

**The Complexities of Coca:**  
**Peruvian *Cocaleros* and The Nature of American Counter-narcotics**

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## **Table of Contents**

<b>Introduction</b>	<b>3</b>
<b>Chapter I</b>	<b>13</b>
<b>Chapter II</b>	<b>33</b>
<b>Chapter III</b>	<b>53</b>
<b>Conclusion</b>	<b>73</b>

## Introduction

In his first year as President, George Herbert Walker Bush utilized the Office on National Drug Control Policy (ONDCP) to recreate and reinforce international counter-narcotics operations. During Bush Sr.'s administration it focused on reducing the amount of cocaine that reached American consumers and began to be a main enemy of the United States during his presidency. The ONDCP proposed increasing monetary aid provided to the major cocaine producing and trafficking South American countries, Peru, Bolivia and Colombia. These three countries, known as the "Silver Triangle" have produced a majority of the world's cocaine for most of the 20<sup>th</sup> century and continue to do so into the 21<sup>st</sup> century. Through the ONDCP President Bush aimed to help these countries transition back into more traditional crops through enhanced economic aid and eradication assistance, known as a "supply-side" manner of targeting the narcotics trade.

For the majority of the past three decades, Peru has held the title of top producer of coca leaves and paste, the raw material states of cocaine hydrochloride, the finished product that is largely refined in Colombia.<sup>1</sup> Peru supplies the raw materials and hard labor for the cocaine trade and receives the least profit for its hardships. In the 1980's Peru cultivated 60% of the world's raw coca, transporting it to Colombia where they refined and transported 80% of the cocaine hydrochloride that was consumed in the United States.<sup>2</sup> It was also during this time period that a group named *Sendero Luminoso* came onto the national scene with the goal to oust Peruvian democracy in favor of a

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<sup>1</sup> Office on National Drug Control Policy, "National Drug Strategy," (Washington D.C.): 1989, 5.

<sup>2</sup> ONDCP *National Drug Control Policy* 1989, 63.

peasant led communist system. This movement ultimately was not heavily popular among peasant coca farmers in the Upper Huallaga Valley but they implanted themselves as middlemen, fuelling their insurrection with taxes on the trade of coca paste.

Between the last year of the Reagan administration and the first year of the Bush administration seizures of cocaine increased by one third, up to ninety thousand kilograms.<sup>3</sup> This figure simultaneously represents the fact that interdiction campaigns supported by American institutions were becoming more effective because more cocaine was seized but also points to the previously unfathomed production capabilities on the part of international drug cartels. Because of the clandestine nature of drug trafficking it is impossible to accurately estimate full production capabilities. The only hard data available is the amount of cocaine seized, jungle labs destroyed, and drug traffickers arrested, so it is fair to assume that production had increased substantially at the beginning of Bush's presidency because interdiction and eradication efforts were heavily reinforced

"We must be tough. We must be humane. And we must pursue change," read a passage in the Office on National Drug Control Policy's 1989 National Drug Strategy. It set the tone for America's increasingly multifarious approach towards counter-narcotics campaigns. President Bush Sr.'s time in office not only represented a major departure from the ways the United States aided South America's fight against the production of nefarious drugs. It was also the first presidential term where the communist threat posed by the Soviet Union had been diminished substantially due to the fall of the Berlin Wall. George H.W. Bush was better able to maneuver his foreign policy in directions that

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<sup>3</sup> Drug Enforcement Agency, "Statistics & Facts," Accessed March 2, 2014, <http://www.justice.gov/dea/resource-center/statistics.shtml>

previous presidents could not, hence the increased funding for the war on cocaine. American policing agencies that had bolstered their budgets through the Cold War were now concerned with maintaining them through this drought of international threats. Cocaine and other dangerous narcotic substances became to be perceived as the top threat to the national security of the United States for the first time because of their ability to destabilize democratic institutions in developing nations. This thesis will focus on the cocaine eradication efforts of the Bush administration and the ways that it became intertwined with a counterinsurgency agenda in Peru.

Cocaine's infrastructure became less isolated and took on the qualities of a multinational corporation during the late 1980's, making higher profits through maintaining low labor costs. Coca and cocaine traffickers crossed international borders, focused funds in Caribbean tax havens, and worked towards vertical integration through diminishing costs associated with middlemen.<sup>4</sup> It became a more efficient system of international trade that brought billions of dollars illegally into the economies coca producing countries through money laundering. During the late 1980's economic strife had hit the already ailing Peruvian economy and the potential profits to be earned through an albeit illegal crop were way too tempting for struggling farmers not to consider.

Peru is a major source country for the world's supply of raw coca paste, and though it was refined and trafficked in other countries those members of the cartels represented the higher levels of management in coca-industry. While peasant coca farmers made more money growing coca for international refineries than was available through legal means, they were not nearly as prosperous as those who sold refined

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<sup>4</sup> Andreas, Peter and Youngers, Coletta."US Drug Policy and the Andean Cocaine Industry," *World Policy Journal*, (Vol. 6 No. 3, 1989): 533.

cocaine hydrochloride wholesale internationally. As physical laborers, the Peruvian work force worked best for the trade of cocaine when their costs were kept low, *Sendero Luminoso* (Shining Path) helped to protect them from the abuses of international cartels, maintaining somewhat fair prices for their goods.

This thesis will focus on the synthesis of agendas concerning America's counter-narcotics operations in Peru and their connections to the terrorist insurgency *Sendero Luminoso*. Documents used by the 100<sup>th</sup> through 103<sup>rd</sup> (1989-1993) congresses to determine the budgets for international counter-narcotics operations like the Office on National Drug Control Policy's yearly National Drug Control Strategy will comprise the bulk of governmental resources used herein. Other primary sources will be derived from newspaper articles focused on the topic of cocaine eradication and military action in Peru printed by *The New York Times*. Bills passed by Congress, hearings held, updated reports used, and supplementary research material provided to congressmen and women will be analyzed throughout this thesis. Secondary scholarly sources will be utilized to help round out the information given through primary sources because their information is not inherently linked to reinforcing the national agenda of eradication.

The Office on National Drug Control Policy (ONDCP) remains the head coordinative body for American agencies used to fight narcotics globally. This office's yearly reports are key in understanding the changes that took place in American counter-narcotics enforcement around the world. It helped to supply grants and expand the budgets of law enforcement, and rehabilitation capabilities, its yearly reports updated Congress on the progress made in the previous year while suggesting increases for the upcoming fiscal year. It was created through H.R. 5582, the Anti-Drug Abuse Act of

1988 and for the first time created a comprehensive approach to present a more formidable effort in reducing narcotics trafficking and manufacture. The yearly progress reports published by the ONDCP through the years of the George H.W. Bush administration outline the major changes made to counter-narcotic policies in this time period.

These sources form the foundation for this thesis and will provide a well-rounded view of America's fight against Peruvian drug producers and entanglement in Peru's fight against the communist insurgency *Sendero Luminoso*. They offer multiple views on the same topic because their motivations in presenting information come from different ends of the political spectrum. Governmental publications reinforced the agenda of the Bush Sr. administration while scholarly articles examine the cultural forces at work behind increased coca production and its connections to *Sendero Luminoso*. Through narrowly focusing in on this chapter of cocaine eradication programs in Peru this thesis will show the ways in which counter-narcotics agendas of the Bush Sr. administration operated symbiotically with the counter-insurgency agenda of the Peruvian government. These two issues intersected in the coca-producing region of the Upper Huallaga Valley, the main source of funds for *Sendero Luminoso* and the hot bed of coca eradication programs.

Cocaine was seen in the United States as an immoral, addictive substance, but in Peru it was seen to be more of a lifeline to farmers who were in extremely desperate economic straits. It caused Americans to become addicted and dependent on the stimulation of cocaine but in Peru, it provided food for starving families, and a means of economic support that the Peruvian government was not able to provide and led families

to do what they could to survive. During the 1980's Peruvians faced some of their worst economic times since the Great Depression. Inflation was in quadruple digits, unemployment and underemployment soared to cover nearly half of the population, poverty rates were exorbitant.<sup>5</sup>

This economic downturn was felt most seriously by Peru's poorest people and was a result of the country's turbulent past, which included 12 years under military rule. Some placed the weight of the failing economy on the shoulders of the military officials who had taken control of the country from 1968 to 1980. It was the military leaders that nationalized foreign mining and oil operations, took over private banks and promoted land redistribution to impoverished native Peruvians.<sup>6</sup> This military regime contributed to the growth of coca plants in the foothills of the Peruvian Andes through their land redistribution campaign. They moved indigenous Peruvians into the sparsely inhabited jungle and promised to provide aid for these people to begin farming. As the economy began to slip these farmers were forced to grow crops that could sustain themselves and their families because government assisted agricultural programs were not effective.<sup>7</sup> It was the Upper Huallaga Valley that would become the country's main coca producing region, it would later draw the efforts of Peruvian revolutionary group *Sendero Luminoso* because of the potential money that could be provided by siphoning off of drug profits.

Growing coca earned peasant farmers nearly twelve times the money than a more traditional hectare of crops could provide.<sup>8</sup> The end product of coca grown in Peruvian

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<sup>5</sup> Andreas *US Drug Policy* 540.

<sup>6</sup> e Onis, Juan "Peru's Military Leaves the Field to an Army of Candidates," *New York Times*, April 21, 1980. A7.

<sup>7</sup> Andreas *US Drug Policy* 533.

<sup>8</sup> Andreas *US Drug Policy* 546.



fields holds a place of immorality in the minds of the American public, but in Peru the coca plant has been consumed on smaller scales in its unrefined, leafy, form since 1800 B.C.E.<sup>9</sup> Coca is chewed in a similar way to smokeless tobacco in the United States and represents a similarly addictive quality to that of nicotine. It is used mainly to fight fatigue at higher altitudes or to give an energy boost not unlike a caffeinated beverage. It is only once the coca leaves are broken down through chemical processes and reduced to one of the plant's 14 alkaloids that cocaine hydrochloride, powdered cocaine, can be produced and used as an addictive narcotic usually intranasally. Similar to comparing gasoline to crude oil, coca and cocaine are two separate substances, used to achieve different means with different representative histories and cultures. "Supply-side" eradication efforts were seen as the most effective way to drive down addiction rates in the United States, which put Peruvian coca farmers in the cross-hairs of the ONDCP.

While Peruvians understand this differentiation, in America all anti-narcotics campaigns were based on wholesale eradication of the coca plant. It directly attacked the poorest segments of the population, taking away many families' main source of income. The cocaine trade is a continuous circle of necessity, desperation, moral ambiguity and addiction. Not only are American users subject to addiction due to the psychotropic effects of cocaine, so too was the Peruvian economy and many small family farmers who are depended on the increased profitability of their land. The Peruvian government somewhat depended on the leverage illegally laundered coca-dollars provided for their economy. Though in America cocaine is viewed as a plague of addiction, death and

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<sup>9</sup> Morales, Edmundo. "The Political Economy of Cocaine Production: An Analysis of the Peruvian Case," *Latin American Perspectives*, (Vol. 17, No. 4. 1990). 91.

immorality, in countries like Peru where there is little other opportunity for upward mobility the coca plant providee a breath of life into the country's ailing economy.

This thesis will examine the mechanisms through which the United States took action against the coca plant wholesale and define the intentions of the George H.W. Bush administration. It will also look at "supply-side" eradication techniques have affected Peruvian farmers in order to discover whether or not these tactics were intentionally used to aid counter-insurgency programs in Peru. By focusing on the timeframe of the first Bush administration this thesis aims to uncover whether or not the foundation for drug eradication which is still used today is truly one that can be effective or not in the long term. The main goal of this thesis is to examine the complex methods of counter-narcotics and counter-insurgency against *Sendero Luminoso* to determine the intentions of the Bush Sr. administration in Peru. Was taxpayer money well spent in this endeavor? Were there ulterior motives in training the Peruvian military in counter-narcotics?

These questions are essential in understanding the ongoing war on narcotics pursued by the United States. It is during this time period that policy shifted tremendously and billions of dollars were allocated to create the most comprehensive international counter-narcotics campaign to that point in time, upon which modern efforts are based. Cocaine will be the narcotic that this project focuses on because of its pervasive nature internationally. Named the Office of National Drug Control Policy's most dangerous threat to America, cocaine's touch entered the homes of many people and because it was manufactured in politically unstable environments.<sup>10</sup> Addiction to cocaine,

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<sup>10</sup> ONDCP *National Drug Control Strategy* 1989, 62.

and its reengineered “crack cocaine” was used in epidemic proportions throughout inner city populations in the late 1980’s.

The first chapter of this thesis will look at the ways that Congress viewed America’s eradication efforts because it was Congress who controlled the funding of all United States counter-narcotics efforts in South America. Information will be based off of information given mainly in the National Drug Control Strategies published through President Bush Sr.’s administration. Through looking at these records the motivations behind funding increased counter-narcotics activities, as well as providing training for Peruvian police forces will be examined. This chapter will also broach the ways that counter-narcotics policies were reexamined during this time period and radically shifted to account for the vacuum left by the debilitated Soviet Union.

The second chapter will focus on the counter-narcotics activities that took place in Peru. It will detail the role played by Peruvian farmers in the coca trade and the economic circumstances that facilitated its proliferation. This chapter’s main goal is to examine the American counter-narcotics activities discussed in chapter one from the Peruvian viewpoint. Through examining the historical foundations of coca production in Peru and its ramifications in the late 1980’s the issue of counter-narcotics can be understood from both the supply and demand sides of this equation.

