

Potential Conflict in Latin America
David Spencer, PhD

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The Most Peaceful Continent?

In the 1980s there were at least 11 wars in Latin America—three conventional wars and 8 major insurgencies. In the 1990s there were 5, of which one was conventional. In the first decade of the 21st Century there remains only one major conflict, the internal war in Colombia. Is this a trend? Can we expect an end to regional wars in the near future? So far Latin America has been the least conflictive region of the world in the new century. However, this honor may not last long. Northern South America seems to be one step away from major conflagration.

Black Clouds on the Horizon

Conditions are ripe in most of the Andean Ridge and Amazon Basin countries for a new round of political violence. Democratization, which was largely responsible for the reduction of Latin American wars since the 1980s, has fallen short of delivering the much anticipated social and economic benefits that its proponents promised.

- First, the establishment of democratic structures has not prevented the long-time practices of corruption and patronage politics from thriving. These practices have excluded significant minorities from their respective polities, bankrupted national treasuries, and gridlocked political decision-making and execution in many countries.
- Second, the economic liberalization and globalization that accompanied democratization created its own set of unanticipated problems. For example, although economies did grow through globalization, the benefits have not favored the majority. The gap between rich and poor in most Latin American countries has grown wider, and quality of life for the poorest has decreased significantly. Furthermore, globalization has wreaked havoc on certain traditional industries that proved to be inefficient compared to other foreign competitors. Although the economies are adjusting, the impact on the life of the displaced has been difficult.

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- Third, globalization and the vast amounts of ungoverned or poorly governed space in Latin America has resulted in exponential growth of efficient illegal economies, particularly drug trafficking. Despite increasing numbers of drug busts, arrests and confiscations of funds for money laundering, and spraying operations, neither the purity, price or availability of drugs on U.S. or European streets has been significantly impacted. Price has even gone down slightly, indicating that supply is plentiful and illegal money continues to pour into the region at unprecedented rates. What's worse is that those that control these vast illicit funds are precisely the forces and elements that can produce the most chaos. This means that, unlike the past, would-be revolutionaries don't have to appeal to an outside source for money, resources and weapons. They can merely tap into the vast reservoir of profits available from drug trafficking and other illegal economies to push their agenda. These profits are increasingly accessible to agents of political violence because of the breakup of the large cartels and their replacement by the much smaller "boutique cartels."
- Finally, ungoverned space and illegal economies create another problem, one that is more direct threatens the United States. This is the appeal to foreign, particularly Islamic, terrorist organizations to establish support (training, logistics and rest) facilities in the region, and/or possible forward operating bases from which to project attacks into the United States.

All of these factors are combining to create conditions ripe for conflagration. Should they all combine at once, it would undoubtedly cause a significant crisis for the United States, one that would drain U.S. resources at a time when forces and resources are already stretched thin because of commitments in Iraq, Afghanistan, and elsewhere. The good news is that with the commitment of relatively few additional resources, much could be done to prevent such a Latin American conflagration. The bad news is that the United States most likely won't show such forethought, only reacting when the situation develops into a significant crisis, one that will cost the United States far more in blood, treasure and forces than if the right policies were adopted now.

Survey of the Andean Ridge/Amazon Basin Countries

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The most volatile region in Latin America is the northern half of South America, comprising the countries of the Andean Ridge and Amazon Basin. In the interest of time and space this paper will concentrate on this region. This paper will survey five countries: Colombia, Venezuela, Brazil, Ecuador, Peru, and Bolivia. It will examine the current status of conflict and political unrest in those countries and then discuss potential trends for violent conflict. It will also discuss the issue of foreign terrorist organizations and ungoverned space. Finally it will offer some general conclusions about conflict trends in the region.

Colombia

Ironically, Colombia, despite its long war, is the country with the most positive outlook in the region. The last half of the Pastrana government (2000-2002) and the first half of the Uribe government (2002-2004) has marked an apparent turning point in the internal conflict. During the Pastrana government, efforts were made to build the forces necessary to stop the strategic advance of the FARC insurgents. By the time Pastrana turned over the reigns of power to the Uribe administration, this had been successfully accomplished.

During the Uribe administration the government has gone on the offensive. One of the first things the administration did was to write a national security strategy, known as "Democratic Security." The stated objective of the strategy was to establish security so that all Colombians can exercise their political rights within a democratic framework. It is important to note that this is one of the few times that Colombia has written a strategy and followed it.

Militarily the strategy has sought to take away terrain from the illegal armed groups, which include FARC, ELN, paramilitaries, and organized crime. The first step has been to consolidate disputed terrain near the centers of population. Subsequently the military has sought to go on the offensive against the insurgents through an ambitious campaign known as "Plan Patriota." This campaign is launching forces deep into the base areas of the illegal armed groups, but principally those of FARC, since FARC represents the greatest direct threat to the state. These areas are deep within the

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traditionally ungoverned space where drug trafficking and other activities of the illegal economy have thrived. The outcome of this offensive will not be known until the end of the Uribe government, but so far signs are hopeful.

