



The Coca-Cocaine Economy, the US ‘War on Drugs’ and Bolivia’s Democratic Transition (1982-1993)¹

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The last remaining DEA agents left Bolivia in January 2009, bringing to a close more than three decades of DEA-presence within the country. President Evo Morales had ordered the expulsion of the US agency in response to the harms caused by the ‘war on drugs’ and perceived US-meddling in the internal affairs of Bolivia. As part of the dispute, Morales had also expelled US Ambassador Philip S. Goldberg in September 2008, accusing the US of fomenting civil discord. ‘Without fear of the US empire, I stand before the Bolivian people today and declare United States Ambassador Mr. Goldberg *persona non-grata*,’ Morales announced, ‘We don’t want people here who conspire against our unity. We don’t want people who threaten our democracy.’ The period thus marked a nadir in US-Bolivian relations, and a turning-point for the course of counterdrug policy in Bolivia. For better or worse, the Bolivian government would now seek to cut its own path: moving away from the drug war approach of the US. But how did US-Bolivia relations arrive at this point? What were the historical antecedents of this point of fracture? Drawing on 27 oral history accounts with US and Bolivian political actors, the paper considers Bolivia’s post-transition period as a key moment in this history of fractious US-Bolivian relations and the ‘war on drugs’ in the Andes.

Many of the same themes of grievance raised by Morales were apparent during this period. Bolivia transitioned to democracy in 1982 against a background of economic crisis. The imposition of harsh-neoliberal structural reforms would bring stability to the national economy, but at a severe social cost. For large swathes of the population, the coca-cocaine economy provided a vital social-safety net during this period of crisis. Furthermore, narco-dollars played a crucial role in helping to stabilise the economy: boosting national reserves and inward investment. Given these socio-economic realities and the relative absence of drug-related violence in Bolivia, there was a level of ambivalence towards the drug trade. Instead, the escalation of the US ‘war on drugs’ was, at-times, viewed to pose the greater risk to Bolivia’s social, political and economic stability. This US drug war approach included the militarisation of counterdrug operations and coca eradication. For many Bolivians, the

¹ The paper is based on my PhD thesis: Allan Jack Joseph Gillies, *State–Narco Networks and the ‘War on Drugs’ in Post-Transition Bolivia, with Special Reference to 1989-1993*, (University of Glasgow, PhD diss., 2016).

exercise of US power in advancing its counterdrug goals invoked ‘Yankee Imperialism’ and recent memories of US-Cold War interference in Bolivia. US agencies, for example, operated in Bolivia with little local oversight, while Bolivian politicians from this period believed accusations of drug corruption were used to silence opponents of US policy. Perceptions that US counterdrug policy ran contrary to local interests, and that the US exploited the ‘war on drugs’ to exercise control in Bolivia, created an atmosphere of mistrust between the US Embassy and the Bolivian government. As evidenced by the expulsion of the DEA in 2008 and the breakdown of US-Bolivian relations, such mistrust continues to manifest itself to this day. Speaking in June 2017, Morales stated, ‘I do not regret the decision to expel the DEA. The United States used the “war on drugs” in order to control the country's politics and loot our natural resources’.

Bolivia’s Post-Transition Politics

Bolivia’s first faltering steps towards democracy were brought to a halt in July 1980 by the ‘cocaine-coup’. A faction of right-wing military officers, led by General Luís García Meza and his close-ally Colonel Luís Arce Gómez, rejected the newly elected leftist *Unidad Democrática y Popular* (UDP) government of Hernan Siles Suazo. The García Meza regime called on familiar themes of South American military authoritarianism, for example: ‘saving *la Patria*’ from internal ‘Castroite’ enemies.² In Bolivia’s recurring cycle of *golpismo*, though, the coup was distinct as the first planned and funded with the aid of drug traffickers. Exploiting close links to the ‘King of Cocaine’, Roberto Suárez, the García Meza regime provided official protection in exchange for drug bribes. This corruption, as well as the regime’s brutal suppression of opponents,³ provoked international condemnation. García Meza had believed his anti-communist credentials would secure the support of incoming-US President Ronald Reagan. Indicating changing US foreign policy priorities, Regan refused to lift sanctions on the narco-regime. Whereas in the past, the US had been willing to ignore the indiscretions of drug-linked Cold War-allies in the Bolivian military, now drug war goals would dominate the US agenda in Bolivia.⁴ Under pressure from widespread societal opposition and internal military discontent, the regime finally collapsed in August 1981. This opened the way for the restoration of Siles Suazo as president 14 months later, and Bolivia’s return to the path of democratisation.

