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# Bolivia's Coca Headache: The Agroyungas Program, Inflation, Campesinos, Coca and Capitalism In Bolivia

John D. Roberts

*University of Massachusetts Amherst*

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**BOLIVIA'S COCA HEADACHE: THE AGROYUNGAS PROGRAM,  
INFLATION, CAMPESINOS, COCA AND CAPITALISM IN BOLIVIA**

A Thesis Presented

by

JOHN D. ROBERTS

Submitted to the Graduate School of the  
University of Massachusetts Amherst in partial fulfillment  
of the requirements for the degree of

MASTER OF ARTS

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History

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Approved as to style and content by:

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Jose Angel Hernandez, Chair

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Joel Wolfe, Member

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David Glassberg, Member

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Audrey L. Altstadt, Department Chair  
History

## **DEDICATION**

To J.S.G., for awakening me from my slumber.

## **ACKNOWLEDGMENTS**

I would like to thank everyone who helped me with this project: Dr. Jose Angel Hernandez, Dr. Joel Wolfe, Dr. David Glassberg, Kelly Bodami, Melanie Kourbage, and my family.

## **ABSTRACT**

### **BOLIVIA'S COCA HEADACHE: THE AGROYUNGAS PROGRAM, INFLATION, CAMPELINOS, COCA AND CAPITALISM IN BOLIVIA**

SEPTEMBER 2010

JOHN D. ROBERTS, B.A., SUNY-ALBANY

M.A., UNIVERSITY OF MASSACHUSETTS AMHERST

Directed by: Professor Jose Angel Hernandez

Bolivia in the 1980s was wracked by monetary inflation approaching levels of the German Weimar Republic. Immediately following this time of great financial crisis in Bolivia, the U.N. founded a project through the U.N.D.P. to encourage peasant farmers in Bolivia to switch from growing coca (the plant used manufacture cocaine) to growing other cash crops for market. This crop substitution and development program, called the Agroyungas Project, lasted from 1985 to 1991 and is the focus of this study. While many U.N. pundits and journalists considered the program's initial small successes promising, it has been considered since its conclusion to be a failure. The program was poorly conceived, poorly funded and poorly executed from the start. So one question remains: why was the Agroyungas Project a failure? Additionally, was the project simply a way to steer Bolivians away from the illicit coca/cocaine economy? While on the surface this might appear to be the case, one must probe the complex situations in Bolivia deeply to uncover the true missteps behind this U.N. program. By looking at the evidence, it is apparent that crop substitution programs like the Agroyungas Project failed for a variety of reasons. Besides poor planning and execution of project plans, the project's developers, planners and workers simply did not understand Bolivian indigenous culture

and Bolivian history. However, the project was not doomed to fail. The lack of knowledge and understanding of indigenous Bolivian realities, Bolivian geography and Bolivian history directly led to the failures of the Agroyungas Project.



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## INTRODUCTION

“All I had was my coca. I don’t want anyone to take it away from me. If the price goes up, how will I be able to afford it? Coca kept me going.”

-Luisa, *Mama Coca* (1991)

“The government wants to bury us alive by starving us. They want to kill us.”

-Magarita Laime, *Hell to Pay* (1988)

### What Has Been Said

The Agroyungas Project entered a Bolivia in 1985 wracked with crippling debt, severe inflation, rampant joblessness, underdevelopment, and problems associated with coca growing and cocaine trafficking. While these concerns all posed huge obstacles to the project’s overall chance for success, the main goal of the project remained clear: decrease the amount of coca grown in Bolivia for the illicit market. Agroyungas as an alternative development project hoped to utilize previously successful crop-substitution formulas, so-called social development, and community incentives to steer Bolivian *campesinos*, or rural (primarily indigenous) agrarian peasants away from growing coca. Theoretically, by reducing the supply of coca flowing to cocaine traffickers, the project would force the highly adaptable and dynamic cocaine industry to charge higher prices for cocaine, thereby reducing consumption.<sup>1</sup> In addition, alternative development would act as a wedge, providing the economic stimulus necessary to separate *campesinos* away from the narco-traffickers.<sup>2</sup>