The third chapter aims to tie together these perspectives on America’s war on drugs and pinpoint their convergence in counter-insurgency actions taken by the Peruvian government. It will focus on the rise of *Sendero Luminoso*, its symbiotic relationship with coca growers in the Upper Huallaga Valley and examine how policies of counter-narcotics became interlocked with dismantling this terrorist organization. In the

conclusion chapter of this thesis, which will follow chapter three, the determination will be made as to whether or not American counter-narcotics activities, military and monetary aid were purposely used as a mechanism to fill the void left by the collapse of the Soviet Union.

This thesis will look at the ways that radical changes in foreign diplomacy are the foundation for the rules of engagement involving counter-narcotics. “Effective drug enforcement makes drugs expensive, difficult to obtain, and dangerous to seek out”.<sup>11</sup> These words carry the new view on counter-narcotics, that through strength, coordination and education that the war on drugs can be won. The creation of more comprehensive counter-narcotics policies will be investigated because the major increases in funding coincided with the fall of the Berlin Wall and the collapse of the Soviet Union, and the rise of cellular communist insurgencies like *Sendero Luminoso* in fragile developing democratic nations.

The war on cocaine is important to understanding the ways that the world began to change after the collapse of the Soviet Union, and more specifically how the United States moved its crosshairs to counter-narcotics in South America where there also happened to be the increasing threat to the burgeoning democracies developing there. The Silver Triangle remains a tumultuous place, where development remains largely tied to international forces. An American touch there had to be swift yet gentle; and the increased presence meant creating new bonds between North and South America, one that aimed at being mutually beneficial.

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<sup>11</sup> ONDCP *National Drug Control Strategy* 1990, 3.

## Chapter I

The United States Congress is powerful; it contains voices and opinions from every state in the nation. Money that was granted to American agencies battling the cocaine trade was controlled by congressional votes and overseen by many congressional committees. These lawmakers influenced every aspect of American foreign policy concerning coca eradication by controlling how much funding would be given on a year-to-year basis. Through the Anti-Drug Abuse Act of 1988, section 1005, the Office on National Drug Control Policy (ONDCP) was created.<sup>1</sup> Among this office's main responsibilities was to produce a yearly briefing that would present both the necessary budget increase information and also give congressional members information on the ongoing war on drugs. This agency along with congressional researchers also helped to give Congressmen and women the information required to decide each drug producing country's "certification" for the next fiscal year's anti-drug funding based on their progress in the previous year. Congress oversaw the eradication programs of the United States with a total of 74 committees and subcommittees between the House of Representatives and the Senate.<sup>2</sup> These committees were essential to the recertification process but their final decisions had to be approved by the President.

This chapter will focus on the American side of the George H. W. Bush administration's counternarcotics programs. First it will examine the United Nations

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<sup>1</sup> ONDCP *Letter from President Bush to Congress*, 1989.

<sup>2</sup> Perl, Raphael F. "International Narcotics Policy and the Anti-Drug Abuse Act of 1988," *Journal of Interamerican Studies and World Affairs*. Vol. 30, No. 3 1988. 21.

Office on Drugs and Crime's Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances of 1988 and how that effected subsequent American legislation and international relations. The Drug Summit that took place between the Presidents of America, Colombia, Bolivia and Peru in 1990 and a congressional hearing head with the director of the ONDCP shortly after the summit will next be investigated. Finally, it will examine the Office on National Drug Control Policy's yearly National Drug Strategies for the years of the Bush administration, with the exception of 1992 because there was no briefing produced for the 1993 fiscal year.

Through looking at the ways that the men and women of Congress decided to fund programs aimed at eradicating the coca plant in Peru and dismantling international drug smuggling operations; the inner mechanisms of an American understanding of drug addiction and its best solutions can be better understood. The reasoning behind fighting such a war against cocaine in Peru is complex and contains the underlying cultural differences between American and Peruvian societies. While Americans dealt with addiction in epidemic size proportions, Peruvians had to manage to find ways to feed their families. This chapter will look at how the American side of international enforcement of counternarcotics, helping to make observation of the radical changes that took place under George Bush Sr.'s presidency, laying the foundation for future drug control policies. It will be followed by the Peruvian perspective and relationship to eradication programs in the next chapter of this thesis.

In 1988 the United Nations held a convention to examine the trafficking of narcotics and psychotropic substances across international borders. This convention acted similarly to the 1988 Anti-Drug Abuse Act that created the Office on National Drug

Control Policy, an organization that coordinated the efforts of agencies across the United States government. This convention brought together 106 different nations with the hope of pledging to cooperate in an international effort against the trafficking of narcotics, precursor chemicals, and other psychotropic substances.<sup>3</sup> Though similar conventions and conferences had taken place in previous years it was only after President George H. W. Bush took office that progress began to be made in changing America's war on drugs. President Bush and the appointed director of the ONDCP, Dr. William Bennett helped to create the most transparent, comprehensive method of fighting narcotics seen in America up to that point.

Through creating an increasingly cooperative base the international community could aid other countries' counter-narcotics programs in a multitude of ways. Firstly, the agreement signed by the 106 participating countries enabled conversations to be had about the sharing of evidence that could be useful in capturing and prosecuting narcotics traffickers and manufacturers. This agreement also stressed the need for improved extradition standards.<sup>4</sup> It was necessary for the convention to stress the importance of extradition because in many cases political climates can prevent criminals from being brought to justice in the places most affected by their deeds. Through Article 7: Mutual Legal Assistance, the United Nations gave directions for the judicial proceedings that would have to occur for mutual legal assistance to take place. They included the preparation of the request of assistance in the dialect native to the country holding the prisoner or evidence against a criminal, and also stated that the identity of the party

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<sup>3</sup> United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, United Nations: 1988, iii.

<sup>4</sup> UN Convention 1988, 8.

making the request be revealed. A specific description of the assistance sought, and details of the particular procedure the requesting party wishes to be followed must also be included.<sup>5</sup>

The Mutual Legal Assistance article was not meant to open the judicial records to curious parties who had generalized interests in the criminal activities taking place in foreign countries. Instead, it was meant to give specificity to the ways that countries communicated with one another regarding specific information so known criminal targets could be more easily investigated. Some of the changes suggested and agreed to in the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances mirror, on a larger scale, the changes that would take place during the course of George H. W. Bush's presidency. The transference of information and the fluidity of cooperation internationally looked to function in means similar to United States law enforcement agencies.

The convention also specified what was to be considered an illegal substance internationally. As is common with other governmental or legal documents, the convention had to state, in no uncertain terms what it meant by illicit narcotics, precursor chemicals, and psychotropic substances. It identified key narcotics, and terms used in the article as: opium poppy, cannabis, coca bush, transit state, commercial carrier, psychotropic substance, illicit traffic, and controlled delivery. Coca bush was defined as, "the plant of any species of the genus *Erythroxylon*."<sup>6</sup> *Erythroxylon Coca*, the species from which cocaine is produced, is a bush that grows to about 8 feet tall and is indigenous to hot, damp climates. However, the leaves preferred for coca production

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<sup>5</sup> UN Convention 1988, 9.

<sup>6</sup> UN Convention 1988, 2.



grow on hillsides in dry climates and often thrive in those conditions.<sup>7</sup> Through recognizing the specific genus the United Nations mandated that internationally this was the only plant to be seized or destroyed through international efforts aimed at diminishing the trade of cocaine, the coca plant, and precursor chemicals used to manufacture it.

By specifically addressing the progress to be made, and the avenues through which to do so the United Nations left no leeway or room for misinterpretation. The articles that define this convention aim to fairly facilitate a multilateral war on drugs to be supported by bilateral treaties and actions between individual countries on their own terms. As an organization the United Nations has been the mediator in the international community enabling legislation focused on increasing the quality of life, much in the same way that United States drug policy aimed to do in Peru.

It took George Bush Sr. a full year as President before he was able to meet personally with President Alan Garcia Perez of Peru, Virgilio Barco Vargas of Colombia, and Jaime Paz Zamora of Bolivia. These four Presidents met in Cartagena, Colombia for a Drug Summit that outlined the international efforts aimed at lowering the amount of cocaine produced and the hectares of coca grown in each of these three countries. The summit took place on February 15, 1990 and lasted for three days. Its main goal was to have the four countries involved to pledge to join into a fight against the production of cocaine.<sup>8</sup> Part of the agreement made there was that not only would the United States provide the needed economic stimulus to these three South American countries but it

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<sup>7</sup> *Encyclopædia Britannica Online*, s. v. "coca", accessed March 22, 2014, <http://www.britannica.com/EBchecked/topic/123424/coca>.

<sup>8</sup> Bush, George H.W. "The President's News Conference Following the Drug Summit in Cartagena, Colombia." February 15<sup>th</sup>, 1990. Gerhard Peters & John T. Wholley, The American Presidency Project. <http://www.presidency.ucsb.edu/ws/?pid=18162>

would also provide special training and supplies for counternarcotics operations with each country's respective police forces.

In a joint conference held on the first day of the summit in Cartagena all four Presidents had the chance to answer a few questions given by the Colombian press. Some included the main goals of the summit and others questioned the feelings of the leaders on how the summit was going so far. One reporter asked why European countries were excluded from joining the summit and President Vargas answered that the problems facing Latin America and the United States were specific to their situations and this summit was seen as a coming together of Western Hemispheric countries. He stated that if European countries wished to discuss bilateral treaties regarding aid for the war on cocaine that they were more than welcome to visit.<sup>9</sup> This summit was the first time that a Western hemisphere coalition against the trafficking of illegal narcotics was approached in this matter. It was a decision most definitely influenced by the UNODC Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, and although the countries of the Silver Triangle were willing to begin a dialogue with European and other nations they first want to deal with problems in the West.

Later that day President Bush held his own press conference at the Ernest Cortissoz Airport in Barranquilla, Colombia. In which he answered questions situated for an American audience such as what crops will be used to substitute coca, how much money is proposed to be spent on prevention, education and treatment domestically. What ultimately was decided upon during the drug summit in Cartagena culminated in

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<sup>9</sup> Bush, George H.W. "The President's News Conference Following the Drug Summit in Cartagena, Colombia." February 15<sup>th</sup>, 1990. Gerhard Peters & John T. Wholley, The American Presidency Project. <http://www.presidency.ucsb.edu/ws/?pid=18162>

the Declaration of Cartagena, which was signed by each of the four Presidents. The declaration outlined the major initiatives of the evolving relationship between the United States and the Silver Triangle. It addressed the newly reinvigorated effort to create bilateral agreements between the US and Peru, Bolivia and Colombia, was agreed to by the four nations present at the drug summit in Cartagena in 1990.

This declaration touched on nearly every aspect of counter-narcotics activities that were to become steadily more intense through George Bush Sr.'s presidency. Some of the items mentioned range from American funded economic assistance for alternative-income initiatives to military training. Initially the United States set limitations on monetary and military aid to be given to Peru and the other two countries of the Silver Triangle. This aid was granted or withheld through Congress' certification process, which is decided from the evidence provided by the actions of the country and also the information given through the ONDCP's yearly National Drug Strategy.

With specific regards to Peru, President Alan Garcia and President Bush spoke of the extremely debilitating economic situation, making it known that there was little chance of success with the amount of debt that Peru had amassed during the twelve years of military rule from 1968 to 1980. In a hearing before the Senate Committee on Foreign Relations in late February 1990 the director of the Office of National Drug Control Policy, Dr. William J. Bennett debriefed the Committee on the Drug Summit in Cartagena earlier that month. Dr. Bennett was the first appointed "Drug Czar" in America, born in 1943; he received a doctorate in political philosophy from the

University of Texas at Austin and his Juris Doctorate from Harvard.<sup>10</sup> While Dr. Bennett was also responsible for detailing the national drug policy changes in general. In this hearing he also gave more specific information about the growing relationships between the United States and the Silver triangle to the Committee.

This briefing mainly spoke about the proposal to increase budgets for the upcoming fiscal year by nearly 65% of what they had previously been to Peru, Bolivia and Colombia.<sup>11</sup> Increased money to this area would help not only to begin rebuilding the economies of each country but also to train and maintain military forces used specifically to fight cocaine production at each stage, including an increased presence in the Caribbean Basin. As the director of the Office on National Drug Control Policy, Dr. Bennett explained the terms of the Declaration of Cartagena to the Committee on Foreign Relations. Each committee member had the opportunity to ask questions of Dr. Bennett to clarify their understanding in why it was necessary to increase funding for international interdiction as well as domestic treatment programs. Hearings such as this were common simply because of the large number of congressional committees that were responsible for overseeing the many improvements made to the capabilities of American agencies on the counter-narcotics front.

In this hearing Dr. Bennett stressed that not only was a 20% reduction in cocaine production possible, but that within 4 years a steep drop in both production and consumption were possible with the new, more comprehensive counter-narcotics

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<sup>10</sup> ‘Bill Bennett’s Morning In America, “Meet The Team: William J. Bennett”, accessed March 20<sup>th</sup>, 2014, <http://www.billbennett.com/meet-the-team/>

<sup>11</sup> Pell, Clairborne, “Hearing Before the Committee on Foreign Relations,” 101<sup>st</sup> Congress Second Session, U.S. Senate. February 28, 1990: 4.

campaign that defined the changes made to international counter-narcotics operations.<sup>12</sup> This specific Senate hearing relays the importance of continued funding of the interdiction program in Peru to the committee on Foreign Relations. Bennett aimed to frame the drug summit in the context of a new view on foreign policy, one that focused on not only the interdiction of narcotics but also on domestic treatment efforts. The new policies enacted by the Office on National Drug Control Policy during the first years of the Bush administration represent a radical shift in counter-narcotics policies in the United States. The ONDCP facilitated an increasingly comprehensive program for fighting narcotics trafficking and also American addiction in a way that had never been implemented before. They oversaw all government agencies involved in interdiction and eradication operations and created avenues of conversation between offices where there had previously been only competition and infighting. The yearly National Drug Strategy report helped to lay the groundwork for the changes proposed for the upcoming fiscal year and expanded on Dr. William Bennett's briefing and the press releases given by President Bush Sr.