Siles Suazo’s government, though, was faced with severe economic problems. Economic mismanagement by successive authoritarian governments had run-up large foreign debts. The International Monetary Fund (IMF) called for neoliberal structural reforms to tackle the country’s deficit and spiralling inflation, while Bolivian popular sectors simultaneously pressed for increased wages and government support.⁵ The unions and peasant sectors had long been excluded from political participation. They now staged strikes and protests to

² James Dunkerley, *Rebellion in the Veins: Political Struggle in Bolivia, 1952-1982*, (London: Verso, 1984), p.290.

³ In January 1981, for example, the regime was responsible for the torture and murder of nine unarmed MIR members in the Sopocachi neighbourhood of La Paz.

⁴ Allan Gillies, ‘Theorising State-Narco Relations in Bolivia’s Nascent Democracy (1982-1993): Governance, Order and Political Transition’, *Third World Quarterly*, (published online: 25 Sep 2017), available at, www.tandfonline.com/doi/full/10.1080/01436597.2017.1374839, p.9.

⁵ Catherine M. Conaghan, and James M. Malloy, *Unsettling Statecraft: Democracy and Neoliberalism in the Central Andes*, (London: University of Pittsburgh Press, 1994), p.121.

advance their interests and demand government action. With Congress divided, Siles Suazo struggled to formulate a response. The economic program eventually advanced by his government aimed to balance competing international and domestic demands, but ultimately proved to be inadequate. Bolivia's tin mining industry declined rapidly, the country defaulted on its foreign debt in May 1984, and hyperinflation reached 25,000 per cent the following year.⁶ The economic and political crisis consumed the administration, leading to early-elections in May 1985. Moving forward, the paralysis of the Siles Suazo government would have a lasting impact on the politics and economics of the post-transitions period. Political pacts and neoliberal economics would largely define the governments that followed.

Looking to overcome the congressional blockages that had hindered Siles Suazo's response to the crisis, the governments of Victor Paz Estensorro (1985-1989) and Jaime Paz Zamora (1989-1993) both relied on political pacts. Paz Estensorro of the *Movimiento Nacionalista Revolucionario* (MNR) formed the *Pacto por la Democracia* with the centre-right *Acción Democrática Nacionalista* (ADN), led by former-dictator General Hugo Banzer. ADN's backing ensured the government had the necessary congressional votes to push ahead with its legislative agenda. Following indecisive elections in 1989, Paz Zamora's *Movimiento de Izquierda Revolucionaria* (MIR) would also form a similar pact with the ADN. The *Acuerdo Patriótico* was emblematic of the great changes that had occurred within Bolivian politics. The left-wing MIR, for example, had been subject to repression under Banzer's regime. The former-dictator, meanwhile, demonstrated his respect for the new democratic 'rules of the game', stepping aside as Paz Zamora assumed the presidency. Speaking at the UN General Assembly shortly after his inauguration, Paz Zamora argued that 'a new cycle' had begun, making 'consensus, agreement and harmony, rather than conflict and confrontation, the foundations of Bolivia's democratic policy.'⁷

Some criticised these pacts for reducing transparency, and establishing a system that allowed political elites to limit representation, implement popularly opposed policies, and distribute the spoils of power among themselves. For example, the trading of political patronage was crucial to their formation: ADN officials received key public positions in exchange for the party's congressional support. As James C. Cason, the Political Counsellor for the US Embassy (1987-1990), argued, 'the traditional politicians [. . .] looked after themselves and their particular interests. [. . .] There was a lot of manoeuvring going on between the elite trying to keep power. [. . .] That's why they made these strange alliances, [. . .] as a way to divvy-up the resources of the country for themselves.'⁸ However, for their supporters, both agreements were viewed as crucial to ensuring governability following the crises that had plagued the Siles Suazo government. In the context of a fragile democratic transition, these compromises helped to establish political stability. 'At times, the necessity of guaranteeing the democratic governability of the country wasn't understood; we weren't used to that here', argued Jaime Paz Zamora, 'we set the trajectory. We left a mark on modern democracy

⁶ Kenneth D. Lehman, *Bolivia and the United States: A Limited Partnership*, (London: The University of Georgia Press, 1999), p.194.

⁷ The United Nations, 'Professional Verbatim Record of the Eleventh Meeting', *Forty-fourth session of the General Assembly*, (10 October 1989), p.7.

