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Bolivia's Foreign Policy: How Far to the Left?



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An Intelligence Assessment

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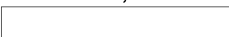
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Bolivia's Foreign Policy: How Far to the Left?




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An Intelligence Assessment

This paper was prepared by  Office
of African and Latin American Analysis. Comments
and queries are welcome and may be directed to
the Chief, South America Division, ALA, 


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This paper was coordinated with the Directorate of
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**Bolivia's Foreign Policy:
How Far to the Left?**



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Key Judgments

*Information available
as of 14 April 1983
was used in this report.*

Since assuming Bolivia's presidency in October 1982, Hernan Siles Zuazo has implemented a new leftist foreign policy that has dramatically altered his country's traditionally strong support for many US positions. For example, Bolivia has established diplomatic relations with Cuba and Nicaragua, recognized the PLO as the legitimate representative of the Palestinian people, and consistently either voted against the United States or abstained in several international forums, particularly the United Nations.



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We believe there are several reasons that account for Siles's commitment to his foreign policy line, despite its potential consequences.

- At age 70, Siles is more willing than at any other time in his 40-year political career to take risks in order to leave his personal leftist stamp on Bolivia.
- The radical orientation of the President's closest advisers—who, taken as a group, constitute the most extreme left element in the government—reinforce his foreign policy initiatives.
- At least for the moment, Siles continues to have unusual latitude to implement his philosophies because Bolivia is "coup weary"—since 1978 alone the country has had 10 different governments.
- Bolivia's inability to secure from traditional lenders enough capital to halt the country's precipitous economic decline leads Siles to court new non-Western sources.



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There are several constraints on Siles's actions, but those with the greatest potential influence have only begun to manifest themselves. The anti-Communist Bolivian military is still in some disarray since the return to civilian rule last fall, even though it retains the capacity to regroup quickly and oust Siles. The President's civilian political opponents of the center and right, meanwhile, are formulating congressional challenges and seeking tentative alliances with the armed forces in an effort to halt the government's leftist policies.




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At present, we judge the most important, active constraint on the President to be his continuing desire to maintain good relations with the United States—still Bolivia's primary source of economic aid. This, plus Siles's genuine appreciation for the US role in helping restore democracy to Bolivia, has led him to delay temporarily some leftist foreign policy initiatives, including recognition of North Korea and the People's Republic of China. 

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In our view, however, Siles believes that he has sufficient room to maneuver within these constraints to maintain leftist initiatives without jeopardizing continued aid from the United States. We believe he calculates that Washington's commitment to civilian rule will forestall any serious deterioration in relations and help keep Bolivian coup plotters in check. Further, his personal and political commitment to the leftist course will continue to be overriding. The President, therefore, will proceed with most of his policies—albeit on a slower track. 

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Over the next six months, we expect that, regardless of promises made to the United States, La Paz will:

- Expand existing diplomatic and other links with Cuba.
- Consider accepting small numbers of Cuban and Nicaraguan specialists in agriculture, education, medicine, and possibly intelligence.
- Establish relations with North Korea and possibly the People's Republic of China.
- Expand longstanding commercial ties with various Communist nations, especially with the Soviet Union in the field of mining technology. 

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We also believe that this course probably will, before the year is over, unite Siles's diverse opponents. These galvanized civilian and military critics will make common cause with ambitious dissenters from within the administration and, with likely encouragement and support from Buenos Aires, probably will force Siles from office. 

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Bolivia's Foreign Policy: How Far to the Left?

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Introduction

The inauguration of leftist President Hernan Siles Zuazo on 10 October 1982 marked the return of democratic government to Bolivia after 18 years of nearly continuous military rule. Almost immediately the President began to implement a new foreign policy, which dramatically altered the country's traditionally strong support for most US diplomatic positions. This paper reviews the policy shifts to date; examines the reasons behind Siles' strategy; surveys foreign and domestic constraints to his foreign policies; predicts likely future policy decisions that affect US interests; and assesses the implications of the President's actions for the survival of his government.



