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Identifying Data

Estimate Type/Number/Title: <sup>SEP 11 1981</sup> S/1114: Bolivia: Potential for Terrorism and Insurgent Violence.

Priority: Fast Track  Regular Track  Completion Date \_\_\_\_\_

Requester: State | ARA

NIC Project Manager: \_\_\_\_\_  
Principal Drafter: \_\_\_\_\_

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Administrative Data

Classification of Key Judgments: S \_\_\_\_\_  
Classification of Draft: S \_\_\_\_\_

STAT

Major Issues (Foreign Aid, Political Stability, Regional Relations, Military Strategy, etc.) Political Stability, Terrorism, Emergency

Subject Codes (NIC/PO Use) 12000, 12200, 122210/9000  
Area Codes (NIC/PO Use) JBL, JXX

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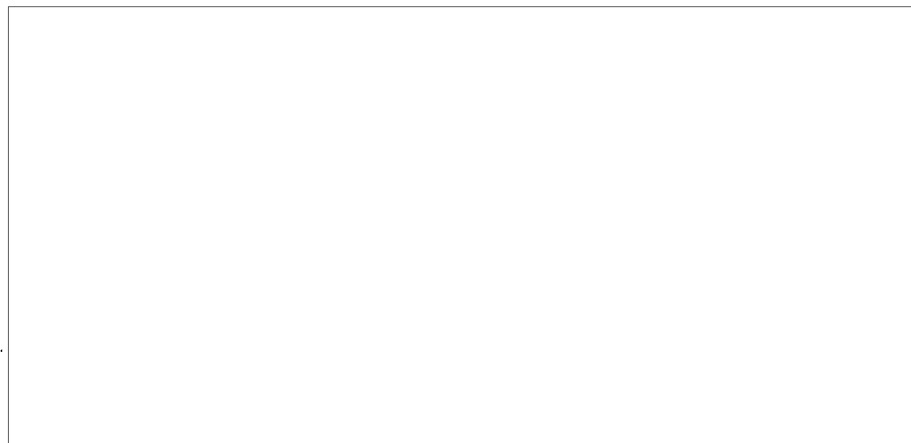
# **Bolivia: Potential for Terrorist and Insurgent Violence**



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**Special Interagency Intelligence Memorandum**

*This Memorandum represents the views  
of the Director of Central Intelligence  
with the advice and assistance of the  
US Intelligence Community.*



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**NI SIIM 89-10001**

# **Bolivia: Potential for Terrorist and Insurgent Violence**

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*Information available as of 24 March 1989 was used  
in the preparation of this Memorandum.*

*The following intelligence organizations participated  
in the preparation of this Memorandum:*

The Central Intelligence Agency  
The Defense Intelligence Agency  
The National Security Agency  
The Bureau of Intelligence and Research,  
Department of State

*also participating:*

The Deputy Chief of Staff for Intelligence,  
Department of the Army  
The Director of Naval Intelligence,  
Department of the Navy  
The Assistant Chief of Staff, Intelligence,  
Department of the Air Force  
The Director of Intelligence, Headquarters, Marine Corps

*This Memorandum was approved for publication by the  
Chairman, National Intelligence Council.*

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*April 1989*



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## Key Judgments

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For the first time in 20 years Bolivia faces a potential insurgent challenge from about five guerrilla/terrorist groups that have recently become operational. Currently, these groups do not have the capability of fostering regime-threatening instability and are unlikely over the next two years to develop sufficiently to do so. They do offer a nucleus for a more threatening movement over the longer term, especially if US-supported coca eradication efforts result in peasant dislocation and unrest. Most of the groups have some connection with narcotics trafficking, and they will seek to exploit these links for financial gain and political profit as US involvement in interdiction and eradication deepens. [ ]

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Socioeconomic problems, harsh austerity, the decline of the legal left, and rising anti-Americanism due to US counternarcotics efforts help account for the appearance of these new groups. The guerrilla groups are small—the largest has only about 50 trained militants. For the most part, they are loosely grouped around the urban-based Marxist-Leninist National Liberation Army (a resurrection of the group that fought with Che Guevara in 1967), and nonlethal bombings have been the groups' operational staple. One Indian-based group is attempting to establish a rural insurgency, but, despite ambitious and professional planning, a chance encounter allowed security forces to disrupt the effort. [ ]

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Bolivian security forces are corruption ridden, equipment poor, possess only rudimentary intelligence capabilities, and are primarily trained for a conventional rather than counterinsurgency role. Nonetheless, Bolivia's counterinsurgency capability, in terms of personnel and suitable equipment, is still relatively better than was Ecuador's before the rise of its urban guerrillas in 1984—which Quito ultimately dismantled. [ ]

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Any growth Bolivia's guerrillas achieve probably will have to be without significant outside aid. The Soviets, Cubans, Nicaraguans, Libyans, and others maintain contacts and/or training relationships, but none of these potential benefactors seems likely to go much beyond maintenance support levels unless radicals first demonstrate considerable progress and potential. In the event of a military coup in Bolivia, however, we would expect an increase in foreign assistance and a boost for radical fortunes. [ ]


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In sum, we expect guerrilla activity to grow but only unevenly and modestly. A rural-based insurgent effort would offer long-term potential, but geography and traditional mistrust of outsiders will make recruitment


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an uphill battle. The urban-based effort preferred by the majority of the fledgling organizations could prove more threatening in the short term, but urban-based radicals tend to be more vulnerable to even crude government countermeasures—as the examples of Ecuador and, earlier, Uruguay suggest 

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A wildcard accelerator in the equation remains the US counternarcotics role. If it deepens and becomes more publicized, traffickers would increase funding to insurgents who oppose eradication, and they in turn would seek gain by tying themselves to nationalistic backlash over US “intervention” and by working harder to target Americans. Should insurgency become a serious threat, the Bolivian security forces would require substantial external assistance—looking principally to the United States. 