⁸ Oral History of James C. Cason, Political Counsellor, US Embassy La Paz (1987-1990)', (13 Nov 2009), The Association for Diplomatic Studies and Training - Foreign Affairs Oral History Project, Bolivia Reader, available at <http://adst.org/wp-content/uploads/2012/09/Bolivia.pdf>.

in Bolivia.⁹ For actors such as Paz Zamora, this goal of maintaining political stability and protecting Bolivia's democratisation were proffered as overriding priorities. As the 'war on drugs' escalated in Bolivia, this would lead to friction with the US Embassy and its pursuit of counterdrug goals.

Neoliberal Reforms, the Coca-Cocaine Economy and Survival

These political pacts would also be pivotal to the implementation of neoliberal economic reforms. While Siles Suazo had sought to balance competing demands, Paz Estensorro fully adopted the prescriptions of the IMF. His stabilisation plan, the *Nueva Política Económica* (NPE), passed Congress with the aid of ADN support. The government's close adherence to neoliberal orthodoxy, and the positive macroeconomic performance achieved, made Bolivia a model for the Washington Consensus. Hyperinflation was brought under control, tax revenues increased, debt shrunk and modest economic growth was registered. These economic successes, though, had severe social costs. Levels of poverty increased, living standards dropped and unemployment soared. The collapse of tin prices two months into Paz Estensorro's term added to the social crisis. However, the government pressed on with its reforms regardless. Protests against government policy were met with violent repression, while the *Pacto por la Democracia* guarded against congressional obstructions to the President's agenda. Despite the social cost of structural adjustment, both the MIR and ADN agreed to continue with the principles of the NPE. The *Acuerdo Patriótico*, therefore, solidified the neoliberal economic model in Bolivia. These reforms would also affect the country's coca-cocaine economy and the dynamics of US-Bolivian counterdrug relations.

The illicit drug trade softened the blow of the social and economic crisis of the post-transition period. The coca-cocaine economy grew exponentially, as other areas of the economy contracted. Indicative of this growth, the population of the Chapare – the main centre for illicit coca at this time – increased from 40,000 in 1980 to 215,000 in 1987, while the total area of coca cultivation expanded from 16,370 to 51,798 hectares.¹⁰ The coca-cocaine economy acted as a social safety-net for former-tin miners and displaced farmers, who migrated to the Chapare in search of work.¹¹ Conaghan & Malloy estimate that 50-60 per cent of 'the economically active population were located in the informal sector' by the mid-1980s,¹² with the US government reporting that 350,000 people were reliant on the coca-cocaine economy for their income and the drug trade constituted 30 per cent of Bolivia's GDP.¹³ Furthermore, it boosted national reserves and stimulated inward investment. As part of Paz Estensorro's neoliberal reforms, the government announced a tax amnesty on repatriated capital in 1987, relaxing disclosure requirements and banning investigations into

⁹ Interview with Jaime Paz Zamora, President of Bolivia (1989-1993), 26 Apr. 2014.

¹⁰ James Painter, *Bolivia and Coca: A Study in Dependency*, (London: Lynne Rienner Publisher, 1994) pp.15-16. It should be noted that a significant proportion of coca cultivation was directed to the licit market.

¹¹ Drought in central and southern areas of the country in 1982 also acted as a push factor to migration to the Chapare.

¹² Conaghan & Malloy, *Unsettling Statecraft*, p.198.

¹³ US Office of the Inspector General (OIG), *Report of Audit: Drug Control Activities in Bolivia*, 2-CI-001, (Washington DC: Government Printing Office, 1991), p.2.

new wealth brought into the country.¹⁴ Narco-dollars flowed unencumbered into Bolivian banks as a result, helping to stabilise the economy.

The illicit drug trade provided economic relief during austere structural reforms. Taking action against the trade risked severe social, economic and political consequences. The President of Bolivia's Confederation of Private Businesses in 1991 warned, for example, that, 'if coca were to be eradicated today, the country's economy would collapse'.¹⁵ Further harm to the precarious livelihoods of sectors already affected by government reforms also threatened even greater societal unrest. The US Embassy noted the political implications of this: 'No, repeat no, Bolivian government has been able to survive against strong and united *campesino* opposition (*campesinos* increasingly view coca cultivation as the main escape from abject poverty).'¹⁶ This opposition included the mobilisation of the coca unions, who defended their livelihood and 'ancestral right' to grow coca. Governments of the period, therefore, were reluctant to aggravate this volatile situation by closing-off the 'critical economic safety-valve' of the coca-cocaine economy.¹⁷

