INTO THE ABYSS: BOLIVIA UNDER EVO MORALES AND THE MAS

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Introduction

When Evo Morales won an overwhelming victory in Bolivia's December 2005 presidential elections, it signaled a historic new chapter in the nation's political history. For the first time in decades a presidential candidate won an outright electoral majority, garnering almost 54 percent of the vote and control of the lower house of congress. Morales, an indigenous peasant who remains the head of the cocalero (coca growers) union, inherited a country that had lived through three years of permanent crisis and the resulting deep disillusionment with the traditional political parties.

Morales' Movement Toward Socialism (Movimiento al Socialismo-MAS) was based on a coalition of social and ethnic movements that had operated outside the traditional political party structure, and whose concerns had remained largely unaddressed in the elite-dominated power structure. The traditional parties, who had largely adhered to the Washington-backed economic strategy of free market reforms and a significant dismantling of state structures, were left discredited and in disarray.

Despite being ethnically Aymara (although he does not speak the language) and rooted in the peasant cocalero social movements, Morales enjoyed strong electoral support from the mestizo or lighter-skinned middle class, signaling a profound sif in Bolivia's traditionally race-conscious politics and breakdown of the traditional political party structure. On taking office Morales promised to oversee the "refounding" of the Bolivian republic based on socialist and indigenous precepts to be enshrined in a new constitution, a sharp repudiation of traditionally close ties to the United States and its counter-drug efforts, and fundamental restructuring of foreign investment laws. However, he pledged to work with all Bolivians within the context of respect for the rule of law and tolerance.

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1 In researching this paper the author spent nine days in Bolivia and spoke with a broad range of political analysts, current and former government supporters, opposition leader, journalists and diplomats. Farah, who spent more than 20 years in Bolivia and interviewed Latin American, European and U.S. intelligence and counter-drug officials.
Those promises have been breached almost from the beginning of the MAS government, leading Bolivia to its worst political crisis since the hard-fought return to democratic rule in 1982. Morales recently proclaimed himself a "Marxist-Leninist," further dimming the prospects of developing a pluralistic, tolerant political structure. And while the government has fashioned itself as nationalistic and unaccepting of outside interference, foreigners have seldom exercised more influence that they do today --- from those of Spanish intellectuals who helped draft the new constitution and military doctrine, to the significant presence of Venezuelan military and governmental advisers and direct involvement creating the voter registration rolls, to the Cuban and Iranian presence in the intelligence structures and economic activity. The Morales government has also allowed formal and informal ties to the Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia-FARC), designated a terrorist and drug trafficking entity by both the United States and the European Union, to flourish. Relations

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between Bolivia and the United States are at one of their lowest points ever, and, despite recent high-level talks, that situation is unlikely to change in the near future. This is due in part to the relationships maintained by close Morales advisers, including his vice president, to armed groups in the region.

**The Past as Prologue to the Present**

Since gaining independence from Spain in 1825, Bolivia has lived through long periods of instability, punctuated by brief periods of stability, usually at the hands of autocratic military rulers. A measure of the nation's political volatility is that it has had more than 200 coup d'états and revolutions in its 184 years of existence. A notable exception was the period from 1982-2003, when a fragile though improving democratic process and institutionalization was taking root. A landlocked country twice the size of Texas with a population of about 8 million, Bolivia is the least integrated country in the hemisphere, with 36 indigenous languages and a geography that encompasses everything from the Andes Mountains to the Amazon basin. The central government, based in the western mountains of La Paz, has traditionally exercised very little control outside the major cities, and, in lowland regions, had little authority even in the urban centers. While the largest ethnic groups have traditionally lived in the highlands, the lowland indigenous groups are small and dispersed and have no unifying language or culture.

Bolivia's modern history can be dated to the 1952 revolution led by Nationalist Revolutionary Movement (*Movimiento Nacionalista Revolucionario-MNR*), which ushered in a period of profound land reform, nationalization of the nation's tin mines (at the time the country's main source of revenue), enfranchisement of the indigenous majority in the electoral process and allocation of a significant, though not dominant power quota to radical, Marxist-oriented unions, particularly those in the economically powerful mining regions.

The MNR period lasted until 1964, when a military coup signaled the beginning of a new era of instability. For the next 18 years the nation was governed by a series of autocratic and sometimes brutally corrupt military dictatorships, many supported by the United States as bulwarks against the spread of Marxism. The longest was that of Gen. Hugo Banzer (1971-1978). After a long struggle led by unions, human rights groups, traditional political parties, the Catholic Church and eventually, the business community, democratic rule was re-established in 1982 and the military returned to the barracks.

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The weakness and fragmentation of the traditional political parties during the tumultuous return to democracy governance ensured that no candidate could achieve a majority at the polls, leaving the congress to choose the president following every election. While the elections were free of electoral fraud, the main parties alternated power through a system of "pacted democracy," where all the major groups were assured of a place at the table and took turns rotating through the presidency. This changed dramatically when the elected government of Gonzalo Sánchez de Losada collapsed after popular unrest led by Morales in 2003 cut the capital off from supplies of food and basic goods. When security forces were ordered to clear the roads, several dozen people died in violent clashes. While often portrayed as a massacre by government forces, the reality is that the protesters bear significant responsibility for the violence. Protest leader Felipe Quispe, whose history is detailed further on, admitted three years after the incident that what led to the crisis was in fact an ambush by his indigenous followers, following his direct orders. Sánchez

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5 Quispe said never anticipated the government would fall from his actions near the town of Warisata. He said he received word that the military had kidnapped three indigenous leaders and threatened to kill them. "I told them, 'get out the guns, and ambush them.'" He said the military responded by shooting innocent bystanders, not those who were carrying out the ambush. "That is what made us furious," he said. "Blood calls to blood." For all of Quispe's statements, see: Abdel Padilla, "Yo ordené la emboscada de Warisata," Pulso, April 28, 2006.
de Losada was forced to resign and now lives in Washington, D.C. The resignation set off a succession of short-lived civilian caretaker governments, and finally, new presidential elections in December 2005.6

In the 3 1/2 years of his administration, Morales has succeeded in fundamentally reordering Bolivia's political, military and economic structures. Among the main steps have been:

- Undertaking programs to significantly redistribute the nation's wealth, including increased pension and social security payments for the elderly and expanding feeding programs for school children;
- Realigning Bolivia closely with Venezuela, Cuba and Iran while permanently opposing the United States and expelling its ambassador and other officials;
- A complete break with the decades-long U.S. sponsored counter-narcotics policies and the expulsion of all U.S. counternarcotics agents;
- Significantly altering the rules of foreign investment in favor of the Bolivian state, reaping an initial windfall in government revenue;
- Sponsoring and overseeing the radical rewriting of the nation's constitution, including redistributing power to the indigenous populations and opening the door for widespread land reform;
- Installing starch ruling party loyalists in key positions that were supposed to be reserved for non-political, professional appointees, such as nation's comptroller general;
- A purge of three senior classes of military officers, including 28 generals, largely because the senior officer corps was opposed to the direct role the Venezuelan government was playing in the Bolivian armed forces;
- Enhancing the rights of indigenous peoples.

However, the cost of such radical and rapid change has been high, and could well spell the end to Bolivia's territorial integrity and existence as a liberal democratic state. Morales' tenure has been marked by:

- Unprecedented regional and ethnic tensions that have led to violence;
- The systematic de-institutionalization of the nation's fragile democratic structures, including the judiciary and independent auditing agencies;

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• A complete restructuring of the military patterned after the Venezuelan model of integrating the armed forces into a host of civic and traditionally civilian roles;

• A radical restructuring of the military doctrine, endorsing the asymmetrical warfare tactics embraced and employed by radical Islamist groups and formally adopted by Hugo Chávez and the Venezuelan military;

• A complete restructuring of the nation's intelligence apparatus, advised by Cuban and Venezuelan experts on internal security;

• Permanent confrontation, insults and attacks-verbal and physical-on members of the press, leading to numerous international expressions of concern;

• A growing intolerance for all lawful opposition and the use of mass mobilizations, often violent, to intimidate the opposition and confiscate personal property, severely impinging on the legal rights of the minority;

• Significant corruption that has reached to the inner circle of the MAS;

• Increased drug trafficking, in part due to the changing nature of Latin American drug trafficking and in part because of Morales' own policies, that are accelerating the process of widespread criminalization;

• A widespread breakdown in the rule of law and the use of illegal detention against opposition leaders;

• Growing ties to the FARC and other armed groups in Latin America;

• Legitimate concerns about the significant foreign intervention, including evidence that the voter registration rolls, (padrón electoral) have been tampered with by the Venezuelan officials. This is coupled with the fact that the Cuban government (and close ally of Morales and Chávez), with no history of democratic exercise, was given the contract to design and print new Bolivian passports, and therefore access all the identification and registration files. Both could be used to ensure MAS electoral victories regardless of the true electoral results.

The government has not been alone in creating the tension, and the political clashes have not occurred in a vacuum. Regional opposition groups of the eastern part of the country, collectively known as the Media Luna, (the departments or states of Beni, Pando, Santa Cruz, Tarija and Chuquisaca), particularly those based in Santa Cruz, have had their own incidents of violence and physical attacks on government supporters. The groups' harsh and uncompromising rhetoric, calls to break ties with the central government and occasional refusal to recognize the authority of the central government have fueled government concerns of secessionist movements and the breakup of the nation. The region’s threats to cut off basic goods and services to the highlands
and sometimes violent protests against the strong and public Venezuelan military presence in the country has also exacerbated tensions.

The Historic Crossroads

For the first time in its history Bolivia is simultaneously facing four historic fractures that jeopardize the existence of the country as a political entity and its fragile liberal democratic system, at a critical juncture when the rules of viable political participation of a large segment of the population are at stake. The crosscutting fractures in Bolivia's ethnically and geographically diverse composition are not new but have not been so deep and simultaneously felt in the past. They are:

- Ethnic--between the indigenous highlanders (Aymara and Quechua) and the mestizo or mixed race peoples;
- Regional--between the more heavily populated western regions of La Paz, Oruro, Cochabamba and Potosí and the eastern, resource-rich Media Luna;
- Social--between the rich and middle class and the majority of people who live at or near poverty or in poverty;
- Political--between the traditional strongly free market entrepreneurial class that for decades supported autocratic military rulers (mostly based in the Media Luna), and the left, long one of the most radical in Latin America led by strong unions and campesino movements who have long espoused socialism (largely based in the highlands).7

Of particular concern, though never completely clarified, were the incidents of Sept. 11, 2008, in the Pando department, which left 13 people dead over two days of unrest. Multiple reports show that government supporters, intent on marching on Cobija, the capital of Pando department, clashed violently with a group that supported Leopoldo Fernández, the Pando's prefect (governor). Most of those killed were government supporters.

This case will be examined in more detail below because the official reports neglect to mention the inflammatory rhetoric of a senior government official and close Morales confidant, who, just two weeks before the violence, gave a speech promising to "bury Fernández so he can rest in peace among the worms." Another incident that received little international attention was the June 21, 2008 attack on a television station in Yacuiba, in the province of Tarija, shortly before a vote on regional autonomy. The vehicle used for the attack was allegedly rented by the Venezuelan embassy and an active duty army officer assigned to the presidential palace and

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7 This definition of Bolivia's deep cleavages and simultaneous fractures borrows heavily from discussions with many people, including some leading intellectuals who have been close to the MAS in the past. They asked to remain anonymous because they have already received threats from MAS supporters and warned to stop criticizing the party. These were unprecedented requests for anonymity in my 20 years of covering the country.
several others were arrested in the attack, which the opposition claimed was an incident of "state sponsored terrorism."  