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# Discussion<sup>1</sup>

Since late last summer there have been growing indications that for the first time in more than 20 years Bolivian radical leftist and insurgent groups were forming and becoming operational; several have now carried out violent but nonlethal actions. Reporting [Redacted] has identified at least five insurgent/terrorist groups, including one rural-based movement and four urban-based organizations. All of these groups are hostile to US interests and one of them—the Simon Bolivar Command—apparently was responsible for a bombing attack last August against then Secretary of State Shultz's motorcade. [Redacted]

Despite indications that these subversive groups are organizing and in some cases are engaged in paramilitary training efforts, they do not appear to be planning nor are they capable of causing serious unrest in the remaining months of the tenure of President Paz Estenssoro, who leaves office in August. They could serve as the nucleus for a more threatening movement in the years ahead, however, especially if Bolivia reverts to the chaotic economic conditions and near anarchic politics that prevailed under Paz's predecessor. [Redacted]

## The Insurgent Groups: Nature and Composition<sup>2</sup>

### Tupac Katari

The small Tupac Katari (TK) insurgent movement emerged last year and is the only Bolivian group that has sought to build a mass-based rural insurgency. Its

<sup>1</sup> This Memorandum, examining the prospects for insurgency and terrorism in Bolivia, was requested as a fast-track assessment by the Acting Assistant Secretary of State for Intelligence and Research. It examines the current capabilities and projected impact of the country's emerging radical groups, looking out over a two-year time frame. It follows the work done in Interagency Intelligence Memorandum NI IIM 86-10010, July 1986, *Prospects for Leftist Revolutionary Groups in South America*, and Interagency Intelligence Memorandum NI IIM 87-10005, May 1987, *Insurgency and Counterinsurgency in Peru, Colombia, and Ecuador*. Although Bolivia was not a primary focus of either publication, both offer regional perspective and parallel in examining the situation in Bolivia today. [Redacted]

leaders apparently broke away from a tiny, nativist political party called the Tupac Katari Revolutionary Movement—Liberation (MRTK-L) because of its advocacy of armed struggle. In early 1988 they established a base in a remote village in the Aymara-speaking region of the altiplano north of Lake Titicaca. The group's support of national liberation and native Indian dominance and its location in an area that Peru's Sendero Luminoso guerrillas reportedly use for a safehaven have raised questions about possible links between Tupac Katari and Sendero, but we have no compelling evidence that the two movements cooperate with each other. A chance encounter between a group of foreign mountain climbers and a Tupac Katari patrol last August was a major windfall for the Bolivian security forces and allowed them to disrupt the movement before it could become well entrenched. Despite their success, Bolivian security officials were taken aback by the well-organized training program of the Tupac Katari movement. [Redacted]

Bolivian police and military efforts followed last summer's confrontation between French and Canadian alpinists and a group of 15 or 16 armed individuals, most of whom were Aymara-speaking peasants. [Redacted]

[Redacted] "Tupac Katari School for Combatants." Many [Redacted]

<sup>2</sup> We more frequently refer in this Memorandum to Bolivia's subversive groups as insurgent rather than terrorist, but we recognize that, given their rudimentary level of organization, it is difficult to definitively categorize them as either. Of the two organizations with the most potential, Tupac Katari is attempting to form an insurgency and the National Liberation Army, by name at least, comes from an insurgent tradition. We judge that, as all the groups are at an early stage of development, however, they will rely heavily on terrorist tactics. [Redacted]

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[redacted] and stressed that the Tupac Kataristas represented the "voice of the oppressed Aymara people." The material included guidance in preparing the peasants for a long and bloody struggle and techniques for targeting rural military and police detachments. Several pamphlets dating to early last year referred to 1988 as the first year of the Tupac Kataristas' struggle. [redacted]

[redacted] suggest that the Tupac Katari movement, though still at an incipient stage, was preparing its trainees in all facets of rural insurgency. Although the group apparently had not yet carried out an armed operation, the school was designed to accommodate some 20 trainees, and their instruction included weapons and explosives handling, homemade bomb construction, communications, and night patrolling. An inventory of weapons listed five Swiss-manufactured rifles, M-1 and M-2 rifles, and an M-3A1 submachinegun that was probably stolen from the Bolivian Air Force. [redacted]

[redacted] in the village has fleshed out the picture of the group's composition. Bolivian security officials have concluded that Apolinar Condori was the leader of the Tupac Kataristas, and several members of his family also were members. Condori was arrested by the police and subsequently turned over to the Army in La Paz for further questioning. Although a congressman elected on the MRTK-L ticket has spoken out in Condori's defense and tried to rally public support for his release, the arrest of Condori, the identification of his lieutenants, and the closing of the Tupac Katari school doubtless are major setbacks for the movement. [redacted]

In sum, because of fortuitous circumstances, the Bolivian security forces were able to seriously disrupt, if not dismantle, the Tupac Katari guerrilla structure at a fairly early stage. [redacted]

regarding the size of the movement once it was discovered by the Bolivian authorities, but it probably had fewer than 30 members. [redacted]

Although the marginalized Indian population offers a potentially rich recruiting source, the Tupac Kataristas were bucking a long tradition of hostility to outsiders in selecting a remote Indian village as the place to launch an insurgency. Indeed, the willingness [redacted]

[redacted] suggests that receptivity to the movement may have been only lukewarm. [redacted]

**National Liberation Army**

The National Liberation Army (ELN) is the most significant of the urban-based groups. It was created in late 1987 or early 1988 by militant cells of two pro-Cuban radical leftist organizations, the Coordinated 4th of March Movement (C4M) and the Patriotic Popular Bloc (BPP), which apparently resurrected the name to try to capitalize on the revolutionary tradition of the original group that fought alongside Che Guevara. The National Liberation Army leadership—which appears to overlap with that of the Coordinated 4th of March Movement and the Patriotic Popular Bloc—also reportedly reasoned that maintaining a legal political group would enable them to strengthen their ability to recruit members who could then be vetted for possible clandestine operations. The National Liberation Army initiated paramilitary training for its members in early 1988, and by last fall Bolivian security forces had uncovered six safehouses belonging to the group in the La Paz area. Although the group has not claimed responsibility for any terrorist action, we suspect that it may have carried out several bombings [redacted]

Most information regarding the group's origins and early activities [redacted]

[redacted] by January 1988 the National Liberation Army was recruiting among students in Cochabamba and other urban areas and had established a nationwide organization. By March, guerrilla training for members reportedly had begun in three-month cycles at a site in the Yungas with [redacted]

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**Table 1**  
**A Look at Bolivian Insurgent Groups**