Meanwhile, Democratic Security seems to be working back in the urban areas as designed. Security has increased in the urban and suburban areas across the country, common crime statistics are down, and government human rights abuses have not increased as many of Uribe's critics predicted. Uribe has adopted a policy of accountability. He has particularly held the military accountable for human rights and operational results, dismissing generals who fail. He has also held ministers accountable for health, economic, and local development results. For the first time in Colombian history, the common voter feels like they can expect results from their government.

One of the great ironies of this success is that opposition politics, particularly from the political left, have prospered under the Uribe regime commonly labeled as "rightist." In most countries this is usually an indication that the president is in trouble. However, it is important to note that Uribe does not have his own party. Also, although leftist parties have won important elections in cities like Bogota and Cali, Uribe remains one of Colombia's most popular president's ever with an approval rating that fluctuates in the high 70 and low 80 percentiles. This is an indication of success rather than failure because no matter how people feel about local politics, the broad consensus is that Uribe is doing a good job at the national level. Furthermore, the success of the left under a rightist security regime debunks some long cherished myths. The militant left has always asserted that they needed to make armed revolution because the Colombian establishment would never let the left compete fairly in the political arena. This may have been true in the past. However, the prosperity of the left under a rightist national security regime unravels the old pattern and indicates that Colombian politics are entering a new era of maturity. As the government continues to be successful against the insurgents, Colombia's political maturity will grow.

FARC strategic level decisions have actually helped the government. FARC realized that they could not confront the government directly and survive. Therefore they instituted a strategic withdrawal in accordance with the precepts of Mao's prolonged popular war. Their hope is to conserve their basic strength and their cadre to fight

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another day. The directive has been to avoid direct fighting and employ the tactics of attrition. Attrition is to be enhanced by increasing the technical skills of its combatants, particularly in the use of explosives and mines, and to inflict cumulative high cost on the government while preserving their own strength for a future counter-offensive.

To understand FARC's thinking it is important to understand that, presidential terms last four years in Colombia and there is no reelection. FARC believes that Uribe too shall pass. Colombian history is on the FARC's side, for in the past a dove president has inevitably followed a hawkish president. Uribe has increased military spending and expanded the forces more than any previous Colombian president. These forces have expanded government presence in previously ungoverned space and have increased security, but FARC is banking on economic exhaustion and mediocre results to put pressure on the next government to relent and adopt policies that turn the war back in their favor. They may get their wish. The government is in a bit of a dilemma. It must produce significant results by the end of Uribe's term in 2006. Meanwhile, FARC only needs to avoid government success. As the military presses deeper into FARC base areas, the government must increase defense spending to sustain the effort. Meanwhile FARC's task becomes easier as they operate on shorter interior lines of communication.

At the same time the state must increasingly juggle a delicate economic situation in which international loans are due, unemployment and underemployment are high, and raising additional taxes is difficult. FARC has bet that the Uribe government can't accomplish all of its necessary tasks. That still remains to be seen. So far, Uribe has surprised many of his detractors. In 2003, increased security helped the economy grow by 3.4%. The government has also proved able negotiators with the international banking community by meeting debt obligations, raising investment ratings, and negotiating free trade and preferential trading status. Finally, Uribe is pushing to amend the constitution to allow reelection. Although there is resistance in the Colombian congress, around 70% of the population support Uribe's initiative. FARC has underestimated the Uribe government before. Time will tell if they do again and made a strategic mistake.

In essence FARC created a large vacuum and ceded the strategic initiative to the government. The Uribe government has rushed to fill it. The test is whether the

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government can consolidate the space it has filled, or whether FARC has guessed correctly and the government will eventually cede the space back. This will depend on two factors: continuity and consolidation.

In order for the government to consolidate the recovered space, Colombia needs to continue the security policies established by Uribe. An Uribe reelection would guarantee this, but in some ways it would be more powerful if a new president came into office and continued the same policies. If a dove came into office, letting up on the offensive against FARC and the illegal armed groups would mean ceding the strategic initiative back to them.

Peace is better served by maintaining a position of strength. Consolidation is where the Colombian government is weak. It means getting the rest of the state into the newly recovered areas. The military and police have recovered large tracts of previously abandoned territory. They are holding open the door. It is up to the non-military entities of the state to walk through the door and consolidate the military success. The military can physically prevent the guerrillas from entering the towns, but they can't prevent people going over to the insurgents. This will happen if the people don't receive any benefit from increased state presence. Success will come when young people in the recovered areas cease to see FARC as an attractive career opportunity and find the legal alternatives are more attractive and fulfilling.

