITION ON THE FALKLANDS RESOLUTION
REF: STATE 307406

1. C - ENTIRE TEXT

2. AMBASSADOR MET WITH FOREIGN MINISTER VELARDE, NOVEMBER 2,
TO INFORM HIM OF U. S. SUPPORT FOR MALVINAS RESOLUTION AND TO
MAKE OTHER POINTS CONTAINED IN REFTEL. VELARDE RESPONDED,
"MAGNIFICENT," AND SAID HE THOUGHT THIS WOULD ADVANCE U. S. - LATIN
RELATIONS CONSIDERABLY. DRAFTED BY DANIEL A. STRASSER.
CORR

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NLRR 11353/1 # 117768
BY RW NARA DATE 5/18/15

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FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC IMMEDIATE 3982

INFO AMEMBASSY ASUNCION

AMEMBASSY BOGOTA 2244

AMEMBASSY BRASILIA 2531

AMEMBASSY BUENOS AIRES 5147

AMEMBASSY CARACAS 3519

AMEMBASSY LIMA 8632

AMEMBASSY QUITO 2317

AMEMBASSY SANTIAGO 5102

USSOUTHCOM QUARRY HTS PN

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E.O. 12356: 11/24/88

TAGS: EAID, PEPR, SNAR, BL

SUBJ: RESUMPTION OF ECONOMIC ASSISTANCE TO BOLIVIA

REF: A) STATE 324246; B) STATE 328894; C) LA PAZ 6360

1. ~~CONFIDENTIAL~~ - ENTIRE TEXT).

2. SUMMARY: THE AMBASSADOR MET WITH PRESIDENT SILES AND MEMBERS OF HIS ECONOMIC TEAM TO DISCUSS THE RESUMPTION OF ECONOMIC ASSISTANCE TO BOLIVIA. PRESIDENT SILES ACCEPTED IN PRINCIPLE THE AID AND CONDITIONS UNDER WHICH IT IS BEING PROFERED. WE HOPE TO BE ABLE TO ANNOUNCE PUBLICLY THE RESUMPTION OF AID SHORTLY AND THEREBY DEMONSTRATE TANGIBLY OUR SUPPORT FOR DEMOCRATIC GOVERNMENT. OUR AID WILL HELP US TO SUBSTANTIALLY ACHIEVE OUR OBJECTIVES IN BOLIVIA, ESPECIALLY IN THE AREA OF COCAINE CONTROL. END SUMMARY

MESSAGE (CONTINUED):

3. THE AMBASSADOR, ACCOMPANIED BY THE DCM AND THE AID DIRECTOR, MET WITH PRESIDENT SILES ON NOVEMBER 23 FOR OVER ONE AND A HALF HOURS TO DISCUSS REF B. PRESENT WITH SILES WERE THE CHIEF OF HIS ECONOMIC TEAM, MINISTER OF PLANNING ARTURO NUNEZ DEL PRADO, AND HIS MINISTER SECRETARY, HORACIO TORRES GUZMAN. THE FOLLOWING AFTERNOON, NOVEMBER 24, THE AMBASSADOR AND MEMBERS OF HIS STAFF HAD A FOLLOW-UP MEETING WITH THE MINISTERS OF PLANNING, FINANCE AND INDUSTRY AND COMMERCE.

4. THE AMBASSADOR MADE ALL THE POINTS INCLUDED IN REF B. HE MADE CLEAR THAT THIS BEST EFFORT OF THE USG TO PROVIDE ECONOMIC ASSISTANCE WAS AND WOULD BE IN RESPONSE TO GOVERNMENT OF BOLIVIA (GOB) ACTIONS IN THE AREAS OF A) NARCOTICS ENFORCEMENT AND REDUCTION OF EXCESS COCA PRODUCTION; B) THE ACHIEVEMENT AND MAINTENANCE OF CONSTITUTIONAL DEMOCRATIC GOVERNMENT (AS UNDERSTOOD IN THE WESTERN WORLD), A GOOD HUMAN RIGHTS RECORD, AND THE RESTRAINT OF

EXTREMIST TENDENCIES WITHIN THE UDP GOVERNMENT; AND C) RESPONSIBLE ECONOMIC MANAGEMENT, MENTIONING SPECIFICALLY THE NEED FOR THE GOB TO REACH ACCORD WITH THE IMF AND THE COMMERCIAL BANKS, AND TO WORK OUT AN AGREEMENT WITH BRAZIL ON THE GAS LINE TO SAO PAULO. THE AMBASSADOR MADE AN EXPLICIT REQUEST TO PRESIDENT SILES THAT THE GOB SIGN IMMEDIATELY A COCA ERRADICATION AGREEMENT; AND ALSO DISCUSSED THE QUESTION OF ARREARAGES, ASKING THAT THE GOB PAY THE FULL AMOUNT PRIOR TO OUR BEGINNING DISBURSEMENTS ON PACKAGE II.

5. PRESIDENT SILES EXPRESSED HIS GRATITUDE FOR USG SUPPORT FOR CONSTITUTIONAL GOVERNMENT IN BOLIVIA AND FOR HELP ON THE ECONOMIC CRISIS. HE ASSURED THE AMBASSADOR OF THE GOB'S INTENTION TO RESOLVE CURRENT ECONOMIC PROBLEMS AND TO DEAL EFFECTIVELY WITH COCAINE TRAFFICKING AND EXCESS COCA PRODUCTION. IN RESPONSE TO THE REQUEST TO SIGN IMMEDIATELY AN ERADICATION PLAN, THE BOLIVIANS DEMURRED ON SIGNING THE PLAN DEVELOPED BY THE EMBASSY WITH PAST MILITARY GOVERNMENTS BUT REQUESTED THE CONSTITUTION OF A GOB-EMBASSY TEAM TO DEVELOP A PROGRAM OF ENFORCEMENT/OEVELOPMENT/AND COCA REDUCTION THAT THE USG CAN SUPPORT. THE BOLIVIANS WERE EXPLICIT IN THEIR UNDERSTANDING THAT COCA CULTIVATION MUST BE LOWERED TO THE LEVEL OF LEGAL DEMAND, ALTHOUGH THEY STRESSED THAT DEVELOPMENT PROJECTS WOULD HAVE TO GO HAND IN HAND WITH COCA CROP REDUCTION IN ORDER FOR SUCH A PROGRAM TO HAVE SUCCESS.