What is clear is that the Morales government has sought to steadily expand the power of the central government and the MAS (indistinguishable in the new model), stifle opponents, silence or buy the critical media while spending state money on official government newspapers, radio stations and TV channels; and gain control of all levers of state power. As leading Bolivian political scientist René Antonio Mayorga notes:

_Since its beginnings as a conglomerate of cocalero syndicates forged by direct action, the MAS has been essentially an authoritarian and anti-democratic movement, where internal debate, acceptance of dissent and the clash of ideas are foreign concepts. As a governing party the MAS has become an organization controlled by a small group of people who exercise power in the name of indigenous social movements and whose members, like (vice president Alvaro) Garcia Linera or (minister of the presidency) Juan Ramón Quintana were never members of the MAS and who joined the party during the electoral process._

In the MAS model, the traditional democratic limits between the social movements and the government are erased, meaning that one is "in" or one is "out," with no middle ground tolerated. The fusion of party, social group and government is demonstrated by Morales himself, who holds three positions simultaneously: president of the nation, president of the coca growers' syndicate, and the leader of the MAS. The model relies on constantly mobilizing of followers to fight the enemy, which in turn implies the constant need for an enemy, which explain some of the otherwise inexplicable and seemingly unnecessary conflicts around the region that Morales has engaged in.  

In this construct, negotiations are a last resort, taken reluctantly and only when there is not enough force to impose one's will. The MAS' willingness to use "measures of force" to try to coerce the legislative branch (surrounding the congressional building with thousands of government supporters, beating opposition members, a presidential hunger strike and blocking the nation's main highways are among the tactics used) fuels the sense that negotiations take place only under duress.  

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10 For example, in one outburst over comments by Peruvian president Alan García, Morales sparked a diplomatic spat by saying his large Peruvian counterpart's "obesity is affecting his judgment" on diplomatic matters.
11 The most recent example was the new Electoral Law that the MAS drew up and wanted to pass through congress. In response to the opposition-controlled senate's refusal to pass the law as written, which would have created serious problems in the registration and opened the door to
overtly supported by the MAS, adds to that sense that the government turns to negotiations as a last, rather than first, resort. As Mayorga noted: "the Morales government publicly opted for a policy of confrontation and the undemocratic imposition of its electoral majority, and set out to eliminate or corner the opposition in congress, impose its agenda in the constituent assembly, control the state power and weaken departmental governors from the opposition...it is clear the MAS government has become a fundamental part of the political crisis, not an alternative that could be a solution."\textsuperscript{12}

Perhaps the most egregious act of violence came on March 7 when a group of indigenous peasants attacked and sought to burn down the house of former vice president Victor Hugo Cárdenas, while his family was inside. Cárdenas, a respected Aymara Indian leader, served as Sánchez de Losada's vice president from 1993-1997, was not at home when the attack began, but his wife and two children were. After the mob broke through the main door and tried to set fire to the house, the family came down and were beaten by the crowd and had to be hospitalized for two days. Cárdenas had written letters to the regional police asking for protection and stating that he had information the attack would be forthcoming. During the attack, which lasted several hours, the commanders of the nearest police did not respond to numerous urgent calls from the Cárdenas family, seeking protection. Nor has anyone been arrested, despite the fact that the entire incident was videoed.\textsuperscript{13}

What was striking was not just the attack itself on a respected public figure, but the public justification for it by the perpetrators, and the government's delayed and faint condemnation of the action, coupled with official justification for the attack. It is worth noting that even the tepid government response came only after three European governments formally protested the attack, international human rights groups condemned the incident and other expressions of international concern.

"We don't pardon those who betray our brother Morales," a leader of the 400-strong mob, Alfredo Huaynapaco, told The Associated Press, indicating the move was retaliation for Cárdenas' political views.\textsuperscript{14} A few days later Morales denied his government was responsible for the attack, but then echoed the attackers: "The people do not tolerate or forgive traitors." He said that Cárdenas had "lied about himself, about the government and about the new constitution, and widespread fraud, MAS supporters surrounded the congress, formed a gauntlet to shout insults and hit opposition members entering and leaving the building. Morales and several senior government officials went on a much publicized hunger strike in order to force the senate to act. In the end, after a marathon negotiating session, several of the more controversial elements of the new law were modified and the law was passed.

\textsuperscript{12} Mayorga, op cit.

\textsuperscript{13} Cárdenas had angered many of Morales' indigenous supporters by leading the campaign to defeat the approval of the new constitution and opposing Morales on other issues. Until Morales' election president, Cárdenas had been the highest elected official of indigenous origin. For a fuller accounting of the incident see: Paoloa Flores and Carlos Valdez, "Indians Challenging Morales in Bolivia Face Dangers," Associated Press, March 18, 2009. Cárdenas is a likely presidential candidate to challenge Morales in the December 2009 presidential elections.

\textsuperscript{14} Flores and Valdez, op cit.
these lies cause a reaction." Vice president García Linera added that "The question Victor Hugo Cárdenas needs to ask himself is, what is the damage he has done to his neighbors, to the community, so that they criticize and repudiate him. That is the question he must answer before history." As Human Rights Watch noted, "Such ambiguity (by the government) undermines the rule of law in Bolivia."

Morales himself has been clear that he views all opposition to the MAS and his platform as betrayal and treason. It is worth quoting his March 27, 2009 speech to cheering supporters:

I want to tell you, companions and union leaders, to all of you, if you are not with the official party (MAS) at this time, you are the opposition. If you are opposition, then you are right wing, of the racist-fascists, of the neo-liberals...it is time for definition-either you are with the MAS or you are a fascist (this rhymes in Spanish: Sos MASista o sos facista). There is no middle ground. Define yourselves.

Later, Morales told his supporters that obtaining a majority in both houses of congress was a primary objective in the December elections, so that "that from December this year we shall really enjoy power [which means] that we should have the executive, legislative and judicial powers. Right now we are not in power, only in government. We are doing what we can by decree."

The increasingly strident "us against them" statements and overt disregard for checks and balances provide a worrisome context for other statements by Morales and MAS leaders. Morales has repeated on numerous occasions that he did not come to the presidential palace as a "visitor, or someone passing through, but we have come to stay for a long time, until we change Bolivia. I say this not just for myself but for the social movement that is now in the palace." Despite the deepening divisions and acrimony, Morales remains the most popular political figure in the country, while the opposition remains divided and without a credible, unifying figure.

Perhaps most worrisome on an international level is Morales' increasing reliance on autocratic, non-democratic states for financial, military and intelligence support. The two most prominent are Venezuela and Iran, in addition to Cuba and Nicaragua. Of particular note is Venezuela's Hugo Chavez, who each year directly pays tens of millions of dollars to the senior leaders of Bolivia's military and building a series of new military outposts, while providing intelligence

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17 The statement was reported in all Bolivia's major written press. A video of the speech can be found here: http://www.ahorabolivia.com/2009/04/08/debate-%C2%BFsos-masista-o-fascista/
training and equipment. At least another $110 million a year goes to directly pay for presidential program "Bolivia Changes, Evo Fulfills His Promises" (Bolivia Cambia, Evo Cumple). None of the money passes through the normal budgetary process, but rather flows directly to the presidency with no outside accountability or oversight.

Figure 2: A handwritten check from the Venezuelan embassy to the municipality of San Ramón for $108,704.

Iran's aid and activities are equally opaque, with no aid or bilateral programs passing through the normal, institutional channels for approval and oversight. While the Iranian government has promised $1.1 billion in aid to Bolivia over five years, few of the announced programs have actually begun. The only public records of what is spent from these sources are the presidential announcements of programs using the funding, and often the announced programs are nonexistent.

This quantity of Venezuelan and Iranian aid, now far surpassing what the United States was giving to Bolivia, has only been possible because of the oil bonanza reaped by both countries in the earlier part of this decade. While Chávez had long talked about stoking a Bolivarian revolution in Latin America, it wasn't until he had the oil money to do so that the plan began to

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20 For a more comprehensive look at the relationship between Morales and the military and the ties to Venezuela, see: "Bolivia's Military: It's a Difficult life, but certainly there is no sing of a pending military coup," Council on Hemispheric Affairs, Nov. 5, 2008.

21 The estimates of Venezuelan military aid come from author interviews. The amount of aid for the presidential program was stated by vice president Garcia, who stated the program had given $200 million over two years. See: Tyler Bridges, "Iran's Unlikely Embrace of Bolivia Builds Influence in U.S. Backyard," McClatchy Newspapers, Feb. 9, 2009.

materialize. Iran had no interest in Latin America until it achieved international pariah status and had the oil money to begin to pursue non-traditional alliances in Latin America and Africa.

If Iran and Venezuela, co-founders of OPEC, did not have a common interest in hydrocarbons and did not have the revenue streams to finance their dreams it is unlikely their alliance would be so central to the foreign policy of each nation. However, the relationship had come to define the key foreign policy initiatives of both nations.

Despite statements to the contrary by the leaders of both countries there are indications that, as the price of oil remains low, neither Venezuela nor Iran will be able to keep up their expansionist policies. The Venezuelan budget, for example, is built on the assumption that oil will be $90 a barrel but in fact it has been below $50 for most of 2008 and most of 2009, although the price has recently climbed to close to $70 a barrel. Even with significant reserves Venezuela is being forced to undergo significant internal belt tightening, as is Iran.

This complete lack of transparency in the bilateral relationship is of particular concern because Chavez has openly embraced and urged his allies to adopt a military doctrine of asymmetric warfare against the United States that explicitly endorses the use of suicide bombings, mass civilian casualties, and the creation of irregular guerrilla movements across the Latin American continent in response to his perceived "imperialist" policy of domination and strong possibility of an attack by the United States. This will be discussed in some detail below. The fact that Chavez has repeatedly promised to send the Venezuela military to support Morales in case of unrest and create, as he quoted the Argentine/Cuban revolutionary Ernesto "Ché" Guevara, "one, two, three Vietnams" in Latin America is not insignificant, especially given his documented support for regional armed movements such as the FARC and his massive purchase of weapons.

The purpose of this paper is not to recount all the political battles that have been fought, the referendum votes, the judicial battles, or the multiple and amply documented irregularities in

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23 According to official statistics, the Venezuelan government has spent a total of $220 billion in foreign aid and purchases since 2005. This includes almost $10 billion in weapons purchases from Russia, and the purchasing of the Argentine foreign debt, among many other items. See: Reyes Theis, "Government Announced Foreign Expenses of $220 Billion," El Universal, provided by the BBC Latin America Monitoring Service, March 31, 2009.

24 The most recent estimate by the Venezuelan government is that its oil revenues will fall from $87 billion in 2008 to $31 billion in 2009. The oil sector funds about half of the national budget. See: "Falling Reserves Tell a Story," Andean Regional Report, Latin American Newsletters, April 2009.


26 Among the almost $10 billion in publicly announced arms purchases by Chávez in the past four years is a license to manufacture the Russian AK-47 assault rifle (Kalashnikov), in addition to the purchase of more than 100,000 of the weapons. The fear among many in the region is that the weapons, the most durable and lethal small arm in history, will be distributed to Chávez allies, both state and non-state, in an effort to arm the Bolivarian revolution. See: Christopher Toothaker, "Chavez claims AK-47s needed for defense against U.S.,” The Associated Press, June 18, 2006.
rewriting the nation's constitution. Nor does it examine the overall economic program such as the "renationalization" of the nation's hydrocarbon industries. Rather, it looks at the factors that pose a significant danger not only to the country and its survival, but to the region and to the United States.