To accomplish this there are significant challenges ahead. Although FARC has been largely driven out of the urban and suburban areas and is being increasingly driven from its rural base areas, drug trafficking gives it resources far beyond those enjoyed by any other insurgency or terrorist organization in history. So, although the government may be able to significantly reduce the FARC threat, drug trafficking resources give it the ability to carry out at least low level terrorism for years to come. It is doubtful that FARC will be totally defeated by 2006. However, its power may be significantly reduced. It is more likely that the war will continue at some level for at least another two presidential terms, so at least to 2014.

One complicating factor is that not only has FARC withdrawn into its base areas, but it has had the forethought to begin to establish a strategic rearguard. This is possible because of friendly groups outside of Colombia. Venezuela is a key player in this and

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will be described later in great depth. However, there is evidence that in addition to Venezuela, FARC has sought to establish and consolidate ties in Argentina, Chile, Peru, Bolivia, Ecuador, and Brazil.¹ FARC presence and money has been detected among anti-US and anti-establishment movements in all of these countries.

- This has included FARC infiltration of the Peruvian Upper Huallaga valley where FARC began to pay farmers to plant poppies and coca as well as revive both of Peru's nearly extinct insurgent groups, Shining Path and MRTA.²
- The U.S. government has similarly detected the presence of Colombian FARC and ELN in Bolivia linked to the cocaine trade. In 2003 a Colombian was detained in Cochabamba with ELN and FARC propaganda, military uniforms, cash, coca base, and possible bomb making materials.³ Peruvian intelligence claims that FARC operatives in Bolivia are closely linked to the cocalero leader, Evo Morales.⁴
- Brazil has long been a route for moving personnel and gun running for FARC.⁵ FARC has significant ties to the criminal organizations that rule the favelas (urban slums) in Rio de Janeiro. In 2003 a FARC explosives instructor was captured in a favela of Rio de Janeiro.⁶
- Colombian guerrillas have long been present in Ecuador. FARC camps are continually discovered just inside the border by Ecuadoran security personnel.⁷ There has also long been evidence that corrupt members of the Ecuadoran military and police have sold quantities of weapons and ammunition to illegal armed groups including FARC. In October 2003, a government commission investigating the disappearance of weapons from Ecuadoran arsenals admitted as much.⁸ Besides weapons, Ecuadoran merchants sell boots, uniforms, and other supplies to FARC. It's good

¹ Jeremy McDermott, "Shining Path back as FARC exports terror," *Daily Telegraph*, September 13, 2003

² Sharon Stevenson, "The FARC's Fifth Column," *Newsweek International*, January 21, 2002. Also see Monica Vargas, "Peru Says FARC Growing Coca in Peru," *Reuters*, February 20, 2004.

³ http://www.wola.org/andes/Bolivia/bolivia_ain_updates.htm#may22

⁴ "En Peru dicen que las FARC se vinculan con Evo Morales en Bolivia," *Diario la Razon*, Enero 3, 2003.

⁵ "The FARC, Venezuela and Brazil: Growing Security Concerns in South America," *Stratfor*, April 9, 2003.

⁶ "Las FARC ayudan a narcos en Brasil," *El Pais*, Abril 7, 2003.

⁷ "Descubren base de las FARC en Ecuador," *Noticeros Televisa*, Enero 21, 2001.

⁸ "Militares de Ecuador negociaron armas con las FARC," *Associated Press*, October 24, 2003.

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business for them. However, FARC may be trying to do more in Ecuador than just use it as a logistics base. In 2002 a new group emerged calling itself FARE. It has set off a few bombs and claimed links to the FARC. However, little more has been heard from it.⁹ Either the claims were false or the effort foundered. More recently, the government of Ecuador helped Colombia capture Simon Trinidad, a member of the FARC high command, who was in Ecuador seeking medical treatment.

What is important is that, as the Colombian military are more successful at fighting the FARC at home, there is a good possibility that FARC could increasingly export instability to Colombia's increasingly volatile neighbors. This could be a dangerous combination, both for Colombia and its regional neighbors.

Venezuela

In 1998, Hugo Chavez was elected president of Venezuela on an anti-corruption and anti-poverty platform. Instead he has installed himself as a traditional Latin American caudillo and populist. Benefits have been showered on the poor, and those in his party have put their hand in the state till and become wealthy. Where this would have destroyed other economies, in Venezuela oil money keeps the country afloat.

Throughout the last six years Chavez has been maneuvering to consolidate his personal power. He has proved an able political chess player and has consistently outmaneuvered his enemies. Opponents in the military, professional organizations, media and the state-run oil industry have been slowly but systematically isolated and forced out. It has been a low-intensity process, but the cumulative effect over six years has been enormous. Chavez has also proved to be a survivor. He has weathered a coup attempt and three general strikes. He is now trying to sidestep a national referendum that would force him to step down according to the Constitution, which Chavez himself helped to write.

According to the constitution, a national referendum on a president's leadership could be held half-way through his term if 20% or 2.4 million signatures of the registered

⁹ "New Rebel Group in Ecuador Claims Ties to FARC, *Stratfor*, September 13, 2002.