While these predictions were based on perceived logic, they did not come true. Soon after its conclusion, the Agroyungas Project was deemed a failure by critics and

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<sup>1</sup> Patrick L. Clawson and Rensselaer W. Lee III, *The Andean Cocaine Industry* (New York: St. Martin’s Press, 1996), pg. 213

<sup>2</sup> *Ibid.*, pg. 163

pundits alike. Its failure to achieve its main goals of significantly reducing coca growing in rural Bolivia and alternatively developing coca growing regions of Bolivia offset any modest successes the project had. Why exactly did the project fail though? Critiques abounded; many critics such as anthropologists A.L. Spedding and Madeline Barbara Leons blamed the ineptitude and disorganization of the UN-affiliated groups who planned and executed the project, (the UNFDAC and the UNDP) as well as project ignorance regarding the Agroyungas Project's *campesino* subjects/participants. Other critics of the project such as public policymaker/economists Patrick Clawson and Rensselaer W. Lee III asserted that crop-substitution programs in general only succeeded in increasing the price of drugs like cocaine, and the crops chosen for such programs did not have the domestic markets, cheap transportation, and stable world markets required for sustainable success.<sup>3</sup> Still other critics such as political scientist Noam Lupu proclaimed the Agroyungas Project "doomed" to fail due to a combination of poor project planning and execution, the relative reliability and profitability of coca, and the unpredictable world commodities markets. While these analyses all capture parts of the story, they tend to overcomplicate the failures of the Agroyungas Project and do not contextualize the project historically. Moreover, by constructing the cause and effect relationships of the Agroyungas Project in a historical vacuum, critics have mistakenly portrayed why the project was unsuccessful. This work is an attempt to deepen the understanding of the Agroyungas Project's failures. By exploring Bolivian history, geography, and culture in the 1970s and 1980s, as well as identifying the structural flaws

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<sup>3</sup> Ibid., pp. 242, 151

of UN-affiliated programs, then and only then can a more complex and contextualized understanding of the Agroyungas Project come to light.

### **What Will Be Said**

Examining an alternative development project like the Agroyungas Project in Bolivia from 1985-1991 requires a deep and rich understanding of the program and the participants in the program, coca as a commodity grown by peasants in Bolivia, and the history of Bolivia. A balanced appraisal of the Agroyungas Project is only possible by circumscribing the Agroyungas Project inside its preceding and surrounding circumstances, thereby contextualizing what happened before, during, and after the project.

The Agroyungas Project conducted by the UNDP and UNFDAC in Bolivia from 1985-1991 was not “destined to fail” as many critics of the program have stated.<sup>4</sup> The project neglected most of the “on the ground” conditions and prior histories of crop substitution, eradication, and coca in Bolivia. Greater clarity regarding the Agroyungas Project can only be gained by investigating what was happening in Bolivia prior to the project, as well as fully interrogating the lives of rural Bolivian coca growers.

Thematically, the chapters of this work are broken down into four parts. Chapters 1, 2, and 3 focus on problems and concerns surrounding the project that occurred before the

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<sup>4</sup> For examples of critics stating that the Agroyungas Project was “destined to fail,” please review The World of Coca Campaign’s “The Failure of Good Intentions: The United Nations in the War Against Drugs,” *Narcotics and Development Discussion Paper No. 5* (London, UK: Catholic Institute for International Relations, 1993), Noam Lupu’s “Towards a New Articulation of Alternative Development: Lessons From Coca Supply Reduction in Bolivia,” *Development Policy Review* 22 (July 2004): pp. 405-421, and Dominic Streatfeild’s *Cocaine: An Unauthorised Biography* (London, UK: Virgin Publishing Ltd, 2001).

Agroyungas Project took place, and Chapter 4 examines what actually happened during the Agroyungas Project and its eventual results.