Figure 3: Bolivia's Evo Morales and Venezuela's Hugo Chávez consult.

**Morales and the MAS and the Rise to Power**

It is impossible to understand the phenomenon of Evo Morales and the MAS without understanding some of the historical and economic factors that led to the demise of the traditional political order in Bolivia and the rise of a radical populist/indigenous movement that swept to power. The Morales phenomenon is a measure of the profound failure of the previous governments, all who followed a free market model designed to rein in hyperinflation in the

27 Perhaps the most complete look at the many shortcomings of the constitutional convention from a participant in the process has been: Jorge Lazarte, "Plurinacionalismo y Multiculturalismo En La Asamblea Constituyente de Bolivia," March 2009. For further details of the political issues, see Gamarra, op cit., and George Gray Molina, "Bolivia's Long and Winding Road," Inter-American Dialogue, July 2008.
early 1980s and create a less state-centric economic model through privatization and joint
private-state enterprises, to deliver economic benefits to the majority of the population.

Morales is not alone riding this wave of discontent that has brought a new generation of angry
populist leaders who self identify with the revolutionary left, to power in Latin America. In
addition to Chávez in Venezuela and Morales in Bolivia there is the election of Rafael Correa in
Ecuador, the election of Liberation Theology leader Fernando Lugo in Paraguay, and the
reelection, after more than a decade out of power, of Sandinista leader Daniel Ortega in
Nicaragua. This group stands in contrast to the more institutional and nonviolent left in Latin
America, which has also won significant victories, most notably in Brazil with Luis Inácio Lula
da Silva in Brazil and Michelle Bachelet in Chile. The election of Mauricio Funes and former
guerrillas of the FMLN in El Salvador came about with the help of both of these lefts, and the
FMLN as a party is deeply split over which alliance to pursue.

The free market model in Bolivia, referred to often in Latin America as the neo-liberal model,
had included the privatization of many industries long held by the state and the closing of many
mines that had long been the backbone of Bolivia's economy but were no longer profitable.
Sánchez de Losada's administration sought to bring a modified model to the privatization
process, allowing foreign companies to "capitalize" state-run enterprises in exchange for an
ownership stake. While the state retained a 51 percent share in the companies, private investors
had significant say in their administration, and the state companies were far less subject to
political patronage than in the past. Much of the money raised by doing this in the sectors of
aviation, hydrocarbons, railroads, electricity, and telecommunications was placed in a national
trust fund whose profits used to finance programs for the nation's poorest retirees and students.
In fact, many of the programs like the Bonosol program, begun in that period have been kept in
place and expanded by Morales under different names. The enterprises themselves were
modernized, particularly the telecommunications services.

However, the process of halting state subsidies to public enterprises that were unprofitable,
particularly the closing of mines, led to massive social dislocation and migration of highland
inhabitants to the lowlands. There was also the widespread perception that issues of poverty and
social enfranchisement were not being addressed by the political, non-indigenous ruling class,
who were viewed as profiting unduly from the capitalization process along with their foreign
partners.

The rampant corruption of the period and the numerous irregularities in privatization processes
fed the feeling of disillusionment and the growing demands for deep change, centered on the
convoking of a constituent assembly, which Chávez had successfully done. Morales rode to
power on that wave of disillusionment and promise of a new national beginning.

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28 Chávez directly supported the electoral campaigns of his allies in Bolivia, Peru, Ecuador and Nicaragua. Only in
Peru did his ally narrowly lose.

29 While Chávez sought to inject himself forcefully into the Salvadoran campaign, Funes refused numerous requests
to meet with the Venezuelan president and turned his fund-raising energies toward Brazil, where he was moderately
successful, particularly in receiving funding for his media campaign.

30 For a more detailed look at the factors giving rise to Morales' election see: Luis Tapia, "Representación,
Participación y Democratización en las Relaciones Estado-Sociedad Civil En Bolivia," La "Nueva Izquierda en
For the 20 years before winning the presidency, Evo Morales had been the head of the coca growers union in the Chapare tropical lowlands, a position he still holds. Coca leaf is the primary raw material used in making cocaine, and also has traditional medicinal, cultural and religious uses in the Aymara and Quechua indigenous communities. However, most of the high quality coca used for chewing is grown in the traditional coca-growing region of Los Yungas, at a more apt elevation for high-quality leaf. The Yungas supply of coca was sufficient to meet the traditional demand of coca.

According to his official biography Morales moved to the Chapare from his home state of Oruro in 1980 when he was 20 years old after his family crops at home were wiped out.31 The Chapare region, lying in the foothills between the Andes Mountains and the Amazon basin, was first heavily settled by highland indigenous groups around that time. Most of those arriving were seeking land and economic opportunity as the traditional mining industry collapsed and agricultural production declined in the highlands and arable land was increasingly scarce.

**The Beginning of Large-Scale Drug Trafficking in the Chapare Region**

The mass migration to the Chapare coincided with the beginning of the large-scale drug trafficking operations of the Medellin cartel in Colombia. While the cartel, under the leadership of Pablo Escobar and Gonzalo Rodriguez Gacha, had the ability move cocaine and sell it in the United States, most of the coca leaf, used to make the drug, was grown in the newly productive regions of the Upper Huallaga Valley in Peru and the Chapare in Bolivia. The financial incentive of the cocaine industry set two dynamics in progress.

The first was the rapid expansion of coca cultivation in Peru and Bolivia, leading to an influx of settlers to those regions. The center of the activity in Bolivia was the Chapare and the coca growers syndicate, eventually under the leadership of Morales, grew into the driving economic force of the region. The second is the permanent confrontation of the coca growers with the government of Bolivia and the United States over counter-drug policies, centered on interdiction of unrefined cocaine and coca eradication. The basic premise of the interdiction strategy, financed by the United States was that, without the raw material, cocaine production would fall. Elite, U.S.-trained counternarcotics police built a permanent base in the Chapare to carry out the interdiction policy, with advise and training by DEA agents also on the base. There are credible reports of the counternarcotics police carrying out serious but not systematic human rights abuses against the coca-growing communities.

The coca growers argued that the coca plant, which traditionally grows two or three harvests a years, could not be adequately replaced through alternative development crops that were offered. They also argued that they grew coca and should not be penalized if others took a traditional crop with cultural and medicinal properties and turned it into a substance that was abused by users in far away lands. The official line of Morales and the coca growers was that they simply...
sold the coca, and did not know how it was used, therefore they were not involved in drug trafficking. However, it was clear from the beginning that the vast majority of the coca grown in the Chapare was for the production of cocaine.32

In order to counter that reality and give the coca from the Chapare a legitimate use, one of the announced programs of Venezuela in Bolivia is to help develop commercial uses for the coca leaf, including toothpaste, soap and pharmaceuticals. There has been little success in past efforts to commercialize the coca leaf.

Both of these dynamics had profound repercussions for Morales and the inner circle of the MAS in later years, and directly contributed to their rise to power. Morales' social base, his ability to harness and lead a social movement in constant conflict with the state, his permanent conflict with and resentment of the Drug Enforcement Administration (DEA) and the United States, were shaped by those earlier battles. Roots of his intense disdain for both the traditional political class and its institutions, particularly the police and military, can also be found here. His roots explain the political impossibility of his administration seriously tackling issues of coca eradication as well.

Figure 2: Coca for sale in the Chapare

32 Because of the Chapare's remoteness at the time of its settlement, it was difficult for the settlers to make a living from traditional crops. Coca bushes, yielding two or three harvests a year and taking only three years to begin producing, was far more lucrative. However, the ideal climate for growing high quality, chewable coca leaf used in the traditional indigenous manner is found in elevations from 3,500 feet to 6,500 feet, far higher than the Chapare. As a result, almost all the coca used for chewing is found in the mountainous, semi-tropical Yungas region, the traditional home of coca leaf since Incan times. The vast bulk of the coca grown in the Chapare, since its inception, has been used for cocaine production rather than traditional uses because it is of greatly inferior quality.
The Changing Nature of the Cocaine Trade

It is important to understand further the dynamics of the cocaine trade in Bolivia as they evolved over time because it has a direct impact on the situation today. The current situation is notable for several new developments:

- The increasing production of refined cocaine (HCL) in Bolivia, primarily aimed at the growing Brazilian market;

- Widespread HCL production in small laboratories relying on new technology and techniques that make such small-scale production economically viable and much more efficient;

- The slow but steady increase in coca cultivation after years of decline;

- The increasing sophistication of Bolivian drug trafficking organizations.

The same trends, on a smaller scale, are underway in Peru, allowing for the rebirth of the feared Shining Path (Sendero Luminoso) guerrillas. While there have been several large-scale drug seizures in Bolivia in recent months, Latin American, United Nations and U.S. officials agree that there has been a sharp and ongoing rise in cocaine production and transit through Bolivia and Peru.33 Gen. Oscar Naranjo, the commander of the Colombian national police, stated recently that Colombia, due to the weakness of the traditional groups as described below, no longer produces 90 percent of the world's cocaine, as has been the case for most of the past two decades. Rather, he said, Colombia produces about 54 percent of the HCL on the world market "with the rest coming from Peru and Bolivia."34

At the same time northern Bolivia, particularly the region around Cobija, has become an increasingly active transshipment point for Peruvian cocaine, which is also increasing, with the target market either Europe or Brazil.35 This has led to a wave of unprecedented violence in the area known as "Bolivia's Triple Border," where Bolivia, Peru and Brazil meet. The wave of killings around Cobija are described by one Bolivian official as the tip of the iceberg, because they are related to drug trafficking, which "is the crime that displays the greatest connectivity with other grave crimes committed in Cobija: murders, robbery, holdups, car theft and others."36

In the late 1970s, under the de facto regimes of a succession of military rulers, primarily Gen. Hugo Banzer Suárez, cocaine trafficking became deeply entrenched in the state power structure.

Its culmination was during the brutal 1980-1981 regime of Gen. Luis García Meza and his senior military leadership, dubbed the "cocaine colonels," who turned the Bolivian state (with the help of Nazi war criminal Klaus Barbie and Italian fascists) into a drug trafficking syndicate. Both García Meza and his notorious interior minister, Col. Luis Arce, are serving prison terms for crimes against humanity and drug trafficking carried out during that time.

While the criminal component was significant, it is important to note that the Bolivian (and Peruvian) organizations at the time largely limited their operations to the less profitable activities of extracting the cocaine essence from the coca leaf and making cocaine base, but not refining the product into cocaine (HCL). That final, and most lucrative aspect of the production was controlled by the Colombian organizations. Even the lower-end production activities offered ample funding for corruption and illicit profit but prevented the Bolivian groups from growing into vertically integrated organizations that could challenge the state for power, as the Colombian cartels did. In addition, the Colombian organizations refused to tolerate separate trafficking activities outside of their direct control.37

By the mid-1990s, the Colombian cocaine organizations, with increasing reliance on the protection of the Marxist Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia-FARC) and the right-wing paramilitary forces that became the United Self-Defenses of Colombia (Autodefensas Unidas de Colombia-AUC), moved to consolidate their direct control over even the early phases of cocaine production, including concentrating the growing of the coca and the base-making phase. The FARC has been designated a terrorist organization by both the United States and the European Union,38 and the AUC has been designated a terrorist organization by the United States.