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voters could be obtained calling for such a referendum. The opposition to Chavez made a mammoth effort and turned in 3.6 million signatures. Chavez alleged that the opposition had not even obtained 2 million signatures.¹⁰ The Chavez-dominated electoral council ruled that only 1.8 million of the signatures delivered were valid. It has since ordered more than 1 million people to confirm that they signed the petition by the end of May 2004.¹¹ The opposition needs 525,000 verified signatures to be validated, but the process set up to verify the signatures is so complex that it will be easy for Chavez to sidestep it. Opposition leaders warned Chavez that if he tried to delay or block the referendum he would face a popular rebellion.¹² Chavez relented and the electoral council that he controlled will allow the referendum to be held. However, it will not be without controversy. How the votes will be counted is now at stake. While Chavez is trying to maintain a façade of legality, he is also prepared for war.

Preparations for an eventual armed revolt or U.S. invasion have been going on since the beginning of the regime. Chavez formed the Bolivarian Circles, ostensibly for study and education. However, there have been substantial allegations of Bolivarian Circles conducting military training, both by Venezuelan military officers and foreigners, particularly Colombian guerrillas (FARC and ELN¹³), and also Cubans.¹⁴ This was taken a step further more recently when Chavez announced the official creation of the Bolivarian militias to defend the revolution. The militias will be openly trained and armed by the Venezuelan military. Chavez's pretext for the creation of the militias was a purported plot to kill him by Colombian paramilitaries, over 100 of whom were arrested, in uniform, on a farm, deep in Venezuela. However, the circumstances are so suspicious that it appears as if the plot was a staged event by the Chavez regime itself.¹⁵ In addition there have been significant indicators of increasingly close relationships between the Colombian guerrillas (FARC and ELN) and the Chavez government. In fact, the relationship seems to have been friendly from the beginning of the regime. Over time, the closeness of the relationship is slowly being revealed. FARC/ELN and Chavez share

¹⁰ Pascal Fletcher with Magdalena Morales, "Chavez Foes Say They Secured Venezuela Referendum," *Reuters*, December 3, 2003.

¹¹"Venezuela Threatens to Expel Observers," *Associated Press*, May 15, 2004.

¹² <http://www.freerepublic.com/focus/f-news/1126572/posts>

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¹⁴ <http://www.insightmag.com/news/342429.html>

¹⁵ Patrick Markey, "Ill Hand Power to Another Revolutionary –Chavez," *Reuters*, May 18, 2004.

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similar political ideologies and a mutual enmity for the United States. Although Chavez has not provided much, if any, direct aid to the Colombian guerrillas in the form of weapons (they don't need the aid due to their wealth), he has allowed the Colombians to use Venezuelan territory to establish bases, traffic drugs, weapons, and move personnel. By maintaining the conflict in Colombia, Chavez diverts U.S. attention from Venezuela, a diversion he needs to consolidate the revolution. Furthermore, U.S. involvement in Colombia serves as a whipping post to stir up Venezuelan nationalism.

The real threat in Venezuela is the outbreak of civil war. Society is deeply divided and although a majority of the people seem to be against Chavez, there is a significant number that do support Chavez. When there are large anti-Chavez rallies in Caracas, the pro-Chavez side is usually able to muster a similar number of people to demonstrate in favor of the President. Chavez retains a significant loyal following among the poor and significant elements of the military. Meanwhile, Chavez has been slowly but steadily purging the military of the anti-Chavez elements. Finally, the United States has little interest in invading Venezuela or providing covert aid to Venezuelan insurgents against Chavez. Therefore, if there is a civil war in Venezuela, the descent into such a war will probably have started out as massive civic unrest and have escalated into guerrilla war as the regime becomes increasingly brutal and intransigent. There will probably not be an open conventional war.

Chavez believes that he can outmaneuver and wear down his opponents through a drawn-out process of street fights, false promises, arrests, intimidation, and deportation. In other words, rather than an earthquake, there will be a series of "low intensity" clashes or tremors, and the shedding of some blood, but in the end Chavez will emerge triumphant. If the opposition moves from civic opponents to guerrillas, he feels that he can deal with them as well because they do not have the foreign support, organization, or funding for a prolonged campaign.

Chavez is probably not seeking an external conflict with Colombia. He is too intent on consolidating national power. Colombia has no territorial ambitions against Venezuela and is too embroiled in its own internal war to be a threat. However, keeping tensions high along the border and supporting the Colombian guerrillas (passively or actively) serves several purposes.

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- First, the specter of conflict with Colombia helps detract from problems at home by evoking nationalism, particularly since the United States is so heavily committed in Colombia. This allows Chavez to use the “international threat” to increase militarization and national defense spending, ostensibly to defend against a foreign enemy while hiding its true purpose—internal control.
- Second, by supporting FARC and ELN in Colombia, Chavez keeps the United States focused on other countries, not Venezuela. This allows him to consolidate his revolution.
- Finally, although a remote possibility, were FARC and ELN to triumph in Colombia, they would establish a Chavez friendly regime. This can only benefit him. Chavez is playing high stakes poker with both the internal opposition and Colombia. His multiple tremor approach might backfire on him and produce the earthquake he thinks he can avoid.