Chapter 1 concentrates on early efforts in the 1970s to substitute or eradicate coca, the lives and culture of rural Indian coca growers in Bolivia in the 1980s, and the effects eradication programs in the 1980s had on Bolivia and Bolivian *campesinos*. By examining these individual concerns, the obstacles to the Agroyungas Project's success become apparent, and the Project's eventual failure becomes not "predestined" per se, but was instead due to the lack of ad hoc planning by the UNDP and UNFDAC based on the Bolivian economic, social and political realities of the 1970s and 1980s.

In Bolivia in the 1980s, many of the country's long term problems that stemmed from coca growing and *campesinos* were exacerbated by newer problems. Coups, corruption, drought, and unimaginable inflation levels of the Bolivian peso created a situation of incredible economic instability leading up to the Agroyungas Project starting in 1985. Chapter 2 deals specifically with many of the less than favorable economic, environmental, political, and social conditions leading up to the UNDP's crop substitution program in Bolivia. By exploring in depth the military coup spearheaded by Luis Garcia Meza Tejada and his administration, the effects of inflation on Bolivia, the drought in western Bolivia from 1982-1985, and the public sector structural adjustment program that laid off tens of thousands of tin miners in Bolivia, it becomes clearer that a country like Bolivia was fairly unique in its multiplicity of simultaneous economic misfortunes. In a country deemed "the land of believe it or not," any attempts to substitute coca for other crops would require taking into consideration the long and hellish economic rollercoaster ride that took place in Bolivia right before the Agroyungas

Project started in 1985.<sup>5</sup> Formulaic programs would never work in Bolivia because they did not take into account all of the preceding events that affected the *Yungas* region leading up to the year 1985.

Chapter 3 investigates the structural flaws of UN-affiliated programs and the unique conditions and characteristics of Bolivia, as well as some of the notable effects coca growing had on the country and the world. By demonstrating the important effects UN policy had on its affiliated programs and how they conducted projects, the ramifications those structural flaws had on the Agroyungas Project will be exposed. Also, by scrutinizing the social conditions, people, agriculture and infrastructure of Bolivia, the extreme difficulties that the Agroyungas Project faced will be unveiled.

These difficulties were omnipresent as the Agroyungas Project stepped into a tempestuous financial, social, and cultural milieu beginning in 1985. Despite these daunting obstacles, this crop-substitution project was not predestined to fail. This crop-substitution project failed because project officials did not properly consider the unique economic, cultural, social, ecological, and historical circumstances surrounding Bolivian peasant growers in the *Yungas* region of Bolivia in the 1980s. Additionally, project planners committed catastrophic blunders when they predicted the future trends for the Bolivian and international markets, stumbled to adapt to unforeseen events and problems, consistently faltered in their efforts to properly implement and execute their plans, and failed to properly see the project through to its appropriate endpoint, i.e. a modicum of sustainable alternative development in the target coca-growing regions of Bolivia.

Chapter 4 attempts to demonstrate that the historical events in Bolivia leading up to the

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<sup>5</sup> Lydia Chavez, "Unfortunate Bolivia, The Land of Believe It or Not," *New York Times*, Jul. 31, 1985, pg. A2

project, Bolivia's lack of infrastructure, Bolivian peasant culture, and the myopic, formulaic, inflexible, and inadaptible nature of the planners in charge of the Agroyungas Project all converged to create a "perfect storm" of problems for the project, leading to its eventual failure.



## CHAPTER 1

### SETTING THE STAGE FOR AN ALTERNATIVE DEVELOPMENT FAILURE: PART I

#### 1.1 Early Crop Substitution, Eradication, and Coca in Bolivia in the 1970s

With the resurgence of cocaine consumption in the United States and Europe in the early 1970s, illicit coca growing increased exponentially. Rural Bolivians in the 1970s were primarily subsistence agriculturalists, growing oranges, potatoes, corn to eat, and coca to consume or to sell. They purchased things for themselves that were not able to be grown or made in rural Bolivia such as “rice, salt, cooking oil, [and] sugar.”<sup>6</sup> Coca was grown for chewing and for processing into cocaine in the *Yungas* region and Cochabamba Province in the early 1970s.<sup>7</sup>