Several factors contributed to the shift in cocaine trafficking patterns. Mexican cartels were taking over control of distribution routes inside the United States from the Colombians, who were increasingly afraid of being arrested or being extradited. At the same time the United States was becoming more successful in shooting down the aircraft ferrying coca paste from Bolivia and Peru to the cocaine laboratories in Colombia. In response, the Colombian cartels, particularly areas under FARC control, began growing thousands of hectares of coca leaf, which enabled them to control the production of base and refined cocaine. This deprived the Bolivian and Peruvian coca growers of much of their traditional illicit market, while providing the FARC with a social base among the thousands of campesinos that migrated to the new coca growing regions.39 The smallish Bolivian organizations began to look to non-competitive markets, such as

37 One of those sent to coordinate with the Bolivian producers and enforce the rules of the Medellín cartel was Fidel Castaño, who later became one of the first paramilitary leaders. For details see: Jeremy McDermott, "Brothers In Arms," Daily Telegraph Magazine, Nov. 8, 2008.
39 Like the coca grown in the Chapare, the Colombian lowland coca is of poor quality and not suitable for anything other than making cocaine.
Brazil, to exploit without running afoul of either the more powerful Colombian or Mexican structures.

The return of civilian rule in Bolivia did not end the influence of drug traffickers. The government of Jaime Paz Zamora (1989-1993) and that civilian rule of Hugo Banzer (1997-2001) saw numerous high level scandals involving senior government officials in drug and corruption scandals. But nothing, including the Morales administration, has approached the level of the García Meza years.

However, the current changing dynamic of the Colombian cocaine trade have again presented the Bolivian organizations with new opportunities, at the same time that there is increasing coca production under the Morales government, presenting a new dynamic that the MAS government is unlikely to be able to control, even if the political will were there, and there is little sign such will exists.

Due to damage inflicted by Colombian government forces on the FARC, the AUC and the dismantling of traditional cocaine cartels (Medellín Cali, Northern Valley etc.) in recent years, these organizations are no longer able to exert the type of control over who enters the market that they could in the 1980s and 1990s. As a result, they are no longer able to keep the Bolivian (or Peruvian) groups from refining cocaine, albeit on a much smaller scale than Colombia.

In addition, Mexican organizations are attempting to expand their reach southward, perhaps in a bid to bypass the Colombia trafficking organizations all together (that is, eliminate the middleman) by dealing directly with Bolivian and Peruvian cocaine producers. This would represent an unprecedented power grab by the Mexican cartels, but they have not yet been able to consolidate the move due to the pressure by the Mexican government on their organizations.

This means, as a senior Colombian counternarcotics official said, for the first time in two decades there is no drug "capo" with a dominant organization. As a result, the entire power structure and relationships among drug trafficking organizations across Latin America are shifting and fluid.40

In addition several Latin American nations, particularly Brazil, have rapidly growing internal markets for the consumption of cocaine, meaning that less sophisticated groups with less of an international structure can still find a market for their product. Brazil currently is the second largest consumer of cocaine in the world, second only to the United States, and is the destination of more than 80 percent of the Bolivian cocaine.41 The other 20 percent is largely flown out through Venezuela and destined for European markets. The uptick in coca leaf production and the political impossibility of serious eradication efforts, coupled with the deep cut in international aid for drug interdiction point to growing problems ahead. Already several scandals, both drug related and of other types of corruption, have tarnished the upper echelons of the MAS and brushed close to Morales himself.

40 Author interviews.
Bolivia Joins the Venezuela-Iran-Cuba Axis of the Bolivarian Revolution

For several years before winning the presidency Morales had cultivated close ties to Hugo Chávez in Venezuela, the Castro brothers (Fidel and Raúl) in Cuba and Sandinista leader Daniel Ortega in Nicaragua. Chávez and Morales enjoy a particularly close relationship and often discuss the joint policies of the two governments as if they were one. Shortly after his election Morales visited Cuba and Venezuela, and told Chávez that "I feel like I have my first cabinet here in Venezuela. You will also have a cabinet in Bolivia."42 Morales himself has said that, in an early 2003 meeting with Fidel Castro, the Cuban leader urged him not to opt for an armed insurrection to achieve power. "Don't do what I did, don't have an armed uprising," Morales said Castro told him. "Lead a democratic revolution, like Chavez's, with a constitutional assembly."43

Morales' vice president Alvaro García Linera, a former member of the small Marxist Tupac Katari Guerrilla Army (Ejército Guerrillero Tupac Katari-EGTK) who served five years in prison (1992-1997) for a series of armed attacks in the late 1980s and early 1990s44, also maintains strong ties to Chávez, the Castros and other leaders and groups of Latin America's old left that espoused violent revolution.

Two of Morales' closest advisers and most powerful people in the government--García Linera and Juan Ramón Quintana, the minister of the presidency--handle the day-to-day relations with Venezuela and other countries in the Venezuelan axis. It is important to understand their role, and their relationships to groups advocating armed insurrection as a viable option for regime change, particularly given Chavez's role in directly supporting such armed movements in Colombia and elsewhere.45 In addition, several other players close to Morales or who work with him as political allies, have direct ties to armed groups.

Both García Linera and Quintana are interesting in part because neither one is of indigenous origin and neither one was part of the MAS's initial structure or movement. While García Linera had a long history in Bolivia's radical and violent left, Quintana was a U.S.-trained military officer who had built a reputation for supporting civilian rule and the professionalization of the military. He even wrote a book in the mid-1990s on the topic of civil-military relations in a project financed by USAID.46

46 Author interviews, confirmed by U.S. officials who worked on the project at the time.
Despite being from a white, middle class family and attending universities abroad, García Linera developed into one of the primary ideologues of the indigenous and peasant movements, which Morales came to lead. His personal history of having joined an armed movement greatly enhanced his credibility in the militant Latin American circles that still espouse armed revolution. The vice president has also been at the forefront of two seemingly contradictory threads of the government behavior. He has often been the lead negotiator with the opposition, and has reached some important breakthroughs in that role. At the same time he is one of the primary architects of the creation and use of militant indigenous groups who act as shock troops on behalf of the government.

In the mid-1980s García Linera helped found the *Ayllus Rojos*, experimental, Marxist-inspired native communities organized in northwestern Bolivia with the goal of establishing an “indigenous government of liberation.” Some of these groups later formed part of the most recent incarnation of the *Ponchos Rojos*, the paramilitary shock troops of the Morales government that have existed in different forms for generations as defenders of Aymara independence.47 In separate acts at times when political tensions were running very high, both Morales and García Linera called on the *Ponchos Rojos* (Red Ponchos, named for the color of the native dress its members where when acting on behalf of the group) to defend the government, using weapons if necessary.48

Members of the group have been given a semi-official status with the government, have paraded with the military, and been visible in many of the confrontations with the political opposition.

The incident that brought widespread attention to the group was the November 2007 public beheadings of two dogs, who were hung by ropes and then had their throats slit while still alive in the town of Achachachi, the stronghold of the group. While the killings took place and television cameras recorded the images, leaders of the Ponchos Rojos shouted that the act was a warning to the same thing would happen to who opposed Morales and the MAS and specifically saying the same fate awaited the opposition "dogs" in the lowland department of Santa Cruz.49 The government did not condemn the action, although it eventually did ask the group to turn in weapons some of its members had been brandishing. At the ceremony where 10 Ponchos Rojos turned in World War II-era weapons, defense minister Walker San Miguel said: "Have no doubt, compañeros, if the country needs to, it will be the state that gives you weapons to defend Bolivia."50

(The Ponchos Rojos are not the only armed shock troops in Bolivia, although they are the largest and government sanctioned. The proliferation of armed groups is an important factor that increases the chance of armed confrontation across regional lines. Of particular concern is the

Union of Cruceño Youth (Unión Juvenil Cruceñista-UJC) the vanguard of the regionalist movement in Santa Cruz and responsible for numerous attacks on government supporters. It has often agitated for a degree of regional autonomy that is close to secession from the Bolivian state. Other groups include the Tarija Youth Action (Acción Joven Tarija-AJT) and the Local University Front (Frente Universitario Local-FUL). However, these groups differ from the Ponchos Rojos in that they are quasi branches of the state security apparatus operating with the support of the central government.

Quintana came from the same generation and social setting as García Linera, the middle class of the city of Cochabamba. However, unlike the vice president, Quintana joined the army and became part of a secretive group of progressive young officers who were seeking a reformation of the military, a restoration of the discredited institution's dignity, and debating its role in civil society. One of the heroes of the group was Chávez, who rose to prominence in Latin America in 1992 when he led a failed coup attempt to overthrow the elected government of Carlos Andrés Perez in Venezuela. Quintana was among those who issued a communiqué celebrating the failed golpe.

Despite the covert sympathy for Chávez, Quintana maintained close ties to the United States, taking courses at Ft. Benning, Georgia and studying intelligence. He left the military in 1994 and wrote a USAID-financed study of the history of the Bolivian police. He became a regular at U.S.-sponsored conferences and helped establish a small think tank within the Bolivian police, modeled on a similar one in the military, to help forge an academic tradition within the weak institution. He also served as an adviser to the ministry of defense under the elected government of Hugo Banzer, (1997-2001). Prior to his election Banzer had served as a repressive U.S.-backed military dictator (1971-1978), and under his de facto rule many indigenous and labor union leaders were jailed or exiled, creating a clear animosity with what would become the power base of Morales and the MAS.

Despite this history, Quintana suddenly emerged as one of the leaders of the Morales campaign in 2005, upsetting many within the MAS who viewed him as an interloper and an ally of one of their greatest enemies. Since Morales' election Quintana has steadily gained influence, and is often compared to Vladimiro Montecinos, the intelligence czar of Peruvian president Alberto Fujimori. Both Montecinos, who was a long-time CIA asset and deeply involved in political corruption and drug trafficking, and Fujimori, are now in prison.

Quintana's power derives from his access to Morales, ability to use intelligence, and his close ties to the Venezuelans. He often acts as the trusted financial intermediary with the Chavez government. In addition, he has been one of the key intermediaries with the Iranian government.\footnote{This description of Quintana's role comes from interviews with sources who worked in and around Quintana's office, and several who have known him for many years.}

Quintana's access to power, and Morales' inability or unwillingness to fire him despite repeated demands he do so from every major sector within the MAS, also derives from the lack of government experience or structure within the MAS. Most of the movement's leaders have very
little experience in running intelligence (crucial if one views the need for permanent confrontation with the opposition and other "enemies"), government offices or ministerial programs. Because of that, Quintana has successfully moved the most important intelligence operations under his command at to his office in the presidential palace.

