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IS PERU NEXT ?

INTRODUCTION

Is Peru's young democracy the next victim of Cuban and Soviet backed subversion? It may be. Growing terrorist attacks against the democratically elected government of Peru, highlighted most recently by attempts to prevent the peaceful implementation of local elections, ominously parallel the pattern of Marxist attempts to undermine democracy elsewhere in Latin America. As in El Salvador, the people of Peru thus far have turned their backs on those who violently would topple democracy.

The attacks on Peru's democracy have been mounted by a guerrilla group which calls itself Shining Path (Sendero Luminoso in Spanish). It challenges Peru's attempt to consolidate democracy under President Fernando Belaunde Terry, who took office in 1980 after twelve years of military rule. Its threat is not confined to Peru, however. Success there could lead to destabilization along the west coast of South America.

One of the most persistent myths about the Shining Path is that it is exclusively a home-grown insurgency, which is not receiving outside aid. Yet there is convincing evidence linking it to other guerrilla movements in the hemisphere, as well as to Cuba and the international drug market. Terrorist actions in Peru are not directed against a repressive military regime, but against a democratically elected government headed by a popular ruler who is also strongly pro-U.S.

The U.S. cannot afford to ignore the importance of democracy and stability in Peru. Fidel Castro and his Soviet backers can be expected to exploit every opportunity to turn the west coast of South America into another regional headache for the U.S. Economic and military assistance must be invested now to prevent this from happening.

BACKGROUND

The earlier popularly elected government of President Fernando Belaunde Terry, which began in 1963, was deposed in 1968 by a military coup led by the Commander-in-Chief of the Armed Forces, General Juan Velasco Alvarado. From 1968 to 1975, the Velasco regime placed Peru on a decidedly socialist course.

In May 1980, the military regime ended and national elections were held in which Belaunde's Accion Popular party gained 47 percent of the popular vote and took control of Congress and the Executive Branch. Belaunde immediately embarked on a program of economic revitalization which successfully increased investment, both foreign and domestic, as well as productivity. These economic policies also lowered the inflation rate and eased or eliminated trade restrictions and regulations which burdened the Peruvian private sector.

Today, natural disasters and the Shining Path movement are testing the viability of Peru's democracy. Although the country's \$11 billion foreign debt is being managed relatively well by current standards, it has resulted in severe budgetary restraints and high inflation, which represent opportunities for subversive elements. The prices of copper, silver and iron ore, Peru's major exports, have fallen dramatically. In addition, the violent storms caused by the climatic phenomenon known as "El Nino" have resulted in approximately \$1 billion in crop and property losses and the loss of dozens of lives. Peru's iron, fertilizer, textile, paper and machinery industries have all been paralyzed. Production in the fish, shrimp and flour processing industries have all fallen sharply.

Shining Path compounds these crises. The movement has begun terrorist bombing attacks in Lima, the most infamous of which blacked out the entire capital city in July. The national government has already sent specially trained anti-subversive troops to the remote province of Ayacucho to destroy the central point of the threat. The troops have thus far been only partially successful.

The Ayacucho area played an important role in pre-Columbian and colonial societies. The Spanish conquistadores later established Ayacucho as a transit depot between Cuzco and the port of Lima, Callao. Its strategic location made it the site of the last battle of the South American wars of independence.

Today, Peru's geographic location and its abundant food and mineral resources make its national security vital to the U.S. Because Peru borders five other South American countries, it could serve as a springboard into the north and southwestern regions of the continent.¹ An unfriendly Peruvian navy could

¹ This process has already started. Shining Path appeared on the Colombian-Ecuadoran border in September.

interdict trade routes from the western rim to the Panama Canal.² Moreover, Peru's large deposits of copper, iron ore, silver, and abundant maritime resources are essential U.S. and Western European imports.

THE SHINING PATH THREAT

The Shining Path organization consists of approximately 3,000 armed guerrillas.³ It has been responsible for the deaths of over 1,000 civilians, 64 members of the security forces and 18 public officials in the past three years.⁴ It also has bombed electrical power stations and other key civilian and government installations. While still mainly limited to sporadic attacks outside Ayacucho, the group has added to the fears of Peruvians beset by other problems and worried that the government is losing control.

Shining Path began as a splinter from the Peruvian Communist Party in 1970. Abimael Guzman Reynoso, a professor from the Universidad de San Cristobal in Ayacucho, led the defection and heads the movement now. Most of its leaders and cadres were recruited from the Universidad between 1970 and 1980, when Shining Path waited for the return of democracy and concentrated on political indoctrination and education in Quechua, the language of the Peruvian highlands.