	Group	Date Organized	Ideology	Foreign Links	Violent Activities	Size
<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Overlapping membership and leaders</p> <p>National Patriotic Convergence Axis (EJE-P), a legal radical coalition, is tied to the CAC, ELN/FAL-ZW, and perhaps the CSB</p> </div>	Tupac Katari (TK)	1988	Nativist		None	Unknown—perhaps a few dozen; activities disrupted by recent arrests
	National Liberation Army (ELN)	1987	Marxist-Leninist		None claimed	100 total, probably no more than 50 militants
	Alejo Calatayud Command (CAC)	1987	Marxist-Leninist		Bombings (1987)	May have merged with ELN
	Zarate Willca Armed Forces of Liberation (FAL-ZW)	1988	Marxist-Leninist		Power outage in capital (Oct. 1988); bombings near Congress (Dec. 1988)	Believed to be part of ELN
	Simon Bolivar Command (CSB)	1986	Renegade cell of pro-Soviet Communist Party		Bombings (1986, 1987); Shultz motorcade (Aug. 1988)	Probably a dozen or so

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instruction focused on small arms and demolitions training. The doctrine of the group called for an armed vanguard to create the conditions for an eventual general revolt. Piecing together several reports suggests that total membership in the organization is less than 100, and many of the individuals do not have paramilitary responsibilities.

other Latin American insurgent groups such as Peru's Revolutionary Movement-Tupac Amaru (MRTA). Among the individuals that the police identified as linked to the National Liberation Army were 40-year-old Gregorio Lanza, a longtime revolutionary who reportedly has had contacts with Cuban, Libyan, and PLO officials. At one of the safehouses, Bolivian police found a high-explosive rifle grenade that probably had been stolen from the Bolivian Army, and a

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yielded additional information about the group's ideology, leaders, foreign links, and weaponry. Documents cited "Marxism-Leninism-Guevarism" as the group's ideological inspiration and emphasized its desire to coordinate all insurgent activities in Bolivia—including those carried out by the Tupac Kataristas—and its willingness to cooperate with

Because the National Liberation Army has not claimed responsibility for any terrorist actions—despite fairly extensive preparations—we suspect that

**Secret****Table 2****Bolivia: Indicators of Incipient Insurgency<sup>a</sup>**

	ELN	TK	CAC	CSB	AVC (1984)
<b>Organization/recruitment</b>					
Radicalization of leftist parties/factions	●	—	—	●	●
Increased proselytizing in rural areas	—	—	—	—	—
Increase in travelers from proinsurgency countries	—	—	—	—	—
Reports of urban cells	●	—	●	●	●
Press statements by insurgents; press reports on insurgent plans	—	—	—	—	●
<b>Training</b>					
Reports of military training sites	●	●	—	—	●
Reports of training outside the country	—	—	●	●	●
<b>Acquiring resources</b>					
Discovery of caches (arms, uniforms, and so forth)	●	●	—	—	—
Thefts of weapons	—	—	—	—	—
Evidence of special equipment (radio, printing press, and so forth)	—	●	—	—	—
Income from robberies, kidnappings, or narcotics	—	—	●	—	●
<b>Outside support</b>					
Evidence of foreign money or arms	—	—	—	—	●
Evidence of assistance from foreign insurgents	—	—	—	—	—
<b>Actions/violence</b>					
Violence against government, utilities, symbolic targets	—	—	●	●	●
Reports of infiltration of labor or political organizations	—	—	—	—	—
Sightings of armed people in rural areas	—	●	—	—	—
Reports of planning for violence	●	—	—	—	●
Discovery of a forging/counterfeiting ability	—	—	—	—	—
Assassinations	—	—	—	—	—
Production/circulation of radical propaganda	●	●	—	—	●
Establishment of front organizations	—	—	—	—	—
<b>Popular support</b>					
Connections with legitimate groups	●	●	●	●	—
Growing media coverage	—	—	—	—	●
Evidence of a growing number of sympathizers	—	—	—	—	●
Indications of insurgent attempts to exploit public issues	—	—	●	—	●

<sup>a</sup> Our indicators show that the insurgency in Bolivia has not progressed to a level comparable to that in Ecuador at the end of 1984. Compared to the AVC—which at that time numbered about 300—Bolivian groups are smaller and less active. Further absent in Bolivia are significant insurgent recruitment efforts or attempts to raise funds through bank robberies, kidnappings, and so forth.

— No information

● Indicated in reporting

ELN—National Liberation Army

TK—Tupac Katari

CAC—Alejo Calatayud Command

CSB—Simon Bolivar Command

AVC—Alfaro Vive Carajo (Reporting on this Ecuadorian group is provided for purposes of comparison. Information is as of December 1984, approximately one year after the AVC began operations.)

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the group may be operating [redacted]

[redacted] The latter group apparently was the perpetrator of an unprecedented citywide power outage in La Paz last October. It also claimed responsibility for the bombing in December outside the Chamber of Deputies. [redacted]

[redacted] Bolivian authorities also believe the Zarate Willca group may be an element of or perhaps a splinter from the National Liberation Army. [redacted]

**Alejo Calatayud Command**

The Alejo Calatayud Command (CAC) is an urban-based group that was founded in Cochabamba in 1987 and takes its name from a local revolutionary figure. The Calatayud Command is closely linked to the National Liberation Army and its overt affiliates in that many of its leaders, such as former Jesuit priest Rafael Puente Cuevas and Sonia Brito, appear to belong simultaneously to these affiliates as well. Calatayud is the organization with the clearest link to narcotics traffickers and has made opposition to US antinarcotics efforts a key ingredient in its attempt to appeal to peasants. [redacted]

Created in the aftermath of Operation BLAST FURNACE, Calatayud has focused on trying to raise concern among campesinos in Cochabamba regarding US antinarcotics activities and to carry out anti-US terrorist acts. Its members, who reportedly have received funding from local narcotics traffickers, have pushed the line that US-sponsored coca eradication efforts are a "crime" against peasants and some Calatayud-linked peasant leaders claim US military personnel in country have committed atrocities. In May 1987 a Calatayud bombing near a house leased by a USAID contractor, together with growing peasant unrest, was sufficiently worrisome to cause the temporary withdrawal of US personnel from the Cochabamba area. In June 1987 Calatayud activists clashed with local police during anti-US protests, and the group has not claimed responsibility for any action since then. [redacted]

[redacted] regarding Calatayud activities over the last year and a half suggests that the group has either disbanded or more likely has merged with National Liberation Army cells. The group—either acting as the Calatayud or under another

name—may continue to proselytize among peasants in Cochabamba or elsewhere and to foment anti-US sentiment among coca-growing campesinos. DEA personnel in Cochabamba have received numerous threatening telephone calls in recent months, but we have no evidence linking the Calatayud to those calls. [redacted]