6. THE BOLIVIANS RESPONDED TO THE AMBASSADOR'S REQUEST THAT THE GOB PAY ALL ARREARAGES BY REFERRING TO THE ALMOST IMPOSSIBLE BALANCE OF PAYMENTS PROBLEM, WITH WHICH WE ARE ALL TOO FAMILIAR (COMMER IAL BANKS HAVE EVEN THREATENDED EMBARGO) AND ABOUT WHICH

MESSAGE (CONTINUED):

THE BOLIVIANS HAVE BEGUN TAKING CORRECTIVE ECONOMIC MEASURES. THE BOLIVIANS SOUGHT A REFINANCING OF THE ARREARAGES ALONG THE LINES THE USG NEGOTIATED WITH THE VILDOSO DICTATORSHIP ON PL-480, TITLE III. WE EXPLAINED THAT THIS WAS NOT POSSIBLE FOR ARREARAGES THAT FALL UNDER THE BROOKE AMENDMENT BUT MIGHT BE FOR THOSE GOVERNED BY 620.Q OF THE FOREIGN ASSISTANCE ACT. WE SAID A PRESIDENTIAL WAIVER WOULD BE NECESSARY AND THAT WE WOULD SEEK ONE. THE BOLIVIANS COMMITTED THEMSELVES TO PAY THE PROTION DUE UNDER BROOKE AND ASKED THAT NEGOTIATIONS BEGIN ON A PAYMENT SCHEDULE FOR THE REMAINDER AS EARLY AS POSSIBLE. THEY FURTHER STATED THAT VTHE GOB HAD HONORED ITS COMMITMENTS TO PAY TITLE I ARREARAGES PER SCHEDULE AGREED UPON PRIOR TO SIGNING AMENDMENT IN AUG 1981.

7. PRESIDENT SILES AND HIS ECONOMIC TEAM HAVE AGREED IN PRINCIPLE TO ACCEPT THIS ASSISTANCE THE USG HAS OFFERED UNDER THE CONDITIONS STIPULATED. THE PRESIDENT SAID HE WOULD DISCUSS THE MATTER FURTHER WITH HIS CABINET, PROBABLY ON XFRIDAY, NOVEMBER 26, AND THEN GIVE THE AMBASSADOR FINAL APPROVAL. NOTWITHSTANDING SILES' DESIRE TO REVIEW THE PROPOSED ASSISTANCE AND CONDITIONS WITH THE CABINET, THE BOLIVIANS MADE CLEAR THEIR DESIRE TO BEGIN IMMEDIATELY TO NEGOTIATE AND DISCUSS ALL AREAS IN NEED OF RESOLUTION: COCA CONTROL, ARREARAGES, PROJECT DEVELOPMENT AND PROJECT IMPLEMENTATION. WE FEEL CERTAIN THE FINAL RESPONSE WILL BE POSITIVE.

8. THE EMBASSY WILL INFORM WASHINGTON WHEN PRESIDENT SILES AGAIN COMMUNICATES WITH THE AMBASSADOR. WE HOPE TO BE ABLE TO DEMONSTRATE PUBLICLY TANGIBLE US SUPPORT FOR DEMOCRATIC AND CONSTITUTIONAL GOVERNMENT IN BOLIVIA WITHIN THE NEXT WEEK TO TEN DAYS. WE ARE VERY APPRECIATIVE OF THE EXCELLENT SUPPORT FROM WASHINGTON THAT HAS MADE THIS POSSIBLE, AND ARE CONFIDENT IT WILL ENABLE US TO MAKE PROGRESS IN ALL AREAS OF CONCERN TO THE US, ESPECIALLY IN THE AREA OF COCAINE CONTROL.

(DRAFTED BY AMB. CORR PRIOR TO HIS DEPARTURE FROM POST)
WALKER

LA PAZ 7172

DTG: 261532Z NOV 82 PSN: 025029

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WHITE HOUSE SITUATION ROOM

PAGE 01 LA PAZ 7323 DTG: 012313Z DEC 82 PSN: 032672
SIT646 DATE 12/02/82 TOR: 335/2344Z

DISTRIBUTION: REPT /001

LA PAZ 7323

DTG: 012313Z DEC 82 PSN: 032672

WHTS ASSIGNED DISTRIBUTION:

SIT: CKLS FONT BOSC

EOB:

WHSR COMMENT: -----CHECKLIST-----

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE

DE RUESLZ #7323 3352312

O 012313Z DEC 82 ZFF-4

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC NIACT IMMEDIATE 4056

INFO AMEMBASSY BOGOTA 2246

AMEMBASSY BRASILIA 2535

AMEMBASSY LIMA 8649

AMEMBASSY QUITO 2322

AMEMBASSY SAO PAULO 681

BT

~~CONFIDENTIAL~~ LA PAZ 7323

DEPARTMENT PASS TO SECRETARY AND ENDERS

E. D.12356: DECL: 12-1-88

TAGS: PEPR, OVIP (REAGAN, RONAH), PE, BL

SUBJ: MESSAGE TO PRESIDENT SILES ZUAZO OF

BOLIVIA RECOMMENDED

REF: LIMA 12193

1. C ENTIRE TEXT

2. I THINK THAT AMBASSADOR ORTIZ'S SUGGESTION OF A PERSONAL MESSAGE FROM THE PRESIDENT IS AN EXCELLENT ONE AND SUGGEST THAT IF AGREED TO FOR BELAUNDE A SIMILAR MESSAGE SHOULD BE SENT TO PRESIDENT HERNAN SILES ZUAZO OF BOLIVIA.

3. I SUGGEST A MESSAGE ALONG THE FOLLOWING LINES:
"DEAR MR. PRESIDENT: I SEND TO YOU AND THE PEOPLE OF BOLIVIA MY WARMEST REGARDS AND HAIL THE RESTORATION OF DEMOCRACY IN YOUR HOMELAND. I NOTE WITH SATISFACTION

MESSAGE (CONTINUED):

YOUR JUST COMPLETED VISIT TO THE UNITED NATIONS AND YOUR STRONG SUPPORT FOR INTERNATIONAL PEACE AND COOPERATION. I WISH YOU THE GREATEST SUCCESS AND CONTINUED LIBERTY AND ECONOMIC AND SOCIAL PROGRESS FOR THE BOLIVIAN PEOPLE."