The Office of National Drug Control Policy by order of the President under section 1005 of the Anti-Drug Abuse Act signed into law in 1988 prepared the National Drug Control Strategy, yearly.<sup>13</sup> The United States Congressional committees that oversaw the funding for international counternarcotics operations reviewed this report and as has been stated it earlier considered its findings in their recertification decisions. The Office of National Drug Control Policy was responsible for compiling the available

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<sup>12</sup> Perl, Raphael F. "International Narcotics Policy and the Anti-Drug Abuse Act of 1988," *Journal of Interamerican Studies and World Affairs*. (Vol. 30, No. 3 1988): 18.

<sup>13</sup> ONDCP 1989 i.

information on drug movements throughout the entire world and suggested whether or not strategies implemented in the previous year had been effective. Its first publication was in September 1989, in that edition, the National Drug Control Strategy was a novel outline for creating a more fluid transference of information interdepartmentally within American agencies in order to better coordinate counter-narcotics operations acted out domestically and internationally.

This increased communication between government agencies helped to create a united, more comprehensive front against cocaine trafficking.<sup>14</sup> The strategy report highlighted information collected most notably from the Drug Enforcement Agency (DEA) and the National Household Surveys arranged every three years by the National Institute on Drug Abuse (NIDA) as well as other state and local law enforcement agency statistics that were compiled through the year. While the Drug Enforcement Agency provided statistics for the interdiction of cocaine both domestically and internationally, the National Institute on Drug Abuse collected information on the average American users of different types of narcotics. The statistics collected by these agencies helped to keep track of and gauge the progress being made in counter-narcotics.

The National Institute on Drug Abuse collected data through their National Household Survey on Drug Abuse, which began in 1974. They surveyed topics including drug use, health and demographic and in 1991 the test was made more inclusive by collecting data from college students and homeless people.<sup>15</sup> This information was invaluable to the ONDCP's National Drug Strategy because it reinforced their successes

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<sup>14</sup> ONDCP *National Drug Control Strategy*, 1989: 62.

<sup>15</sup> White House Survey on Drug Use and Health, accessed April 2, 2014, <http://www.whitehouse.gov/ondcp/national-survey-on-drug-use-and-health>

while spotlighting their weaknesses. As will be seen these surveys were used to justify funding in the diverse areas of drug prevention and treatment within the United States. The ONDCP suggested creating a better aimed national survey that would be able to reach a large enough portion of the population so that information would be useful to create national abuse estimates but also versatile enough to capture information from people who may have been harder to contact. After 1991 homeless individuals who could not simply be mailed a questionnaire but may have been more susceptible to come into contact with illicit narcotics began to be increasingly surveyed, giving the information collected a new life. Reaching out to more Americans gave a more realistic sense of the state of addiction and was influenced by the ONDCP's necessity for information to fuel budget increases for counter-narcotics agencies.

In September 1989, the first issue of the National Drug Control Strategy admitted that though international interdiction campaigns were key to reducing the number of potential consumers domestically that it was also necessary to address the existing population of drug users. More involved strategies of education, treatment and increased penalties were influenced by the statistics collected by NIDA. The ONDCP used these numbers to realistically shift momentum toward effective strategies that dealt with domestic drug abuse in ways never implemented before by offering rehabilitation and educating children on the dangers of addictive substances. This was a departure from the funding given to counter-narcotics operations foreign and abroad from the Reagan administration because it offered a realistic set of solutions that acknowledged America's part in the war on drugs as one of the largest prospective markets.

The Strategy called for an assessment of American resources available through public and private providers for those seeking treatment for their addiction to drugs or alcohol. Information was collected through the National Drug and Alcoholism Treatment Unit Survey, a study that tallied the nation's available options for addicts.<sup>16</sup> This evoked a sense of humility by addressing that substance abuse is a real problem and deserves national attention because of the dangers they pose to American households and families. Through acknowledging the fact that a black market drug trade does not occur in a vacuum the Office of National Drug Control Policy started a conversation that would help to change the ways that the populace looked at addiction and represents overhaul on counter-narcotics.

In the first National Drug Control Strategy Report of President Bush's term the ONDCP offered a comprehensive look at the state of the nation's drug abuse habits as well as offering up possible solutions for lessening their effects through tough, nearly omnipotent, policies. This coordinated effort across continents and American agencies, committees and departments represents the first incarnation of a more modern approach to counter-narcotics. Strategies for fighting narcotics would now be linked to not only capturing shipments but also intercepting information regarding the transfer of funds from consumer to cartel. Money is the source of power, and its interception was seen as a tool most effective because it would help to destabilize the powerful drug producers.

"The major drug production and trafficking organizations are complex, highly organized, vertically integrated, international businesses."<sup>17</sup> Bearing that in mind, one of the many ways to be successful in curbing the consumption of drugs was to stop their

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<sup>16</sup> ONDCP *National Drug Control Strategy*, 1989: 82.

<sup>17</sup> ONDCP *National Drug Control Strategy*, 1989: 89.



production at the source. By making it harder for international cartels to move their funds back home the United States hoped to create a situation where it became too costly for cartels to operate within American borders. This strategy, while being very effective alone could not stop the influx of illicit narcotics into the United States, which is why the new directions enforced by the ONDCP during the Bush Sr. administration are so important.

The second strategy report prepared by the ONDCP was released in January of 1990 was an update on counter-narcotics operations procedures. It better outlined the ways that the fight against narcotics has become, and will continue to evolve as a more fluid mechanism of connectivity and interdepartmental conversation. Fluidity of communication is stressed, making it known that a united front against cocaine and other addictive substances is the only way to truly make changes to the international narcotics situation. It also stressed that the capacities of American treatment centers, both public and private needed to be expanded in order to maintain control over the growing numbers of citizens seeking rehabilitation. This report focused on more budget increases and overall strategies for the 1991 fiscal year.

In addition to international efforts the ONDCP was responsible for maintaining the effectiveness of domestic police forces to enforce their recommendations. Grants funded by the Department of Justice Assistance to state and local police increased by about 228%, or \$492 million during the Bush Sr. administration.<sup>18</sup> The overall budget increases to state and local governments was increased by \$2.6 billion dollars from the

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<sup>18</sup> Office of National Drug Control Policy, "National Drug Control Strategy," (Washington D.C.): 1990, 6.

previous fiscal year, a 102% raise over the past two previous years.<sup>19</sup> This money was earmarked not only for law enforcement efforts but also used in order to create better mechanisms for treatment and rehabilitation, one of the key pillars of the domestic counter-narcotics campaign. Through increasing the number of options open to those addicted to narcotics, the ONDCP hoped to allow them to heal themselves whether of their own impetus or by court mandate. It was necessary for the ONDCP to ensure that each state had the capability to take care of its own citizens.

From its creation in 1988 through its first fiscal year request in 1989 the Office of National Drug Control Policy increased the budgets of counter-narcotics agencies by around \$9.5 billion. In the third edition of the National Drug Strategy, the Office on National Drug Control Policy once again updated Congress on the progress made during the last fiscal year and the changes that were necessary to continue its activities, which inevitably included more budget increases. This strategy differs from the previous two because the programs the ONDCP enacted were no longer in their infancy. Their success in the two years since George H. W. Bush took office had to be recognized and a restrained sense of pride is evident.

Since the Bush administration took office, by 1991 the ‘War on Drugs’ had grown by 82% in funding as compared to Ronald Reagan’s presidency.<sup>20</sup> For the 1992 fiscal year the ONDCP requested to grow their programs by another \$1.2 billion dollars, which would bring the yearly budget to \$11.7 billion dollars. It would be used to continue expanding the efforts on supply and demand reduction as well as domestic treatment and

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<sup>19</sup> ONDCP *National Drug Control Strategy*, 1990, 7.

<sup>20</sup> ONDCP *National Drug Control Strategy*, 1991, 2.

rehabilitation.<sup>21</sup> NIDA estimated that between 1988 and 1990 there had been an 11% reduction in overall drug use in addition to a 23% decline in frequent cocaine users across the nation.<sup>22</sup> As was mentioned previously, these statistics are representative of surveys that were less comprehensive in covering homeless citizens and other specific demographics because after 1991 changes were made to reach elusive citizens through making surveys available electronically.

This National Drug Strategy focuses on all issues domestic within its first half and aims to bolster the prosecutorial and detention capabilities of the country from the federal level down. This is due to increased in arrests, detainment, and prosecution of drug related offenses, which embodied the successes of domestic drug policies. While an increase in jail capacities is suggested the Strategy also acknowledges the necessity of pre-trial “intermediate” punishments for first time offenders.<sup>23</sup> This would help to stem the tide of an overflowing corrections system and hope to free up more valuable time in courtrooms. This Strategy also requested \$100 million to expand treatment facilities nationwide by 10% increasing their capacities to 2.2 million patients.<sup>24</sup> These improvements are important but nonetheless still rather minuscule in comparison to the foreign counter-narcotics operations. Though gestures of good faith like investing in treatment and rehabilitation did actually help many Americans fight their addictions the truth is that many more ended up incarcerated.

The documents discussed in this chapter all related similar foci in George H. W. Bush administration’s invigoration of counter-narcotics efforts. His presidency signaled

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<sup>21</sup> ONDCP *National Drug Control Strategy*, 1991, 5.

<sup>22</sup> ONDCP *National Drug Control Strategy*, 1991, 4.

<sup>23</sup> ONDCP *National Drug Control Strategy*, 1991, 35.

<sup>24</sup> ONDCP *National Drug Control Strategy*, 1991, 47.

the largest overhaul in foreign policy regarding narcotics abuse, trafficking, and manufacture. Though he was only Vice President when the Anti-Drug Abuse Act of 1988 was signed and the Office on National Drug Control Policy was created, upon entering the oval office he became the first President to radically shift the way that Americans viewed narcotics and addiction. The actions of the White House and the Bush administration effectively changed the conversation about narcotics, presenting it as an epidemic adversely affecting American society as a whole. They also coincided with the diminished influence over developing nations propagated by the Soviet Union.

This chapter has focused on the macro view of George H. W. Bush's administration's radical shifts in counter-narcotics policy, through looking at the hard facts published by the Office on National Drug Control Policy a discussion on the ways that these radical shifts in policy effected Peru specifically can be more readily facilitated in the next chapter. All of the aforementioned changes put into place directly affected the lives of thousands of people if not all citizens of Peru in one way or another. These policies extended American reach into South America through overt mechanisms. Through overhauling every aspect of their counter-narcotics, America put narcotics and those who manufacture and distribute it under the microscope. The creation of the Office on National Drug Control Policy represents an increase in both complexity and interconnectivity between North and South America.

This chapter's goal was to look at the ways that the Office of National Drug Control Policy changed methods of interdiction and drug control because on a large scale they affected a variety of areas and countries all around the world. These shifts were motivated by the United Nations Office on Drugs and Crime's Convention Against the

Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which set the gears in motion to create a more global task force. An omnipotent counter-narcotic strategy was the culmination of many years worth of negotiation and it was not until an open dialogue in the form of the Mutual Legal Assistance article came into being that an organization like the ONDCP could more easily function.

It oversaw all facets of the Bush Sr. administration's major changes to international counter-narcotics policy. The ONDCP is the most important American front for the coordinated effort that involved the US Customs, DEA, Department of Defense, Department of Justice, CIA, the FBI, Coast Guard, and other government agencies. These main agencies became united under the ONDCP for the first time, sharing information more readily with one another and working together in order to create a "cartel of their own". Through looking at the ways that funding was prescribed for each different aspect of the Bush Sr. administration's counter-narcotics program it is possible to understand the radical changes that took place during this time period.

The main agencies and departments listed above were also highly involved in Cold War politics that aimed to stem the spread of communism. The rise in funding for and increased awareness of international narcotics trafficking coincided with the fall of the Soviet Union in 1989. This void in foreign diplomatic policy threatened the budgets of those agencies listed above because there was no longer a great threat posed by the abominable Soviet Union. As will be discussed later in this thesis, money given to Peru for its efforts in counter-narcotics also fuelled their fight against the communist-inspired *Sendero Luminoso*. These connections will be further investigated in the coming chapters of this thesis.

The dramatic shifts in policy involving drugs both domestically and abroad presented through the ONDCP's yearly fiscal requests represented a view of cocaine producing countries and American substance abuse that inevitably strengthened its argument to increase funding for agencies that were effected by the decreased threat posed by the Soviet Union. They substantiated the claim that international narcotics trafficking was now the greatest threat to American democracy and the stability of developing nations.

These reports are very informative, and written in a way that lends themselves to an easy understanding of the contemporary policies of the United States regarding the interdiction of illicit narcotics. The men and women of Congress used this information to shape their understandings of cocaine and along with supplementary information provided by other organizations from the United Nations they were able to create an understanding of the ways that cocaine production came to harm American citizens. The United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances helped to lay an outline for creating an international effort to minimize the addiction rates globally.

The conversation on drug abuse and trafficking was vastly changing during George H. W. Bush's administration. Addiction increasingly came to be seen as an epidemic and the deeper issues behind why less wealthy and unstable countries south of the equator started to become more apparent. Peruvian *cocaleros* and farmers in other countries grew these crops with survival of their own families in mind. As will be shown in the proceeding chapters, Peruvian farmers were very much so victims of their own government and the counter-narcotics policies enforced by the ONDCP and the American

military. Through analyzing the policies put into place by the ONDCP and their real ramifications in drug producing countries like Peru it will be clearer to understand the mechanisms of counter-narcotics from a multitude of angles.