"Morales needed people to investigate the opposition, to help fill the holes in the MAS structure," said one person close to the MAS. "Morales has come to depend on him more and more. Quintana is the only real analyst in the government, an analyst of the current political situation, the military and the police. Morales can't run a government, and it doesn't interest him. He wants to lead a movement. So without Quintana, the president would be blind. He is in touch with the fears and resentments on the street and feeds that to Evo, and acts against Evo's enemies, so Evo can't govern without him."52 Indeed, Morales has been forced to defend Quintana on numerous occasions, particularly when corruption scandals have nipped at his heels.53

Quintana has also fashioned himself as a strident anti-American voice within the Morales camp and has frequently been the spokesman for Bolivian government charges that the DEA, CIA, USAID and other U.S. government agencies were carrying out a series of conspiracies aimed at toppling the Morales government, assassinating him or working for the destruction of Bolivia. He has also accused the CIA of being behind a major corruption scandal in the state oil company in which Morales' closest friend and adviser, Santos Ramirez, was forced to resign. The Santos Ramirez case will be discussed in more detail below. Quintana has repeatedly claimed that the CIA agents, disguised as tourists, are entering the country to carry out destabilization plots and that the DEA fomented rather than combated drug trafficking.54

Another controversial member of the Morales inner circle is Wálter Chávez, who served as a leader of Morales' campaign publicity, spokesman and senior adviser, under the auspices of Quintana. Chávez is wanted in neighboring Peru on criminal charges of extorting money on behalf of the Marxist Tupac Amaru Revolution Movement (Movimiento Revolucionario Tupac Amaru-MRTA). Peruvian officials said Chávez was arrested in Peru in 1990 for alleged illegal activities and involvement with the rebels, but released on bail and disappeared before turning up in Bolivia in 1992. He was granted status as a political refugee in 1998. The Morales government vowed to defend and protect Chávez, and stated that he was a political refugee protected by international agreements."55 Guillermo Cabala, Peru's chief anti-terrorism prosecutor, said Chavez was arrested while receiving $10,000 in extortion money from a Peruvian businessman for the MRTA, and is accused of receiving $5,000 in another case. "We're going to seek to make him come and answer to justice," Cabala said.56 Chávez has denied all the charges, and says he

52 Author interview.
55 https://www.osac.gov/Reports/report.cfm?contentID=80170
fled political persecution in his homeland. However, he was removed from his official position when he became the subject of a heated bilateral dispute, although he is frequently still seen around the presidency and Quintana's office.

Tensions between Bolivia and Peru flared anew in May 2009 when Peru refused to hand over three former cabinet ministers from the Sánchez de Losada government who sought political asylum in Peru. The three are among 17 people, including the former president, who are now charged with "genocide" for the 2003 killing of the protesters near La Paz in 2003. Morales accused Peruvian president Alan Garcia of harboring criminals, while the Peruvian government dismissed his complaints.

The FARC in Bolivia

The FARC in Colombia is the hemisphere's oldest and largest insurgency. It grew out of the Liberal Party militias in Colombia and was formed in 1964 as a Marxist insurgency. Over the past two decades it has increasingly lost its ideological core and financed itself through cocaine trafficking and the kidnapping of hundreds of hostages. In recent years the organization has worked hard to establish a broad network of supporters across Latin America and Europe.

There are clear indications that the FARC has maintained a presence in Bolivia for several years, and that the ties have significantly increased since the MAS took power. This is logical given the significant support that Venezuela's Chavez has maintained for the group for many years. Documents found in the computer of Raúl Reyes, the FARC's deputy commander who was killed in March 1, 2008 raid by Colombian military, show the ties, including the training of Bolivian students in FARC camps and attempts to set up front groups as part of the continent wide, FARC-controlled umbrella of solidarity groups called the Bolivarian Continental Coordinator (Coordinadora Continental Bolivariana-CCB). At least 57 e-mails were found in the Reyes computers directly relating to Bolivia, covering the period late 2001 until his death in 2008.

58 The trial was due start May 18, 2009 but cannot without the presence of the accused. Morales has officially requested that the Obama administration deport Sanchez de Losada to stand trial. In an effort to force the trial, Morales and his MAS supporters in the lower chamber of congress suspended the president of the supreme court Eddy Fernandez, alleging he was deliberately delaying the trial. His suspension is likely to be overturned in the opposition-controlled senate. See: Christian Volkel, "New Supreme Court President Takes Office in Bolivia,: Global Insight, May 15, 2009.
60 For a more complete look at the history and current situation of the FARC, see: Douglas Farah, "What the FARC Papers Show Us About Latin American Terrorism," The NEFA Foundation, April 1, 2008.
62 For a more complete look at the events surrounding Reyes' death and what the documents show, see: Douglas Farah, "What the FARC Papers Show Us About Latin American Terrorism," The NEFA Foundation, April 1, 2008.
63 For a more complete look at the FARC documents relating to Bolivia, see: "Las FARC Buscaron el Respaldo de Boliva Para Lograr Su Expansión," La Razón, July 21, 2008. Documents cited are in possession of the author.
In one July 7, 2005 e-mail to Raul Reyes, another FARC leader complains that "people don't understand the CCB at the level you think...and that worries me because it has not been sufficiently explained. I want to clarify: publicly we don't appear as the FARC, but our friends are there." 64

The FARC work in Bolivia was coordinated by a senior member of the FARC's International Commission named Nubia Calderón de Trujillo, who used the aliases "Esperanza" and "Ana Maria." A Feb. 11, 2004 internal communiqué signed by the FARC high command officially noted the "Readjustments in the Work Plan of the International Commission," among them, "Esperanza is now responsible for the work in Ecuador, Peru and Bolivia." 65

Some of the correspondence mentions FARC contacts with Morales, both before he was president and afterward. In one Dec. 31, 2001 communication, FARC leader Rodrigo Granda wrote that he had met with "people in the Assembly for People's Sovereignty (Asamblea por la Soberanía de los Pueblos, an umbrella organization of Bolivian indigenous and populist movements) including those of the PC (Communist Party) and Evo Morales, and they are all interested in the formation of a Committee of Solidarity with Colombia, and the work we are advancing, and I told them some of the work we were doing in that regard." 66

In one 2007 missive, Reyes asks a member of the FARC's International Commission to "take good care of our relations with Evo and the rest of our friends in that government." 67 One of those friends appears to be Antonio Peredo, a MAS senator who, the FARC notes, signed a letter at their request, supporting the FARC's demand to be granted status as a legitimate belligerent force rather than a terrorist group. 68

A closer friend, at least for a time, was Hugo Moldis, who helped found the MAS and has been one of the movement's intellectual guides, and was seriously considered for senior cabinet positions. Instead, he was given the job as a leader of the government-backed confederation of unions and social groups called the "People's High Command" (Estado Mayor del Pueblo-EMP), 69 and he maintains a fairly high profile as journalist and writer for several Marxist publications.

The EMP was one of the principle vehicles of the MAS and its supporters to force the 2003 resignation of the government of Gonzalo Sánchez de Lozada and Morales, as president, named it the organization responsible for giving social movements a voice in the government. "If I am wrong, correct me," Morales said in a speech to the organization after his election. "If I am tired,

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64 For a more complete look at the origins and FARC control of the CCB, see: Farah, "The FARC's International Relations: A Network of Deception," op cit.
65 Document in possession of the author.
66 Document in possession of the author.
67 "Las FARC Buscaron el RESPALDO de Boliva Para Lograr Su EXPANSIÓN," op cit.
68 It is interesting to note that Peredo's brothers Roberto (aka Coco) and Guido (aka Inti) were the Bolivian contacts of Che Guevara, and died in combat with him. The two are buried with Guevara in Santa Clara, Cuba.
69 A copy of the founding manifesto of the EMP and its adherents can be found here: http://bibliotecavirtual.clacso.org.ar/ar/libros/osal/osal10/documentos.pdf
Moldiz told the group that "Our purpose is to defend the government, defend the political process of change, which we have conquered with blood, strikes, marches, sacrifice and pain. Our main enemy is called United States imperialism and the Bolivian oligarchy."

In addition to his leadership in the EMP, according to the FARC documents and Latin American intelligence reports, Moldiz is a key operative on behalf of the Cubans in Bolivia. This close tie to the Cuban intelligence structure, ironically, made him suspect in the eyes of the FARC, the documents show, as did his less than cordial relationship with vice president García Linera.

After dealing with Moldiz extensively for several years, and expressing a desire to have a FARC delegation visit "organized communities that are influenced by our friends like Hugo, to explain our process of taking power," the FARC leadership grew suspicious of him and let the relationship go cold. In an Aug. 8, 2007 e-mail to Raul Reyes, "Esperanza" wrote:

> In regard to the work of reactivation in Bolivia, the doubts about Moldiz continue. I think it is better to leave him alone, because it is not just the doubts about him, but he is a liar. He promised to help with resources to publish the magazine, but has not done so, and continues to show himself to be an opportunist.

One Latin American intelligence report describes Moldiz as running "a parallel intelligence structure to that of the state, closely tied to the Cuban and Venezuelan intelligence groups that work in the country. The intelligence unit he directs is in charge of monitoring opposition leaders, including the wiretapping and infiltrating opposition groups. In order to purchase the alternative weekly publication 'La Epoca,' Moldiz paid $40,000, and the money was given to him by PDVSA." PDVSA is the Venezuelan state-run oil company whose funds are often used by Chávez to pay for external intelligence operations. It appears from later e-mails that the magazine was never actually started.

Moldiz acknowledged publicly that he knew Reyes, "Esperanza" and other FARC leaders but said he never received money for a magazine. He said the relationship with the FARC was "not organic, just political." However, he added, "I resolutely and militantly support the struggle of the revolutionary movements of Colombia, the FARC and ELN, and I support their demands for a humanitarian exchange of hostages."

The FARC ties were not limited to those in the direct orbit of the MAS. The primary FARC contact in Bolivia appears to be Felipe Quispe. Quispe, mentioned above in relation to the violence of 2003, was a comrade in arms of vice president García Linera in the EGTK and the two served prison terms together for their participation in the organization. Quispe ran against

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72 "Las FARC Buscaron el Respaldo de Bolivia Para Lograr Su Expansión," op cit.
73 "Las FARC Buscaron el Respaldo de Bolivia Para Lograr Su Expansión," op cit.
74 Summary document in possession of the author.
75 "Las FARC Buscaron el Respaldo de Bolivia Para Lograr Su Expansión," op cit.
the Morales-García Linera ticket in 2005, garnering only 2 percent of the vote with his platform of re-establishing the Inca empire and returning to the indigenous social structure.

Quispe has at times allied himself with the MAS while at other times denouncing García Linera as a traitor and a false revolutionary and Morales as a tool of the oligarchy. However, that relationship did not hinder Quispe's ability to work with the FARC, and in 2005 he arranged for a delegation of Bolivians to be sent to Colombia to be trained in guerrilla warfare. However, the Bolivian contingent did not do very well in their training. "The Bolivians are desperate to return home," "Esperanza" wrote to Reyes. They say they just came for a short time and their bosses did not tell them how difficult this work would be. These are not people of much work or effort."76

In 2006 another FARC leader wrote that "Quispe, if he is directed by us, can be a useful player in the future. Tino spoke to him in La Paz during Evo's swearing in ceremony, and criticized some of his attitudes. He took it well...Really, in the future, I think he can be an asset." Tino is identified by Colombian officials as Amilcar Figueroa Salazar, a Venezuelan member of congress for Hugo Chavez's party, and closely tied to the CCB.77

**The Opaque Role of Iran**

Since before taking office Morales relied heavily on Chavez for both guidance and economic support. Since taking office Venezuela has far outpaced the United States or any other donor nation in its support of the government. In addition to the aid, Venezuela has been instrumental in getting Bolivia and Iran to open diplomatic relations with each other. Like Venezuela, Morales eliminated the need for Iranian citizens to get visas before traveling to Bolivia, a move that was reciprocated by Iran.78 Morales recently announced that he's moving Bolivia's only embassy in the Middle East from Cairo to Tehran79 while Iran opened a large embassy in La Paz in September 2008. Iranian president Mahmoud Ahmadinejad visited Bolivia in 2007, and Morales paid a reciprocal visit to Tehran in September 2008. Upon arrival Morales declared Bolivia and Tehran "two friendly and revolutionary countries."80

Iran's activities, as in Venezuela and Nicaragua, are largely opaque, direct to the presidency, bypassing normal institutional ties, and beyond the oversight capabilities of the congress. At the regular meetings of foreign ambassadors in Bolivia to coordinate aid programs and brief other diplomatic missions on their activities, neither Iran nor Venezuela participate.