4. NOTE: PRESIDENT SILES IS DUE TO RETURN TO LA PAZ FROM HIS VISIT TO THE UNITED NATIONS AT 6:30 A.M., DECEMBER 2.
CORR

DECLASSIFIED

NLRR M353/1 #117770
BY RW NARA DATE 5/18/15

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WHITE HOUSE SITUATION ROOM

PAGE 01 OF 02 LA PAZ 0223 7124 DTG: 120133Z JAN 83 PSN: 073426
SIT792 DATE 01/18/83 TOR: 012/0713Z

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WHTS ASSIGNED DISTRIBUTION:

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EOB:
WHSR COMMENT: CHECKLISTTKLIST---

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUESLZ #0223 0120139
O 120133Z JAN 83
FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC NIACT IMMEDIATE 4411

INFO AMEMBASSY MANAGUA IMMEDIATE 0433
BT

~~SECRET~~ LA PAZ 0223
EXDIS

E O 12356: DECL OARD
TAGS: PGOV, PREL, BL, CU
SUBJ: GOB RECOGNITION OF CUBA: AMBASSADOR'S REPRESENTATION TO
PRESIDENT SILES
REF: FBIS 111751Z JAN 83

1. ~~SECRET~~ - ENTIRE TEXT.

2. ON BASIS OF REF FBIS REPORT, RECEIVED BY EMBASSY AT 3:15 PM
JAN 11, THAT GOB WAS PLANNING TO EXTEND RECOGNITION TO CUBA
IN COURSE OF
MANAGUA NACB CONFERENCE, THE AMBASSADOR ASKED FOR
AN IMMEDIATE APPOINTMENT WITH PRESIDENT SILES. BY 4:00 PM
THE AMBASSADOR, ACCOMPANIED BY DCM, WAS RECEIVED BY THE PRESIDENT
AND HIS JUST APPOINTED SPECIAL ADVISOR MARCIEL TAMAYO.

3. AFTER THANKING THE PRESIDENT FOR RECEIVING HIM ON SUCH
SHORT NOTICE, THE AMBASSADOR SAID THAT PRESS REPORT HAD REACHED
THE EMBASSY THAT FONMIN VELARDE PLANNED TO FORMALIZE RECOGNITION
OF CUBA WHILE IN MANAGUA. PRESIDENT SILES INTERRUPTED TO CON-
FIRM THAT HIS GOVERNMENT WAS INDEED ABOUT TO EXTEND RECOGNITION.
THE AMBASSADOR EXPRESSED HIS PERSONAL DISMAY AT THE NEWS AND RE-

MESSAGE (CONTINUED):

MINDING THE PRESIDENT THAT, AS RECENTLY AS LAST WEEK IN CONVERSA-
TIONS WITH THE FOREIGN MINISTER, HE HAD CONVEYED THE USG'S
GRAVE CONCERN WITH THE IMPLICATIONS SUCH RECOGNITION WOULD HAVE
ON THE STATE OF RELATIONS BETWEEN BOLIVIA AND THE UNITED STATES,
THE AMBASSADOR TOLD THE PRESIDENT THAT IN THOSE CONVERSATIONS THE
FOREIGN MINISTER HAD OFFERED REPEATED ASSURANCES THAT HE, VELARDE,
WOULD VIGOROUSLY RESIST ANY PRESSURES OR MOVEMENT IN THAT DIRECTION.

4. EXPLAINING THAT HE WAS NOT ACTING UNDER INSTRUCTIONS, THE
AMBASSADOR SAID HE FELT COMPELLED TO TELL THE PRESIDENT THAT
GOB RECOGNITION OF CUBA, COMING IMMEDIATELY AFTER THE EMBASSY HAD
COMMUNICATED VELARDE'S ASSURANCES TO WASHINGTON, AND ON TOP OF A
SERIES OF SIMILAR UNEXPLAINED ABOUT-FACES ON PROMISES MADE TO THE
EMBASSY, COULD NOT HELP BUT ADVERSELY AFFECT THE TONE AND SUBSTANCE
OF OUR BILATERAL RELATIONS. FURTHER, THE AMBASSADOR SAID THAT
AFTER CONVEYING TO WASHINGTON SIX OR SEVEN GOB ASSURANCES OF

ACTIONS THAT BOLIVIA WOULD/WOULD NOT TAKE, AND HAVING ALL
MESSAGES PROVEN FALSE, THE EMBASSY FEARED THAT OUR CABLES HAD
LOST CREDIBILITY WITH WASHINGTON RECIPIENTS, AND WITH GOOD REASON
THOSE IN WASHINGTON WOULD QUESTION THE SERIOUSNESS OF THE GOB.

5. IN RESPONSE TO THE AMBASSADOR'S QUERY AS TO WHAT HAD PROMPTED
THE GOB TO RECOGNIZE CUBA, AND WHAT IT HOPED TO GAIN, PRESIDENT
SILES COULD ONLY SAY THAT THIS WAS A SOVEREIGN DECISION TAKEN
IN FULFILLMENT OF HIS GOVERNMENT'S OFT-STATED POLICY PLACING
BOLIVIA IN THE RANKS OF THOSE COUNTRIES WISHING FRIENDLY RELATIONS
WITH ALL NATIONS IN THE WORLD, AND AMONG THE NON-ALLIGNED. HE
ADDED THAT BOLIVIA WAS HARDLY THE FIRST LATIN AMERICAN COUNTRY
TO RECOGNIZE CUBA, CITING VENEZUELA, ARGENTINA AND BRAZIL (SIC).
THE USG, HE ADDED, HAS TO UNDERSTAND THE TREMENDOUS PRESSURES
FROM EVERY SIDE THAT HIS GOVERNMENT HAS TO DEAL WITH. THE AMBASSA-
DOR REJOINED THAT IN HIS GOVERNMENT'S VIEW THERE ARE DIFFERENT
COMPONENTS OF THE NON-ALLIGNED MOVEMENT, AND THAT WHAT CONCERNED
WASHINGTON WAS THAT THE GOB SEEMED INCREASINGLY COMMITTED TO
STANDING WITH THE RADICAL WING THEREIN.