Brazil

Brazil, like most of the region, has turned to the Left. A decade of corruption, stagnant politics, and stagnant economy in the 1990s led to Lula da Silva’s election in 2002. Lula was a longtime member of the Brazilian Communist Party, who founded a center-left party in 1980 known as the Workers Party (PT). Unlike Chavez’ radical approach in Venezuela, Lula has moved cautiously, introducing social reforms only within a tight fiscal policy. This cautious approach coupled with a faltering economy and corruption at the highest levels of government has caused widespread disillusionment with his government from both extremes of the political spectrum. Lula’s popularity ratings have reached a low of 25%.¹⁶ Lula’s social base has criticized him for not moving toward socialism fast enough, and his critics on the right are unhappy about the faltering economy.¹⁷ Meanwhile, increasing violence is occurring in the urban slums, the favelas. There is a virtual war in the favelas of Rio de Janeiro between police and the

¹⁶ http://quote.bloomberg.com/apps/news?pid=10000086&sid=aEzLrr_aC0pE&refer=latin_america

¹⁷ Alex Bellos, “Lula throws Brazilians more promises as problems mount,” *The Guardian*, April 28, 2004.

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drug gangs. There are approximately 5,000 armed gang members.¹⁸ During early May of 2004, fighting between police and the gangs left 14 dead. The gangs are showing increased military and political sophistication. They enforce crude justice and carry out social programs such as providing milk to mothers, sweets to children, and presents to children at Christmastime.¹⁹ However, increasingly they are using the language and analysis of radical Marxism. For example, they call the war on drugs in the favela a “class war.”²⁰ Militarily, in recent fighting, gang members employed more advanced weapons, including mines and anti-tank weapons.²¹

Although not an insurgency, the mix of elements of society pushing for increased radicalization, discontent with a leftist president and existing gangs with territorial control and popular backing, drug finances, and perhaps FARC advisers, could produce a more serious conflict requiring increasing involvement of the military. This is particularly likely if Brazil’s economy continues to sputter.

Ecuador

Since 1990, Ecuador’s indigenous people have increasingly gained political power, organizing and marching against what they perceive to be corrupt and inept politicians. The peak of their power was reached in January of 2000, when an indigenous popular rebellion backed by the military overthrew the unpopular and inept government of Jamil Mahaud. The leader of the military rebellion, Colonel Lucio Gutierrez, was subsequently elected to the presidency in November 2002. Colonel Gutierrez won the elections by winning the backing of leftist political parties such as the Popular Democratic Movement (MDP), the electoral front of the Ecuadoran Communist Party, and Pachakutik, the political arm of the Confederation of Indigenous Nations of Ecuador (CONAIE). To these backers Gutierrez promised an anti-corruption campaign, reduction in poverty, increased health, education, a social security system, and job creation. Simultaneously Gutierrez pacified those who accused him of drifting too far to the left by committing his government to honor Ecuador’s World Bank and IMF commitments as

¹⁸ <http://www.abc.net.au/foreign/stories/s865716.htm>

¹⁹ Michael Astor, “Police Battle Violent Drug Gangs in Rio,” *Associated Press*, November 1, 2003.

²⁰ <http://www.narconews.com/Issue30?artigo773.html>

²¹ Carmen Gentile, “Brazil: Crime-struck Rio getting troops,” *UPI*, May 5, 2004.

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well as allowing the US to maintain basing rights at Manta. Gutierrez won the elections by successfully trying to be everything to everyone.

In office Gutierrez has been a disappointment to his indigenous supporters. Initially he appointed several members of Pachakutik to his cabinet. However, Gutierrez, like Lula, moved cautiously on the social agenda. Instead of pushing for broad social programs, he has opted for reduced government spending, austerity, and adherence to IMF and World Bank recommendations. Gutierrez has also firmly backed Washington in the counter-drug war and reaffirmed U.S. basing rights at Manta. On August 6, 2003 the differences over economic programs led to an official break between Gutierrez and Pachakutik.²² The problem was that Gutierrez had his back against the wall economically. With a struggling economy and a 15 billion dollar deficit, Gutierrez had to agree to austere measures to secure additional loans from the international community. The bottom line was that Ecuador did not have the money to institute ambitious social programs. By leaving the government, Pachakutik lost a historic opportunity for indigenous incorporation into the Ecuadoran polity and reverted to its role of political spoiler. Pachakutik has already played a significant role in overthrowing two presidents. It would not be difficult for them to attempt to overthrow a third.