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President Hernan Siles Zuazo

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The President's Background

A 40-year veteran of Bolivian politics, Siles was one of the principal leaders of the 1952 revolution, Latin America's most dynamic social upheaval since the Mexican experience of 1910. Siles played a major role in implementing the revolution's goals: nationalization of the mining industry, enfranchisement of the peasants, and establishment of a major agrarian reform program. His early and deep personal commitment to revolutionary programs—best reflected today in his government's foreign policy—was tempered by pragmatism during his first term as President (1956-60), but never significantly compromised.

As the UDP presidential candidate, Siles captured a plurality of the popular vote in both the 1979 and 1980 elections, winning a decisive 2-to-1 victory over his closest rival in the latter contest. A parliamentary deadlock in 1979 and a military coup in 1980 prevented him from assuming office, but with the military's voluntary relinquishment of power in October 1982, Siles returned to Bolivia and was installed as president by the newly seated Congress.

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The New Policy in Practice

During the years of military rule after 1964, Siles spent much of the period in involuntary exile, laying the groundwork for his eventual return to the presidency. In 1973 he founded the center-left National Revolutionary Movement of the Left (MNRI). Siles also broadened his leftist appeal and secured a major portion of the important labor vote by joining with two other parties—the Movement of the Revolutionary Left (MIR) and the Bolivian Communist Party (PCB)—in 1978 to form the powerful Democratic and Popular Unity (UDP) coalition.

From his first days in office, Siles has charted a strikingly new course for Bolivia's foreign policy, in which relationships with far-left governments and radical organizations have become the norm. Thus, a warm welcome was extended to the high-level delegation, headed by Cuban Vice President Carlos Rafael Rodriguez, that Havana sent to Siles's inauguration. This was best illustrated by Rodriguez's unprecedented address to the new Bolivian Congress. Prior to this occasion, the two nations had had little contact since the Bolivian Army captured and executed Che Guevara in 1967. Recognition of the Sandinista regime in

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Nicaragua—the first official foreign policy act of the new government—was followed by the establishment of similar ties with Cuba. In addition, the regime has publicly recognized the PLO as the legitimate representative of the Palestinian people and has endorsed the West Saharan Polisario Movement. [redacted]

US Embassy reporting notes that not only is Siles's desire for closer ties with Cuba especially strong, but that in this he has been encouraged by most of his advisers and the other parties in his coalition. He believes that Cuba's leadership position in the Third World can greatly benefit Bolivia. [redacted]

[redacted] the President is an admirer of Cuban achievements in agriculture and mass education and would like to follow Castro's example in these fields. Moreover, he believes that in return for Cuban promises of financial assistance—aid, which we believe is unlikely to materialize—and diplomatic support, Bolivia must, at a minimum, accept an official Cuban presence in La Paz. Thus, we believe that the announcement by Bolivia's Foreign Minister while in Nicaragua in January of a formal resumption in diplomatic relations with Cuba was premeditated, despite Siles's contention that the minister exceeded his instructions. [redacted]

Bolivia's relations with the Soviet Union also have improved under Siles, but more in terms of atmosphere than concrete advances. The two countries already had diplomatic relations at the ambassadorial level, and the USSR has been involved in funding a major Bolivian tin volatilization project for over a decade. The US Embassy reported that top officials of the Bolivian state mining corporation recently traveled to the Soviet Union in hopes of securing credits totaling \$250 million for a second tin plant and assorted mining machinery. Movement on this proposal probably will be slow, and we have no information on other new bilateral initiatives. [redacted]

Bolivia's voting record in international forums, on the other hand, illustrates well the significant changes of the new foreign policy. At the 37th United Nations General Assembly, the Bolivian delegation either absented itself or voted against the United States on such key issues as Afghanistan, Israeli and Kampuchean credentials, chemical weapons, Namibia, and

human rights. In most cases, Bolivian officials responded to subsequent US representations with what appeared to be lame excuses of fouled communications between the delegation and La Paz. In the Nonaligned Movement, as well, Bolivia frequently has opted for radical positions. Most recently, at the regional preparatory meeting for the UN Conference on Trade and Development, Sixth Session (UNCTAD VI), Bolivia joined with Cuba, Nicaragua, and Suriname in an unsuccessful attempt to eliminate the moderate sections of the final declaration. [redacted]