The relatively non-violent nature of Bolivia's illicit trade supported this pragmatism. Colombia had Pablo Escobar and an internal-conflict increasingly connected to the cocaine trade, while Peru suffered the violent campaign of Maoist guerrillas, Shining Path, who were partly funded by drug revenues. By contrast, Bolivia did not experience widespread violence from powerful trafficking organisation or cocaine-fuelled armed actors. As former-Interior Minister Carlos Saavedra (1991-1993) explained, 'here, drug trafficking was not violent. Here, there had been no bomb blasts or kidnappings of politicians, journalists or judges. Here, there had been practically no revenge killings by traffickers.'¹⁸ It was argued that Bolivia's role in the Andean cocaine trade was limited to humble coca cultivation, with power and wealth instead accumulated in Colombia.¹⁹ As such, Bolivia's coca-cocaine economy was generally not viewed as an issue of national security. There was a level of ambivalence towards it due to the social, political and economic dynamics described previously. 'The topic of drugs wasn't a priority for us', argued former-Interior Minister Guillermo Capobianco (1989-1991), 'transforming the country was; that the country entered a transition from the dictatorship of Banzer to democracy. This was our priority. Political stability, economic stability, these were our priorities'.²⁰ As argued below, this view of Bolivia's 'drug problem' clashed with the securitised perspective of the US 'war on drugs', straining US-Bolivian relations and generating an atmosphere of mistrust.

The Escalation of the US 'War on Drugs' in Bolivia

¹⁴ Sewall Menzel, *Fire in the Andes: US Foreign Policy and Cocaine Politics in Bolivia and Peru*, (London: University of Press of America, 1996), p.11.

¹⁵ US OIG, *Report of Audit*, p.10.

¹⁶ US Embassy La Paz to Secretary of State, 'A Revised and Expanded Anti-Narcotics Strategy: We Need More Interdiction, Military Assistance and USAID-Financed Education', cable 199, (8 Jan. 1986) National Security Archive - The George Washington University, Washington DC, Narcotics Collection, box 10.

¹⁷ James Dunkerley, *Political Transition and Economic Stabilisation*, University of London Institute of Latin American Studies, Research Paper 22, (London: University of London, 1990), p.45.

¹⁸ Interview with Carlos Saavedra, Interior Minister (1991-1993), 15 Apr. 2014.

¹⁹ Francisco E. Thoumi, *Illegal Drugs, Economy, and Society in the Andes* (Baltimore MD: The Johns Hopkins University Press, 2003), p.242.

²⁰ Interview with Guillermo Capobianco, Interior Minister (1989-1991), 16 Apr. 2014.

Across this period, US economic assistance to Bolivia was tied to counterdrug cooperation. Although the illicit drug trade had helped to keep Bolivia's economy afloat during crisis and structural reform, the governments of the period also recognised the importance of US economic support to the country's recovery. In addition to this, with memories of the 'cocaine-coup' still fresh, fears of Bolivia being branded a 'narco-state' and an international pariah for failure to comply with counterdrug efforts also held influence. In April 1983, Siles Suazo accepted US\$53m in US development aid, while committing to coca eradication targets of 5,000 hectares per year.²¹ Aid was conditioned on the achievement of these targets and 'satisfactory' cooperation with the 'war on drugs'.²² Failure to meet them resulted in the withholding of US support as new president, Paz Estensorro, took office and embarked on his neoliberal reforms. His government attempted to placate US concerns and secure vital assistance. This included the approval of US army involvement in counterdrug operations in Bolivia, as well as the passing of a new comprehensive and punitive drug control law at the behest of the US.²³ This ensured continued US support, but led to criticisms that Bolivian sovereignty had been compromised by militarised counterdrug policies. US geopolitical and economic power, though, left the government with little choice. Bolivia's economy could ill-afford the US sanctions entailed by non-cooperation in the 'war on drugs'.

This unequal power dynamic was evident during the introduction of the Andean Initiative in 1989. Viewing the drug trade as a threat to both national and regional security, the US government's multibillion-dollar counterdrug aid package aimed to fight the cocaine-supply at source. Bolivia would thus be a key US drug war battleground. The strategy was criticised for proposing an expanded counterdrug role for both the US military and the armed forces of the region. President Bush thus met with the governments of Bolivia, Colombia and Peru in Cartagena de Indias to address concerns around this militarised US approach. The Andean partners won additional funding for alternative development, formal recognition of the idea of 'shared responsibility', and a free-trade agreement, the Andean Trade Preference Act (APTA).²⁴ However, these compromises were conditioned on acceptance of militarised counterdrug efforts and coca eradication targets. The policy remained heavily-focused on repressive measures.