With the advent of democracy, terrorist activity began. Shining Path terrorists first try to frighten relatively unprotected rural populations and force them to stop raising excess food for the market. Local mayors and aldermen are frequently killed since they are visible and vulnerable. Terror and the inability to sell food drives many peasants into the cities, placing a strain on social services. Thus weakened, the cities become vulnerable to terrorist attack, too.

In the meantime, the productive capacity of the Peruvian economy suffers. Food production has dropped dramatically in the past year both because of droughts and floods and because of Shining Path threats. In one case the group destroyed an important agricultural center where experiments on cattle breeding were taking place. Ostensibly, this was an attack on "foreign influence"--the cows were Swiss. Tourism, another important foreign exchange earner, has dropped 50 percent.

² W. Bruce Weinrod, "Security Implications of the Panama Canal Treaties," International Security Review, Vol. IV, No. III (Autumn 1979) p. 265.

³ Cynthia McClintock, "Sendero Luminoso: Peru's Maoist Guerrillas," Problems of Communism, September/October 1983, p. 19.

⁴ Ibid.

All of these problems add to Peru's foreign debt, which currently stands at \$11 billion but which is certain to rise. Projects aimed at further developing the country's interior and providing running water and electricity to rural areas were recently cut in response to a demand from the I.M.F. for austerity measures, designed to bring Peru's debt under control. Such measures, however, could impair Peru's ability to find long-term solutions to its economic problems.

OUTSIDE INVOLVEMENT

Peru's experience has shown that a peaceful return to democracy and free enterprise after years of military dictatorship is possible. It is important to the supporters of socialism and authoritarianism that the experiment fail. It is for this reason that Shining Path may be receiving outside aid. Indeed, except for Cuba, Peru has the largest Soviet military presence in the Western Hemisphere, consisting of over 100 military advisors.⁵ Peruvian Embassy officials insist that the figure is exaggerated. These are holdovers from the Velasco years when Peru purchased weapons from the U.S.S.R. Many of the weapons are still in use and provide an excuse for the Soviets to maintain a KGB establishment in the country overseeing a widespread but currently dormant pro-Moscow infrastructure.⁶

Cuba has taken an increasing interest in Peru this year, and particularly in its Quechua-speaking population. Radio Havana broadcasts for several hours a day to Peru in Quechua and recently has doubled the number of reports about Peru.⁷ Some of the news commentaries are designed to incite the Indian peasants to violence. For example, a recent broadcast said: "We also heard with joy reports about you (peasants) saying that you are ready to fight. Justice is written with blood."⁸

Cuba attempted to establish a guerrilla movement in Peru during Belaunde's first term and the President's repeated veiled references to this episode signal that he suspects Cuba is trying again.⁹ Peru and Cuba have had normal diplomatic relations at the

⁵ Lima El Observador in Spanish, March 12, 1983, p. 2 (FBIS March 23, 1983, p. J1). "A Few Serious Thoughts," Wall Street Journal, April 11, 1983, p. 26.

⁶ "A testing ground for the Reagan brand of foreign aid," Business Week, April 19, 1982, p. 61.

⁷ Paris AFP in Spanish, 1817 GMT September 19, 1983 (FBIS September 20, 1983, p. J1).

⁸ "Cuba Inciting Peruvian Terrorists," Times of the Americas, October 26, 1983.

⁹ Lima Radio America in Spanish, 1100 GMT, November 22, 1982 (FBIS November 24, 1982, p. J1).

level of charge d' affairs since 1980 but Belaunde has threatened to sever diplomatic relations with any country caught supporting terrorism.

Both Cuba and Nicaragua are actively recruiting students for study abroad by offering scholarships. Although no cultural agreements exist between Peru and Cuba and Nicaragua, Eduardo Chulle, director of the National Scholarships Institute (Inabec) has charged that hundreds of Peruvians obtained scholarships directly from the Cuban and Nicaraguan embassies and, under the pretext of studying, have received paramilitary training abroad.¹⁰

The USSR also uses scholarships to conduct intelligence operations recruitment in Latin America, and it has been particularly active in recruiting personnel from Colombia, Ecuador and Peru.¹¹ While this does not link them directly with the Shining Path, it does show the priority the Soviets give the area and their recognition of the opportunity the insurgency presents.

Shining Path also has been linked with the international drug market. No Shining Path attacks have taken place in coca growing areas, while the effect of attacks elsewhere is to lure law enforcement personnel into noncoca areas and thus make the cocaine trade that much easier.