While the both sides of narcotics trafficking are important it is necessary to understand that the men and women who controlled the counternarcotics budget in Peru were linked to their availability to public scrutiny. The issue of cocaine abuse and the trouble that its use and money bring to an area is undeniable and this instance seems to be the first time that a narcotic was given such high priority and in fact named as the greatest threat to American national security.<sup>25</sup> The changes made through the ONDCP during this time period represent a radical shift in counter-narcotics policy because it was the most comprehensive plan of action up until that point. The budgets of all parties involved were expanded and international influence was maintained under the veil of counter-narcotics.

This time period represents an overall power shift in the global power structure that pitted the United States against the Soviet Union and with the fall of the Berlin Wall left a chasm in American foreign policy. The main departure that counter-narcotics took from previous strategies was the increased militarization of the process. Where previously counter-narcotics programs would be handled by civilian organizations like the DEA during this time period they were handled through the Army, Navy and U.S. Customs. Through providing military personnel to train troops that dealt with eradication and interdiction the American military was able to maintain most of its Cold War budgets by increasing expenditures to counter-narcotics.

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<sup>25</sup> Perl *International Narcotics*, 1988, 24.

Counter-narcotics and other military engagements, like Operation Desert Storm, that took place during President George Bush Sr.'s only term in office helped to fill the void left in the absence of the Soviet Union. As will be shown later, while Peruvian coca production grew during this time period so was their struggle against *Sendero Luminoso*, an organization that terrorized Peru democracy from 1980 until 1992. In the late 1980's *Sendero Luminoso*'s activities came to a head, and with newly elected president Alberto Fujimori came a renewed effort to rid the country of their threat and also lessen dependence on coca cultivation through harsh economic reform. *Sendero* became increasingly tied to the activities of coca farmers as the 1980's wore on and the remaining chapters of this thesis will examine the plausible ties between the war on drugs and Peru's war against domestic terrorism. It will also focus on the mechanisms through which American money aided in the eradication efforts of the Peruvian military and government, and how these efforts come extremely close to the battles fought against *Sendero Luminoso*.



## Chapter II

Shortly after taking office in 1985, Peruvian President Alan Garcia jested that, “The only successful transnational enterprise originating in our countries is narcotics trafficking.”<sup>1</sup> Four years later President George H.W. Bush unveiled more comprehensive methods of combating the proliferation of narcotics trafficking, which was channeled through the newly created Office of National Drug Control Policy (ONDCP). This office coordinated and reorganized American efforts in counter-narcotics activities through a range of law enforcement agencies. One subsection of these new efforts was specifically aimed at the major cocaine producing areas of the Andes Mountains; it was named the Andean Counterdrug Initiative. This program’s main objective was to curb production of cocaine in the Andean countries of Peru, Bolivia and Colombia by 20% in five years. Over the length of George Bush Sr.’s term in office these three countries would split approximately \$2.2 Billion dollars a year, most of which was spent on repayment of loans rather than alternative development programs.<sup>2</sup>

This chapter will narrow the scope of this inquiry by deciphering the mechanisms at work that enabled the proliferation of coca cultivation in the Peruvian jungle, specifically the Upper Huallaga Valley, slightly before, and during the Presidency of George H.W. Bush (1989-1993). This time period simultaneously encapsulates the

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<sup>1</sup> Andreas, Peter & Youngers, Coletta. “U.S. Drug Policy and the Andean Cocaine Industry,” *World Policy Journal*, (Vol. 6, No. 3. 1989): 532.

<sup>2</sup> Andreas, Peter & Bertram, Eva. “Dead-End Drug Wars,” *Foreign Policy*. (No. 85, 1992): 110.

administrations of Peruvian Presidents, Alan Garcia (1985-1990) and the first few years of Alberto Fujimori (1990-2000). The avenues through which coca was proliferated during the mid to late 1980's, and early 1990's is essential in understanding the global modifications in counter-narcotics strategies that took place during this time period. This chapter will also discuss the methods of transforming the coca plant into the addictive narcotic cocaine hydrochloride and further discuss Peru's role in the process.

By examining the ways that Peruvians participated in the global narcotics trade along with the methods of production and the reasons underlying their participation, this chapter aims to provide enough information to understand the plausible ulterior motives behind the United States' more advanced attack on cocaine. The third chapter of this thesis will expand further on the information given here and when combined with the information of the first chapter will outline the ways that the reconfiguration of America's counter-narcotics programs converged with the activities of the Peruvian domestic terrorist group, *Sendero Luminoso* (Shining Path).

Chapter two will largely rely on secondary sources of a scholarly nature but will also use information provided by the Office on National Drug Control Policy and pertinent news articles printed primarily in the *New York Times*. Scholarly sources will help to more interpretively view illicit activities taking place in Peru because they better outline the processes involved with manufacturing cocaine hydrochloride through the lens of peasant farmers living in the Upper Huallaga Valley. Sources from the American government tend to do the opposite, by judging the proliferation of narcotics as a failing of the Peruvian government to provide alternate means of generating wealth or that they are inefficient in stemming the rise of coca production and the power of more wealthy

traffickers. This is referred to as a “top down” historical lens, viewing the minority of Peruvians with whom political power most often resided. These two sources when used in conjunction with one another will create a better image of the circumstances that led to the convergence of agendas, one based on counter-narcotics, another based in the continuation of anti-communist sentiments after the end of the Cold War.

Firstly this chapter will discuss the socio-economic climate that facilitated the proliferation of coca cultivation in Peru as they are tied to the international market. This segment will help to illuminate the mechanisms behind coca’s rise in production during the time period of the Presidency of George H.W. Bush. The reasons behind the world’s top coca producing region, the Upper Huallaga Valley, are tightly connected to the position of Peru as a subordinate producer of raw materials, one tied to the demand of the international market. Next the process of refining coca into cocaine hydrochloride will be investigated. This section’s goal is to mainly separate the role of the peasant farmer from the member of *Sendero Luminoso*, as both are very different from one another.

From 1984 to 1987 Peru’s legal exports declined 15%; in 1987 alone the export of cocaine base from laboratories in the Upper Huallaga Valley brought in the equivalent of 25-30% of the total legal export, roughly \$600-700 million.<sup>3</sup> More simply put, the Peruvian economy depends on money earned and subsequently laundered back into the country. The Upper Huallaga Valley is crucial to understanding the proliferation of coca, because its profitability grew coincided with increased coca cultivation and helped to bear the load of a shrinking legal export economy. Towns like *Tingo Maria* situated in the Upper Huallaga Valley at 1,250 meters above sea level were largely settled in the

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<sup>3</sup> Lee, Rensselaer III, “Dimensions of the South American Cocaine Industry”. *Journal of Interamerican Studies & World Affairs*. Vol. 30, No. 13: 1988: 89.

1950's and 1960's and later became transit points for the cocaine base that would be smuggled into Colombia.

In these towns coca paste was brought in from the jungle on foot by laborers and sold to distributors who dealt with moving the product internationally. Bribes helped to grease the routes used to transport coca paste through small towns leading from the jungle to larger distribution points. Here occasionally the military colluded with traffickers, blocking off highways for planes to quickly land, unload money and load coca paste.<sup>4</sup> Money earned by the coca trade in Peru was pervasive in nearly every sector of the country; it provided stability and increased mobility to the desperate and lined the pockets of the entrepreneurial.

Stephen Trujillo was an Army Green Beret who worked closely with the DEA in Peru during this time period. He wrote a few articles for *The New York Times* during this time period because it was the topic of a book that he planned to release on the subject. He was personally witness to government collusion with drug cartels including one incident where he and other American soldiers were detained briefly because they had arrived at an airfield as a transaction was being made. He also bore witness to the trafficking operations that took place out of the town Uchiza, what he names the "cocaine capital of the world," where many shipments of jungle made coca paste leave undisturbed from private and military airstrips.<sup>5</sup> This corruption ran rampant through the Peruvian state and was a repercussion of the tumultuous economic circumstances set into motion earlier in the 20<sup>th</sup> century.

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<sup>4</sup> Trujillo, Stephen G., "Corruption & Cocaine in Peru," *New York Times*, (April 7, 1992): A27.

<sup>5</sup> Trujillo, Stephen G. "Peru's Maoist Drug Dealers," *New York Times*, (April 8, 1992): A25.

During the 1950's and 1960's the Peruvian government encouraged the colonization of the jungle along the eastern slopes of the Andes through providing land incentives.<sup>6</sup> This program of land distribution hoped to enable an agricultural class to flourish through the promise of increased connection with metropolitan areas and therefore markets for their goods. When this vision was not realized, due to decreased profitability of legal crops like wheat, on the international market and a general economic downturn, Peruvian farmers turned to the growing coca community in search of stability. Coca cultivation proliferated largely in part because Peruvian agricultural trade was so heavily linked to foreign economies. When combined with the failure to fulfill the promise of prosperity in the Upper Huallaga Valley and that it was situated in the region where coca is indigenous exacerbated the conditions that led to the rise in drug abuse rates in America.

In the case of coca production in Peru the growing demand abroad fuelled production. As is popularly known, cocaine was the “party drug” of the disco era during the 1970's but during the 1980's it was most closely associated with the use of crack-cocaine; an insidious drug that chemically altered the properties of cocaine through adding ingredients like household baking powder. Between 1984 and 1989 America saw a 28-fold increase in hospital admissions due to crack-cocaine related causes.<sup>7</sup> Crack-cocaine is mainly associated with inner city populations because it is cheaper to buy because the pure cocaine is diluted through the chemical processes that create crack. This

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<sup>6</sup> Morales, Edmundo, “Coca & Cocaine Economy and Social Change in the Andes of Peru,” *Economic Development & Cultural Change* (1990): 149.

<sup>7</sup> ONDCP *National Drug Control Strategy*, 1989, 3.

boom in alternative uses for pure cocaine hydrochloride spurred a resurgence in the growth of coca during the mid to late 1980's and early 1990's.

An increased supply of cocaine from South American jungle laboratories made the street value cheaper because the market had a surplus of the good. As international cocaine trafficking became more profitable, more people became involved in the trade and more cocaine was produced, ultimately driving the price down. These factors can be controlled through creating artificial lows in supply in order to raise profits at the street level but in the case of cocaine because there was no overarching international conglomeration of coca growers and cocaine transporters there was no massive undertaking that could have artificially raised prices in America. What took place however was that, for a short period of time, because higher amounts of cocaine were being interdicted through American led counter-narcotics campaigns prices on the street level did raise. The Office on National Drug Control Policy succeeded in elevating the risk involved in drug trafficking but ultimately the illusive and crafty nature of cartels allowed them to maintain a somewhat steady flow of cocaine into the United States and elsewhere.

The more the United States worked to fight narcotics trafficking and cultivation, the more decentralized and profitable it became.<sup>8</sup> Through dismantling larger cartels the United States' policy exacerbated a few different aspects of cocaine trafficking and cultivation. By making the transport of refined cocaine hydrochloride more difficult to smuggle, the United States had an impact on the amount of narcotics reaching American consumers. Their increased efforts forced smugglers to become more creative in how

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<sup>8</sup> Andreas, Peter & Bertram, Eva. "Dead-End Drug Wars," *Foreign Policy*. (No. 85, 1992). 121.

they moved their product and the street value of cocaine inevitably went up, making the business of coca more lucrative. Jungle refineries relocated deeper into the interior of the Upper Huallaga Valley, and as local *cocaleros* amassed protective power they began to take more control of their respective territories. Peruvian *cocaleros* were connected internationally to Colombian cartels and each sector involved with the trade was susceptible to market fluctuations. Peruvian farmers earned the least for their work and were the hardest hit by pricing changes, similar to legal crops their livelihood was controlled by international forces at work to which they had little influence over.

Through working in a more cellular structure Peruvian *cocaleros* were able to make it extremely difficult for U.S.-backed military forces to impede the growth of coca. This is one of the reasons why Colombian cocaine barons like Pablo Escobar and other leaders of the *Medellin* and *Cali* cartels are so much more recognizable today. Colombian cartels had highly visible, extremely wealthy and publically recognized leaders. By living lavishly becoming a public spectacle Colombian “king pins” put themselves, and their organizations under a microscope. They created easily identifiable organizations that could be tracked, monitored, and broken down more readily than cellular Peruvian coca farmers. When one coca producing region landed on the radar of eradication specialists or military groups another region would step up and maintain the supply chain, ensuring a continuous stream of coca to jungle refineries.

The differences between these two types of *cocaleros* would be to think of them in terms of small business owners versus entrepreneurs. In 1989 Colombia shipped 80% of the world’s supply of cocaine while Peru farmed 60% of the worlds coca used in

refineries in Colombia.<sup>9</sup> Colombian entrepreneurs put forth little physical effort to produce the finished product. They fronted money used to buy raw materials smuggled from Peru and paid for them to be further refined in their own jungle laboratories. The people involved at the higher levels were “white-collar” investors that were responsible for moving the finished product and retaining control over the organization from the their level all the way down to it’s final destination in America. This formula is certainly interesting because it enabled a more stable organization that could maximize profit in ways similar to a multinational corporation. The risks involved with this type of organization were also high because they had a consistent leadership group that could more easily be hunted and subsequently make more of a dent in the cocaine trade through taking down big sections of it rather than small ones.