To make matters worse, Gutierrez's political party, the January 21st Patriotic Society, has been rocked by scandal. In December 2003 ample evidence was uncovered linking the top leadership of the party to corruption and drug trafficking. A number of party leaders were jailed. However, the scandal did not affect only the president's party, but all of Ecuador's political elite. In February 2004, tens of thousands of Indians blocked the highways for 48 hours demanding Gutierrez's resignation.²³ Although the government weathered the storm and the situation returned to normal, the rage of the indigenous peoples is a latent, potentially explosive force, if the right conditions present themselves.

There is no current threat of conflict in Ecuador. The most likely scenario for social conflict is an Indian insurrection in the form of marches and road stoppages around Quito. Like Bolivia, a militant indigenous government can keep the country in perpetual

²² Council on Hemispheric Affairs, *Ecuador President's Plight: Gutierrez's Future in Doubt after Break with Indigenous Ally*, Memorandum to the Press 03.54, August 14, 2003.

²³ <http://www.oneworld.net/article/view/79493/1/>

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crisis indefinitely. However, it is improbable that the Indians will become armed insurgents anytime soon, although armed violence could become a factor in the protests. Several efforts by Colombian groups to foster sister insurgent groups in Ecuador have always fallen far short. Of course, given the right catalyst, things could change. Historically, however, although unstable, Ecuador has always been able to pull back and avoid major violent social conflict. Therefore the prognosis for the future is probably more of the same. Ecuador and Peru can always go to war over the border, but this possibility is currently remote, given the Ecuadoran victory in the 1995 conflict and the presence of international observers on the border.

Peru

Although Peru led Latin America in economic growth in 2003, and the trend seems to be continuing in 2004, the popularity of President Alejandro Toledo continues to spiral downward.²⁴ The most recent polls indicate that it hovers around 6%. A significant number of Peruvians want Toledo to resign.²⁵ Besides personal public relations ineptitude, Toledo's government has been consistently rocked by scandal and resignations. After 30 months of governance, Toledo has dismissed and reformed his cabinet five times.²⁶ Although Peru seems to be moving in the right direction, politically and economically, some analysts have dubbed it more akin to "stumbling in the right direction." The basic problem is the president's unstable character and his lack of leadership experience.²⁷ Despite economic growth, Peru is emerging from a long period of political violence and economic stagnation. There is discontent at both extremes of the political spectrum that is still powerful enough to cause significant disruption. Unemployment and underemployment are rampant. Like neighboring Bolivia, indigenous coca growers are becoming increasingly militant. Marches and protests of Indian groups from the border regions with Bolivia have become increasingly frequent.

²⁴ Marcela Sanchez, "Good news won't stick to Peru's president," *Washington Post*, August 29, 2003.

²⁵ Jude Webber, "Peru's Congress to Review Rules on Firing President," *Reuters*, May 19, 2004.

²⁶ "Peru's unpopular President Toledo unveils new Cabinet," *International Herald Tribune*, February 16, 2004.

²⁷ http://www.nzz.ch/english/background/2002/06/05_peru.html

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These protests have demanded that their crops cease being eradicated, their leaders freed from jail, and the anti-drug agency, DEVIDA, disbanded.²⁸

In addition to the coca growing Indians, the Aymara Indians in the Puno region have begun to take the law into their own hands. In this case the focus of anger has been corruption. Indians have assassinated or driven out of office public officers accused of fraud and corruption. When the government arrested those responsible for the murders, the Indians have taken to the streets, launching mass protests demanding their release. While these incidents have been episodic and localized, similar grievances exist elsewhere and it is feared that similar unrest could explode across the country.²⁹

Perhaps as an additional symptom of the larger problem, there are indications that Sendero Luminoso is making a comeback. Sendero was largely defeated after the capture of its leader Abimael Guzman in 1992. It was reduced to several hundred fighters organized in small groups operating in the Upper Huallaga valley and the jungle regions of Ayacucho. In June of 2003 they made the headlines when elements of Sendero Luminoso kidnapped 71 workers from Technint, a German company exploiting natural gas resources. Eventually the hostages were released. In July of 2003 a marine patrol was ambushed by Sendero resulting in 7 government dead.³⁰ Even more disturbing reports indicate that Sendero organized one of the peasant marches against the Toledo government in Ayacucho, also in July of 2003.³¹ This indicates that despite their weakening, Sendero maintains a base of public support within the indigenous community. As anger grows with the government, support may correspondingly increase for Sendero. With a sufficiently large mass base, Sendero can begin full-scale operations again.

The combination of increasingly rebellious Indians, inept government, and resurgent terrorism and drug trafficking fueled by the likes of FARC could spell dark days ahead for Peru. This will be particularly true if recent economic growth does not translate into more jobs and better living conditions for Peru's poor. The likelihood of an

²⁸ Tania Mellado, "Peru coca growers give Toledo ultimatum," May 12, 2004.

²⁹ Drew Benson, "Unrest Challenges Peru's Central Government," *Associated Press*, May 17, 2004.

³⁰ "Peru rebel ambush raises fears," *BBC News*, July 11, 2003.