With Siles's approval, the regime also has prominently displayed its association with specific leftist organizations. Since last October, for example, La Paz has played host to several meetings of leftist Latin American political parties. One recent gathering—as described by the US Embassy—was both partially paid for and attended by exiled Argentine Montonero guerrillas. The US Embassy also reported that Siles has considered granting political sanctuary to this group, despite the strain such a move would place on Bolivia's relations with her powerful and influential southern neighbor. [redacted]

Siles has shown some willingness to suspend, at least temporarily, planned foreign policy initiatives for pragmatic financial reasons. [redacted]

[redacted] following Taiwan's offer of a \$3 million loan to La Paz, the President not only temporarily shelved his plans to recognize the People's Republic of China, [redacted]

[redacted] Bolivia's relations with South Korea are following a similar pattern. In our view, economic considerations are the primary reason for the derailment—at least temporarily—of Bolivian recognition of North Korea. The US Embassy in La Paz reported that in March a key presidential adviser raised with South Korea the possibility of either canceling a large government-to-government debt owed by Bolivia or a cash grant from Seoul in return for his efforts to block the establishment of diplomatic relations with P'yongyang. [redacted]

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The Pressures for the Leftward Shift

We believe that Siles's age plays an important role in explaining his motives for pushing his foreign policy beyond traditional bounds and those he set in his first term. At 70, the President probably realizes that this is his last opportunity to sit in the presidential palace. Hoping to leave his mark on Bolivian history, we judge Siles is far more likely to take risks and follow his own personal beliefs—regardless of the political consequences—than at any other time in his career.

[redacted]

Historical studies show that Siles views himself as a revolutionary. We believe that the new policies enable him to reaffirm publicly his leftist credentials and showcase what we judge to be his genuine belief in the principles of nonalignment. Along these lines, the President has proved willing to modify several of Bolivia's traditionally pro-Western positions in order to demonstrate his country's new Third World orientation and independence from the United States.

In addition, the country's virtual political exhaustion has provided a rare opportunity for executive leadership. Since 1978 Bolivia has had 10 different governments, with 1982 alone witnessing three changes. As a result, during his first 100 days in office, Siles found himself governing from an almost unique position—we believe that both his opponents and the general populace, weary of constant governmental turnover and the accompanying political paralysis, were willing to allow the new regime considerable leeway. Thus, the President has been formulating his new policies in an environment remarkably free from serious coup plotting.

The desperate need for additional capital to begin redressing Bolivia's economic decline also is pushing Siles's foreign policy leftward.

To some extent, this requires the President to walk a tightrope to avoid jeopardizing essential economic assistance from the United States. Despite the apparent contradiction, however, his country's economic problems are so severe that we believe Siles is convinced he must expand Bolivia's sources of economic aid.

Weak demand and low prices for Bolivia's key mineral exports—tin, lead, and zinc—have helped precipitate the current economic downturn. Moreover, the situation has been aggravated by the government's refusal thus far to implement economically necessary, but politically costly, austerity measures. Real GDP fell 1 percent in 1981—the worst performance since 1957—and final figures for 1982 are expected to show another 8 to 12 percent decline. Siles is therefore soliciting additional funds from new lenders, including those on the radical left.

[redacted]

The President also has publicly agreed to permit the PLO to open an office in La Paz, apparently in hopes that the organization's influence with wealthy Arab nations ultimately will work to Bolivia's economic advantage.

Leftist policy actions are not only reinforced, but sometimes initiated by Siles's closest advisers, who, taken as a group, constitute the most radical element in the government. Close presidential adviser and MNRI Executive Secretary Felix Rospigliosi illustrates the extreme views of this clique, which also includes MNRI Congresswoman Tamara Sanchez Pena, Janet Rospigliosi (Felix Rospigliosi's niece), and MNRI public relations officer Elias Clavijo. According to the US Embassy, Rospigliosi, an avowed radical, has urged Siles to break relations with the United States, dissolve the Bolivian Congress, create armed peoples' militias, and follow the Cuban/Nicaraguan development model. Despite the President's refusal to accept any of these proposals, he is, we believe, in fundamental agreement with many of the less extreme views of this adviser, and we suspect disagreements are often more over timing than the policies themselves. For example, Siles continually solicits Rospigliosi's views and gives him the opportunity—through television appearances, trips abroad, and participation in formal cabinet meetings—to speak and act on the government's behalf.