President Belaunde has pointed to the well-documented drugs for arms trade between Colombia and the U.S., with Cuba acting as intermediary, and has accused those involved in this illicit traffic of financing Shining Path. "The bulk of their (Shining Path's) budget comes from drug terrorists....They now have realized that cocaine traffickers are an excellent source of financing, reaching a point that their alliance threatens the security of Bolivia, Colombia, and Venezuela."¹² Ecuadoran police have uncovered a link between drug runners in that country and Shining Path. The group periodically sent funds to Peru to finance the terrorist acts of the Shining Path.¹³

Even more controversial are Belaunde's charges that foreign financial institutions have been financing the terrorists. International relief organizations came under fire in June when the President accused them of "indirectly backing discord and

¹⁰ Lima Expreso in Spanish, December 16, 1982, p. 22 (FBIS December 27, 1982, p. J2).

¹¹ Edward Schumacher, "Insurgency in Peru: The Unarmed are Dying," New York Times, June 8, 1983, pp. 1, 5.

¹² Bogota El Tiempo in Spanish, September 18, 1983, p. 1-a. (FBIS September 23, 1983, p. J1).

¹³ Lima El Comercio in Spanish, August 27, 1983, p. A10 (FBIS September 6, 1983, p. J1).

death."¹⁴ Interior Minister Percovich added: "As of now, we know that there have been large quantities of money whose investment has not been properly accounted for."¹⁵ So far Belaunde has not named the institutions he suspects nor offered any proof of his allegations.

Shining Path has been linked with other terrorist forces in Latin America. A recent "summit conference" of radical organizations convened in Esmeraldas, Ecuador.¹⁶ Participating groups included Colombia's M-19 and ELN, Venezuela's Bander Roja, El Salvador's FMLN, a group from Guatemala and Shining Path. General Gustavo Matamoros, chief of Colombia's armed forces, said the September 17th attack on Cutufi, on the Colombia-Venezuela border, was the guerrilla's first joint action.

This unification, which involved an exchange of strategies, advisors, arms and training, represents a serious danger to democracies in Central and South America. A combined effort is obviously more difficult to deal with than several individual threats. Peru also fears the spread of subversion through the Indian population into neighboring states. Quechua-speaking Indian groups spread into Bolivia, Ecuador and Chile, and success for the Shining Path in Peru would make the infiltration of these Indians easier.

In Peru, the effect of Shining Path has been mainly psychological. The electrical power failures that result from explosions heighten the feeling that Belaunda is powerless to stop the violence. This, plus the gloomy economic picture, has led to fears of a military coup. Conditions today resemble those of Belaunde's first term when a guerrilla threat led to a bloodless coup and Belaunde's ouster. Relations between the President and his generals have not improved much, and Lima is occasionally swept by rumors of impending military action. Paradoxically, the very depth of Peru's troubles may keep Belaunde in power by making the army reluctant to shoulder the burdens of government.

PERU'S RESPONSE

In spite of the growing danger from Shining Path, the Belaunde government's response has been within constitutional limitations and respectful of human rights. So far the terrorists have been unsuccessful in provoking a heavy-handed response from the central government which could drive a wedge between it and the people.

¹⁴ Caitlin Randall, "Peru finds 'small' guerrilla band is hard to crush," Christian Science Monitor June 27, 1983.

¹⁵ Lima U.P.I. 6-7-83, "Peru Denounces the Existence of Foreign Foundation Support of Terrorists".

¹⁶ "Se Ve Llegar para las Democracias Iberoamericanas una Tempestad, Dice General Colombiano," Diario Las Americas, September 24, 1983, pp. 1, 13.

This is a frequent communist strategy to make violent opposition seem legitimate.

A guerrilla insurgency would have provided Belaunde with a good excuse for postponing or even cancelling November's municipal elections, especially as indications mounted that the ruling Accion Popular party was headed for a crushing defeat. However, he did not give in to the temptation to place the country under a state of seige and postpone elections, as the Sandinistas have done repeatedly in Nicaragua.

Belaunde's commitment to democracy is also indicated by his reluctance to use military forces to counter the terrorist threat. Rather than the army, special anti-terrorist forces known as Sinchis have been deployed in Ayacucho and some surrounding departments. Regular civilian courts are also used to try suspected terrorists, rather than military tribunals.

Paradoxically, this procedure has led groups such as Amnesty International to level accusations of human rights violations against the government. Peru's judicial system has been described as "glacially slow"¹⁷ and occasionally suspects are held without trial (though not without charge) for long periods of time. Prisons are also overcrowded. Peru's strapped financial condition, however, prevents large expenditures for the construction of new prisons.