The Paz Zamora government believed it had won significant concessions for Bolivia. Reflecting Bolivian views around the nature of the 'drug problem', Paz Zamora had argued for a greater focus on socio-economic development, aimed at addressing the 'root causes' of the country's drug trade. Both the APTA agreement and greater funding for alternative development, for example, aimed to reduce the national economy's dependence on coca-cocaine. It was estimated that the country would receive US\$830 million in aid over the course of the planned five-year initiative, compensating for the economic effects of curbing

²¹ Jaime Malamud-Goti, *Smoke and Mirrors: The Paradox of the Drug Wars*, (Oxford: Westview Press, 1992), p.65.

²² United States General Accounting Office (GAO), *Drug Control: US-Supported Efforts in Colombia and Bolivia*, Report to Congress, (GAO: Washington DC, 1988), p.48.

²³ *Operation Blast Furnace* (1986) and the 1988 *Ley del Regimen de la Coca y Sustancias Controladas* (Law 1008).

²⁴ NSC, 'Andean Drug Summit - National Security Council discussion paper', (1 Nov. 1989), National Security Archive - The George Washington University, Washington DC, 'War in Colombia'.

the drug trade. ‘I more than achieved my objectives’, Paz Zamora argued, ‘I went (to Washington) with the problems of opening the market and [easing] the external debt. We achieved them thanks to direct conversations with the President’.²⁵ As the policy was implemented, though, disillusionment with the US Embassy’s approach became apparent.

The Paz Zamora government argued that little emphasis was given to the socio-economic aspects of the Andean Initiative. Efforts to establish viable alternatives for coca farmers and develop the Bolivian economy were diminished in favour of an enforcement-led approach. For example, one senior minister argued, ‘the plan didn’t work, because we were never able to give the same intensity to the two dimensions [of the strategy]. The United States each time pressured us more on the issue of repression [and] they didn’t show anything tangible’ on the development strand.²⁶ For such actors, the ‘war on drugs’ was prioritised by the US Embassy over Bolivia’s development. This created fears of the ‘Colombianisation’ of Bolivia, with militarised operations causing heightened drug-related violence. Capobianco stated that, ‘there was great pressure for counterdrug policies to be more indiscriminate, more tough; give more emphasis to repression, less emphasis to prevention or alternative development’.²⁷ Given the relatively non-violent nature of the coca-cocaine economy and its importance to the national economy, therefore, the ‘war on drugs’ was frequently viewed as the greater risk to Bolivia’s social, political and economic stability.

In taking this stance and denying that the coca-cocaine economy represented a national security threat to Bolivia, the Paz Zamora government placed itself in conflict with the US Embassy. Jaime Paz Zamora had argued that the Bolivian drug trade was a problem of development, and hence socio-economic policies should form the focus of counterdrug policy. Slogans such as ‘coca for development’ and ‘coca is not cocaine’ looked to change the narrative of the ‘war on drugs’, highlighting coca’s cultural significance and its importance to the survival of rural communities. While the US Embassy acknowledged the sensitivity of eradication and sought to shift strategy towards interdiction,²⁸ there was great frustration at Paz Zamora and ‘the bulk of Bolivians’ for continuing ‘to engage in a process of denial regarding virtually any other aspect of the drug problem in Bolivia other than coca cultivation, [including] the sense that it is a problem only of economic development and poverty.’²⁹ These divergent perceptions of Bolivia’s ‘drug problem’ thus created friction between the Bolivian government and the US Embassy. From different conceptualisations of the problem came different prescriptions for policy responses. This clash of views came to fore around the issue of introducing the Bolivian army into counterdrug operations.

²⁵ Interview with Jaime Paz Zamora.

²⁶ Interview with senior minister of the Paz Zamora government, 7 May 2014.

²⁷ Interview with Guillermo Capobianco.