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76 Document in possession of author.
77 "Las FARC Buscaron el Respaldo de Boliva Para Lograr Su Expansión," op cit., and documents in possession of the author.
On his 2007 visit to La Paz Ahmadinejad promised $1.1 billion in aid to Bolivia over five years. One of the most publicized agreements was for Iran to build a television station in the Chapare, aimed at covering all of Latin America. Morales said the station would turn Bolivia into "the center of revolutionary democracy" and would help "support the peasant struggle in Latin America."82

Among other items promised, according to official Iranian media, are industry, production, and capital investment, including dairy factories and agriculture, mining, hydroelectric dams, and scholarships funding study in Iran for Bolivian students. Iran has cooperated in several joint ventures in Bolivia with Venezuela, providing a $230 million loan to help Bolivia establish a cement company.83 However there is little evidence of investment or aid materializing aside from one promised cheese and milk factory and the opening of dealership for Iranian-manufactured tractors that are assembled in Venezuela and shipped to La Paz. There has been no publicly available accounting for how or what money has been spent.

For two nations that have no cultural, historical, linguistic, or religious ties, are not geographically proximate, and share a profoundly different view of the world in the broadest sense (a socialist revolution and conservative Shi’ite Muslim theocracy have few philosophical

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commonalities), the primary relationship is not economic. Rather, as the Iranian official media states, the binding factor is a view that both are part of a growing anti-American revolutionary bloc that includes Cuba, Venezuela and Nicaragua. In that context, the most important overt elements of the relationship are Bolivia's willingness to openly support Iran's nuclear ambitions and to vote in solidarity against the United States in international forums both in favor of Iran and against sanctions on the Islamists regime.

A less overt objective must also be included in assessing Iran's goals in Bolivia and Latin America more broadly, and that is Iran's history of using its embassies to support activities of the Quds Force (the special forces branch of the Iranian Revolutionary Guard Corps, formed as the main security force in Iran following the 1979 revolution) and Hezbollah (the Party of God) operatives. Both were involved in the July 18, 1994 bombing of the Amia Jewish Center in Buenos Aires, Argentina. In March 2007 INTERPOL, the international police force, issued red notices requesting the arrest of six individuals in the case, including leaders of Hezbollah, the Quds Force, and senior Iranian officials.

The issue is not the sovereign right of every country to determine with which nations it wants to establish close ties or which economic policies it chooses to implement. The crux of the matter is that Morales has chosen to ally himself with two nations that are viscerally opposed to liberal democracy, freedom of expression, the separation of powers, the protected rights of the minority, and freedom of thought and political action. In addition to taking aid from anti-democratic governments, Morales and his inner circle are tied to those regimes and increasingly reliant on them.

**Following the Venezuelan Model**

As noted earlier, Morales has relied on Chávez for advice on everything from the renationalization of the hydrocarbon industry to the restructuring of the military to the design and implementation of the constituent assembly. This has carried over in how Morales and the MAS deal with the opposition and attempts to gain control over all parts of the state structure, from the national to the local level.

Using the Chávez model of criminalizing opposition activities, pursuing his opponents through a highly politicized judiciary, eliminating the judiciary that is not compliant. In the Bolivian case,

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85 For a more complete look at the relationship between the IRGC, the Quds Force, international intelligence gathering and ties to Hezbollah and other designated terrorist groups, see: Anthony H. Cordesman, "Iran's Revolutionary Guards, the al Quds Force, and other Intelligence and Paramilitary Forces (Working Draft)," Center for Strategic and International Studies, August 16, 2007. Cordesman notes that "The Quds are also believed to play a continuing role in training, arming, and funding Hezbollah in Lebanon and to have begun to support Shi’ite militia and Taliban activities in Afghanistan." (p. 8). He also notes that: "The Quds has offices or 'sections' in many Iranian embassies, which are closed to most embassy staff. It is not clear whether these are integrated with Iranian intelligence operations or if the ambassador in each embassy has control of, or detailed knowledge of, operations by the Quds staff. However, there are indications that most operations are coordinated between the IRGC and offices within the Iranian Foreign Ministry and MOIS." (page 9).
the Constitutional Court no longer has a quorum, leaving hundreds of cases unresolved. As the government continues to try to force the resignation of the president of the Supreme Court, the situation remains tenuous. Currently an alternate judge is presiding over the highest court, but the MAS has shown little restraint in bringing criminal charges against judges it disagrees with, and then disqualifying them from holding office. Morales is also systematically putting in loyal political cadres into traditionally-independent positions such as those of inspectors general, what little institutional capacity that had been built up has been largely lost.

Chávez has also moved to tie down elected opposition leaders, particularly governors and other vocal opponents, leading several to seek political asylum outside the country. The most common method for undercutting autonomous leadership is to establish separate power centers that rely on the central government and control the main levers of power, such as the police force, port facilities and airports, rendering the locally elected officials almost powerless.87 This is method that Morales has begun to use against opposition governors (prefectos).

Like Chávez, Morales has moved aggressively to control the voter registration lists and the process of granting identity cards. The presence of senior Venezuelan officials in the offices of the national registry, the Venezuelan financing of the project of issuing new identity cards, and the fact that much of the work of digitalizing the identification cards took place from 6 p.m. to 6 a.m., outside of normal offices hours, all led opposition leaders to rightly question the validity and transparency of the project.88

As Chávez has done in the face of weak political parties, Morales has increasingly focused his ire on the Catholic Church (which has long acted as a respected mediator in times of civil unrest), and the media, as his most important enemies. As Morales recently stated: "The Catholic Church has become a syndicate of opposition to the government. The Catholic Church and the media are the only opposition I have left."89

Morales' attacks on the press, one of the most respected and professional in Latin America, have been well documented. The National Press Association (Asociación Nacional de la Prensa-ANP) called 2008 "the worst year ever for freed of expression and freedom of the press. Since the reestablishment of democracy in 1982 we have not seen so many and so frequent attacks on the media...the great majority carried out by government supported official social movements."90 In a recent compilation, the ANP documented 205 attacks on journalists from August 2007 through March 2009. Of those, five were attacks on journalists working for state media. During the same

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88 For a more complete look at the process, including how two senior Venezuelan officials were given Bolivian identification cards, see: Carolina Sanz, "Venezuela Intervino En Digitilización de Cédulas en Bolivia," La Razón, July 15, 2008.
90 "Declaración de Trinidad," Asociación Nacional de la Prensa, April 6, 2009. In one of the most astonishing cases Adolfo Cerrudo, a senior leader of one of the government social movements who led numerous physical attacks on journalists, publicly threatened to rape a journalist. When ordered to be placed under house arrest, he simply refused to comply. He was finally jailed for beating journalists in March 2009. See: "El Agresor de periodistas fue recluido en penal San Pedro," La Prensa, March 18, 2009.
period there were 157 attacks on media installations (cutting transmission wires, attacking studios, stoning facilities etc.), of which nine were against state media infrastructure.91 The Inter-American Press Association, in 2009, reported "while there is no direct censorship, attacks against journalists, especially by the government, have not decreased. These attacks aim to discredit the media, as well as causing fear and censorship...President Evo Morales has not changed his style of attacking independent journalism whenever he gets the chance. He argues that the press is the enemy. He says it serves the oligarchy and U.S. imperialism and opposes the changes he supports."92

Venezuela's aid, and to a lesser degree that of Cuba, has been visible than that of Iran, though there is no more accountability build into its allocation. In addition to the $100 million a year for the "Evo Cumple" campaign and broad based technical and bureaucratic support within the Morales administration, the Venezuelan presence has been most notable in the military and intelligence services. The Cubans primary activity is the placement of hundreds of doctors across rural Bolivia to administer much-needed primary medical care, and launching a large-scale literacy program. Cuba is also reported to have taken a direct hand in setting up internal security structures and intelligence in order to be able to better monitor the government's opponents and potential opponents.93

"What we are doing in Bolivia is the same that Cuba has done in Venezuela," said Julio Montes, Venezuela's ambassador to Bolivia, who enjoys an exceptionally close relation with Morales and Quintana and often accompanies the president at public events. "The difference is that the greatest resource of the Cubans is their human capital. We have the possibility to help our Bolivian brothers with economic resources."94

**Venezuela's Military Doctrine and the Reshaping of the Regional Balance of Power**

But perhaps nowhere has Venezuela's influence been felt more than in the military relationship. The two countries signed a bilateral military agreement shortly after Morales took office, while Morales moved quickly to purge the military high command and most of its senior leadership.95 The agreement called for Venezuela to train Bolivian troops, upgrade the equipment of the three military branches, help with the drafting of new military legislation, help in asserting "democratic control" over the military, and finance the construction of two military bases and 10 smaller installations for customs and border control around Bolivia's border regions, largely in

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93 Author interviews.
95 The justification for the first purge of the officer corps was that they had allowed the U.S. technicians to dismantle more than two dozen aging, Chinese-made, shoulder mounted surface to air missiles, considered to be Bolivia's sole anti-aircraft defense. After being dismissed, Gen. Marcelo Antezana, the former army commander warned of unrest within the Bolivian military because officers resented their subjugation to "Caribbean mulattoes" of the "Cuba-Venezuela axis." See; Simon Romero, "Bolivia Leader Lets Venezuela Send Soldiers, Angering Foes," New York Times, Feb. 5, 2007.
areas where the opposition is strongest. The decision caused deep consternation and anger among Bolivia's neighbors, particularly Chile and Peru.97

Under Chávez's tutelage Morales moved from an openly antagonistic stance toward the military from his days in the Chapare, to one of seeking to enlist the military leadership as allies. To do this he primarily sought, after purging the upper ranks of those he viewed as disloyal or those who were critical of the Venezuelan influence, to engage the military in development-related projects that have traditionally been the domain of the civilian cabinet ministries. These included (as the Venezuelan model has) using the military in the fields of education, health care, and the building of roads and other infrastructure.98

In addition to the institutional aid, Chávez has moved aggressively to bolster Morales and show the Venezuelan influence in public ways. Venezuela has provided two Super Puma helicopters for the president's transportation, as well as loaning Morales a Venezuelan presidential jet for international travel. Venezuelan security personnel act as Morales' primary security providers.99

The presence of Venezuelan troops on Bolivian soil has also sparked riots in several cities of the Media Luna. Chávez further enflamed passions when he publicly criticized the Bolivian military for not being supportive enough of Morales and repeatedly warning that he would intervene military on Morales' behalf if there were any attempt to overthrow his ally.