Peruvian *cocaleros* were blue-collar; they functioned on a smaller level and had no true central organization, though they were organized through different locales and distribution centers in the Upper Huallaga Valley like *Tingo Maria*. Peasant farmers grew coca because their government had failed them, the Upper Huallaga Valley colonization project did not pan out in creating an agrarian sector because foreign trade took a downturn and the country had little else to sustain itself internally. Although the dismantling of larger Colombian trafficking organizations definitely did have repercussions within Peru it was not nearly as hard hit as those who were further along the food chain.

The money accrued by *cocaleros* and *traficante*, or those involved in the cultivation coca and trafficking of cocaine, came into Peru at a point where the formal

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<sup>9</sup> ONDCP *National Drug Control Strategy* 1989, 62



economy was not able to support large sectors of the society. It was estimated that in 1987 international trade of cocaine supplied a gross income of \$300 Billion to drug traffickers and those involved in the trade.<sup>10</sup> As was mentioned earlier in this chapter the Peruvian economy, agricultural trade and a need for sustenance created an atmosphere that led to the proliferation of the coca trade. What little Peruvian farmers earned through their participation in the trade helped to feed their families and provide small luxuries that would not have been otherwise available. Though because many of the farming families situated in the Upper Huallaga Valley were of indigenous descent, increased income did not always mean upward social mobility.

The money that was repatriated into Peru, and the other countries of the Silver Triangle was seen as a life preserver and although this money was “dirty” it was in some ways essential to keeping Peru from utter economic collapse. Narco-industry contributed annually at least one billion dollars or the equivalent of 30% of legal exports to the Peruvian economy and employed an estimated 15% of the population.<sup>11</sup> Cocaine was so lucrative that it attracted people from all over the country to take part in some way with its growing, manufacturing, protection, trafficking or laundering of illegal funds. Most importantly although between 1988 and 1990, Peru’s gross domestic product shrank by 22%, from 1990-1992 it had not missed any payments on the country’s international debts. If the money made legally through products exported from Peru had shrank by nearly a quarter in the two years before Alberto Fujimori took office, the country could not feasibly have been able to make payments on its foreign debts at the outset of the

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<sup>10</sup> Perl *International Narcotics*, 1988, 26.

<sup>11</sup> Andreas *Dead-End* (1992), 113.

Fujimori presidency.<sup>12</sup> This time period in Peruvian history saw quadruple digit inflation nearing 3000%, with more than half the population either unemployed or underemployed, which heavily damaged income sought through legal industries.

Some of the money earned on larger scales within Peru had to be laundered into the economy to become usable. The definition of money laundering is transfer finances in a way that conceals the identity, source, and destination of illicitly obtained money.<sup>13</sup> This process cleaned the money of any traces of illegality, it enabled it to enter the economy as any other money earned through trade. The Office on National Drug Control Policy recognized the importance in seizing illegally earned funds from international narcotics trafficking organizations. As is true with any other industry, money is the backbone; it is necessary for bribes, buying raw material and every other part of the process associated with the cultivation, and trade of cocaine.

The people who were responsible for smuggling “narco-dollars” out of the United States and repatriating them into the countries of the Silver Triangle had to be extremely trustworthy, this made them difficult to replace and ultimately they became targets.<sup>14</sup> This money was crucial to the organization and the United States wanted to make it as dangerous and as unprofitable as possible for drug cartels. The opening pages of the 1990 National Drug Control Strategy printed by the ONDCP read, “Effective drug enforcement makes drugs expensive, difficult to obtain and dangerous to seek out.”<sup>15</sup> This sentence

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<sup>12</sup> Trujillo, Stephen G. “Peru’s Maoist Drug Dealers,” *New York Times*, April 8, 1992: A25.

<sup>13</sup> Cornell University, Legal Information Institute, “Money Laundering,” accessed March 20<sup>th</sup>, 2014, [http://www.law.cornell.edu/wex/money\\_laundering](http://www.law.cornell.edu/wex/money_laundering).

<sup>14</sup> ONDCP *National Drug Control Strategy*, 1989, 78.

<sup>15</sup> ONDCP *National Drug Control Strategy*, 1990, 3.

perfectly describes the efforts of the U.S. to interrupt the funding of cocaine trafficking at its highest levels therefore relinquishing some of the appeal of the trade.

As President Bush Sr.'s campaign against narcotics trafficking continued to evolve during his term in office so too did the nature of Peruvian cocaine. *Sendero Luminoso*, the domestic terrorist group that had been operating in and around Lima from the moment democracy returned to Peru, had begun to take advantage of Upper Huallaga Valley farmers, both to protect *cocaleros* and to reap the profits from racketeering. By the time of President Bush's term cocaine had become more organized; cocaine barons in Colombia were infiltrating the upper echelons of society and influencing national politics while Peruvian farmers created *Federaciones de Defensa de los Intereses del Pueblo* or provincial and district self-defense fronts.

It is understandable that coca farmers in the Upper Huallaga would want to defend themselves and their crops from competing cartels, thieves and sometimes even *Sendero Luminoso*. In reality these were only a few of the dangers facing coca growers, to say the least of American funded efforts to eradicate the crop wholesale these farmers also faced abuses at the hands Peruvian military and police agencies who were responsible for numerous human rights abuses throughout and after the 1980's as a result of their clashes with *Sendero Luminoso*. The minute details of the ways that cocaine, Peruvian police forces, the Shining Path and American counter-narcotic policy will be further discussed in the following chapter and conclusion.

Militias were not the only locally supported groups taking footholds all over Peru. During these tough economic circumstances Peruvians living outside of the reach of coca farms looked into their own communities for support, creating communal kitchens where

food could be collectively dispersed to the neighborhood.<sup>16</sup> Single families could not make enough money to sustain them individually due to the rampant inflation effecting Peruvian living standards. Neighborhoods and communities banded together in order to feed one another. They would pool together resources and it would be the job of a few people to prepare each meal and distribute them evenly among those who paid the fees.

The Upper Huallaga can be considered a “state within a state”, because it is ruled locally rather than through the central Peruvian government.<sup>17</sup> This is due in part to its isolation from the nation’s capital, Lima and also from other commercial centers. These factors contributed to the failings of the Peruvian government to provide reasonable means of income through agricultural trade as was mentioned before. Land redistribution reforms aimed at boosting the agrarian economy’s strength were largely unsuccessful. The government was blamed for this and other tough situations facing Peru, which accounts for the formation of local organizations like communal kitchens and provincial militias. These sentiments came to a head in 1968 when the Peruvian military command took over the office of the president, ousting Fernando Belaunde from power.<sup>18</sup> The military aimed to bolster the Peruvian economy through removing foreign interests within the country. These reforms included nationalizing foreign oil and mining companies, taking over private banks and also controlling the fishmeal industry. The military moved quickly in an attempt to slow their ailing economy and tried in the best

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<sup>16</sup>Starn, Orin, Degregori, Carlos Ivan, Kirk, Robin, “Soup of the Day: Family Kitchen No. 79,” *The Peru Reader: History, Culture, Politics*, (Durham: Duke University Press, 2005): 445-446.

<sup>17</sup>Craig, Richard B. “Illicit Drug Traffic: Implications For South American Source Countries”. *Journal for Interamerican Studies and World Affairs*, (Vol. 29, No. 2. 1987): 19.

<sup>18</sup>Juan de Onis “Peru’s Military Leaves the Field to an Army of Candidates,” *New York Times*, April 21, 1980. A7.

interest of Peruvians as a whole to grow the country while strengthening ties to the Soviet Union.

The reforms perpetuated by the military did not cure Peru's crumbling economy and failed to increase the rights and available social mobility to the country's widening lower class. The military veritably exacerbated the multiple crises facing Peru and was responsible in part of creating the atmosphere that led to the proliferation of cocaine through the 1980's. While in power the military also expanded the colonization programs that had originally placed peasant farmers in the Upper Huallaga Valley earlier in the 1960's.

The Peruvian military aimed to turn the tide of misfortunes and unequal development that had affected Peru arguably since the Spanish relinquished control over the continent in the 1800's. Their idealist vision of acting on the perceived problems facing the country ultimately exacerbated the economic decline, putting higher numbers of the population out of work and on the streets to seek informal ways of earning money. The allure associated with the profitability of the cocaine trade became the saving grace of many Peruvians, enabling them to earn substantially more money than they could legally.

The military ruled Peru for 12 years in total, eventually restoring the democratic process in 1980 where the country could choose between twelve prospective candidates. Fernando Belaunde, the President who was ousted in 1968 was reinstated for a five-year term as President in 1980. While in exile Belaunde taught classes at both Harvard and Columbia Universities, he won in 1980 with 43 percent of the electorate vote but faced a

20% unemployment rate and rising inflation rates.<sup>19</sup> Though he certainly promised to begin anew with rolling back the changes made by the military during their rule, Belaunde was faced with erecting a government nearly from the bottom floor and simultaneously dealing with corruption. By the time of his reelection coca had already manifested itself in the Upper Huallaga Valley, and was in a more minor way on the radar of American counter-narcotics agencies.

Unlike the circumstances that led to the proliferation of coca cultivation, the process of refining raw Peruvian coca leaves is relatively simple. The coca plant is indigenous to this part of the world; the slopes of the Andes Mountains provide perfect growing conditions, though it can be adapted to other parts of the world. As was discussed in chapter one the plant used to create cocaine hydrochloride is known as *Erythroxylon Coca*, and grows best on hillsides in dry climates though it can also thrive in damp, hot climates as well.<sup>20</sup> Coca is a hearty plant, easier to grow than most crops, and once fully mature can yield multiple harvests each year, increasing profitability. Dried coca leaves have been imbibed orally for thousands of years and can be linked to the pre-Incan period where it was by those working at high altitudes to alleviate symptoms of altitude sickness like muscle fatigue and light headedness.<sup>21</sup> In this form, coca is far less addictive because the alkaloid that is isolated in the refining process is masked in other naturally occurring properties of the plant. Information gathered on the

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<sup>19</sup> Juan de Onis, "Peru's New Chief Won by Shrewd Use of Military Issue," *New York Times*, (May 21, 1980): A1.

<sup>20</sup> Encyclopædia Britannica Online, s. v. "coca", accessed March 22, 2014, <http://www.britannica.com/EBchecked/topic/123424/coca>.

<sup>21</sup> Morales, Edmundo. "The Political Economy of Cocaine Production: An Analysis of the Peruvian Case," *Latin American Perspectives*, (Vol. 17, No. 4. 1990). 91.

refining process was sourced from the DEA's museum website because it was the only comprehensive source available detailing the entire process.

Coca goes through a few stages before it can be imbibed intranasally. The methods for refining raw coca leaves into cocaine hydrochloride were discovered in 1880 when it was used as a local anesthetic for many years.<sup>22</sup> First it is picked from the *Erythroxylon Coca* bush and formed into bales, which consist of large bags that allow air and moisture to escape to prevent rotting. From here the leaves are dried, as mentioned before it can be sold as is in its dried state, or can be further refined into cocaine hydrochloride. The leaves are then put into industrial sized drums, which are filled with gasoline or kerosene and allowed to marinate. These combustible liquids are used as solvents that aid in the isolation of the alkaloid that gives cocaine hydrochloride its trademark effects. While soaking in kerosene or gasoline the coca leaves are macerated, in large open pits by foot so they can take on a semisolid consistency.<sup>23</sup> Maceration takes place in the Peruvian jungle and is done by peasants for a very low wage.

After a certain period of time the gasoline, now containing the psychotropic alkaloid is drained and the solid material, mainly leaves and stems is removed. The semisolid concoction is placed in a metal barrel to facilitate easier transportation and handling. The gasoline separates itself leaving the coca paste at the bottom and is siphoned from the mixture as best as possible. Sodium bicarbonate or ammonia can now be placed inside of the same barrel to continue the refining process. From this point it is allowed to dry, the cocaine takes on a white coloring at this stage but is still semisolid

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<sup>22</sup> Spedding, A.L., "Coca Eradication: A Remedy for Independence? With a Post Script." *Anthropology Today*, (Vol. 5, No. 5, Oct. 1985): 6.

<sup>23</sup> Morales, Edmundo, "Coca and the Cocaine Economy and Social Change in the Andes of Peru," *Economic Development and Cultural Change*, (Vol 35, No. 1, 1986): 154.

and has nearly reached its highest purity. In this state the cocaine is referred to as “base”, it can be smoked or otherwise ingested. Cocaine base shares little similarity to crack cocaine, although both substances are smoke-able because it does not have the crystalline structure that is created through the addition of baking powder and heat.

The process described above details the transformation of coca into cocaine base. This is mainly the portion that involves Peruvian labor and it is the foundation upon which the international smuggling and consumption of cocaine worldwide is based. This process is manually exhausting and earns the smallest portion of the street-value profits, which will be further discussed later in this chapter. What follows are the final procedures in the refining process of cocaine that take place largely after the cocaine base has left Peru. It is meant to help illuminate the differences between the types of labor roles embodied by each participating country.