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**Simon Bolivar Command**

The Simon Bolivar Command (CSB) is an urban-based cell—numbering only a handful of individuals—that draws its members from the pro-Soviet Bolivian Communist Party but operates without the support or approval of party leaders. US installations and officials have been the principal targets for its terrorist actions, which have been either clumsily carried out or designed largely for their propaganda value. [redacted]

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[redacted] the Simon Bolivar Command, rather than the Zarate Willca group, which also claimed credit, planted the bomb on 8 August 1988 that exploded near the motorcade carrying then Secretary of State Shultz. The Simon Bolivar Command was the only group that expressed knowledge about a second bombing that day, this one at the US Embassy's commissary. Moreover, [redacted]

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[redacted] indicates that Communist Party officials suspected Simon Bolivar Command leader Jose Espinosa—a Cuban-trained explosives expert—of having been the culprit, [redacted]

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Espinosa and his group have a history of involvement in anti-US bombings. In March 1986 he was apprehended near the US Embassy soon after dynamite had exploded on the Embassy roof. A subsequent investigation by US security officials revealed that the briefcase Espinosa had been carrying contained dynamite. In May 1987 the Simon Bolivar Command claimed responsibility for a dynamite attack at the Citibank branch in La Paz. There were no fatalities in any of these incidents, and the circumstances suggest that the main intent was to make a political statement. [redacted]

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Figure 1. Police scramble to find those responsible for the bomb attempt against then Secretary of State Shultz. [redacted]



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**Foreign Support**

[redacted] that the Cubans are not advocating armed insurrection in Bolivia at this point, although Cuba reportedly continues to provide on-island paramilitary and other training, especially to members of the National Patriotic Convergency Axis—a radical leftist umbrella organization linked to insurgent groups. Under President Paz, relations between Bolivia and Cuba have been cordial and former Foreign Minister Bedregal, who only recently resigned, was an outspoken Castro sycophant. Social Democrat Jaime Paz Zamora, who has longstanding ties to Cuba, almost certainly is Havana's preferred candidate—among those with a realistic possibility of winning—in the presidential election on 7 May, but Cuba's presence in Bolivia is not likely to be threatened regardless of who wins. Under these circumstances, there probably will be little change in Cuba's policy of pursuing state-to-state relations while quietly working to strengthen the radical left. [redacted]

Cuban officials continue to push for unity among the various Bolivian groups. The Cubans use the National Patriotic Convergency Axis as their main vehicle. Santiago Rafael Salas Ochoa, the political counselor

of the Cuban Embassy, meets regularly with a wide spectrum of Bolivian radical leftists, including National Liberation Army leaders and the Simon Bolivar Command's Espinosa, and the fact that many of these individuals are also members of the Convergency Axis, a legal political entity, gives him plausible cover for doing so. In November, for example, [redacted] Salas was present for the creation of a new radical leftist umbrella group called the Peoples Movement for National Liberation, whose constituent members include the Coordinated 4th of March Movement and elements of the National Liberation Army. [redacted]

Information regarding support to Bolivian radical leftists by other foreign governments and groups is much sketchier. [redacted] in February 1988 Soviet Embassy officials funnelled \$30,000 to a National Liberation Army representative, and the Soviets generally have been far less active than the Cubans in maintaining contacts with Bolivian radical leftists. [redacted] members of the Calatayud have received training in Libya, [redacted]

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**Significant Incidents**

**1989**

Seventeen dynamite attacks in one day against various political party offices. Responsibility unknown.

**1988**

Peruvian naval attache assassinated. Peruvian insurgent group Sendero Luminoso believed to be responsible.

Explosion damages a statue in central La Paz. A previously unknown group claims responsibility as retribution for US failure to grant a visa to Yasir Arafat.

US Embassy commissary suffers minor damage from explosive device. Claimed by the Simon Bolivar Command.

Bomb explodes near then Secretary of State Shultz's vehicle in La Paz. Simon Bolivar Command and Zarate Willca group claim responsibility.

**1987**

A large bomb seriously damages a newspaper office in La Paz. Responsibility unknown.

Explosion next to USAID contractor's home in Cochabamba. Possibly drug related, but Alejo Calatayud Command claims responsibility.

Bomb thrown at US Embassy during labor protest in March. Fourteen bystanders injured.

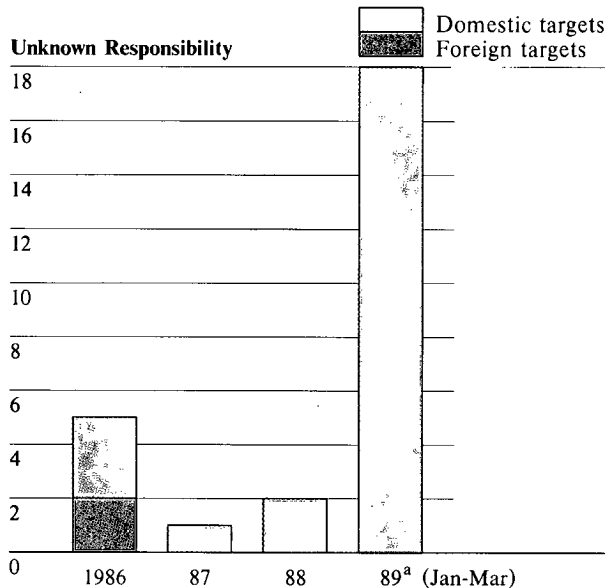
**1986**

Explosive device thrown into the yard of the defense attache operations coordinator. First incident against the US military since 1980.

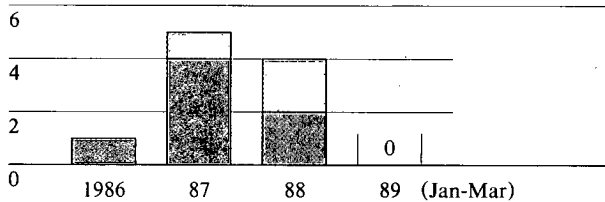
Explosion in Cochabamba at the headquarters of a USAID-funded organization associated with coca eradication. Responsibility unknown.

An explosive device thrown onto the roof of the US Embassy causing minor damage. Simon Bolivar Command believed responsible.

**Figure 2**  
**Bolivia: Bombing Incidents, 1986-89**



**Insurgents Claimed Responsibility**



<sup>a</sup>Includes 17 dynamite attacks in La Paz that occurred in a single day.