Gen. Luis Trigo, commander of the Bolivian armed forces took the unusual step of demanding in writing that Bolivia's foreign minister demand a retraction from Chávez and saying that "to the president of Venezuela, Hugo Chávez, and to the international community, we say that the [Bolivian] armed forces emphatically rejects external interference of any nature, no matter where that interference may come from."100

What takes the military-to-military relationship between Bolivia and Venezuela beyond the normal give and take of regional politics and alliances is the military doctrine that Venezuela imparts through its training, along with its aid. It is a military doctrine that is fully compatible with the strategies of Hezbollah and other radical Islamist groups are already practicing, and one embraced to a significant degree by Iran, the primary state sponsor of those groups. The embracing of this doctrine provides an important link in understanding the ties of both Venezuela and Bolivia to Iran, and the growing military relationships. For example, the defense ministries

96 "Bolivia: Military as subordinates or political allies?" Latin American Security and Strategic Review, April 2007. 97 Matthew Walter, "Chavez's Military Plan in Bolivia Cost Him UN Support," Bloomberg News Service, Oct. 13, 2006. 98 For a more complete look at the transformation of Morales' ties to the military and the Venezuelan influence, see: "Bolivia: Military as subordinates or political allies?" op cit. 99 In one incident that exacerbated diplomatic tensions between the two nations, Morales, flying on a Venezuelan jet to New York for a United Nations meeting in September 2007, was authorized instead to land at Newark (New Jersey) airport, where he waited for three hours before being officially met. The mix-up, which Morales viewed as a deliberate snub, was in fact the result of the Venezuelan pilot's heavily accented English. The air traffic controller understood him to be requesting permission to land in Newark, rather than New York. 100 "Bolivia's Military: It's a Difficult life, but certainly there is no sing of a pending military coup," op cit.

Since 2005 Chávez has rewritten Venezuela's security doctrine to scrub it of all outside, "imperialist" influences. To replace the old doctrine, Chávez and the Venezuelan military leadership have focused on developing a doctrine centered on asymmetrical warfare, in the belief that the primary threat to Venezuelan security is a U.S. invasion.\footnote{102}{For a more complete discussion of how Verstrynge's concepts fit into Chávez's concept of the Bolivarian revolution see: Mariáno César Bartolomé, "Las Guerras Asimétricas y de Cuarta Generación Dentro Del Pensamiento Venezolano en Materia de Seguridad y Defensa, (Asymmetrical and Fourth Generation Warfare In Venezuelan Security and Defense Thinking), Military Review, January-February 2008, pp. 51-62.}

One of the main books he has adopted, as noted earlier, is Peripheral Warfare and Revolutionary Islam: Origins, Rules and Ethics of Asymmetrical Warfare (\textit{Guerra Periferica y el Islam Revolucionario: Orígenes, Reglas y Ética de la Guerra Asimétrica}) by the Spanish politician and ideologue Jorge Verstrynge.\footnote{103}{Verstrynge, born in Morocco to Belgian and Spanish parents, began his political career on the far right of the Spanish political spectrum as a disciple of Manuel Fraga, and served in several senior party posts with the Alianza Popular. By his own admission he then migrated to the Socialist Party, but never rose through the ranks. He is widely associated with radical anti-globalization views and anti-U.S. rhetoric, repeatedly stating that the United States is creating a new global empire and must be defeated. Although he has no military training or experience, he has written extensively on asymmetrical warfare.} Although he is not a Muslim, and the book was not written directly in relation to the Venezuelan experience, Verstrynge's book lauds radical Islam (as well as past terrorists like Ilich Ramírez Sánchez, better known as Carlos the Jackal)\footnote{104}{It is worth noting that Chávez wrote to Ramírez Sánchez in 1999, expressing his admiration for the terrorist, signing off, "with profound faith in the cause and in the mission--now and forever." The letter set of in international furor. See: "Troops Get Provocative Book," Miami Herald, Nov. 11, 2005.} for helping to expand the parameters of what irregular warfare should encompass -- including the use of biological and nuclear weapons, along with the correlated civilian casualties among the enemy.

Central to Verstrynge's idealized view of terrorists is the belief that it involves fighters willing to sacrifice their lives in pursuit of their goals. Before writing extensively on how to make chemical weapons and listing helpful places to find information on the manufacture of rudimentary nuclear bombs that "someone with a high school education could make," Verstrynge writes:

\begin{quote}
\textit{We already know it is incorrect to limit asymmetrical warfare to guerrilla warfare, but it is important. However, it is not a mistake to also use things that are classified as terrorism and use them in asymmetrical warfare. And we have super terrorism, divided into chemical terrorism, bioterrorism (which uses biological and bacteriological methods), and nuclear terrorism, which means "the type of terrorism uses the threat of nuclear attack to achieve its goals."} \footnote{105}{Verstrynge, op cit., pp. 56-57.}
\end{quote}
Figure 5: Book by Jorge Verstrynge on irregular warfare
Based on this book, Verstrynge was invited by Chávez to give keynote address to military leaders in a 2005 conference titled "First Military Forum on Fourth Generation Warfare and Asymmetric Conflict" held at the military academy. Following the conference Gen. Raúl Baduel, the army commander and Chávez confidant ordered a special pocket size edition of the book to be printed up and distributed throughout the officer corps with explicit orders that it be studied cover to cover. In a December 12, 2008 interview with Venezuelan state television lauded Osama bin Laden and al Qaeda for creating a new type of warfare that is "de-territorialized, de-stateized and de-nationalized," a war where suicide bombers act as "atomic bombs for the poor."\footnote{106}

Figure 6: A copy of the pocket-sized special edition version of Verstrynge's work, distributed to the Venezuelan officer corps.

Given the level of training Venezuelan military institutions are giving their Bolivian counterparts and the level of on the ground Venezuelan leadership and advising in Bolivia, it is highly likely that this doctrine is being transmitted from one military to the other. Morales has moved rapidly to remake the officer corps not only by forcing out several classes of senior officers but by actively recruiting more officers of indigenous backgrounds, who were historically excluded from rising through the ranks. While the concept of creating more openings for qualified individuals who have been excluded is laudable, the effect of pressuring the old guard to leave while offering the new guard a whole new doctrine means that within a few years the entire officer corps will be studying Verstrynge's work as their primary source of military doctrine.

The Yacuiba Case

Of particular concern in relation to Venezuela's involvement in Bolivia's internal security apparatus was the June 21, 2008 dynamite attack on a small, privately owned television station, often critical of the government, in the town of Yacuiba, in the province of Tarija. The attack of hurled dynamite sticks thrown from a moving vehicle occurred the day before Tarija held a referendum on whether to seek great autonomy from the central government. The driver of the vehicle, which crashed shortly after the attack, was identified as Lt. George Nava, on active duty. The vehicle he was driving had been rented by the Venezuelan embassy just hours before the attack occurred. In addition to dynamite used in the attack, Navas' vehicle and hotel room contained dynamite, fuses, ammunition and other military equipment. Opposition leaders in the congress demanded a full investigation and charged that Venezuela was engaged in 'state terrorism." The Venezuelan embassy in Bolivia denied any involvement and said the charges were "part of a systematic international campaign encouraged by the government of the United States against our revolution and against the peoples of Latin America who have the path of unity and sovereignty."107

The Deteriorating Bolivia-U.S. Relationship

Morales' growing relationship with Venezuela, Iran and Cuba have clearly taken a deep toll on U.S.-Bolivia relations. Since taking office, the Morales government has made it clear that the once close relationship with the United States was over. Like Chávez, Morales is convinced the United States is both out to overthrow his government and assassinate him. The relationship has gone from tense to barely functional.

The relationship has been characterized by an escalating series of accusations, counter accusations and diplomatic expulsions. There is little doubt that, given the centrality of counternarcotics in the U.S. agenda and the decades of resistance to that very policy by Morales, reconciliation is unlikely at best. After accusing U.S. Ambassador Philip Goldberg of conspiring with opposition leaders, Morales expelled him from the country on Sept. 10, 2008.

In short order the U.S. responded by expelling the Bolivian ambassador; Chávez, in solidarity with Morales, expelled U.S. Ambassador Patrick Duddy; the United States expelled the Venezuelan ambassador; and the Bush administration announced its determination that Bolivia had "failed demonstrably during the previous 12 months" to meet its "obligations under international counternarcotics agreements,"108 making Bolivia ineligible for the trade benefits under the Andean Trade Promotion and Drug Eradication Act (ATPDEA);109 and Morales suspended the work of the DEA and then expelled all its agents; Morales expelled USAID from

107 "Venezuelan Embassy in Bolivia Denies Links to TV Channel Attack," La Prensa, July 1, 2008.
109 Office of the United States Trade Representative (USTR), U.S. Trade Representative Schwab Announces Proposed Suspension of Bolivia’s Trade Benefits, Sept. 26, 2008. Chávez immediately announced Venezuela would buy all the textiles that were destined for the U.S. market under the program, in a effort to minimize the economic impact of the measure.
the Chapare. The State Department noted in its annual report on drug trafficking that the decision by Morales to expel U.S. personnel "based on false accusations of conspiracy, seriously damaged counternarcotics cooperation [and] call into question whether the government of Bolivia will continue any bilateral efforts with the United States in this area."

Despite Morales' repeated statements that he hoped to have improved relations with the Obama administration, he expelled another U.S. diplomat on March 9, 2009, again alleging, while presenting no evidence, that the person was involved in a conspiracy to overthrow the government and create scandals that would embarrass the government.

Perhaps nothing is more contentious in the bilateral relations than counter-drug strategy, and decision to decertify Bolivia and eliminate ATPDEA benefits was criticized by some human rights groups as being based more on political considerations than on actual coca eradication and drug interdiction efforts. But there remains widespread agreement that coca production in Bolivia is rising, albeit not yet reaching historic highs. What is more alarming to regional law enforcement agents, as described above, is the transfer of technology from Colombian cartels that both make the cocaine production process much more efficient, and the ability of Bolivian organizations to produce HCL rather than less refined products. The biggest advances in cocaine production have come in finding ways that are more efficient and less labor and input intensive, to extract the coca alkaloid. The old process required people to stomp on coca leaves drenched in kerosene to leach out the alkaloid. Now, there is a mechanized way to break up the leaves and use solvents rather than acids to extract the substance.

What is interesting in the dynamic is not just the actual, and real, differences and rancor surrounding the differing approaches to and desirability of counternarcotics efforts. It is that conflict eruptions seem to coincide with deep crises facing the Morales government. For example, the expulsion of the DEA and accusations of U.S. government conspiring came just after two sisters of Margarita Terán, one of Morales' closest confidants and MAS founder, were arrested in possession of 147 kilos of cocaine in the Chapare, along with several hundred thousand dollars in cash. Amid the scandal, exacerbated by the fact that Terán had chaired the committee in the constituent assembly that wrote the articles pertaining to coca, a series of senior government officials vowed to apply the law regardless of the identity of the accused ("caiga quien caiga.") Yet the two sisters were freed on bail, in highly irregular circumstances, just two months later and all charges were dismissed.

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113 Both the U.S. government and the United Nations agree that cultivation of coca is increasing. State Department figures show coca production increasing from 25,800 hectares in 2006 to 29,500 hectares in 2007, and the 2008 figure is expected to be more than 30,000 hectares.
114 Author interviews. Also, see: International Narcotics Control Strategy Report, Bolivia Country Report, op cit.
115 The Sept. 23, 2008 arrests of Juana and Elva Terán were carried out by Bolivian police in hot pursuit of the women, who ran into their family home in Chapare. The DEA had no direct role in the arrest. They were freed Dec. 30, 2008.
Goldberg was expelled when political tensions were at their highest surrounding the campaign for the ratification of the new constitution. On Sept. 11, 2008, the tensions spilled over into the worst incident of political violence in this government, where 13 people were killed in a bloody clash near Cobija, the capital of Pando province.