6. SILES RESPONDED THAT HIS REGIME WAS NOT IN LEAGUE WITH
ANY BLOC, AND WAS CERTAINLY NOT AN ALLY OR AGENT OF THE SOVIET
UNION OR OTHER SOCIALIST COUNTRY. APPARENTLY AS EVIDENCE
OF THIS, HE OFFERED THAT HE HAD HAD NO CONVERSATIONS WITH THE
PCB FACTION OF HIS GOVERNING COALITION ON THE CUBAN, OR ANY
OTHER MATTER IN RECENT WEEKS. HE ASSURED THE AMBASSADOR THAT
THE PCB HAD PLAYED NO ROLE WHATSOEVER IN THE CUBAN RECOGNITION
DECISION. THE AMBASSADOR SAID THAT IF THAT WERE THE CASE HE

MESSAGE (CONTINUED):

WAS EVEN MORE PERPLEXED: WHAT THEN WERE THE "PRESSURES" BEHIND
THE DECISION, WHAT DID THE GOB HOPE TO GAIN OTHER THAN THE CER-
TAINTY OF STRAINED RELATIONS WITH THE US? THE PRESIDENT COULD ONLY
RESPOND BY REPEATING HIS INITIAL REFERENCE TO UNDEFINED
"PRESSURES" AND PHILOSOPHIC COMMITMENT TO THE NON-ALLIGNED
MOVEMENT.

7. MARCIEL TAMAYO INTERJECTED TO EXPLAIN THAT THE USG MUST
TRY TO UNDERSTAND THAT THE SILES REGIME HAS A SCANT THREE MONTHS
EXPERIENCE, FACES MANY COMPLEX AND GRAVE PROBLEMS, AND IS SUBJECT
TO MANY INTERNAL AND EXTERNAL PRESSURES AND DEMANDS. TAMAYO ADDED,
HOWEVER, THAT HE UNDERSTOOD THAT SUCH WAS SCANT EXCUSE FOR THE MIS-
UNDERSTANDINGS AND TENSIONS THAT THE CUBA AND OTHER DECISIONS
WOULD CREATE IN WASHINGTON.

8. THE AMBASSADOR REITERATED HIS FIRM BELIEF THAT TODAY'S
DECISION, AND THE BACKGROUND OF REPEATED PROMISES UNFULFILLED
AND BROKEN, CANNOT HELP BUT HAVE SERIOUS CONSEQUENCES FOR OUR
BILATERAL RELATIONS AND ASSISTANCE PROGRAM. HE MENTIONED THAT AN
IMMEDIATE VICTIM COULD BE THE ENDERS VISIT. BOTH THE PRESIDENT AND
TAMAYO INDICATED THEY UNDERSTOOD. THROUGHOUT THE DISCUSSION THE
AMBASSADOR CONVEYED BY EXAMPLE HIS CONVICTION THAT ONE AFTER ANOTHER
SENIOR OFFICIAL OF THE SILES REGIME, INCLUDING THE PRESIDENT AND
FOREIGN MINISTER, HAD DUPED THE EMBASSY AND THE USG, WHETHER INTEN-
TIONALLY OR NOT. THERE WAS NO RESPONSE.

9. COMMENT: WHILE WANTING TO BE JUDICIOUS AND DELIBERATE
IN OUR RESPONSE, THE EMBASSY BELIEVES THAT THE USG MUST CONVEY
A STRONG SIGNAL OF DISPLEASURE WITH THIS LATEST IRRATIONAL
ACT OF THE SILES GOVERNMENT. UNLESS THE DEPARTMENT COUNTERHANDS THE
AMBASSADOR'S INSTRUCTIONS, THE AMBASSADOR HAS ORDERED THAT THERE BE
AN ACROSS-THE-BOARD SLOWDOWN IN NEGOTIATIONS ON ECONOMIC ASSISTANCE
AND OTHER FORMS OF BILATERAL SUPPORT. SPECIFICALLY, THE AMBASSADOR
HAS INSTRUCTED AID/B TO REDUCE TO A CRAWL THE CURRENT PL-480 NEGOTI-
ATIONS. THE EMBASSY RECOMMENDS THAT ASSISTANT SECRETARY ENDERS
CANCEL HIS PLANS TO VISIT AND SIGN THE PL-480 AGREEMENT.

10. AT THE SAME TIME, THE EMBASSY WISHES TO CAUTION STRONGLY AGAINST
OVERREACTION. WE MUST BE VERY CAREFUL THAT OUR SIGNAL, HOWEVER

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37

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02 LA PAZ 0223 7124 DTG: 120133Z JAN 83 PSN: 073426

STRONG, DOES NOT PLAY INTO THE HANDS OF THOSE WITHIN THE SILES MNRI
WHO COUNSEL TOTAL BREAK WITH THE US AND OUTRIGHT COMMITMENT
TO THE CUBAN-NICARAGUAN MODEL.

11. IT WAS BOTH THE AMBASSADOR'S AND DCM'S CONVICTION, AFTER

MESSAGE (CONTINUED):

ALMOST AN HOUR'S ATTEMPT TO FATHOM THE REASON BEHIND THIS
DECISION, THAT IT BEARS THE STRONG IMPRINT OF SILES HIMSELF.
BEYOND THAT, WE CAN OFFER NO FURTHER EXPLANATION. CORR

LA PAZ 0223 7124 DTG: 120133Z JAN 83 PSN: 073426

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38

WHITE HOUSE SITUATION ROOM

PAGE 01 SECSTATE WASHDC 9729124 DTG: 130323Z JAN 83 PSN: 074989
SIT769 DATE 01/18/83 TOR: 013/0642Z

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WHSR COMMENT: CHECKLISTTKLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUEHC #9729 0130453
O 130323Z JAN 83
FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ IMMEDIATE 4383
USMISSION USUN NEW YORK IMMEDIATE 5662

INFO AMEMBASSY BUENOS AIRES IMMEDIATE 7567
AMEMBASSY BOGOTA 9158
AMEMBASSY BRASILIA 6467
AMEMBASSY CARACAS 0897
USINT HAVANA 1596
AMEMBASSY LIMA 7940
AMEMBASSY MANAGUA 6641
AMEMBASSY QUITO 6194
AMEMBASSY SANTIAGO 5436
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EXDIS - MILITARY ADDRESSEE HANDLE AS SPECAT EXCLUSIVE
E.O. 12356: DECL: OADR
TAGS: PGOV, PREL, BL, CU
SUBJECT: GOB RECOGNITION OF CUBA

REF: LA PAZ 223

1. (S) ENTIRE TEXT.