As in any attempt to counter a violent guerrilla movement, there are occasional abuses by the police or military. Yet there is no evidence that such abuses are widespread in Peru or condoned by the central government. On the contrary, the government has punished law enforcement personnel who have exceeded their authority.¹⁸

Most of Peru has not been placed under a state of emergency, nor have there been any attempts to suppress legitimate democratic opposition. The emergency zone, basically the department of Ayacucho, accounts for less than 3 percent of Peru. Even in this area, civilian governmental and judicial authorities continue to carry out their functions with the support of the Sinchis.¹⁹

It is Shining Path, however, that is the author of widespread human rights violations. Besides the brutal and sometimes indiscriminate slaughter of civilians in areas under its control, Shining Path has attempted to dynamite the offices of La Prensa,

¹⁷ Country Reports on Human Rights Practices for 1982 Report submitted to the Committee on Foreign Relations, U.S. Senate and Committee on Foreign Affairs, U.S. House of Representatives, by the Department of State, February, 1983.

¹⁸ Ibid.

¹⁹ Press release--Embassy of Peru 9-21-83.

a Lima daily newspaper. In this, Shining Path revealed its disdain for the paper's employees and for a free press. Even the rival daily Expreso deplored the action and accused Shining Path of "attempting to transform Peru into something like El Salvador or Nicaragua."²⁰

The brutality of Shining Path has also cost it support among the peasantry. What cooperation it receives from isolated villagers is extracted by fear, based on the inadequacy of protection by government forces. Last year's massacre of eight Peruvian journalists by Ayacucho Indians, while a tragic occurrence, points up the hostility that the peasants now harbor toward outsiders in general and toward suspected Shining Path members in particular. In some cases, peasant brigades have been formed as a method of self-protection. Movement in this direction is slowed by the fear of Shining Path reprisals. The attitude of the terrorists is summed up by the statement of one member that anti-Shining Path peasants "stand in the way of our success."²¹

POLICY RECOMMENDATIONS

The Shining Path is still a relatively small organization. Its power, however, is growing as economic crises sap public support for the regime and place limits on that regime's ability to respond to a terrorist threat.

U.S. policymakers must understand the threat and the importance of stability in Peru. Since it is unlikely the terrorists of Shining Path are working alone, the U.S. must assume that Peru is targeted for a reason and respond forcefully to the threat a hostile Peru represents to stability and democracy in South America.

The U.S. and its European allies should provide the Belaunde government with counterinsurgency and counterintelligence assistance. Shining Path operates in small cells which are difficult to penetrate because of the extreme caution of the organization.

²⁰ Lima Expreso in Spanish, March 13, 1982, p. 16 (FBIS, March 23, 1982, p. J1). These actions by the terrorists escaped the notice of Amnesty International. This is not surprising, since the group maintained a similar silence on the two occasions when Belaunde himself was forced into exile. Amnesty International never took up his case, although it has accused his government of disappearances and executions. Paris Le Figaro in French, August 29, 1983, p. 5 (FBIS September 2, 1983, p. J1). The State Department found evidence of only one disappearance in 1982, and Mr. Milton Gutierrez, whom Amnesty International said was killed by security forces in April 1982, presented himself to authorities a few days later to demonstrate his good health.

²¹ James Nelson Goodsell, "Peru rebel fights to 'tear down corrupt society'-- interview" The Christian Science Monitor, September 15, 1983 p. 7.

However, they are hardly unique in this and the experience of Italy and West Germany in dealing with groups such as the Red Brigades or the Baader-Meinhoff gang may be useful to the Peruvians.

Peru is too large and too mountainous to protect every part from Shining Path attacks. Infiltration is the only way to effectively reduce their ability to strike at will. Counterinsurgency takes time, however, and there are other measures that the U.S. and Peru should pursue in the meantime. Peru's economic problems are a major factor in the government's inability to deal with the insurgency more effectively. Therefore, any solution to the problem of Shining Path must include economic assistance.

Such assistance has two goals. First, humanitarian assistance should be given to those dislocated by floods and droughts. The U.S. made a first step in this direction by providing emergency relief to Peru, Bolivia and Ecuador earlier this year.

A long-term goal must be the self-sufficiency of Peru. This requires repealing the remainder of the socialistic "reforms" of the leftist military regime. An private sector task force prepared a 52-page report last year on how to unshackle Peruvian agribusiness, which suffered from the land reform program of the Velasco regime. So far, there has been no definitive action on the report's recommendations.²² It is time to reexamine these proposals and also explore other methods of restoring the productive capacity of Peru's economy.