From its base state the cocaine is dissolved in ethyl acetate, acetone or ether and heated for a period of time. Methyl ethyl ketone is later added along with hydrochloric acid, which creates cocaine hydrochloride. The cocaine is allowed to dry in an attempt to remove the chemicals that could not be drained off and the product can now begin turning into a powder. It is then pressed into bricks, both manually and through hydraulic presses releasing a majority of the moisture. Household microwaves are then used to continue extracting moisture, creating a solid brick of cocaine hydrochloride that is easier to transport.<sup>24</sup>

For its part in the manufacturing of cocaine hydrochloride, Peruvians reap relatively little of the street value profits. Once refined and shipped, upper echelon

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<sup>24</sup>Drug Enforcement Agency Museum, “Coca: Production & Distribution,” Accessed April 5, 2014, <http://www.deamuseum.org/ccp/coca/production-distribution.html>.



entrepreneurs involved in the trade make a much higher percentage of the street value per kilogram than Peruvian farmers did. Within each country of the “Silver Triangle” there were different classes of people involved in its cultivation, refinement and finally trade. Whereas Bolivia and Peru are the main suppliers of raw coca paste, Colombia largely refined and exported the finished product to markets in the United States and Europe. Coca farmers receive less than one percent of the final street value of refined cocaine hydrochloride, albeit still quite a bit more than could have been earned through growing alternative, legal crops.<sup>25</sup> Peruvians represented the labor-intensive aspects of the cocaine trade while Colombians control the entrepreneurial management and distribution. Similar to legal industries, profits were maintained through keeping manual labor costs as minimal as possible.

This chapter aimed to illuminate the ways that the coca trade within Peru, and therefore the cocaine trade as a whole, proliferated to the status it attained at the outset of George H.W. Bush’s administration. Through examining the methods of production and the exact roles played by Peruvian coca farmers their motivations of sustenance can be extrapolated from *Sendero Luminoso*’s interests in using the coca trade as fuel for its insurgency. The connections between *Sendero Luminoso* and the coca trade will be dissected in the next chapter of this thesis. These farmers are the pivot point in this investigation because they are the root suppliers of the coca trade while simultaneously being the source of income for the communist inspired *Sendero Luminoso*.

The atmosphere that led to the proliferation of coca cultivation in the late 1980’s and early 1990’s was responsible for the increased unrest that enabled *Sendero Luminoso*

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<sup>25</sup>Lee, Rensselaer III, “Dimensions of the South American Cocaine Industry”. *Journal of Interamerican Studies & World Affairs*. (Vol. 30, No. 13: 1988): 91.

to gain strength among those more hard hit by economic decline. The actions of the Peruvian military during their time in power only exacerbated the conditions that they were trying to resolve with their drastic discourse. In this case the military ruled with too much of an iron fist, and not enough velvet glove. They rapidly reformed troubled areas without fully acknowledging full spectrum of ramifications, though well intentioned their agenda was overwrought with mismanagement and corruption.

Through nationalizing industries like oil and mining that had been owned by foreign interests the military hoped to give Peru the option to more autonomously control its economy and foreign trade. This attempt to force out “imperialist” interests within Peru was enacted because foreign owned companies exported profits. The term “imperialist” in this sense refers to the spheres of influence involved with foreign economic investments made in Peru that controlled certain aspects of their autonomy. In the eyes of the Peruvian military, President Belaunde was incapable of effectively protecting the interests of his countrymen and drastic, radical reforms deemed necessary.

This chapter detailed the methods of manufacturing cocaine hydrochloride and the important role of Peruvian coca farmers in this endeavor. They are the workforce of this industry, and keeping production costs low meant keeping profitability high. Entrepreneurs in Colombia kept high percentages of the profits made by distributing cocaine while Peruvian farmers made little more than they needed to survive and feed their families. Their lack of political might attracted *Sendero Luminoso*, enabling the group to serve as protectors and to make profits off taxing the trade.

Coca farmers may face having their crops destroyed, or having to defend their land against encroaching interests but they have relatively little realistic chances of being

prosecuted for their crops. This is in comparison to a person caught smuggling, dealing or distributing cocaine in the United States or elsewhere because it is the finished product that was the high profile target in this endeavor. Drug use and distributing in America is certainly different because of the judicial mechanisms that are at work there, the same that cannot be said about the Peruvian justice system. Their policing mechanisms, though better funded and theoretically better trained due to increased American aid did not fundamentally change the overarching problems facing the judiciary system as a whole. This will be further discussed in the next chapter because recorded arrests skyrocketed during the 1980's due in part to the increased deadly activity of the Shining Path.

This chapter's focus was to examine the ways that cocaine was refined and though this process took place largely in Colombia it was important to playing out the respective responsibilities of the Peruvian farmer in the Upper Huallaga Valley. This region played an essential role in the narcotics trade during this time period because it simultaneously harbored the country's biggest threat to democracy. The next chapter will converge the ideologies of the American counter-narcotics regimen and the activities of *Sendero Luminoso* further than is mentioned here. Through grasping onto the importance of coca in this region and understanding the processes through which the trade is perpetuated that information assist a deeper investigation of its ties to counter-insurgency.

The coca farmer plays many roles in this investigation, both as the producer of illicit narcotics and as the proletariat in the communist inspired battle that was waged through the 1980's by *Sendero Luminoso*. Their campaign of terror came to be funded by profits reaped through the cultivation of coca and the intersection at the Upper Huallaga

Valley meant a heavier burden on the governing and policing of Peru as a whole. This next chapter will elucidate the methods of control that *Sendero Luminoso* put on the coca farmer and how they came into a situation that left them vulnerable from many sides. These farmers acted out of necessity but because the money they earned was higher than many other Peruvians this drew attention of people who could use that potential profit to promote subversive ideologies.

### Chapter III

During the 1980's and early 1990's Peru was under siege from *Sendero Luminoso* (Shining Path), a domestic terrorist group whose main goal was to topple the democratically elected government that was reinstated in 1980. Focused on gaining support for their movement they increasingly began recruiting indigenous Peruvians of lower socio-economic standings who lived and worked in the coca fields of the Upper Huallaga Valley. Their urban campaign targeted low-risk, high priority targets of symbolic and infrastructural importance while rurally they clashed more often on a more personal basis. This chapter will blend the information given in the two preceding and examine their intersections as embodied by the simultaneous war against *Sendero Luminoso* and the coca producing peasants of the Upper Huallaga Valley. The Peruvian government spent a little more than a decade, through two full presidential terms and the first two years of a third when Abimael Guzman, *Sendero's* leader was arrested in Lima.

The conflicts that wrote the history of this time period are shrouded in a fog of quasi-legal military might, corruption, and allegations of human rights violations. This chapter aims to show the overlapping nature of America's counter-narcotics activities in Peru, with coca farmers and *Sendero Luminoso*. The main goal of this chapter is to prove that counter-narcotics activities aligned with the goal of stemming the spread of communism. First the activities of *Sendero Luminoso* (Shining Path), its birth, ideologies, and the Peruvian government's plan of action to fight this domestic terrorist threat will be detailed. The mechanisms that enabled *Sendero* to become inextricably linked to the money earned in the coca trade will next be investigated.

From here this chapter will look into how American resources allocated for the eradication of the coca plant and interdiction efforts were also used by the Peruvian government to battle *Sendero Luminoso*. This chapter will encapsulate the time period from the restoration of democracy in 1980 to the end of *Sendero Luminoso*'s reign of terror in 1992 with a heavy emphasis on George H.W. Bush's administration's changes to counter-narcotics policies with regards to Peru and its insurgency in the latter part of this time frame. Alberto Fujimori's presidency will most notably be dissected as it coincides with the last few years of the Bush Sr. administration. It was during this time period that drastic measures like suspending the constitution and martial law were utilized to stop *Sendero*'s reign of terror.

With the fall of the Berlin wall, the overt threat posed by the Soviet Union ended largely in 1989, causing their spheres of influence weakened. As was discussed briefly in the first chapter of this thesis, though America's battle against communist influences promulgated by the Soviet Union were lessened after 1989, although there were still many areas where communist-inspired groups sought to destabilize democratic institutions, El Salvador is one such example. The ideologies of communist rebels took hold in developing nations that were affected by high poverty rates, governmental corruption and instability, and large working classes enraged economic downturn.

This chapter will use sources from the *New York Times* because articles printed there provide more in depth investigation into a multitude of aspects when considering *Sendero Luminoso*'s connections to the coca trade. Other information will be sourced from documents created by the United States government and scholarly articles. These documents facilitate linking *Senderistas* (members of the Shining Path) and cocaine paste

producers in the Upper Huallaga Valley, they also assess the tactical capabilities of their group while providing an insight that was not available to the general public during the time they were active. Scholarly research offers what a more realistic view “on the ground” in Peru was like because articles written outside of government oversight do not have the same agendas.

With changes made to the policies concerning counter-narcotics operations in foreign countries as well as domestically within the United States came an increased ability to operate abroad. The relationships that counter-narcotics facilitated enabled the United States military and intelligence gathering bodies to operate in countries like Peru with more freedom and protection from the American government. This inevitably carried along a remembrance of the imperialist influences experienced during the colonial period by the countries of Latin America. The United States was welcomed by the governments of main drug producing countries because along with logistical support came monetary and infrastructural aid that helped to lessen economic burdens felt during the late 1980's. *Sendero Luminoso* was born out of the strife propagated by international influence and economic downturn, their militarization became an outlet for frustrations against a government that had failed large portions of Peruvians, leaving them impoverished and hungry for a better quality of life.

*Sendero Luminoso* and its leader Abimael Guzman went “underground” the day Fernando Belaunde was democratically reelected in 1980.<sup>1</sup> Belaunde had the unfortunate position as President of Peru in 1968 when the military performed a *coup d'état*, which though well intentioned did little to improve the Peruvian situation. In its infancy *Sendero*

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<sup>1</sup>Schumacher, Edward, “Rebellion Brings New Fear to Land of the Incas,” *New York Times*, (Sept 8, 1982): A2.

had largely been an organization of students who came from middle class families, based out of the National University of *San Cristobal de Huamanga in Ayacucho* and was headed by then professor of philosophy, Abimael Guzman or *Presidente Gonzalo* his *nom de guerre*. In the beginning *Sendero* was a sect of the Peruvian Communist Party, which was originally created by Peruvian socialist Jose Mariategui, but began to operate independently after Guzman discords over the party's preference for peaceful resistance over violent action.<sup>2</sup> Rather than strictly following the ideologies formed by Jose Mariategui, Guzman chose to build off of the ideas of Mao Zedong, Karl Marx, and Vladimir Lenin.

Guzman synthesized the ideas of these leaders and proclaimed himself the "fourth sword of communism," though he certainly favored Mao's inclusion of the peasant class as part of the class struggle.<sup>3</sup> Maoism spoke to the agrarian underclass, whereas Marxism placed emphasis on the proletariat being factory workers and city dwellers. Both professions symbolize similar imagery in that they are exploited laborers who reap little benefits while representing different types of society, agrarian and industrial. *Sendero Luminoso's* goal was to bring about a return of power to indigenous Peruvians and to enter into an age of prosperity through a true socialist state. The use of violent action was seen as a means to discredit the strength of the Belaunde administration and Peruvian democracy as a whole through testing their resolve with the use of violent attacks against infrastructure.

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<sup>2</sup> Starn, Orin, "Maoism in the Andes: The Communist Party of Peru: Shining Path and the Refusal of History," *Journal of Latin American Perspectives* (1995): 404.

<sup>3</sup> Vargas Llosa, Mario, "The 4<sup>th</sup> Sword of Marxism," *New York Times*, July 31, 1983, SM22.



*Sendero Luminoso* began as an organization of students who believed that only through the equality of communism could Peru as a nation begin to stand on its own two feet, free from foreign investment or as they saw it imperialism. These kids and Guzman aimed at creating space for their movement by enlisting the people most adversely affected by foreign influences in trade and productivity, the indigenous class of Peruvians who were largely voiceless became their main recruitment prospects. This class of citizen was driven to carve out their survival through any means possible, which is one of the reasons why the cultivation of coca became such a popular alternative.

With the return of democracy came another round of radical reformations, for instance, returning power to a free press and rebuilding the government from the ground up. Congress was to be reinstated, and representatives had to be elected in order to aid in the governing of Peru. Most importantly the military had to relinquish some of its totalitarian control. *Sendero Luminoso* aimed to strike the government in ways that would shake its foundation without members taking extreme personal risks. Their urban campaign involved bombing symbols of imperialism like embassies and foreign owned companies. These targets embodied the foreign influence that *Sendero* blamed for the downfall of the Peruvian economy and the stagnation of the country as a whole. They also targeted major infrastructure points like electrical pylons, which plunged entire parts of the country into darkness through as little as one bombing. *Sendero* plagued Peru for a little over twelve years and in that time their attacks vocalized their movement making it difficult to decipher the group's motivation.

There are many terms that have been used to describe *Sendero Luminoso* from guerrilla, to rebel, revolutionary, and leftist. Of the terms like these the best descriptor is

insurgent terrorist; as the Peruvian Ambassador Fernando Schwalb stated in a “Letter to the Editor” of the *New York Times* in 1982. He looked to correct information given by a reporter named Edward Schumacher in an article describing the group. Schwalb pointed out that unlike other rebel groups active at the time in areas like El Salvador and Colombia, *Sendero Luminoso* did not have a clearly delineated motive or an established front.<sup>4</sup> Though the group’s overarching theme was to dismantle Peruvian democracy; *Sendero* did not have a united body, it functioned in secrecy and had a cellular structure much like the coca growers of the Upper Huallaga Valley. This is why confrontations between *Sendero Luminoso* and the Peruvian government lasted for over 12 years and why coca producers still thrive to this day. The cellular structure of illicit organizations like *Senderistas* (members of *Sendero Luminoso*) and *cocaleros* made them exceedingly difficult to stymie. Their flexibility grew out of necessity.

Abimael Guzman was the head of this organization; he offered general guidance and led through being charismatic while maintaining a discourse of violence against what were deemed imperialist institutions and Peruvian symbols of democracy. Unlike other South American rebels, because of their fragmented, cellular structure it was much harder to pinpoint any effective ways to dismantle their organization. There were no uniforms, or explicitly coordinated battles, defining the group as terrorists rather than a united rebel force. The atmosphere that enabled the creation of *Sendero Luminoso* was the same that enabled coca producers to manifest themselves in the Upper Huallaga Valley as was discussed in the previous chapter. *Sendero* began its attack on Peruvian democracy in

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<sup>4</sup>Schwalb, Fernando, “Government of Peru vs. a Small Terrorist Group,” *New York Times*, (September 10, 1982): A2.