2. DEPARTMENT APPRECIATES YOUR STRONG RESPONSE TO THE
GOB DECISION TO RECOGNIZE CUBA. WE SHARE YOUR CONCERN

MESSAGE (CONTINUED):

ABOUT THIS DECISION AS WELL AS WHAT APPEARS TO BE A LACK
OF GOOD FAITH BY THE GOB IN THE WAKE OF YOUR LENGTHY
DISCUSSIONS ON THE DIRECTION OF GOB EXTERNAL POLICIES.

3. DEPARTMENT FULLY CONCURS IN THE ACTION YOU HAVE
ALREADY TAKEN. WHILE WE AGREE THAT WE SHOULD NOT PLAY
INTO THE HANDS OF THOSE WITHIN THE GOB WHO COUNSEL MORE
RADICAL POLICIES, WE NEED TO DEMONSTRATE OUR SERIOUS
CONCERN ABOUT THESE DEVELOPMENTS AND WHAT THEY MAY
PORTEND FOR FUTURE COURSE OF BOLIVIAN POLICY. WE DO NOT
WANT TO FORESTALL BY OVERREACTING THE POSSIBILITY THAT
THE GOB COULD BACK AWAY SOMEWHAT ON RECOGNITION, PERHAPS
BY DEFERRING ESTABLISHMENT OF FULL DIPLOMATIC MISSIONS,
BUT WE SHOULD SEEK TO TAKE WHATEVER ADVANTAGE WE CAN OF
POSSIBILITY THAT SILES MAY BE EMBARRASSED BY RECENT

EVENTS. WE SHOULD CONTINUE TO STRESS IN OUR DIALOGUE
WITH TOP BOLIVIAN OFFICIALS THAT CUBA CHARACTERISTICALLY
MISUSED DIPLOMATIC RELATIONS TO INTERFERE IN INTERNAL
AFFAIRS OF OTHER STATES. WE SHOULD THEN EMPHASIZE THAT
PERMITTING CUBANS TO ESTABLISH THEMSELVES CAN HAVE
ADVERSE EFFECTS ON INTERNAL BOLIVIAN DEVELOPMENTS AND,
SHOULD BOLIVIA COME UNDER GREATER CUBAN INFLUENCE AS A
RESULT, IMPAIR USG-GOB RELATIONS.

4. WE ALSO CONCUR IN YOUR RECOMMENDATION TO SIGNAL OUR
DISPLEASURE. YOU MAY INFORM THE GOB THAT AMBASSADOR
ENDERS WILL NOT REPEAT NOT TRAVEL TO BOLIVIA AT THIS
TIME. YOU SHOULD ALSO GO SLOWLY ON NEGOTIATIONS ON
ECONOMIC ASSISTANCE, INCLUDING THE PL-480 AGREEMENT. IN
THIS CONNECTION WE WOULD APPRECIATE YOUR ASSESSMENT OF
THE IMPACT OF THIS ON BOLIVIA'S WHEAT SUPPLIES. SHULTZ

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NLRR M3531 #117773
BY RW NARA DATE 5/18/15

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WHITE HOUSE SITUATION ROOM

PAGE 01 OF 03 SECSTATE WASHDC 64583312 DTG: 211508Z MAR 83 PSN: 021335
SIT819 DATE 03/25/83 TOR: 080/1739Z

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MESSAGE ANNOTATIONS:

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MESSAGE:

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DE RUEHC #6458 0801521

O R 211508Z MAR 83

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ IMMEDIATE 0000

INFO AMEMBASSY ASUNCION 0000

AMEMBASSY BRASILIA 0000

AMEMBASSY BUENOS AIRES 0000

USINT HAVANA 0000

AMEMBASSY LIMA 0000

AMEMBASSY MONTEVIDEO 0000

AMEMBASSY PANAMA 0000

AMEMBASSY SANTIAGO 0000

AMEMBASSY SEOUL 0000

USCINCSO QUARRY HTS PN

USMISSION USUN NEW YORK 0000

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~~CONFIDENTIAL~~ STATE 076458

EXDIS MILITARY ADDRESSEES HANDLE AS SPECAT EXCLUSIVE

E.O. 12356: DECL: OADR

TAGS: PREL, BL, US

SUBJECT: BOLIVIAN FOREIGN MINISTER'S MEETING MAR. 17
WITH SECRETARY AND UNDER SECRETARY FOR POLITICAL AFFAIRS

1. (C) - ENTIRE TEXT.

2. SUMMARY: UNDER SECRETARY EAGLEBURGER AND FOREIGN
MINISTER VELARDE DISCUSSED OUR BILATERAL RELATIONS
FRANKLY AND IN DEPTH. THE SECRETARY PARTICIPATED

MESSAGE (CONTINUED):

BRIEFLY, VELARDE SAID A NARCOTICS COUNCIL WOULD BE
ESTABLISHED IMMEDIATELY AFTER HIS RETURN TO LA PAZ. HE
ASSERTED THAT PROBLEMS OF US INVESTMENTS WERE BEING
RESOLVED. VELARDE BROUGHT PRESIDENT SILES' ASSURANCE
THAT BOLIVIA WILL NOT BECOME A SAFEHAVEN FOR GUERRILLAS.
HE SAID RELATIONS WOULD NOT BE ESTABLISHED WITH NORTH
KOREA AND EXPLAINED THE HISTORY AND STATE OF RELATIONS
WITH CUBA AND THE PLO. VELARDE EMPHASIZED THE GOB'S
DESIRE TO COOPERATE WITH THE USG. THE UNDER SECRETARY
SAID THE KEYS TO OUR BILATERAL RELATIONSHIP ARE THE GOB'S
DEDICATION TO DEMOCRACY, ITS REJECTION OF ANTI-DEMOCRATIC