Peru's future health also requires increased integration of its economy with its neighbors' and the exploitation of the Peruvian interior. These always have been dreams of Belaunde. He is fond of pointing out that the growth of U.S. economic power began with the opening and exploitation of the Mississippi Valley. Economic assistance from the U.S., properly targeted, could encourage the development Peru will need for sustained economic growth. A \$19 million grant from AID for the Tarapoto project in Peru's Amazon region helped make the surrounding area account for one-third of Peru's corn production.²³

Belaunde has also attempted to revive the Andean Pact, a regional economic cooperation arrangement. His plan would greatly reduce, if not eliminate, tariff barriers among Pact members and encourage greater production by expanding markets. The U.S. should support this and work with the Andean group. Economic growth in South America means markets for U.S. goods.

²² "Peru falters as a Model for U.S. Aid," Business Week, August 1, 1983, p. 41.

²³ Edward Schumacher, "Peru Cultivates Amazon Hoping for a Cornucopia," New York Times, August 11, 1983, p. A2.

Socialist tampering with the economy was not the only legacy of the military regime. Its leftward course also brought Peru large amounts of Soviet weapons which need Soviet technicians. These often double as KGB agents or recruiters. Since Belaunde came into office and especially since U.S. support for Britain in last year's South Atlantic war made the armed forces concerned about reliability of the U.S. as defender of the region, they have sought to diversify Peru's sources of weapons.

This is not necessarily contrary to U.S. interests. Belaunde is trying, within budgetary constraints, to phase out the Soviet weapons and make the Soviet advisers unnecessary. Earlier this year, Belaunde's government purchased 20 Mirage 2000 war planes from France.²⁴ The U.S. largely severed aid during the years of military government but should now encourage Peru's efforts to shed its dependence on Soviet arms.

The immediate need for military assistance, however, is to defeat the guerrillas. For this Peru needs small arms and non-lethal equipment (uniforms, medicine, field implements) to allow Sinchis to spend more time in the field. They also need helicopters to allow both faster deployment of troops in mountainous areas and faster evacuation of wounded. The current allocation of U.S. aid for Fiscal Year 1984 is \$25 million. The tendency of many Americans to equate insurgency in one part of Latin America with the problems of Central America could make it difficult to increase this significantly. Many Americans see aid of this sort as inevitably leading to increased U.S. involvement in South America. It will be necessary to revise the 1974 Foreign Assistance Act to allow assistance to non-military forces.

The \$25 million figure will demonstrate U.S. commitment to a democracy under seige and signal U.S. determination to defend a freely elected regime. It is important that the U.S. follow the Grenada rescue mission with other equally forceful indications that Soviet-sponsored subversion will not be tolerated.

The U.S. should counter the cultural inroads the Cubans and Soviets are trying to make in Peru. Broadcasts in Quechua by the Voice of America have already begun on a limited scale. Since U.S. broadcasts presumably would have the cooperation of the Belaunde regime, they should be able to reach more people than the clandestine Radio Havana. The U.S. should also offer scholarships and organize exchange programs through the U.S.I.A. and related agencies to increase the cultural awareness between Peruvians and Americans. A little money invested here could pay large dividends if a sense of friendship with the U.S. is instilled in Peru's future leaders.

²⁴ Edward Schumacher, "Talk of Military Coup Persists in Lima," New York Times June 10, 1983, p. A3.

Finally, a diplomatic offensive at the O.A.S. denouncing interference in Peru's internal affairs would put the U.S. and Peru on record against such interference and brand Cuba and the USSR hemispheric pariahs for their subversive activities.

CONCLUSION

The U.S. should act now to counter the threat of Shining Path. Every day delayed increases the likelihood of a breakdown of democracy in Peru. If the U.S. waits too long, "saving" Peru will require more effort and more money than preserving Peru. The effect of a pro-Soviet or simply an anti-American Peru on U.S. interests in this hemisphere would be very serious. Full-scale guerrilla war in Peru would be far worse than the current Salvadoran war.

Timely assistance is also necessary to insure that Peru's government remains democratic. Should Belaunde be toppled by a military coup, support for the guerrillas would probably increase and the U.S. would face a difficult choice: either to allow the destabilization of Peru to go on unchecked or to give military and economic support to a military government.

To avoid this dilemma, the U.S. must look ahead of the current crisis and see the unattractive possibilities. Only by forestalling them now can the U.S. avoid having to counter them later.

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