While there is no agreement on responsibility, it is clear that a group of government supporters were marching toward Cobija, where they encountered an anti-government group trying to cut the road to block the protesters' path. One anti-government member was killed there. In a later confrontation, nine government supporters were killed. Morales declared marshal law in the region and ordered the arrest of the popular governor, Leopoldo Fernández, and flew him to La Paz, where he still has not been formally charged. Morales has publicly accused Fernández of "genocide." The arrest violated the immunity the governor is supposed to enjoy, and flying him to La Paz violated the law that he is to be tried in the place of the alleged crime. The 12-member Union of South American Nations (UNASUR), founded in May 2008 at the instigation of Venezuela, carried out an investigation that largely blamed the opposition for the killings, as did the official government investigation. However, both failed to mention that just two weeks before the incident Juan Ramón Quintana had given a speech that called for eliminating Fernández from the political scene entirely.

In a video, Quintana is shown shouting at a crowd that the time has come "politically bury the governor." Sitting at the speaker's table as Quintana spoke was a local thug named Chiquitín Becerra, who was later seen at the scene of the violence. Quintana goes on to say:

*Every hour that passes is another reason to dig the earth more deeply and bury the governor so that he can never get out. We will bury him in the deepest place on earth, so that if he awakens he will not be able to dig his way out of his political hell...like every patriotic people, we will write his epitaph--"Governor, may you rest in peace and rest with the worms.*

While the incitement and the presence of Becerra do not absolve the opposition of responsibility in the violence, it does clearly show that senior members of the government were intent on destroying Fernández well before the violence took place. The vehemence and violence of the speech clearly indicate that it would be difficult for the government to carry out an impartial investigation or guarantee a fair trial for the governor. Viewed in the context of the simmering internal crisis, the expulsion of the U.S. ambassador could be seen as a useful diversion.

The same pattern holds true in the Feb. 27, 2009 expulsion of the U.S. diplomat named Francisco Martinez, who was accused of running a cell fomenting corruption within state-run hydrocarbon company, Yacimientos Petrolíferos Fiscales Bolivianos-YPFB. Just three weeks before Santos Ramirez, one of Morales' closest friends, allies and MAS co-founder, who was serving as director of YPFB, had been arrested in a complex case of bribery and corruption. On Jan. 27, 2009, a man named Jorge O'Connor D'Arlach was robbed in broad daylight as he approached the apartment of Ramirez. O'Connor, who had just been awarded an $86 million contract by YPFB, resisted and was killed when he was shot in the face and the robbers fled, leaving a suitcase filled

116 For a more complete look at the context and events surrounding the unrest, see: "Now Put it Back Together: Bolivia," The Economist, Sept. 20, 2008.
with $450,000 in cash. The money was apparently destined as a bribe for Ramirez in exchange for the contract. Morales initially refused to fire Ramirez, and accused the media of slander for saying the case involved corruption. But after a few days he dismissed Ramirez from his job and he is currently in jail. It was particularly awkward for Morales because the president had, only a few weeks before, been the best man at Ramirez's wedding and Ramirez was widely viewed as the logical successor to Morales within the MAS.117

Given that background and the damage done to himself and his government, it is not surprising that he would expel a U.S. diplomat while accusing him of infiltrating YPFB and coordinating contacts with opposition supporters within the oil company.

And now, given the recent alleged mercenary plot against Morales' life, in which three people were killed, one might expect Morales to try to link the United States to the plot.118 He did not disappoint. In a private meeting of heads of state at the Summit of the Americas in Trinidad and Tobago he asked President Obama to repudiate the plot, which, he said, may be linked to previous U.S.-backed efforts to overthrow him. Obama reportedly replied he was unfamiliar with the incident but that the United States was not involved.119

In late May 2009 Thomas Shannon, assistant secretary of state for Western Hemisphere affairs, visited Bolivia for two day and held the first high-level talks since September 2008 with the Morales administration. While the talks produced promises of the creation of working groups on several issues, Morales flatly and publicly ruled out allowing the DEA to return and no dates were set for the commissions to be formed or for their meeting. Neither was any date set to exchange ambassadors, or even an agreement that it would happen. This indicates that fully restored diplomat relations will not be achieved soon.120

The Challenges Ahead

The challenges ahead for Bolivia and the region are formidable. The Bolivarian revolution, financed and conceived by Chávez and embraced by the axis of Morales, Ortega and Correa, is, at its foundation, antithecal to liberal democracy, freedom of expression, fair competition and the willingness to leave office if elections are lost, and the protection of minority rights. In each of these countries, the governments have declared themselves Marxist or revolutionary, and have shown a clear affinity for armed efforts to overthrow other elected governments (the FARC in Colombia being the primary example, as well as the MRTA in Peru). Each government has also

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118 The three were reportedly from Irish, Romanian and Hungarian-Bolivian. In addition to reportedly wanting to kill Morales, the group allegedly carried out a dynamite attack on the home of Cardinal Julio Terrazas, an outspoken critic of Morales. For details of the plot, see: Rory Carroll, "Bolivian President Morales Links US Embassy to Alleged Assassination Attempt," The Guardian, April 20, 2009.
119 Carroll, op cit.
sponsored or tolerated the formation of paramilitary civilian groups to act as shock troops against opponents. There have also been measurable retreats in press freedom, government transparency and the administration of clear and transparent elections.

None of this bodes well for the region if one values the hard-fought return to democracy after years of military dictatorship in most of these countries. The price paid by many of the leaders of the democratization process, who are now being labeled ‘reactionaries’ and ‘traitors’, was high. The international dimension to the regional trends are heightened because the move toward autocracy has been accompanied by the embrace of Iran -- the world's foremost state sponsor of terrorism and financier of state and non-state armed groups that have carried out numerous successful terrorist attacks. Finally, these countries are bound most strongly by a single factor -- a declared hatred for the United States and a public-stated desire, at leadership level, to see it disappear from the face of the earth.

Given this context, the first challenge is for Bolivia to survive as a country, and as a liberal democracy. The issue is not the overthrow of a democratically-elected government, which Morales surely represents. Rather it is how to help keep that democratic process alive in the face of efforts by a government and ruling coalition of social movements who seek total power, and the dismantling of the state's institutional structure that offered imperfect, but working, checks and balances. The growing authoritarianism, legal persecution of the opposition, and assaults on the press all point to a lack of commitment to multiparty democracy and the rule of law.

Given the visceral nature of the hatred for the United States by Chávez, Morales (from his experience as a cocalero), Ortega (whose Sandinista revolution was opposed by the United States in the 1980s), and Correa (whose hatred seems to stem from the fact that his father was arrested as a drug courier and spent time in prison in the United States) -- the prospects of reconciliation or improved relations, even with the Obama administration, are remote. The animosity may have been exacerbated by the Bush administration, but as subsequent comments and actions by these leaders has shown (including the expulsion of more diplomats), little has changed with the advent of Obama administration, to this point.

There are many in the international NGO community who argue for an immediate reinstatement of ambassadors with Bolivia and Venezuela and a reinstating of trade preferences with Bolivia. This presupposes two things: that the U.S. response to the expulsion of its diplomats was irrational or disproportionate and that there has been some fundamental change in the attitude or behavior of the leadership of either Bolivia or Venezuela. However, there is no sign that either Morales or Chávez is interested in a new relationship on anything other than their own, absolute terms, and those terms are constantly changing.

Nor is it rational to suppose that Bolivia and Venezuela's unilateral decisions (with no supporting evidence ever presented) to expel U.S. diplomats, including ambassadors, on public charges of espionage, plotting coups and assassination attempts, would be met with anything less than retaliatory diplomatic expulsions and other quid pro quo actions.
Given the seemingly intractable nature of the confrontation, there are several elements that must be taken into consideration in the relationship that could lead to some important changes. It is also worth remembering that, while the governments are extremely critical and harsh toward the United States, the sentiment is not shared by significant portions of the population -- particularly those who have relatives living in the United States and sending remittances back home. It must also be remembered that the elections of Morales, Ortega, Correa and Chávez came about in some measure because of the corruption and incompetence of the governments that came before them. If the democratic processes can last long enough, the likelihood of peaceful government change is commensurately high.

It is clear that the U.S. counterdrug policy, as conceived and implemented since the 1980s, no longer enjoys the support of the nations in the region, even those that have been most directly involved with the American-led efforts. The recent report by the Latin American Commission on Drugs and Democracy, chaired by three former presidents of nations deeply involved in the drug (César Gaviria of Colombia, Ernesto Zedillo of Mexico and Fernando Enrique Cardoso of Brazil) make that amply clear. They concluded that "Prohibitionist policies based on eradication, interdiction and criminalization simply haven't worked."\textsuperscript{121}

While one can disagree with the conclusions of the report, it represents a broad consensus in the region. As Eduardo Gamarra noted, "the traditional tools once wielded by the United States as levers to influence Bolivian political actors, namely, trade, counternarcotics and military assistance, and development aid, do not seem sufficient to compel an accommodation between Morales and the political opposition."\textsuperscript{122} Nor is it enough to compel an accommodation among the nations of the Bolivarian axis and their more democratic neighbors.

However, the correlation of forces is likely to shift significantly in the next year. In addition to the general global financial crisis, this will be primarily due to the significant economic difficulties both Venezuela and Iran are facing because of oil prices, and the constraints that reality places on their ability to further advance their agenda. If oil prices remain significantly below the $90 a barrel level, it will force a significant retrenchment over time.

At the same time, Bolivia will be facing a sharp drop in its gas revenues from Brazil this summer, as well as a sharp drop in direct foreign investment due to Morales' economic policies. Not only will the revenue diminish, but, as the ongoing scandals and general mismanagement have shown, there is a large and unmet need for technical assistance.

Given the current realities, the most effective method for the United States is to deal with the Morales government and the Venezuela-Iran axis in concert with other Latin American nations. Actively attempting to isolate Bolivia, weaken Morales or set conditions for continued U.S. assistance could create a vacuum of influence that would be filled by Venezuela, Iran and Cuba while increasing the likelihood of regional conflict.\textsuperscript{123}

\textsuperscript{121} Fernando Enrique Cardoso, Cesar Gaviria and Ernesto Zedillo, "The War on Drugs is a Failure," The Wall Street Journal, Feb. 23, 2009
\textsuperscript{122} Gamarra, op cit.
\textsuperscript{123} Gamarra, op cit.
Brazil, particularly, is a key player, in large part because president Lula has the credibility of being a leftist labor leader who spent time in jail, and can take on Chávez without being open to being attacked as a right-wing lackey. The United States needs to work with Chile, Peru and Colombia as well because these regional players are far better positioned to push for respect for democratic principles on a regional level, than the United States is at this time.

The Venezuela-Iran axis, of which Bolivia is a crucial part, poses a threat to regional stability and democracy. Because of the ties of Iran and Venezuela to active terrorist groups and their stated purpose to work toward the destruction of the United States, the same axis poses a significant threat to the United States. The key is finding constructive ways to engage the Morales government, while working with democratic governments in the region to ensure the path to democratic change remains open in Bolivia. If that path remains open -- and one can see how rapidly it is closing in both Venezuela and Nicaragua, whose model Morales is following -- then the Morales experiment will be judged on its merits. If that path is closed, and the space for legitimate opposition is narrowing almost daily, then the Bolivian people and the region have a long difficult road ahead of them, one they have walked before but always at great cost and sacrifice.