²⁸ ‘While accepting the necessity of continuing to pursue the traditional priority on eradication, (the Embassy’s strategy) argues for greater emphasis on interdiction. The latter appears to have a far more immediate impact on coca by depressing prices (and implicitly cultivation), provokes far less governmental and opposition resistance and ultimately comes closer and faster to (counterdrug) objectives.’ US Embassy La Paz to Secretary of State, ‘International Narcotics Control Report 1986 – Bolivia (INSCR)’, cable 10212, (23 Dec. 1985), National Security Archive - The George Washington University, Washington DC, Narcotics Collection, box 10.

²⁹ US Embassy La Paz to Secretary of State, ‘Continued Bolivian Waffling on Counternarcotics Assistance to the Army’, cable 14219, (10 Oct. 1990), National Security Archive - The George Washington University, Washington DC, Narcotics Collection, box 5.

The now notorious Annex III of the 1987 US-Bolivian anti-drug agreement – which would grant the Bolivian army a counterdrug role – was finally signed by Paz Zamora in May 1990 following sustained pressure from the US Embassy. The agreement, again, was linked to the release of development assistance. Despite this, though, Paz Zamora stalled on releasing the funds to the army. This indicated the President’s reluctance to militarise counterdrug operations and his awareness of the implications of such a move for Bolivia’s nascent democracy. For example, granting the military this internal security role raised the prospect of new interventions in Bolivia’s politics, as well as creating the potential for increased human rights abuses and institutional narco-corruption. However, US Ambassador Robert Gelbard (1988-1991) rejected such concerns, and used back-channels of influence with former-US Cold War allies to push ahead with the strategy. Lobbying Paz Zamora’s right-wing partners in the ADN,³⁰ Gelbard made it clear that the President’s ‘mismanagement of many important issues’ and ‘lack of clear leadership and decision-making ability’ risked US economic assistance. Gelbard also stated his intention ‘to discuss these issues with the appropriate [Bolivian] officials, including President Paz Zamora, military commanders and other political leaders, particularly including [former US-backed dictator and ADN leader] General Banzer’. Paz Zamora eventually bowed to this pressure and deployed the funds in March 1991. And while this counterdrug role for the army would prove to be short-lived,³¹ the case demonstrated the US Embassy’s ability to exert control over the Paz Zamora government and advance its vision of drug policy.

Narco-Corruption and US Political Leverage

The US Embassy argued such methods of control were justified. Claiming that narco-corruption ran through the Paz Zamora government, US actors believed Bolivian resistance to drug war policies partly stemmed from a lack of commitment to counterdrug goals. For example, a US government report noted that the ‘political will’ of the Bolivian government was ‘questionable, as demonstrated by some recent appointments of corrupt officials to key drug control positions.’³² Gelbard stated, ‘we were dealing with a corrupt government’,³³ while former-Ambassador Bowers (1991-1994) claimed, ‘there were a number of people who were not totally on-board, [. . .] in fact, they were corrupt, [. . .] filling their pockets, [. . .] bought-off by the narco-traffickers.’³⁴

To pursue counterdrug goals, the US Embassy took a range of measures to exert control. For example, the US Embassy would frequently bypass presumed-corrupt government officials when planning operations. Close-links and oversight of Bolivian counterdrug units, such as the *Unidades Móviles de Patrullaje Rural* (UMOPAR), gave the DEA a great deal of autonomy on Bolivian soil. This led to complaints of the DEA over-stepping their legal authority, trampling Bolivian sovereignty. ‘The US Embassy had their own people in the Bolivian police and the army; their own people’, Paz Zamora complained, ‘we had problems with the US

³⁰ Ibid.

³¹ Societal protests, including *cocalero* blockades, and opposition from Congress ensured a government commitment preventing army-led operations in the Chapare, severely limiting the usefulness of the army’s counterdrug role. As a result, the policy was reversed. Painter, *Bolivia and Coca*, p.99.

³² US OIG, *Report of Audit*, p.2.

³³ Interview with Robert S. Gelbard, US Ambassador to Bolivia (1988-1991), 13 May 2013.

³⁴ Interview with Charles R. Bowers, US Ambassador to Bolivia (1991-1994), 12 Apr. 2013.

when we did things without their people'.³⁵ For the US Embassy, though, such methods were crucial to circumventing 'corrupt' officials and their efforts to impede counterdrug goals. 'We were engaged in trying to train highly capable Bolivian units', Gelbard argued, 'sometimes if they became too capable, they would get transferred, because the government didn't want people to be too capable'.³⁶ Grievances, therefore, existed on both sides. On one hand, the drug war was viewed as compromising Bolivian sovereignty; on the other, widespread corruption was perceived to be damaging US counterdrug efforts.