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several Convergency Axis leaders have visited Libya over the last several years. In our judgment, the Libyan connection with Bolivian radical leftists is a small part of Tripoli's overall program of subversion and anti-US activity in Latin America. The PLO has an office in La Paz and has contacts with a variety of radical leftists, including members of the Convergency Axis and the Calatayud, but we have no evidence that the PLO is providing material support to any of these groups or is advocating armed insurrection.

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**Links to Narcotics Traffickers**

[redacted] three of the five insurgent/terrorist groups have some involvement in narcotics trafficking. Calatayud has the strongest links to Bolivian narcotics traffickers, having reportedly accepted their financial support and having actively sought to undermine US-supported antinarcotics efforts. [redacted] that one of the Tupac Katari leaders was observed marketing coca leaves, presumably in an effort to provide funding for his organization. Similarly, [redacted] at a National Liberation Army safehouse indicated that an individual associated with that group was known by the security services to have ties to traffickers. [redacted]

In sum, available evidence suggests that several of the organizations may obtain revenue from narcotics cultivation and trafficking, although we do not know the extent of the involvement. Moreover, at least one group has been able to develop links to peasant organizations by claiming that the US-supported antinarcotics program threatens their livelihood. We look for other radical leftist groups to pursue similar tactics—especially if US involvement in interdiction and eradication deepens. In our view, a deepening involvement in the narcotics trade would enable the groups to expand their capabilities. [redacted]

**The Government's Counterinsurgency Capabilities**

Notwithstanding some initial success against the newly formed radical groups, the Bolivian security forces have extremely limited capabilities. The military services can maintain internal order against a low-level guerrilla threat, but the development of an organized, widespread insurgency would severely tax their skills and resources. [redacted]

The Bolivian military is among the weakest and most poorly equipped in the hemisphere, and its problems have been aggravated by drastic defense budget cuts. As a result, the capabilities of the armed forces are constrained by a lack of equipment, inadequate training, marginal leadership, and poor communications and logistic support. Moreover, many military officers

***Bolivia and Ecuador: A Comparison***

*Even Bolivia's rudimentary counterinsurgency capability is relatively better than was Ecuador's before the rise of the Alfaro Vive Carajo (AVC) in 1984. Ecuador did not possess military counterinsurgent forces at that time, although it did have police counterinsurgent units that were to be used if regular law enforcement units failed. Bolivia, on the other hand, has dedicated counterinsurgency units in both the military and the police. Like Ecuador, Bolivia expects its civilian law enforcement units to play a major role against insurgents. [redacted]*

*In 1985, Ecuadorian President Febres-Cordero recognized the need for a better organized counterterrorist apparatus and sought and received training assistance from the United States, Spain, and Venezuela. US military aid remained stable throughout this period at about \$3 million per year, but President Febres-Cordero reoriented Ecuador's military budget from a conventional warfare focus toward counterinsurgency concerns. With an improved intelligence system, a strengthened police counterterrorist capability, and new military counterinsurgency units, the government was able to contain and then roll back the AVC. [redacted]*

*The level of the insurgent threat in Bolivia now is probably somewhat lower than in Ecuador in 1984, in part because the Bolivian insurgent effort is dispersed among a number of relatively small groups. In addition, the AVC was more active than any of the Bolivian groups. However, we judge that social conditions in Bolivia are more propitious for the expansion of insurgent groups than they were in Ecuador. [redacted]*

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have been corrupted by the narcotics trade, with individual officers and Army, Navy, and Air Force units continuing to provide protection for shipments of both drugs and chemical precursors. [ ]

One key deficiency of the military—which significantly limits its counterinsurgency potential—is its rudimentary intelligence capabilities. The Armed Forces Intelligence Directorate appears to be well organized, but is hampered by a lack of funds, manpower, and well-trained personnel. Collection resources are primarily limited to open-source materials and information obtained from subordinate military organizations, low-level agent networks, and trusted ex-military personnel [ ]

Similarly, even though the Bolivian armed forces as a whole have considered internal security to be their major mission in recent years, they are largely trained and equipped for conventional warfare. Of the Army's 50 battalion-size infantry/armor units, only six assault battalions and one jungle battalion have any special forces orientation. Two of these assault battalions, both airborne qualified and designated "rangers," constitute the Army's principal counterinsurgency units. Since the defeat of the Che Guevara-led insurgency of the 1960s in the jungles of Santa Cruz, most of the combat experience for the armed forces has come from its limited participation in counternarcotics operations. [ ]

The Army is generally meagerly equipped with conventional weaponry but does have about 175 armored cars and armored personnel carriers that could be used in urban operations. The Air Force also suffers from a decided shortage of cargo aircraft (mainly four C-130s and four Fokker F-27s) to provide long-range patrol, paratroop operations, or general transport support, and it has only a dozen helicopters. No more than half of Bolivia's aircraft are flyable at any time, and the Army's armored vehicle readiness is about the same. [ ]

#### **Responding to Insurgent Potential**

The military has taken some steps to meet internal security needs and to respond to reports of insurgent activity. For example, the Army has increased patrols and roadblocks in the area northeast of Lake Titicaca

due to reported Tupac Katari activities. The Air Force has been upgrading its conventional fighter capability and expects to add another 22 Pilatus PC-7 attack trainers to the 14 it presently has on hand. It also is adding six more T-33 trainers to the dozen France has delivered since 1986 and all of these presumably could be armed. All of these aircraft—slow flying, relatively easily maintained, and lightly armed—could be adapted for a limited counterinsurgency role in Bolivia. Intelligence activities also have been increased with President Paz recently ordering all military intelligence agencies to operate under single direction; primary emphasis, however, remains on counternarcotics rather than counterinsurgency. In addition, in 1985 a Special Rural Police Unit (UMOPAR) was created under the Ministry of Interior to combat insurgency and narcotics trafficking in rural areas of Bolivia and it now numbers about 640 personnel. Here too, however, the emphasis has been on narcotics [ ]

#### **Foreign Military Cooperation**

Bolivia has sought security assistance from the United States but the bulk of this has been for combating narcotics as well. US military assistance apart from antinarcotics aid has been limited, amounting to \$400,000 of IMET (International Military Education and Training) support in FY 1989 and no MAP (Military Assistance Program) funding. For FY 1990, an additional \$5 million in MAP funding is tentatively scheduled but is subject to review. US Military Training Teams (MTTs) have been conducting training sessions with the Bolivian antinarcotics police in the areas of Chapare and El Beni as requested by the government. The Bolivian military, however, has not been involved with these MTTs [ ]