[redacted]

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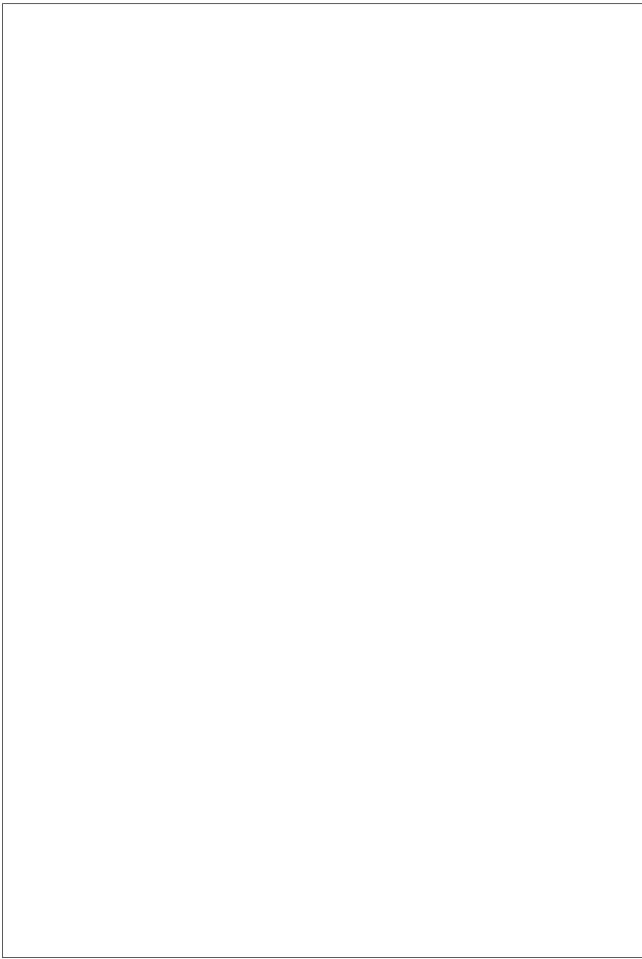
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danger to his hold on power posed by the military regime in Argentina, as well as of the deep economic dependence of Bolivia on the United States. [redacted]

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The Military

The primary internal check on any Bolivian president is the military—historically the nation’s most cohesive and powerful political organization. Despite a wide variety of social and political philosophies within the officer corps, disagreements are quickly submerged when challenges arise either to the institution’s authority or privileges. [redacted]

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Of particular importance to Siles are the military institution’s foreign policy views. All military factions are not only fiercely anti-Communist, but, more specifically, anti-Cuban. Many “progressive” officers—those allegedly supportive of democracy—proudly claim to have participated in the capture of Che Guevara in 1967. [redacted]

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[redacted] even in this group—whose support is crucial to Siles—concern is mounting over Bolivia’s increasingly close ties with radical leftist governments. [redacted]

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The military’s unusually muted reaction so far to Siles’s foreign policies is probably due to three factors. The abject failures of military regimes since 1979 have left the armed forces more concerned, at least temporarily, with rehabilitating their image than with wielding power. For his part, the President—even while restoring ties with many nations considered anathema by the armed forces—seems to have allayed the officers’ worst fears by thus far limiting the sizes of these countries’ missions in Bolivia and refusing such offers as Cuban teachers or medical personnel. A third factor is the lesson learned by the armed forces when it seized power in 1980: alienation of the United States can lead to a total withdrawal of US assistance, which can seriously complicate effective rule. [redacted]

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Allowing Rospigliosi wide latitude can work to Siles’s tactical advantage, in our view. There has already been some tendency for the government’s detractors to criticize Rospigliosi and the policies as much as Siles. This could leave the President some maneuvering room in the future by enabling him to deflect criticism through the demotion or removal of Rospigliosi. [redacted]

Domestic and Foreign Constraints

We believe Siles’s leftist foreign policy initiatives face their greatest potential opposition from powerful domestic institutions, such as the military and the established center and right political parties. Externally, Siles is almost certainly aware of the direct

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We believe, however, that the military's current quiescence will diminish with time. We expect that continued leftward movement by the Siles government will eventually provide yet another in a long line of Army strongmen, with a compelling argument—a perceived Communist threat to the nation—for uniting disparate military factions.