This atmosphere of mutual distrust reached its height with the appointment of Faustino Rico Toro to the head of the *Fuerza Especial de Lucha Contra El Narcotráfico* (FECLN) in February 1991. Despite having been implicated in drug trafficking and a stream of human rights abuses during Bolivia's authoritarian period,³⁷ Rico Toro replaced trusted US drug war ally General Lucio Añez. Paz Zamora argued that the US had taken advantage of Añez's health problems to act unchecked in counterdrug operations. As a 'tough' ex-military man, 'the Americans wouldn't be able to do whatever they wanted with' Rico Toro;³⁸ the former-colonel would re-establish Bolivian control of counterdrug operations. Although Rico Toro had strong links to Banzer as an ADN member and President of the *Corporación del Desarrollo de Cochabamba*, the US Embassy focused its anger at the appointment on Paz Zamora and the MIR. Threats to withhold all US aid led to a quick reversal of the decision, but the Embassy would not stop there. Ambassador Gelbard now looked to remove other 'corrupt' officials in the government, claiming that Paz Zamora and the MIR had received 'drug trafficker money for their election campaign'; that 'Guillermo Capobianco, was the bag man for all this', and he was aided by 'the man who became National Police Chief [*Felipe Carvajal*]'.³⁹ Using the Rico Toro case as leverage, the Embassy ensured the resignations of both men.

I called the President and I told him [that] I really needed to talk to him about further corruption problems. He invited me over to his house, we sat down and went through a bottle and a half of Scotch whisky. I remember – my wife remembers – I stumbled home, and I fell into bed, saying, "God, what I do for my country!" He agreed to get rid of them.⁴⁰

For Capobianco, the US Embassy's efforts to remove him stemmed not from corruption, but from his leftist background and resistance to the US agenda. Before adopting a social democratic ideology, the MIR had been connected to the radical-left during the Cold War. Past-criticism of the US and admiration for the Cuban Revolution had caused the US Embassy to be suspicious of the MIR. Capobianco claimed, 'the American Ambassador did not want me. He considered me a bloody-lefty'.⁴¹ Adding substance to this belief, James C. Cason stated that the Embassy had 'wrongly' viewed the MIR as an 'extremist far-left party', and noted 'tendency in those days, unfortunately, to stay away from the Left, rather than to try

³⁵ Interview with Jaime Paz Zamora.

³⁶ Interview with Robert S. Gelbard.

³⁷ Eduardo Gamarra, 'US-Bolivian Counternarcotics Efforts During the Paz Zamora Administration: 1989-1992', in Bruce Bagley and William Walker III (Eds.), *Drug Trafficking in the Americas*, (London: Lynne Rienner, 1994), p.118.

³⁸ Interview with Jaime Paz Zamora.

³⁹ Interview with Robert S. Gelbard.

⁴⁰ Interview with Guillermo Capobianco.

⁴¹ Ibid.

to get to know them and influence their thinking'.⁴² When Capobianco publicly criticised US drug policy, his fate was sealed. According to the former-Interior Minister, Ambassador Gelbard personally sought to remove him for challenging the US. 'They faced [the 'war on drugs'] with the Cold War mentality', Paz Zamora argued, 'it was the same personnel that had fought the Cold War. [They] didn't retire, they moved on to another enemy and they took the issue of the day, which was drug trafficking'.⁴³

In this view, the US used allegations of narco-corruption selectively to target ideological opponents, while protecting allies. Here, the 'war on drugs' followed in the same lineage of the Cold War, used by the US to interfere in Bolivian affairs. For example, Paz Zamora claimed that the scandal linking him and the MIR to known-drug trafficker, Isaac 'Oso' Chavarría, was an attempt to sabotage his political career. While prominent *MIRista* Oscar Eid was convicted for accepting narco-campaign contributions, Paz Zamora was never charged, dismissing meetings with Chavarría as 'an error, but not a crime'.⁴⁴ His political reputation, though, was severely damaged. Following the end of his presidency, the US Embassy stated, 'that Paz Zamora and others in his political party had received funds' from the drug trafficker, accusing the now former-president 'of providing cover for Chavarría during his tenure'.⁴⁵ Sending a clear signal of condemnation, Paz Zamora's US visa was revoked. Paz Zamora argued that such tactics were underpinned by political goals. 'We were the youngest party, the new boys. [. . .] If anyone had problems with drug trafficking, it was the old parties: the MNR, ADN', Paz Zamora stated, 'I confronted the Americans on the way they wanted to act in counterdrugs and also on their neoliberal policies. [The accusations were designed] to sanction a president who had rebelled against certain things and to give a message to the political world: be careful!'⁴⁶ For the former-president, the discrediting of his government was designed to ensure the continuation of US neoliberal and drug war agendas in Bolivia: 'the "war on drugs", like the Cold War, justified everything'.⁴⁷