Over the past year Bolivia has approached Peru and Brazil regarding the problems of narcotics trafficking and terrorism, but regional assistance and exchange generally remain quite limited. During 1988 Bolivia had bilateral cooperation discussions with Peru and exchanged intelligence. Antinarcotics accords also were signed in September 1988 between Bolivia and Peru to establish joint border control programs because the Peruvians are interested in gathering information on the Sendero Luminoso, which may be using

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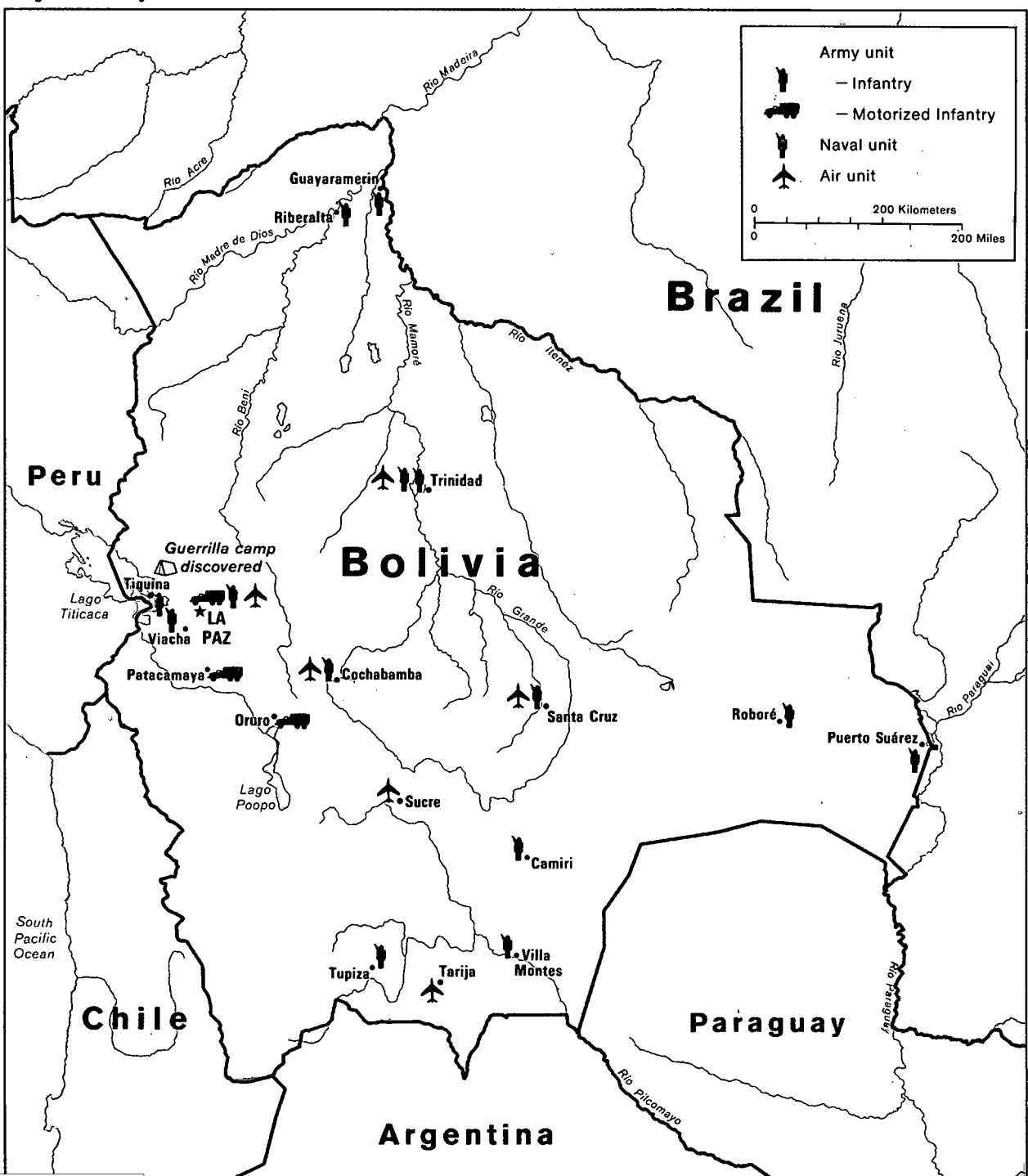
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Figure 3  
Major Military Units



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Bolivia as a safehaven. A small number of Bolivian military personnel—less than 10 per year—also have received technical training in Brazil and Argentina since the mid-1970s. A few others have occasionally trained in Peru, Venezuela, and Spain. In the event of a serious insurgency, Brazil, Argentina, and perhaps Peru would probably be inclined to provide expanded counterinsurgency training and—in the case of [redacted] Brazil—perhaps some military equipment.

• Despite tough austerity measures, President Paz's prestige as the father of Bolivia's revolution in 1952 and his leadership skills have helped keep the lid on social unrest. Bolivia's next president, however, almost certainly will not command Paz's broad respect. The leader in the polls, ex-General Hugo Banzer, has long been anathema to the radical left, and his election might cause students and others to be increasingly attracted to revolutionary violence.

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**Prospects for an Insurgency**

Over the past eight months, political violence—including campaign-related terrorism that exceeds that of previous years—has been on the rise. We expect insurgent activity to grow, but probably unevenly and modestly, over the next two years. The reasons for the growth are several:

That said, Bolivia's insurgency is still nascent and is likely to remain a minor to moderate problem over the next 24 months. Existing guerrilla groups appear to be small and inclined to maintain a low operational and recruitment profile. There is little evidence that individual radical groups are now seeking to change this posture. Moreover, at this stage they may be vulnerable to government countermeasures, however clumsy.

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• [redacted] that the radical left will get a small percentage of the vote in the May presidential and congressional elections, and this poor showing may strengthen the clout of those revolutionary activists who advocate armed struggle. Indeed, the decline in the political strength of legal leftist parties since the mid-1980s is probably one of the reasons for the emergence of insurgent groups.