ELEMENTS, AND PROGRESS ON NARCOTICS. VELARDE DISCUSSED
BOLIVIA'S PARTICIPATION IN THE NAM AND SAID HE WAS
THINKING OF ASKING THREE COUNTRIES - POSSIBLY THE US,
URUGUAY, AND PANAMA - TO HELP RESOLVE BOLIVIA'S ACCESS TO

THE SEA PROBLEM. END SUMMARY

3. BOLIVIAN FOREIGN MINISTER MARIO VELARDE MET LATE
MARCH 17 WITH UNDER SECRETARY EAGLEBURGER FOR ALMOST TWO
HOURS. DURING THE INTRODUCTORY REMARKS, THE SECRETARY
STOPPED IN FOR A PHOTO OPPORTUNITY AND ASKED VELARDE
ABOUT BOLIVIA'S PROSPECTS.

4. VELARDE ON BOLIVIA'S PROSPECTS AND NARCOTICS
CONTROL: THE GOB'S PROSPECTS ARE GOOD. ON MARCH 16 THE
GOB TOOK HARD BUT NECESSARY ECONOMIC MEASURES. THE
CONFEDERATION OF PRIVATE ENTREPRENEURS SAYS IT SUPPORTS
DEMOCRACY AND THE ECONOMIC MEASURES. WE HAVE A
COINCIDENCE OF INTERESTS WITH THE USG ON STABILITY IN
BOLIVIA, DEMOCRACY AND THE FIGHT AGAINST NARCOTICS.
NARCOTICS TRAFFICKERS FORM A SUPER STATE WITHIN BOLIVIA,
AND IN 1980 CONTROLLED THE GOVERNMENT. THESE TRAFFICKERS
AND THEIR PARAMILITARY FORCES ALLIED WITH ANTI-DEMOCRATIC
ELEMENTS TO DESTROY DEMOCRACY. THE INCOME FROM
TRAFFICKING IS \$1.6 BILLION YEARLY, FOUR TIMES THE AMOUNT
RECEIVED FROM TIN. BOLIVIA HAS BECOME KNOWN AS THE LAND
OF COCAINE. WE ARE GOING TO CREATE A NARCOTICS COUNCIL
AS A DEPENDENCY OF THE PRESIDENCY. THIS DECISION HAS
ALREADY BEEN MADE AND WILL BE IMPLEMENTED ON MY RETURN.
WE TRIED EVERYTHING ELSE, AND NOTHING WORKED, SO NOW WE
ARE CREATING THE COUNCIL. WE MUST SUPPRESS THE TRAFFIC

SECSTATE WASHDC 64583312 DTG: 211508Z MAR 83 PSN: 021335
MESSAGE (CONTINUED):

AND SUBSTITUTE NON-TRADITIONAL CROPS. TO DO THIS WE WILL
NEED INTERNATIONAL ASSISTANCE, ESPECIALLY FROM THE US AND
EUROPE.

5. THE SECRETARY WELCOMED THE FOREIGN MINISTER'S
ASSURANCES ON ESTABLISHMENT OF A NARCOTICS COUNCIL AND
THE MEASURES TAKEN TO STRENGTHEN BOLIVIA'S ECONOMY. HE
EXPRESSED HOPE THAT ANY EFFORTS TO ATTRACT FOREIGN
INVESTMENT WOULD INCLUDE NON-DISCRIMINATORY TREATMENT FOR
US BUSINESSES.

6. AFTER THE SECRETARY'S DEPARTURE, UNDER SECRETARY
EAGLEBURGER ALSO WELCOMED VELARDE'S ASSURANCES ON THE
NARCOTICS ISSUE. HE SAID THE USG HAS A ROLE TO PLAY IN
INCOME SUBSTITUTION PROJECTS, AND WE SHOULD LOOK AT THE
SITUATION AGAIN AFTER THE NARCOTICS COUNCIL DECREE IS
ISSUED. REFERRING TO THE SECRETARY'S STATEMENT, HE SAID
THAT US INVESTMENTS CAN IMPROVE BOLIVIA'S ECONOMIC

SITUATION, AND ASKED THAT THE GOB DEAL WITH FOREIGN
INVESTMENT QUESTIONS PROMPTLY AND EFFECTIVELY.

7. VELARDE ON US INVESTMENTS: BOLIVIA URGENTLY NEEDS
AND WELCOMES FOREIGN INVESTMENTS AND MUST CREATE THE
PROPER CLIMATE. AMBASSADOR CORR RAISED A BUREAUCRATIC
PROBLEM AFFECTING US BUSINESSES AND WE RESOLVED IT.
OTHER PROBLEMS ARE WELL ON THEIR WAY TOWARD SOLUTION.
ALL MEASURES HAVE BEEN TAKEN TO PERMIT US COMPANIES TO
REGISTER CORRECTLY WHICH WILL IMPROVE THE BUSINESS
CLIMATE.

8. VELARDE ON RESOURCE DEVELOPMENT: WE ARE EMBARKING ON
A MAJOR NATIONAL PROJECT, THE NATURAL GAS PIPELINE TO
BRAZIL. IN JULY WE WILL HAVE CERTIFICATION OF OUR
NATURAL GAS RESERVES. THEN WE WILL SIGN A TREATY WITH
BRAZIL AND IN THAT -CONTEXT WILL LET BIDS TO CONSTRUCT THE

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39

WHITE HOUSE SITUATION ROOM

PAGE 02 OF 03 SECSTATE WASHDC 64583312 DTG:211508Z MAR 83 PSN: 021335

PIPELINE. IN THREE TO FOUR YEARS WE ANTICIPATE AN INCOME OF \$600 MILLION TO \$1 BILLION YEARLY TO PAY OFF OUR DEBTS AND BEGIN INVESTING. WE HAVE GREAT RESERVES OF NATURAL GAS, POSSIBILITIES FOR DEVELOPING GOLD, LITHIUM, AND

MESSAGE (CONTINUED):

BORON DEPOSITS, AND LARGE AMOUNTS OF TIN WHICH CAN BE RECOVERED FROM SLAG HEAPS. BOLIVIA IS EXTREMELY POOR, BUT WE HAVE SOLUTIONS AND HOPES. WITH SAVINGS, INVESTMENT, AND AN EFFICIENT ADMINISTRATION, WE CAN SOLVE OUR PROBLEMS.