Ayacucho, a region southeast of Lima and grew from a mainly student organization into one that recruited the disadvantaged, and indigenously Peruvian.

Their first act of defiance was aimed at democracy itself, on May 17<sup>th</sup>, 1990 when attacks on voting centers in the region of *Ayacucho* were launched.<sup>5</sup> Ballots were burned and many were kept from voting in the first democratic Presidential election since 1968. *Sendero*'s infringement on Peruvian suffrage that day was merely a coming out party and a rather tame one at that. After building momentum through smaller attacks, on August 31<sup>st</sup>, 1981 *Senderistas* bombed the U.S. Embassy, the ambassador's residence in Lima and other American owned institutions like a Coca-Cola bottling factory, a Bank of America building, and a building owned by Ford Motor Company.<sup>6</sup>

These attacks were symbolic in nature, they signaled the start of conflicts between *Sendero Luminoso*, the Peruvian government and American symbols of influence in Peruvian affairs. This type of attack became a familiar tactic of the terrorist group in their urban campaign; it involved dynamite stolen from construction sites and mines, which were thrown out of moving vehicles. Using shock tactics allowed the bombers to quickly get away, the risk of getting caught was lower and the opportunity for creating maximum havoc was increased. By the time of the George H.W. Bush Administration in the late 1980's attacks like this had become more familiar. *Senderistas* focused their bombings in Lima on symbols of imperialism like American owned businesses, and symbols of wealth like shopping malls in the richer regions of Lima. They also attacked infrastructural

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<sup>5</sup> McCormick, Gordon H. "The Shining Path and the Future of Peru," *RAND, National Defense Research Institute*. March 1990: 15.

<sup>6</sup> Associated Press, "No One is Hurt as U.S. sites in Peru are Struck by Bombs," *New York Times*, September 1, 1981, A1.

targets, ones that would plunge large parts of Lima into chaos and truly put the government of Peru to the test.

*Sendero Luminoso* succeeded in drawing attention to itself and the fragility of the Peruvian government's power over its people through attacking bridges and key points on the electrical grid causing massive blackouts in Lima and other populated areas.<sup>7</sup> These attacks put the Peruvian military on edge; they enforced martial law in various areas through each presidency after 1980, which resulted in thousands of arrests and a number of disappearances. The growing frustration of the military increased the brutality of their methods. August of 1984 was particularly bloody; in the first two weeks of the month 147 people were killed by government troops. This included six men who were dragged from church and executed while military soldiers forced the congregation to continue singing.<sup>8</sup> This friction between the Peruvian military and *Sendero Luminoso* only increased as a sense of frustration proliferated. Beginning as early as 1983 *Sendero Luminoso* expanded their base of recruitment into the countryside in an effort to further engage lower class Peruvians who happened to be coca farmers as well.<sup>9</sup>

Until this point in time the ranks of *Sendero Luminoso* was based primarily in the urban middle class; increased connections with the countryside certainly opened the door for closer interactions with the coca cultivators. By moving their recruitment centers into rural areas *Sendero Luminoso* incorporated a more strict adherence to the teachings Mao

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<sup>7</sup> Associated Press, "Peru Authorities Holding 27 in Connections With Bombings," *New York Times*, July 24, 1983, 4.

<sup>8</sup> United Press International, "Peru Troops Accused of Killing," *New York Times*, August 15, 1984, A9.

<sup>9</sup> Craig, Richard B. "Illicit Drug Traffic: Implications for South American Source Countries," *Journal of Interamerican Studies and World Affairs*, Vol. 29, No. 2. 1987: 13.

Zedong who saw the agrarian class as integral to the political upheaval of democracy. Their inclusion was necessary in a few respects; most notably to physically increase the operating capabilities and membership base of the organization, i.e. more foot soldiers, and to also more fully represent the type of communism that inspired Guzman.

Rural populations served as a gateway into the coca trade, the most profitable black market product in the country. *Sendero Luminoso* implanted itself as middlemen in the coca trade, claiming one-fifth of the profits earned by farmers to be paid for protection both from international traffickers and Peruvian eradication operations.<sup>10</sup> The Upper Huallaga Valley proved to be an ideal nesting place for *Sendero Luminoso* as it provided both the manpower and monetary base that was necessary to continue its armed revolt against the Peruvian government. This region represented the convergence of civil unrest, foreign influence, and the deep pockets of the narcotics trade. Coca farmers were increasingly protected from the abuses of Colombian drug traffickers and prices could now be enforced through *Sendero*'s brutality. This symbiotic relationship between *cocaleros* and *Senderistas* added to the difficulty in eradicating coca for the American-backed military. The two fronts converged and American trained troops could no longer fight each front in isolation; money earned through coca trade fuelled *Sendero Luminoso*'s insurrection.

This information is useful in understanding the beginnings of *Sendero Luminoso*'s insurrection and is key to facilitating further investigation. The rest of this chapter will focus on deciphering connections between *Sendero Luminoso* and the increased presence

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<sup>10</sup> Craig, Richard B. "Illicit Drug Traffic: Implications for South American Source Countries," *Journal of Interamerican Studies and World Affairs*, Vol. 29, No. 2. 1987: 18.

of American counter-narcotics agencies in the Upper Huallaga Valley of Peru. In the late 1980's these forces collided in this region as *Sendero* moved its base of operations into the Upper Huallaga Valley. What will follow next will be a brief overview of the military groups responsible for coca eradication in Peru and a look into the presidency of Alberto Fujimori, under which Peruvian stability and democracy was temporarily upended.

In their war on drugs the United States actively hunted drug producers, traffickers and domestically, users. On foreign soil their techniques were more invasive as they took on the responsibility of training coca eradication troops for the Peruvian military. There were five forces within Peru that fought against coca growers and manufacturers. The *Guardia Civil*, *Guardia Republicana*, *Policia de Investigaciones*, *Unidad Movil de Patullaga Rural* (UMOPAR), and the *Sinchis*, a special anti-subversion unit.<sup>11</sup> These troops helped to protect the specialized eradication group known CORAH or, Control and Reduction of Coca Cultivation in Alto Huallaga, who were the men that physically dealt with destroying the crop. UMOPAR was the leading unit in charge of fighting narcotics production operations, the other Peruvian police forces and agencies mentioned above targeted *Sendero Luminoso* who were, by this time, also located in the Upper Huallaga Valley.

UMOPAR was partially funded and trained by the United States military in methods of coca eradication; they were the front lines of attack with the other groups mentioned above to serve as reinforcement. American monetary aid helped to build a base of operations in *Santa Lucia* where US military members and the Peruvian troops they helped to train could launch counter-narcotics activities like destroying jungle

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<sup>11</sup> Morales *Political Economy*, 93.

laboratories and secret airstrips used to ship cocaine paste to Colombia. This base cost about \$11 million dollars to operate per year and was equipped with a 1,500-foot runway from which counter-narcotics operations are launched.<sup>12</sup> This base was the center for DEA and US Army operations but was limited in that it had an operational diameter of about 80 miles because of the fuel-based range of aircraft leaving the base.

Many articles printed in the *New York Times* during the presidency of George H.W. Bush link the war on Peruvian coca to an inability of the Peruvian government to control its military due to rampant corruption. The war against *Sendero Luminoso* increasingly intersected with the war on coca as was mentioned earlier. Through using money earned by protecting coca farmers *Sendero* was able to grow the operational capabilities of its organization. Coca paste and its trade enabled them to purchase munitions and operate more freely through bribing officials with narco-dollars. The Peruvian military was unable to stymie the flow of illegal money into its ranks because like the peasant coca farmers it enabled a means for a better life to the soldiers.

The question of whether the money granted by the United States to help Peru fight the proliferation of coca cultivation was used to fight the communist inspired *Sendero Luminoso* is a complicated one. By the time of the Office on National Drug Control Policy's creation and the increased financial aid earmarked for battling the production of cocaine at its source, Peru had been entrenched in an insurgency for the better part of a decade. Many people had been killed, jailed, or "disappeared" and the economy had improved little since the return of democracy in 1980. The tangled web of narco-profits

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<sup>12</sup> Nash, Nathaniel C. "War on Drugs In Peru Shows Limited Gains," *New York Times*, (December 6, 1992): 20.

and insurgent terrorism became only more complex with the introduction of increased American aid.

As was mentioned in the first chapter of this thesis, the Office on National Drug Control Policy did see some success in the first years of its activity but it failed to fully grasp the scope of coca's hold on Peru. Through using articles printed by the *New York Times* and scholars in conjunction with the ONDCP's reports, a more unbiased opinion on the state of Peruvian coca can be attained. The remainder of this chapter will look at the ways that *Sendero Luminoso* and American counter-narcotics efforts clashed and how the increased activity in the Upper Huallaga Valley affected the war on drugs in a larger scope.

Narco-dollars, or money gained illegally through the narcotics trade, fuelled the insurgency within Peru. It destabilized the legitimate economy and the presence of *Sendero Luminoso* added to the violence used to combat coca in the Upper Huallaga Valley. As Martin Luther King Jr. once said, "violence begets violence,"; as *Senderistas* asserted themselves through the use of force so too did the military. This group not only acted as a protectorate for the coca farmer but also encouraged them to build up their own protections. In the previous chapter of this thesis it was discussed that the local militias under the control of coca farmers aimed to protect their land and therefore livelihoods from outside attack either by Colombian cartels or the Peruvian military. Though *Sendero Luminoso* implanted itself as responsible for largely protecting the interests of the peasant farmers they sought reinforcements by empowering locals.

With the movement of *Sendero Luminoso* from metropolitan Lima to the rural Upper Huallaga Valley came a change in the types of places that were targeted. In Lima



attacks were focused on symbols of imperialism and infrastructure, banks, embassies, and American owned companies were all bombed along with terminals on the electric grid and bridges. Symbolic attacks vocalized their agenda while infrastructural attacks plunged massive amounts of people into darkness quite literally and strained governing capabilities to the limits. Blackouts were a calling card, high priority stress points on the power grid would be blown up, leaving large parts of Lima and the countryside in chaos. On April 6<sup>th</sup>, 1991, nine months after Alberto Fujimori took office as President, *Sendero* launched a multi-staged attack against a variety of targets. On this night six banks were bombed in Lima, followed by the embassies of Israel, Japan and Colombia.<sup>13</sup> Rocket-propelled grenades hit the Israeli embassy especially hard while dynamite was thrown at the embassies of Japan and Colombia. A gasoline depot in Lima was also bombed which resulted in a massive blackout reaching over 120 miles around the capital.

These attacks took place at night, which minimized casualties but created a chaotic situation where residual damage was maximized. Attacks like those on the night of April 6<sup>th</sup> are typical of the metropolitan cells of *Sendero Luminoso*. The Upper Huallaga represented unique challenges to continuing their siege on Peruvian authorities. The jungle is where clashes between the police and *Sendero* took on a face-to-face nature. Reminiscent of shootouts in Western movies, offensive and defensive attacks were staged in small towns; police precincts were destroyed and politicians were assassinated. These “battles” happened in broad daylight, each side jockeying for power and control over the region between *Sendero*, the regional military police forces, cartels and disgruntled village defense associations. Not all villages welcomed the presence of

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<sup>13</sup> Associated Press, “Rebels Black Out Lima,” *New York Times*, (April 6, 1991): 3.

*Sendero Luminoso* in their districts because of the negative attention and inherent danger that followed.

While *Sendero* did encourage the empowerment of peasant coca farmers to empower the community to protect itself against the international cartel, community movements also rose in opposition to their activities. In early March 1990 nearly 200 people organized themselves into a riotous mob equipped with sickles, homemade shotguns and machetes. They captured 13 members of *Sendero Luminoso* who were then decapitated. Their heads were sent to the local army outpost as a sign of allegiance.<sup>14</sup> Civilian defense groups were simultaneously organized by the military to protect more remote areas from abuse. Both of these were vigilante groups focused on protection through brutality because they were not governed through the military's rules of engagement.

Stress imposed by the battles between government forces and *Sendero Luminoso* brought unwanted attention to small communities in the Upper Huallaga Valley in the form of military presence. Violent conflict increased throughout the jungle the more that eradication operations came into the area. American trained forces looked to destroy coca fields and processing pits where the leaves were macerated into cocaine paste to be shipped to Colombia. By the time of increased funding to counter-narcotics activities from the United States in the late 1980's many people had been killed. When George Bush Sr. was entering the later half of his term in office the death toll was estimated at

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<sup>14</sup> Associated Press, "Peruvian Farmers Said to Kill Rebels: Peasants Reportedly Ambush and Behead 13 Insurgents From Shining Path," *New York Times*, (March 4, 1990): 13.

25,000.<sup>15</sup> This figure includes innocent bystanders, assassinated officials, police officers and *Senderistas* but does not include the estimated number of “disappeared” which would push the decade long insurgency’s death toll higher.

The term “disappeared” is a tough topic to breach; it mainly refers to people who simply were taken by either governmental forces or guerrillas never to be seen again. It is because there are no official records or death certificates for those who are disappeared that it is usually difficult to get a handle on the exact number of people that have gone missing. Estimates at the beginning of the Bush Sr. administration put the number of missing at around three thousand, many of whom had been detained by the government.<sup>16</sup> This number was based off of an Amnesty International report, which had yet to be responded to by the Peruvian government when it was printed in the *New York Times*. These rights abuses were not new to the war against *Sendero* or elsewhere in Latin America for that matter. American troops stationed in Peru were meant to help retrain the military to use finesse when dealing with difficult situations although after over a decade of military totalitarianism in the 1970’s, relinquishing power was easier said than done.