Conclusion

The perception that the US has exploited the issue of drug corruption to manipulate Bolivian politics is certainly not new. This includes the use of incriminating evidence in the service of US policy: holding-back such information to maintain control over certain actors or smearing opponents.⁴⁸ For example, in 1961, labour leader Juan Lechín temporarily withdrew from politics following accusations of drug corruption from the US Embassy and Bolivia's right-wing press.⁴⁹ Rodas Morales argues that former allies of García Meza were targeted for their involvement in the drug trade post-1982, while Banzer-aligned officers and politicians were

⁴² 'Oral History of James C Cason'.

⁴³ Interview with Jaime Paz Zamora.

⁴⁴ Roberto Laserna, *20 (Mis-)Conceptions on Coca and Cocaine*, (La Paz: Clave, 1997) p.190.

⁴⁵ Eduardo Gamarra, 'Transnational Criminal Organisations in Bolivia', in Tom J. Farer, (ed.), *Transnational Crime in the Americas: an Inter-American Dialogue Book*, (New York: Routledge, 1999), p.195.

⁴⁶ Interview with Jaime Paz Zamora.

⁴⁷ Ibid.

⁴⁸ Theo Roncken, 'Bolivia: Impunity and the Control of Corruption in the Fight against Drugs', in TNI, *Democracy, Human Rights, and Militarism in The War on Drugs in Latin America*, (Cochabamba: TNI, CEDIB and Infopress Centroamericana, 1997) p.50.

⁴⁹ Paul Gootenberg, *Andean Cocaine: the Making of a Global Drug*, (Chapel Hill, NC: The University of North Carolina Press, 2008) pp.282-284.

kept in play.⁵⁰ The reason being that Banzer and ADN were aligned with US neoliberal goals and continued to be useful assets for the US. Definitively establishing the veracity of such theories is extremely difficult. It is clear, though, that this narrative of US interference in Bolivian affairs has been a powerful influence on relations between the two countries. In this sense, the view that the ‘war on drugs’ has been used to control Bolivia and pursue US geopolitical goals created underlying resentments, plugging into long-standing narratives of ‘Yankee Imperialism’ in Latin America. Certainly, such narratives have been evident in the pronouncements of President Morales around the expulsion of the DEA. Speaking in November 2017, Morales stated, ‘From the US Embassy, they have planned attacks against the government and our democratic cultural revolution [using accusations] of corruption and drug trafficking’. The parallels with the narratives of US control during the post-transition period are clear.

These parallels also extend to other areas. Bolivia’s current counterdrug approach largely rejects US drug war principles, particularly around the issue of coca. The policy of ‘social control’ recognises the cultural and commercial usages of coca, as well as the socio-economic imperatives that drive rural communities to cultivate *la hoja*. It seeks a collaborative approach with *cocaleros* in addressing the diversion of coca to the illicit economy. The Morales government argues that this offers a more effective and less conflictual means of controlling coca, while placing local social, political and economic interests first. This challenge to the US approach, though, has been strongly criticised by successive US administrations. Bolivia has been decertified by the US on multiple occasions for supposedly failing to fulfil its international drug control obligations. Many view this simply as retaliation for the expulsion of the DEA and the rejection of the US drug control model; questioning the methodology of US counterdrug indicators and highlighting the highly-politicised nature of US certification. The Morales-led Bolivian government, for its parts, has been dismissive of this process, and continues to be a vocal critic of multiple aspects of US policy: from drug control and climate change to government inaction around the issues raised by the Black Lives Matter movement. As demonstrated by my analysis of the post-transition period, these tensions have long-roots in the past. Indeed, we may look even further back to the early-20th century, the Bolivian 1952 Revolution and Cold War-era for antecedents of this dynamic.⁵¹ The future of US-Bolivian relations, though, remains unwritten.

⁵⁰ Hugo Rodas Morales, Hugo, *Huanchaca: Modelo político empresarial de la cocaína en Bolivia*, (La Paz: Plural Editores, 1996), p.128.

⁵¹ For a full history of US-Bolivian relations, see Lehman, *Bolivia and the United States*.