³¹ "Alertan sobre posibles atentados de Sendero Luminoso," *Notimex*, July 24, 2003.

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external conflict with Ecuador is remote because Peru's internal challenges are more daunting.

Bolivia

Bolivia has a reputation for being one of the most unstable countries in Latin America. Recent events confirm its reputation. To understand recent events it is necessary to understand something of the history of drug trafficking in Bolivia. In the 1980s and 1990s Bolivia's Chapare region became a major cocaine producing region. In 1993 it was estimated that drug trafficking produced an estimated \$600 million in annual income, roughly equivalent to the combined value of all other Bolivian exports. Furthermore, around twenty percent of the adult work force was employed in the coca trade.³² The United States has given extensive aid to Bolivia's military to eradicate coca crops and drug processing labs in this region. Over the years the coca growers, known as cocaleros, have increasingly resisted the eradication effort, becoming better organized and more belligerent. A common tactic has been to build road blocks with burning tires, stones, and tree trunks and then place a mob behind the barricade. The army has been used to break up these roadblocks. On occasion the cocaleros have turned violent, using dynamite mines and Chaco War-era Mauser rifles distributed to popular militias by the revolutionary government of the 1950s.³³ Over the years there have been several hundred deaths. This has created bitterness on both sides.

However, the coca growers did not limit their activities to barricades. They also became politically powerful. Over the years they were able to elect a number of representatives to the Bolivian Congress. In 2002 the most powerful cocalero party, Movement Toward Socialism (MAS) and their presidential candidate Evo Morales, was narrowly beaten in the polls by Gonzalo Sanchez de Lozada. This put the cocaleros in an extraordinarily powerful political position. Meanwhile in the mid-1990s huge natural gas reserves were discovered in the Tarija province. An international consortium was formed to plan exploitation and exportation of this natural resource, the profits of which would boost the sagging Bolivian economy. Evo Morales and MAS disputed the wisdom of the

³² Wesley A. Fryer, *U.S. Drug Control Policy in the Americas: Time for a Change*, unpublished paper, August 30, 1993.

³³ <http://www.mapinc.org/drugnews/v03/n409/a10.html>

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proposed plans, claiming that the natural gas should go first toward helping the Bolivian poor. When the Bolivian government approved plans to build an export pipeline through Chile, to whom Bolivia lost territory in the War of the Pacific (1879-1884), Morales called for an uprising. On September 19, 30,000 people mobilized in Cochabamba and 50,000 in La Paz. The protesters accused the government of selling out to U.S. interests in the drug war and for natural resource exploitation. On September 26, Bolivia's powerful Labor Union (COB) joined the cocaleros. Government forces were driven out of a number of Indian communities and the country paralyzed by road blocks. The military sent in forces to unblock the roads. In some places it became violent. Around 60 people were killed by mid October, the road blocks were still in place, and the country began to suffer severe food and fuel shortages. Finally, President Sanchez de Lozada and a number of his ministers were forced to resign. Sanchez was replaced by his vice president, Carlos Mesa.³⁴ The political situation in Bolivia still hangs by a thread. Currently an uneasy peace exists, and Mesa is trying to cooperate with Morales, who is a de facto co-president. However, this cooperation can be shattered at any time by the right catalyst. Society is polarizing and there are advocates of extreme measures on both sides of the divide.

Conflict in Bolivia will probably continue to follow the same pattern it has demonstrated recently. The mobilization of Indians to block roads, backed by selective violence, has worked quite well. However, a number of factors could propel Bolivia into a more volatile situation: drug money, Colombian (FARC and ELN) influence, or a major political provocation such as the murder of someone like Evo Morales.

A real possibility is an eventual Evo Morales presidency. Morales would probably follow footsteps similar to those of Venezuela's Chavez. He might end drug eradication, carry out a more hostile policy toward the United States, and increase spending for social programs. Morales may also tolerate the activities of terrorist groups like Sendero Luminoso, FARC and ELN on Bolivian territory. Like Chavez, a Morales presidency could incite significant social instability. Bolivia will remain a significant challenge to regional stability for the next decade.

³⁴ <http://www.bolivia.indymedia.org/es/2003/10/3394.shtml>

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International Terrorism

A final factor that needs to be discussed is the presence of International Islamic Terrorism in Latin America. Since the late 19th Century, there have been significant Muslim emigrant communities that have settled in Latin America. They have tended to congregate on Latin America's coasts. Collectively they were nicknamed "Turks" because many of them migrated to Latin America when the Ottoman Empire ruled much of the Arab world and therefore they carried Turkish passports. However, ethnically the emigrants were Arabs with strong representation from Palestine, Lebanon, and Syria. There are particularly large communities in the Atlantic coastal region of Colombia and Venezuela, and in the border region between Brazil, Paraguay and Uruguay, known as the Tri-border Region. These Arab communities are active in commerce, and some are inevitably active in Latin America's longtime smuggling and contraband rings. Insurgent organizations have long taken advantage of these organizations to move people, money and weapons. It is no surprise that Arab terrorist organizations have tapped into the same networks.