9. VELARDE ON FOREIGN POLICY: IN AN ECONOMIC AND SPIRITUAL SENSE, BOLIVIA BELONGS TO THE WESTERN WORLD. OUR FIRST PRIORITY IS OUR RELATIONSHIP TO OUR HEMISPHERIC NEIGHBORS, AND PARTICULARLY TO THE US. WE ARE FACING THE CHALLENGE OF CONSTRUCTING OUR STATE. WE WANT RECIPROCAL COOPERATION, ESPECIALLY WITH THE US ON ECONOMIC MATTERS, NARCOTICS ISSUES, AND RECONCILING VIEWPOINTS ON QUESTIONS OF STRATEGIC IMPORTANCE TO THE US.

10. NORTH KOREA: WE HAVE NOT ESTABLISHED NOR WILL WE ESTABLISH RELATIONS WITH NORTH KOREA ALTHOUGH WE ALMOST DID SO. THE NORTH KOREANS TREATED SILES WELL WHEN HE WAS IN EXILE IN LIMA AND HAD GOOD RELATIONS WITH THE MNRI. WE ASKED AMBASSADOR CORR ABOUT ESTABLISHING RELATIONS WITH NORTH KOREA. HE SAID THE US WOULD CONSIDER THIS AN UNFRIENDLY GESTURE. THEREFORE, WE ARE NOT GOING TO ESTABLISH SUCH RELATIONS, EVEN THOUGH THE NORTH KOREAN FOREIGN MINISTER SAID AT NEW DELHI WE ARE GIVING IN TO IMPERIALISM. ALSO, WE HAVE RELATIONS WITH THE SOUTH KOREANS, AND THEY MAY INVEST IN BOLIVIA.

11. ON CUBA: IN NOVEMBER 1980 SILES WAS INVITED TO CUBA. WE SPENT TWO DAYS AND TALKED WITH FIDEL CASTRO. OUR NEXT CONTACT WITH THE CUBANS WAS AT THE SILES INAUGURATION. AT THAT TIME WE DECIDED TO ESTABLISH RELATIONS WITH NICARAGUA BUT NOT YET WITH CUBA. THE CONGRESS, DOMINATED BY PAZ ESTENSORRO AND BANZER, ASKED US TO RECOGNIZE CUBA. WE CONCLUDED THAT RELATIONS WERE NECESSARY TO BREAK THE NATIONAL TRAUMA CONCERNING CHE GUEVARA. ALSO, WE WANTED TO BE ACTIVE IN THE NAM AND THE NACB, AND CUBA WAS PRESIDENT. FINALLY, WE SOUGHT CUBAN SUPPORT ON THE ACCESS TO THE SEA ISSUE. WE TOLD THE CUBAN FOREIGN MINISTER WE WOULD SEND NO DIPLOMATS TO CUBA, AND WE ASKED THAT NO CUBAN AMBASSADOR BE SENT TO BOLIVIA. MEANWHILE, WE UNDERSTAND CUBA REQUESTED

MESSAGE (CONTINUED):

AGREEMENT FOR THEIR CHARGE AND IS RENTING THE HOME OF WALTER GUEVARA ARCE FOR EIGHT STAFF MEMBERS. THERE ARE MANY THINGS WE CAN DO TO FREEZE THE SITUATION.

12. VELARDE ON GUERRILLAS, POLITICAL GROUPS: PRESIDENT SILES ASSURES YOU THAT BOLIVIA WILL NOT BE A SAFEHAVEN FOR GUERRILLAS, BOTH FOR REASONS OF IDEOLOGY AND SELF-INTEREST. WE ALLOWED THE MONTONEROS TO HOLD A MEETING IN LA PAZ IN JANUARY, BUT THIS WAS A POLITICAL ERROR BY OUR PARTY. WE WERE INVITED TO SUCH MEETINGS WHILE IN EXILE IN LIMA AND CAN ONLY JUSTIFY IT IN THIS WAY. I DID NOT PARTICIPATE. EXILES CREATE MANY COMPLICATIONS. THE URUGUAYAN FOREIGN MINISTER ASKED THAT WE NOT LET WILSON FERREIRA'S PARTY ESTABLISH AN OFFICE IN LA PAZ. THE ARGENTINE FOREIGN MINISTER ALSO ASKED THAT

WE NOT LET THE MONTONEROS STAY TOO LONG. WE HAVE GOOD RELATIONS WITH URUGUAY, EXCELLENT RELATIONS WITH PERU, AND THE POSSIBILITY OF A BIG INVESTMENT WITH BRAZIL. WE CANNOT DAMAGE THESE RELATIONS. WE WILL FOLLOW OUR SELF-INTEREST IN FOREIGN POLICY, NOT AN IDEOLOGICAL LINE.

13. VELARDE ON THE PLD: IN HIS UNGA SPEECH, SILES RECOGNIZED THE PLO AS THE LEGITIMATE REPRESENTATIVE OF THE PALESTINIAN PEOPLE. LATER, AN OFFICIAL GOB COMMUNIQUE APPEARED RECOGNIZING THE PLO WHEN I WAS IN BRAZIL. WE THEN FROZE RELATIONS WITH THE PLO IN SPITE OF UDP PRESSURES. WE ARE NOT INTERESTED IN ARAFAT AND DO NOT WANT TO CREATE UNNECESSARY PROBLEMS WITH THE US. WE HAVE FROZEN THIS RELATIONSHIP.