[Redacted]

[Redacted]

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The Argentine concerns that lead to this type of interference are primarily political and related to security. Many top Argentine military leaders—both past and present—fear that a leftist civilian regime in La Paz will allow the country to become a major base for exiled Argentine guerrillas or transform Bolivia into a Cuban surrogate state on their strategic northern border.

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Political Parties

Siles's foreign policy also is beginning to encounter opposition from another important quarter—the well-established domestic political parties of the center and right. [Redacted] former President Victor Paz Estenssoro—Siles's most implacable foe over the last 25 years and the leader of the country's second-largest political party—is spearheading the civilian drive against the government.

[Redacted]

The hostile Argentine attitude toward Siles has been demonstrated in several ways. For example, Buenos Aires granted political asylum to the most notorious members of the Bolivian military, who fled the country after Siles's inauguration.

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[Redacted]

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[Redacted]

[Redacted]

We believe, however, that for Paz, the regime's foreign policies seem less a genuine grievance than a convenient excuse to promote his own political advancement. Moreover, without strong military backing, the civilian political sector does not possess the power to depose Siles.

Siles seems to us well aware not only of Argentina's political influence and geographic proximity, but also of her value as a commercial partner—Argentina is the principal consumer of Bolivian natural gas, for example. For this reason, he has consistently expressed a desire for cordial bilateral relations.

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[Redacted]

Siles views Bolivian-Argentine relations in the same manner as he sees those between the United States and the USSR—effective and positive in spite of deep-seated hostility between the two governments.

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Argentina

Through its close army-to-army ties with the Bolivian military, Argentina represents a potentially major foreign constraint on the actions of the Siles regime, because it poses a direct threat to his hold on power. In recent years, that country's conservative military leaders have sponsored several destabilization campaigns against Bolivian presidents who were deemed threatening to Argentine interests.

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Nevertheless, Siles seems less concerned than we judge prudent about antagonizing the Argentines with his foreign policies. His proposal earlier this year to grant asylum to exiled Argentine Montoneros—an initiative that he reportedly still has under advisement—is the most striking example of this attitude.

[redacted]

The United States

In our view, the President regards his continuing need to maintain good relations with the United States—Bolivia's primary source of economic aid—as the most important active constraint on his foreign policy. Most of the concessions to moderation he has made—such as the postponement so far in accepting a Cuban ambassador or establishing relations with North Korea—have come at Washington's urging. The United States traditionally has ranked first among providers of bilateral foreign financial assistance and, in recent years, has been second only to the Inter-American Development Bank as a source of donor funds. Besides being a major purchaser of Bolivian exports, the United States is the primary supplier of both capital goods and sophisticated equipment needed by the country's important mining and petroleum industries. Finally, US influence with international financial institutions and other lenders can affect loans to Bolivia. [redacted]

[redacted] Siles appreciates the importance of this relationship; he believes he has reduced anti-US propaganda in Bolivia and has instructed his ministers to maintain friendly relations with the United States. The President repeatedly has pointed out in discussions with his administration's officials the limitations placed on Bolivia's diplomatic position by the country's economic crisis and its dependence on the United States. At the same time, he acknowledges publicly the prominent role the United States has played in isolating past military governments and promoting the restoration of democracy in Bolivia. [redacted]

All of this helps to moderate Siles's foreign policy, but primarily, we believe, only by delaying additional leftist initiatives. For example, despite repeated assurances to the United States that Bolivia would not establish diplomatic relations with Cuba in the foreseeable future, Foreign Minister Velarde used the

occasion of the Nonaligned Coordinating Bureau meeting in Managua last January to announce the restoration of formal ties. Similarly, following strong US protest of this action, Siles pledged to delay the exchange of diplomatic personnel with Havana for at least six months. Nevertheless, after the arrival of an unsolicited Cuban Charge in La Paz less than two months later, Siles accepted his credentials unofficially and permitted him to begin de facto diplomatic operations. US Embassy reporting [redacted] reveal that this failure to respond to US representations against Bolivian foreign policy actions inimical to US interests has developed into a fairly clear pattern. [redacted]