Hizbullah and Hamas have raised money among the expatriate Arab populations, and even conducted operations in South America. In 1992, Hizbullah bombed the Israeli embassy in Buenos Aires, killing 29 people. On July 18, 1994, an organization calling itself Ansar Allah bombed a Jewish civic organization headquarters, killing nearly 100 people.³⁵ However, according to the U.S. government, the primary function of the Muslims in the tri-border region has been for fund raising and training. Activities range from counterfeiting U.S. currency to drug smuggling. Because of similar physical traits, Arab terrorists can easily blend in and remain undetected for extended periods of time.³⁶ There is evidence that Al Qaeda has also sent operatives to Latin America. Local informants have long reported on training and planning activities of Al Qaeda. The discovery of such things as wall hangings of Iguazu Falls in Al Qaeda compounds in Afghanistan adds credence to these reports.³⁷ The Colombian press reported that 5 of the 19 suicide bombers that carried out the September 11, 2001 attacks

³⁵ U.S Department of State, *Patterns of Global Terrorism, 1994*, Washington, D.C.: Office of the Coordinator for Counterterrorism, April 1995.

³⁶ <http://usinfo.state.gov/topical/pol/terror/02042404.htm>

³⁷ Interview with Walter Purdy, Terrorism Research Center, April 2004.

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had passed through Colombia's Arab enclave of Maicao at different times prior to the operation.³⁸ In addition Venezuela's opposition alleges that President Chavez donated \$1 million dollars to Al Qaeda after the September 11th attacks, and has given Al Qaeda terrorists sanctuary on Margarita Island in the Gulf of Venezuela.³⁹ While the truth of this allegation is unclear, what is clear is that radical Islamic groups, to include Al Qaeda, have taken advantage of Latin America's Muslim population, long established smuggling routes, and ungoverned space to carry out movement, some training, fund-raising, and maybe planning. Should northern South America descend into increased chaos, new opportunities could develop that would allow Al Qaeda to use Latin America as a springboard for operations against the United States homeland.

Conclusion

In summary, although there is only one major conflict in Latin America today, conditions in northern South America are ripe for renewed conflict. While the conflict in Colombia appears to be winding down, FARC's drug money and regional ties may allow them to project violence and chaos into Colombia's neighboring states. Brazil, Ecuador, Peru and Bolivia are all vulnerable due to already existing precarious political conditions. In Brazil, militant drug traffickers are becoming more and more politically organized. Should they consolidate and merge with disgruntled popular sectors they may present a significant challenge to the Brazilian state. In Peru, Ecuador and Bolivia, militant Indian groups are proving the deciding factor in national politics. However, the Indians are much better at protesting and overthrowing governments than they are at ruling. As far as the United States is concerned, the rise of militant indigenous movements presents a significant challenge to U.S. counterdrug and economic policies in the region. Any of the situations in these countries could suddenly turn into a bloody civil war given the right catalyst, although Bolivia and Peru are probably more volatile than Ecuador. Venezuela is the region's wild card. The money fueling the conflict here is not drugs, but oil. President Hugo Chavez seems determined to consolidate his personal rule and is taking increasingly risky steps towards that end. With a significant opposition he is playing

³⁸ "5 de los 19 terroristas del 11 de Septiembre estuvieron en Maicao," *El Tiempo*, October 5, 2001.

³⁹ Johan Freitas, "Chavez \$1M support for Al Qaeda confirmed," *Militares Democraticos*, January 9, 2003.

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high stakes poker and taking the country to the brink of civil war. His gamble is that the opposition doesn't have the appetite to take that step, or that he will triumph if and when they do. Depending on how things go this could result in a major head-on-head civil war, an opposition guerrilla war against Chavez, or, if Chavez is deposed by coup, a pro-Chavez guerrilla war against the new government. If the latter scenario developed it is likely that the insurgents would use drug trafficking to finance the insurgency, converting Venezuela into a drug-producing country. The terrain is very similar to Colombia. Into this chaos throw Al Qaeda. While not a major player in Latin American politics, Islamic extremism may take advantage of any developing chaos in Latin America to attempt to project power against the U.S. homeland. The insurgents might welcome some aid from Al Qaeda to acquire new technology and access to arms markets.

In the worst case scenario, the U.S. is facing the calm before the storm in Latin America. In the best case scenario, Latin American instability will play itself out in a series of low-grade controlled tremors but will eventually emerge as stronger, with better governments and economies. Somewhere in between is the most likely outcome. To ensure a more positive outcome, it would behoove the United States to shake off its traditional complacency and be more proactive in Latin America. Now is the time to act when preventative measures are relatively benign, simple and cheap. Waiting to act until the crisis erupts will be politically difficult and costly in terms of blood and treasure.