Bolivia's geography also works against the growth of a large-scale insurgency over the short term. It is literally hard to get around, as much for the guerrillas as the Army. Geographic isolation also leads to a focus on local, nonideological concerns. Che Guevara learned this in 1967 and Tupac Katari may have absorbed a similar lesson last year. [redacted]

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• Government antinarcotics programs are clearly unpopular in the Chapare and other coca cultivating and trafficking regions, thereby providing radical groups with a rallying cry, a base of potential recruits, and a friendly environment in which to operate. In our view, the radical left's prospects for exploiting this issue will grow if Bolivia—with US support—follows through on plans to increase eradication and interdiction.

While Bolivia's economic and social problems are crushing, they have been for 50 years. The politically conscious fraction of the campesinos will shift its allegiance from the current political system only slowly, if at all, believing its lot was improved by the 1952 revolution. [redacted]

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• Bolivia's economy is likely to experience only modest—about 3 percent—real growth over the next year and little headway will be made in reducing unemployment, currently estimated at about 20 percent. The urban unemployed, as well as the underemployed, represent a potential pool of recruits for any insurgency movement.

In the near term, Bolivia's guerrilla groups seem unlikely to receive any substantial boost from outside assistance, although present levels of training and support could easily be maintained. There are several reasons for this: (1) current Soviet policy does not favor new insurgent adventures in South America; (2) Cuba and Nicaragua have other priorities and, beyond perhaps maintenance training, funding, and

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**Social Consequences of Economic Restructuring**

*President Paz's administration has implemented draconian measures over the last three years that have led to an economic recovery but have also had negative social consequences that may be fostering an environment conducive to the growth of insurgency and terrorism. By freeing prices, liberalizing the exchange and trade system, reorganizing state enterprises, reforming the tax system, and strengthening the financial sector, the government cut inflation from an annual rate of 23,500 percent in late 1985 to 20 percent in 1988 and reversed a six-year trend of negative growth rates. As a result of Paz's reforms, however, real wages declined over 65 percent by 1987. Unemployment has also increased, especially in the mining sector where the work force at the state mining corporation, COMIBOL, was slashed from 27,000 to 7,000, and four of the country's 14 major mines were closed down.*

*unemployed miners have flooded into the cities where they have been unable to find jobs; meanwhile in some rural areas an increase in economic-related violence and crime is breaking down the traditional community structure.*

*Bolivians have traditionally depended on the public sector for economic support, but the Paz government's tight fiscal policies have limited public-sector spending. The government's insistence on capping public-sector wage increases and its removal of numerous subsidies also have contributed to the decline in living standards.*

*Government antinarcotics efforts are another source of popular discontent because of the importance of narcotics to the Bolivian economy. We*

*estimate that Bolivians earn about \$600 million per year from coca production, equal to all of Bolivia's legitimate exports, and amounting to 15 percent of GDP. Moreover some studies indicate that as much as 60 to 75 percent of the Bolivian population receives a direct or indirect benefit from the narcotics industry. Revenue from coca cultivation has helped many campesinos particularly in the Santa Cruz and Chapare regions improve their living standards. As long as the price for coca remains relatively high and the government's ability to implement a comprehensive crop substitution program is limited, there probably will continue to be substantial resistance by peasant groups and other organizations to US-supported antinarcotics programs.*

*Despite the short-term social costs of the Paz government's economic reforms, Bolivia's economic prospects are favorable, assuming continued sound financial management. Real GDP per capita is expected to increase in 1989 for the first time this decade, and a recent announcement that public-sector wages would be raised 15 percent should also contribute to a general improvement in real wages this year. Inflation is likely to decline to less than 10 percent this year. There has been a surge in metals output, particularly in gold, and the mining reorganization is expected to pay off this year by increasing export revenues. The leading presidential candidates for the election on 7 May have promised not to alter the basic thrust of Paz's economic approach, but all of them will face growing pressure to implement new social measures.*

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counseling, are not likely to heavily commit themselves to Bolivia unless radicals on their own demonstrate considerable progress and potential; (3) Libya will probably continue to offer travel and occasional training/funding but nowhere in Latin America has this been on a significant level; (4) the PLO will not

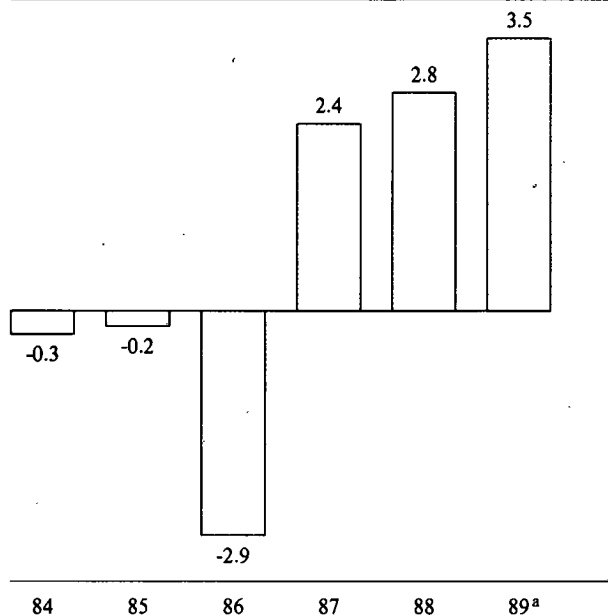
want to jeopardize their current diplomatic position in Bolivia; and (5) some groups like Tupac Katari may be committed to ideological and material self-sufficiency.

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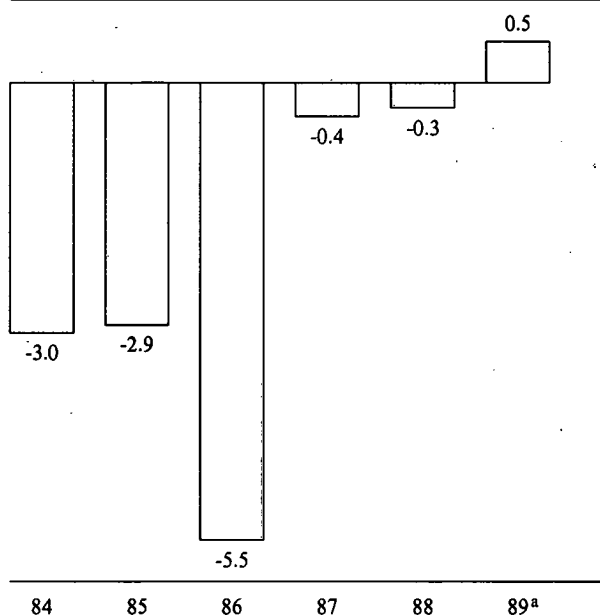
**Figure 4**  
**Bolivian Economic Performance, 1984-89**