Peru’s dire economic situation left it vulnerable in all aspects of the word. Their democratic institutions were under attack from the outset in 1980 and this did not stop until 1992 when Abimael Guzman, leader of *Sendero Luminoso* was apprehended. Although terrorism continued in the immediate period after his arrest the organization eventually was dismantled. This however did not end Peru’s addiction to the money that

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<sup>15</sup> Reuters, “44 Peruvian Villagers are Killed in Attack by Shining Path Rebels,” *New York Times*, (October 12, 1992): A8.

<sup>16</sup> Associated Press, “Report on Peru Shows Rising Tide of Rights Abuses,” *New York Times*, (August 24, 1989): A14.

coca illegally brought into its economy as it is still the world's largest provider of raw materials for the trade.

Alberto Fujimori ultimately was able to capture Guzman through extreme political means. In November 1991 he issued a list of decrees that heavily expanded the power of the military to track down and ultimately take down *Sendero Luminoso*. These powers included enabling the military to enter into prisons and universities, having the right to requisition private property and draft individuals for the war effort. The right to a free press was also harshly attacked, journalists who revealed "secret activities" or refused to give information to the government for intelligence purposes could be tried for treason and sentenced to as much as ten years in prison.<sup>17</sup> These decrees took effect in December 15<sup>th</sup>, 1991 sending the country into a state of emergency. While expanded military power exceedingly infringed upon the rights given to the Peruvian people and effectively dissolved the country's congress' ability to govern. On April 5<sup>th</sup>, 1992 the Peruvian Constitution was suspended, courts were closed, and some politicians were jailed, in an effort to combat corruption, cocaine trafficking and *Sendero Luminoso*.<sup>18</sup> America condemned this act and suspended all aid to the country with the exception of humanitarian assistance on April 6<sup>th</sup>, 1992.<sup>19</sup>

Guzman was eventually captured on September 14<sup>th</sup>, 1992 but with cries of celebration came frustrated pleas for President Fujimori to reinstate the constitutional

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<sup>17</sup> Brooke, James, "Peru's Military is Granted Broad Powers in Rebel War," *New York Times*, (December 3, 1991): A17.

<sup>18</sup> Brooke, James, "Fujimori Sees a Peaceful, and a Prosperous, Peru: Peru's Leader Has No Regrets About His Power Grab," *New York Times*, (April 6, 1993): A3.

<sup>19</sup> Crossette, Barbara, "U.S., Condemning Fujimori, Cuts Aid to Peru," *New York Times*, (April 7, 1992): A16.

rights of Peruvians.<sup>20</sup> The drastic measures taken to secure the arrest of Abimael Guzman represent the nature of Fujimori's presidency as a whole. In sharp contrast to the presidencies of Alan Garcia (1985-1990) and Fernando Belaunde (1980-1985); Fujimori a native Peruvian but ethnically Japanese agronomist took the country's economic problems head on in an attempt to radically improve it.

Termed "Fujishock" this economic posture was more drastic than the changes imposed by the military in the 1970's. Fujimori attempted to cure the Peruvian economy through enabling a freer market. He sought the deregulation of industry, lowering import tariffs, raising domestic taxes and refusing to raise government salaries to compete with the rapid deflation of the economy.<sup>21</sup> On paper the economy was beginning to grow but realistically unemployment and underemployment were skyrocketing. These drastic changes to the economy foreshadowed the events in April 1992 and those that occurred through his second term from 1995 to 2000. His suspension of the Peruvian Constitution and the reign of military might that was unleashed led to charges of human rights abuse, which landed him in jail in 2012.

*Sendero Luminoso* exploited the same atmosphere that enabled the establishment of the coca economy in Peru. Increased pressure from the United States for Peru to eradicate its coca crop later allowed for the dissolution of protective groups like farmers unions and associations.<sup>22</sup> These groups had once been responsible for the protection of the coca farmer from the "boom and bust" economic cycles by maintaining prices for

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<sup>20</sup> Brooke, James, "Peru's Shining Path is Decapitated," *New York Times*, (September 20, 1992): E5.

<sup>21</sup> Nash, Nathaniel C., "Peru's President is Trying to Tame a Maelstrom of Inflation and Poverty," *The New York Times*, (July 7, 1991): 8.

<sup>22</sup> Kawell, Jo Ann, "The Cocaine Economy," *The Peru Reader: History, Culture, Politics*. (Duke University Press, Durham. 2005): 433.

coca paste despite market fluctuations. Pressure from the United States came most often in the form of monetary aid, of as was mentioned in the first chapter of this thesis. The money given to Peru was allotted according to their “certification” which was determined through their cooperation in counter-narcotics programs. During the period of George H.W. Bush’s administration Peru was never decertified although aid was suspended when Alberto Fujimori disbanded the congress and temporarily assumed totalitarian control.

The money given to Peru came with many stipulations, which generally were to fight corruption, eradicate cocaine, and provide economic relief to farmers willing to grow licit crops. Some argued that an increased American presence in the Huallaga Valley exacerbated coca production, forcing it further into the dense jungles and created clandestine mechanisms of protection. From 1979 when the United States first started its smaller scale eradication programs to 1986 the amount of acres of coca had risen from 30,000 to 260,000 in seven years, and only continued expansion through the Bush Sr. administration onto today.<sup>23</sup> The administration of George H.W. Bush was chosen throughout this thesis for the multifarious reforms and enhancements made to America’s counter-narcotics activities abroad.

Tough economic circumstances were the result of the underdevelopment of Peru and many other countries in Latin America. As Andre Gunder Frank postulates, the underdevelopment of Peru and Latin America as a whole was not the result of limited contact with capitalist systems, or “backwards” trade practices but rather the role that it

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<sup>23</sup> Kawell, Jo Ann, “The Cocaine Economy,” *The Peru Reader: History, Culture, Politics*. (Duke University Press, Durham). 2005: 434.

*did* play.<sup>24</sup> “Boom and Bust” cycles of trade more adversely effected Peru because its economy was tied to the demand of the international market with little protection. Through the colonial period Peru played the role of supplier and was kept subordinate to the demands of the Spanish Crown, funding the repayment of debts accrued through the arduous *reconquista* against Islamic influences that ended in 1492.

The intrusion of international interests kept countries like Peru in subordinate positions where they supplied the raw materials used to launch the industrialization of Europe. Imperialist nations benefitted through exploiting source countries for raw materials like Peru and other developing nations. Once the colonial period ended former colonies were left at a disadvantage, most of their resources were stripped, and money that could have been used to begin industrialization had been exported. 20<sup>th</sup> century incarnations of colonial imperialism were seen through the influence of multinational corporations and foreign interests within Peru. These companies in some ways still used the materials produced by Peru in a way that was disadvantageous for their economy. Parallels can be drawn between the extractive nature of colonialism, multinational corporations and the cocaine paste trade. As was detailed in the previous chapter, Peruvian coca farmers reaped little benefit from the crops they grew while huge profits were collected in Colombia.

The entrance of *Sendero Luminoso* into the Upper Huallaga Valley in the early 1980’s brought together additional complexities to the coca-fuelled power struggle between the government, coca farmers, and international cartels. They created a situation,

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<sup>24</sup> Gunder Frank, Andre, “The Development of Underdevelopment,” *Latin America: Underdevelopment or Revolution: Essays on the Development of Underdevelopment and the Immediate Enemy*. (Monthly Review, New York: 1970): 9.

which forced the United States' hand, to fight one meant to fight the other. Whether or not the U.S. had planned intentionally to fight the communist insurgency, their actions against coca growers became inextricable from deeper issues in Peruvian politics. The synthesis of *Senderistas* and *cocaleros* in large portions of the Upper Huallaga Valley had been well under way by the time of the George H.W. Bush administration. An increase in monetary aid and military support inevitably meant putting American lives at risk in areas controlled by *Sendero Luminoso*.

This chapter's focus has been to investigate the inherent ties between the United States' counter-narcotics regimen and the activities of *Sendero Luminoso* in the Upper Huallaga Valley. These two enemies converged in the name of coca and the exorbitant profits that could be captured fuelled anti-democratic activities. Ultimately *Sendero Luminoso* was not a popular movement, their intimidation tactics and brutality ensured that dissension would be harshly punished, that is the reason why coca farmers accepted their protection in some situations and ferociously rebelled in others. The United States knew putting American forces in the Upper Huallaga Valley would put them in danger but the opportunity to help eradicate coca was too enticing as it also represented a means of maintaining Cold War military budgets. The training given to Peruvian armed forces was also applicable to counterinsurgency groups and America knew that. The United States was not blind to the way that coca farming funded anti-democratic terrorism.



## Conclusion

America's increased militarization in the war on cocaine came about during the presidency of George H.W. Bush. This time period similarly saw an exponential decrease in the operative capabilities of the Soviet Union after it was disbanded, effectively ending the Cold War. In the years after World War II when relations between the United States and the Soviets had hardened, military budgets became inflated. The end of the Cold War inevitably meant that military agencies needed an enemy in order to maintain their budgets and personnel. Combating coca in the Upper Huallaga Valley represented an intersection of promoting democratic influence while creating mechanisms to fight growing drug abuse problems in America.

Through finding a new scapegoat in the peasant coca-farming community American military agencies were able to continue bolstering their budgets in a time where their main enemy, the Soviet Union, was incapacitated. Rather than suffering the costs of downsizing their operations government offices pushed to create a new "enemy number one" and attacked the already fragile, starving communities who earned the least in the chain of production that created cocaine hydrochloride. Supply-side eradication programs were minimally effective as can be evidenced by the continued threat of illegal narcotics worldwide.

The timeframe of the George H.W. Bush administration (1989-1993) was chosen for this inquiry because it represents the convergence of the increased militarization of the war on drugs and the decline of the Soviet Union. It also encapsulated the time period where tensions between the Peruvian government and *Sendero Luminoso* came to a head

when constitutional rights were suspended and Abimael Guzman was captured. This thesis did not strictly adhere to this timeframe because it was necessary to discuss the factors that enabled these climaxes.

The United States continued its democratic influences abroad through channeling the international drug trade. They were correct in gauging the capacity for illegal funds earned by trafficking cocaine to corrupt and destabilize democratic nations as was seen by the rampant corruption in Peru's military. International narcotics trafficking provided a doorway through which American influence could be facilitated and military budgets could be maintained. The changes implemented through the Office on National Drug Control policy were radical in both budgets and increased militarization.

The ONDCP's role as coordinator of counter-narcotics efforts was certainly beneficial to the American public as it provided increased means of rehabilitation and aimed to provide protection from domestic drug violence. In so far as its international capabilities the ONDCP represented an ongoing revitalization of military power and influence. The United States used its counter-narcotic agenda in a way that tied it to the large increases in monetary aid associated with George H.W. Bush's presidency.

Money granted through these programs kept the economies of not only the Silver Triangle countries but also many other regions where narcotics were at risk of destabilization. Foreign action during the Bush Sr. administration took shape in many forms, including America's inclusion in the Gulf War and the movement of troops into Panama. Counter-narcotics funding through the United States enabled the continuation of military action abroad in a way that would have been otherwise limited due to decreased competition with the Soviet Union.

The economic circumstances that lead Peruvians to seek economic shelter in illegal crops like coca provided an impetus for *Sendero Luminoso* to build a foundation through exploitation and intimidation. They were mainly able to collect taxes and control prices paid by Colombian entrepreneurs through their reputation for violence. Being that democracy had only once again began to grow in Peru in 1980 the government was unstable even without the outside crises that plagues the country to this day including inflation (though far from what it was in the 1980's), and poverty. Revolutionary groups diminished after the capture of Guzman and the period of totalitarianism that Fujimori enacted.

Peru remains a place affected by its history, one that has unfairly placed it in the position of a source for the world's growth. There are those who participate in the legal economy, working hard for what they have in order to make a better life for future generations. This thesis worked towards showing that the United States' counter-narcotic agenda was pursued largely in order to maintain Cold War budgets that had grown inflated since the second World War but it also hopes to show that international drug addiction cannot be solved alone. The Office on National Drug Control Policy has paved the way with some of the correct ideas, like bringing together different agencies across the U.S. and using them in conjunction with one another to create a force for change.

The fact that a *Sendero Luminoso* represented a terrorist threat to democracy in Peru created a situation in which the United States could gain favor by training their military to better combat this enemy. Through power of influence American counter-narcotics arrangements were there to open the door in the late 1970's when the military regime was beginning to lose it's footing. The effort to return democracy back to

Peruvian life meant that monetary aid could be increased without causing a stir among Americans who disagreed with their military rulers. As has been shown Peruvian democracy during this time period was not perfect but the money granted by the United States certainly helped the country begin to get back on its feet.

United States aid in Peru was aimed at stabilizing their democracy; funds given through the George H.W. Bush administration were veiled under the Office of National Drug Control Policy's agenda of counter-narcotics. Although their operations were in some ways successful, American discourse in Peru during this time period led to the increased production of coca paste and increased violence between the Peruvian military and *Sendero Luminoso*. This thesis does not suggest that the war on drugs is a failure, or that America should have recused itself from the illegal activities taking place in Peru. It shows that there were ulterior motives in the United States' funding of counter-narcotics programs in that they were a method of maintaining operational budgets for the military. Substance abuse is tough on any country's population and the United States simultaneously worked towards helping Americans who sought rehabilitation in new ways under the ONDCP.

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