CONFIDENTIAL 5

14. THE UNDER SECRETARY EXPRESSED HIS APPRECIATION FOR VELARDE'S FRANKNESS AND HONESTY. HE SAID THE USG VALUES AND WANTS TO SUPPORT BOLIVIA'S RETURN TO DEMOCRACY. HE EXPRESSED SATISFACTION WITH SILES' ASSURANCE THAT BOLIVIA WOULD NOT SERVE AS A SANCTUARY FOR ELEMENTS TRYING TO DESTABILIZE BOLIVIA'S NEIGHBORS. BOLIVIA'S DECISION NOT TO RECOGNIZE NORTH KOREA WAS EQUALLY WELCOME. WITH REGARD TO CUBA, WE PREFER NO DIPLOMATIC RELATIONS, BUT WE TAKE NOTE OF VELARDE'S DESCRIPTION OF THE CIRCUMSTANCES

MESSAGE (CONTINUED):

AND INTENTIONS TO RESTRICT THE RELATIONSHIP IN THE FUTURE. THE UNDER SECRETARY SUGGESTED THAT THE GOB WATCH CAREFULLY THE ACTIVITIES OF THE EIGHT CUBANS ALREADY IN LA PAZ BECAUSE THEY MAY BE DANGEROUS, AND VELARDE NODDED AGREEMENT. FURTHER TO USG SUPPORT FOR BOLIVIAN DEMOCRACY, THE UNDER SECRETARY NOTED THAT A PLAN OF ECONOMIC ASSISTANCE HAD BEEN OFFERED WHICH DEPENDED ON SUCH FACTORS AS EFFECTIVE NARCOTICS CONTROL AND BOLIVIA'S RELATIONS WITH OTHER COUNTRIES. FOR A NUMBER OF REASONS, THIS PLAN HAS COME TO A HALT. NOW WE NEED TO LOOK TO THE FUTURE. WE WANT TO SEE THE PLAN MOVE AHEAD. PUBLIC AND CONGRESSIONAL OPINION WILL PLAY A ROLE. WE HOPE TO BE ABLE TO SAY THAT THE GOB IS INTENT ON RESTORING DEMOCRACY, THAT ITS TREATMENT OF PRIVATE ENTERPRISE IS FAIR, THAT IT WILL NOT SERVE AS A SANCTUARY FOR GUERRILLAS, THAT IT DOES NOT ESTABLISH RELATIONS WITH COUNTRIES LIKE NORTH KOREA BASED ON IDEOLOGICAL AFFINITY, THAT IT LIMITS ITS RELATIONS WITH CUBA, AND MOST IMPORTANTLY, THAT IT IS MOVING EFFECTIVELY AND WITH GREAT PURPOSE ON NARCOTICS. THE FOREIGN MINISTER'S STATEMENTS WERE HELPFUL. THE MAIN ELEMENTS OF OUR BILATERAL RELATIONSHIP ARE THE GOB'S DEDICATION TO DEMOCRACY, ITS REJECTION OF ANTI-DEMOCRATIC ELEMENTS, AND, MOST IMPORTANTLY, PROGRESS ON NARCOTICS CONTROL. THE UNDER SECRETARY AGREED WITH VELARDE THAT CREATION OF FRICTIONS BETWEEN US ON ISSUES OF LITTLE DIRECT IMPORTANCE TO BOLIVIA IS NOT HELPFUL. WE HAVE NO PROBLEMS WITH TRUE NON-ALIGNMENT. INDEED, THE USG HAS CALLED FOR NEUTRAL AND NON-ALIGNED GOVERNMENTS IN AFGHANISTAN, KAMPUCHEA, AND NAMIBIA. IF BOLIVIA CAN HELP MAKE THE NAM TRULY NON-ALIGNED, IT WILL HAVE DONE A GREAT SERVICE. THE NAM NEW DELHI MEETING PRODUCED A DOCUMENT CRITICIZING THE USG MANY TIMES, BUT NEVER THE USSR.

15. VELARDE ON NAM SUMMIT: AT NEW DELHI WE PRESSED FOR THE INCLUSION OF A STATEMENT AGAINST QUOTE HEGEMONISM OVER A MEETING OF HEADS OF STATE ON MARCH 11. WE WOULD LIKE TO HAVE THE LARGEST POSSIBLE NUMBER OF COUNTRIES JOIN THE NAM, SINCE THIS WOULD ASSURE TRUE NON-ALIGNMENT.

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WHITE HOUSE SITUATION ROOM

PAGE 03 OF 03 SECSTATE WASHDC 64583312 DTG:211508Z MAR 83 PSN: 021335

16. VELARDE ON ACCESS TO THE SEA: THE PARAGRAPH IN THE NEW DELHI DOCUMENT DEALING WITH BOLIVIAN ACCESS TO THE

SECSTATE WASHDC 64583312 DTG:211508Z MAR 83 PSN: 021335
MESSAGE (CONTINUED):

SEA IS VERY IMPORTANT TO US SINCE IT USED THE WORD QUOTE RECOVER UNQUOTE. IN THE FUTURE, WE HOPE WE CAN BRING UP OUR PROBLEM IN LARGER BODIES SUCH AS THE UN. IN ADDITION, WE ARE THINKING OF REQUESTING THE GOOD OFFICES OR MEDIATION OF THREE COUNTRIES - POSSIBLY THE US, URUGUAY, AND PANAMA - AS A POSSIBLE SOLUTION TO THE PROBLEM.

17. THE UNDER SECRETARY CONCLUDED BY SAYING THAT POSSIBILITIES EXIST FOR REAL IMPROVEMENT IN OUR BILATERAL RELATIONS. HE EMPHASIZED THAT THE GOB SHOULD TAKE THE STEPS NEEDED TO MOVE IN THIS DIRECTION AS SOON AS POSSIBLE.

18. COMMENT: VELARDE APPEARED TIRED FROM HIS TRAVELS. NONETHELESS, HE WAS BETTER ORGANIZED AND MORE CONFIDENT THAN DURING HIS NOVEMBER MEETING WITH THE DEPUTY SECRETARY. VELARDE SEEMED GENUINELY TO WANT TO BRING ABOUT CLOSER RELATIONS. THE TONE OF THE MEETING WAS FRANK AND VERY CORDIAL. SHULTZ

SECSTATE WASHDC 64583312 DTG:211508Z MAR 83 PSN: 021335

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