*Percent*

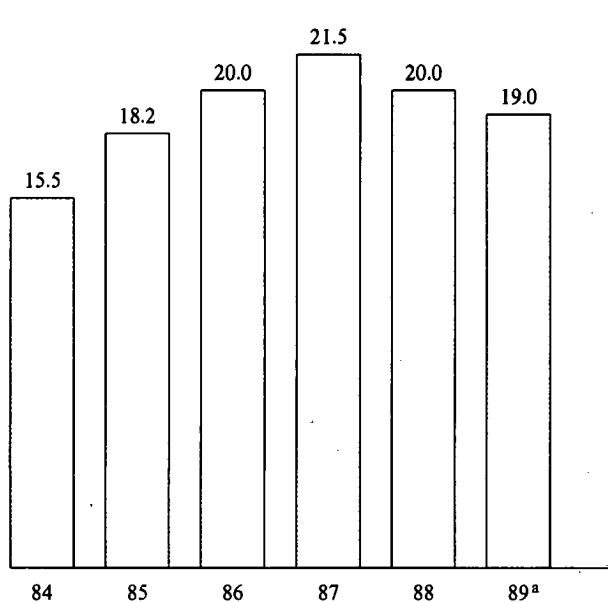
**Real GDP Growth**



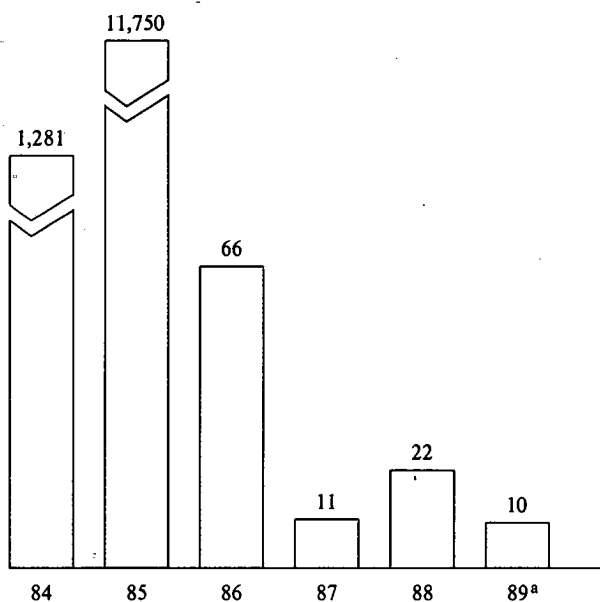
**Real GDP Per Capita Growth**



**Urban Unemployment**



**Consumer Price Growth**



<sup>a</sup>Projected.



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Further, we doubt that developments in neighboring countries will have much impact on the Bolivian insurgency. In particular, there is not likely to be much spillover in Bolivia from insurgency nearby. This is due in large part to Bolivia's geographic isolation, but we also note that in other cases (for example, contacts between the Colombian M-19 and the Alfaro Vive Carajo group in Ecuador or the Salvadoran guerrillas and Honduran leftists) insurgents in one country have had only a marginal capability to support revolution elsewhere. The Peruvian Sendero Luminoso insurgent group, [redacted] has a limited operational capability in Bolivia. Sendero was reportedly responsible for the December 1988 assassination of the Peruvian naval attache in downtown La Paz. It is not likely, however, to provide support for existing Bolivian groups, in part because of its philosophy of self-sufficiency. Sendero—itsself drawn from Peru's Indian population—could conceivably attempt to establish a like-minded group among Bolivian Indians, but this would be a costly diversion of resources and, given the insular, apolitical ethos of Bolivia's rural dwellers, would have limited potential for success. It is possible that the Sendero Luminoso could enter Bolivia to conduct sporadic terrorist attacks, probably against Peruvian targets. In the near future, however, it is likely to concentrate on building its strength in Peru rather than seeking to establish a power base in Bolivia. [redacted]

The level of confidence in our judgments regarding prospects for insurgency in Bolivia is only moderate.

[redacted] [redacted]  
We have greater confidence in our assessment that insurgent groups do face an uphill battle in recruiting widely for their forces [redacted]

Any insurgent growth would be destabilizing but less so if it were primarily rural based. Rural Indian recruitment would be a longer term process for the guerrillas. Moreover, politicians, less immediately threatened by rural rather than urban unrest, would be more inclined to rally round the flag and give the military a free hand. If ex-General Banzer—who still commands widespread support throughout the military—emerges from the May election as the next president, his leadership also would be less susceptible to a challenge in facing a guerrilla threat. Should a coup occur in Bolivia, however, whether directly

connected to an insurgent threat or not, guerrilla fortunes would probably be boosted and an at least modest increase in foreign assistance for the radical left would be likely. [redacted]

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**Implications for US Interests**

If either rural or urban violence does increase, US personnel will be at increased risk, both from collateral injuries from attacks not directed at them and from direct attacks. The US Embassy, located in a building housing a bank and subject to at least one dynamite attack, could become a target. Narcotics traffickers might also take advantage of an increased atmosphere of violence to "settle scores" for extensive US support to Bolivian counternarcotics programs. To the extent that the United States is associated with anti-insurgency aid, the threat to personnel would also increase.

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The degree of threat to the United States is also directly proportional to the degree of US involvement in coca eradication. Reportedly, Cochabamba traffickers are already financing the Alejo Calatayud Command. If the traffickers' supply of coca were to become scarcer because of US-funded eradication or if they felt threatened by other antinarcotics actions such as arrest or extradition to the United States, traffickers would probably increase funding to anti-eradication insurgents. Furthermore, Bolivia's well-organized, leftist peasant federations are outraged by the July 1988 legislation outlawing most coca cultivation. While their demonstrations have been generally nonviolent, coca growers (who number over 37,000) could provide a pool of potential recruits for rural groups. Indication of a more substantial terrorist-narco connection would necessitate an upgrading of the potential threat to Bolivia and US interests and personnel. [redacted]

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The Bolivian security forces are so limited in capabilities that substantial external assistance would be necessary should insurgency become a serious threat. The Bolivians would look to the United States as their principal source of such aid. The government is likely to exaggerate the insurgent threat—even if it privately judges it to be low—in order to attract increased US assistance. [redacted]

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