Bolivia's voting record in the United Nations is another instance of double dealing with the United States. Late last year, Siles promised to condemn the Soviet invasion of Afghanistan in both his speech to the UNGA and his 1983 New Year's Day speech in La Paz, but in both cases such remarks were left out. In conversations with the US Embassy, high-level Bolivian representatives said they were unable to explain the deletions. [redacted]

Siles's administration officials—obviously recognizing the potential costs of antagonizing the United States—usually have been sobered by successive US demarches and have promised to avoid or delay action on controversial initiatives. We believe, however, that the factors cited above—Siles's age and revolutionary commitment, his advisers, the enormity of Bolivia's economic needs—work to offset the significance of Washington's position, until eventually the President reneges on his agreements. Early in the Siles administration, the US Embassy attributed some policy actions to confusion and lack of coordination in the new government. The consistent pattern of the last six months, however, leads us to conclude that the course of Siles's foreign policy is largely premeditated and under the guidance of the President, even though he sometimes allows day-to-day direction by others. [redacted]

That Siles has suffered few direct setbacks from his policies to date probably has helped convince him that he may be able to continue in this manner. His

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recognition that the United States will be angered by many of his actions probably is tempered by a belief that Washington's commitment to democratic rule in Bolivia not only will forestall any serious deterioration in relations, but may help keep Bolivian coup plotters in check. Although the Bolivian military and Argentina have, we judge, more potential influence over Siles than the United States because of their willingness to take direct action to oust him, so far neither has manifested its concerns as directly as the United States and thus probably is not yet acting as a significant restraint on the President. [redacted]

Prospects

Because we believe that Siles and his advisers are committed to moving Bolivian foreign policy leftward despite their awareness of the inherent political risks, we expect the current pattern to continue. Siles's promises to the United States notwithstanding, we believe that Bolivia's unofficial acceptance of the Cuban Charge's credentials in La Paz indicates that these relations will be raised to the ambassadorial level within the next six months. The President probably also will permit an increase in the sizes of the diplomatic missions of such new partners as Nicaragua. Because Siles admires the advances these countries have made in agriculture, education, and medicine, we expect that over the next several months he will begin to consider receiving some small numbers of Cuban or Nicaraguan specialists in these fields. In our view, if the presence of such specialists does not spark significant opposition, Siles also may accept from countries unfriendly to the United States a very few advisers to his government, including intelligence officers. We believe relations with North Korea and the People's Republic of China will also be established if either South Korea or Taiwan, respectively, falter in their "aid" programs to Bolivia. [redacted]

In addition to these new initiatives, some longstanding commercial ties with Communist countries probably will be expanded, in part because of the efforts of the

two cabinet ministers who are members of the Bolivian Communist Party. The efforts of Bolivian state mining corporation officials to secure \$250 million in Soviet assistance for planned projects and equipment are an example of Bolivia's attempt to build on a decade of Soviet financial involvement in a tin-processing enterprise. [redacted]

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The risks that these initiatives pose for Siles are high. By continuing to promote Bolivia's shift to the left, he will play into the hands of powerful domestic opponents who are seeking a plausible pretext to unify their ranks and move against him. We believe that the impact of these initiatives, regardless of any major grievances on the domestic front, probably will, before the year is over, unite Siles's diverse military and civilian critics long enough to force his ouster. [redacted]

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In the interim, we believe that US demarches will induce Siles to continue to make at least some effort to respond to US interests. For example, in an attempt to address US concern over Bolivia's relations with the PLO, Siles recently sent a letter to the President of Israel assuring him of Bolivian support for the Camp David accords as a basis for a peaceful settlement in the Middle East. Similarly, a move to assuage US anger over Bolivia's voting record in the United Nations—specifically the failure to condemn the Soviet invasion of Afghanistan—resulted in an official Foreign Ministry statement repudiating the occupation of that country by foreign troops. Yet, even these kinds of concessions will probably be forthcoming only as a result of fairly continuous and heavy US pressure. We judge that the more fundamental commitment to an overall leftist foreign policy will not be voluntarily abandoned or significantly diverted. [redacted]

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