It was estimated that “as much as one-third of Bolivia’s official coca output of 4,200 metric tons” per year was finding its way into cocaine trafficker hands as of 1972.<sup>8</sup> This uptick was spurred on by a dramatic rise in cocaine consumption abroad, where cocaine seizures in consumer countries such as the United States saw an increase of 700 percent from 1969 to 1975.<sup>9</sup> From 1973 to 1975, coca leaf prices “soared 1500 percent from \$4 to \$60 a bale” in Bolivia.<sup>10</sup> Cocaine in the 1970s was “less expensive than heroin,” and considered to be “not physically addictive.” It was also thought to be a “sexual stimulant.”<sup>11</sup>

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<sup>6</sup> Juan de Onis, “Cocaine a Way of Life For Many In Bolivia,” *New York Times*, Feb. 22, 1972, pg. 2

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Nicholas Gage, “Latins Now Leaders of Hard-Drug Trade,” *New York Times*, Apr. 21, 1975, pg. 1

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

As of 1973, it was estimated by Raymond P. Shafer, chairman of the U.S. National Commission on Marijuana and Drug Abuse that “about 90 percent of the world’s cocaine comes from the Andes Mountains-Peru, Bolivia, Ecuador-where it is *legally grown*, and there is nothing we can do about it-except crop substitution in the long run.”<sup>12</sup> The negativity expressed in Shafer’s statement towards Andean law and crop substitution as the *only* available strategy to combat coca growing internationally is palpable. Some U.S. officials would obviously have preferred a ban on all coca growing around the world to make their drug interdiction activities more simplified.

Coca cultivation was legal in Bolivia throughout the 1970s. Despite this, laws were enacted in Bolivia in 1974 under the dictatorship of Hugo Banzer Suarez to control coca production and encourage crackdowns on drug dealers and cocaine traffickers. While these laws were put into Bolivian code, Bolivia was slow to implement them.<sup>13</sup> Despite this slowness, the United States viewed Banzer as a relatively willing and cooperative partner in the fight against coca and cocaine in Bolivia.<sup>14</sup>

Even with a sympathetic Hugo Banzer Suarez running Bolivia, problems with coca and cocaine enforcement continued. Bolivian police routinely had to rely on Interpol and police forces from neighboring countries for drug enforcement assistance due to Bolivia’s “limited resources.”<sup>15</sup> Drug traffickers in Bolivia regularly bribed officials of all kinds, including officials in the police, the judiciary, and government.<sup>16</sup> To compound this problem even further, corruption, intimidation, an “inability to keep important figures

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<sup>12</sup> Marvin Howe, “Drug Panel, Concluding a 6-Nation Tour, Calls For a Stepped-Up Drive,” *New York Times*, Jan. 14, 1973, pg. 47

<sup>13</sup> Gage, “Latins Now Leaders of Hard-Drug Trade.”

<sup>14</sup> De Onis, “Cocaine a Way of Life For Many In Bolivia.”

<sup>15</sup> “Bolivia Uncovers Drug Factories,” *New York Times*, Sept. 10, 1972, pg. 24

<sup>16</sup> Gage, “Latins Now Leaders of Hard-Drug Trade.”

in jail,” “a lack of conspiracy statutes,” and a dearth of extradition treaties between Latin America and the United States plagued the coca and cocaine trafficking interdiction plans consumer countries like the U.S. wanted so badly to enact.<sup>17</sup> If the problems with drug enforcement were not enough for Bolivia itself, in 1976, the United States worsened their own situation by closing their regional Drug Enforcement Agency (D.E.A.) office in Caracas, Venezuela, thereby ending any permanent visible or physical drug enforcement presence in Latin America.<sup>18</sup>

Distribution networks for cocaine trafficking out of Bolivia in the 1970s were quite intricate. In the early 1970s, the Chilean port of Arica was the main hub for refining and shipping cocaine to the United States.<sup>19</sup> Allegedly, Chile had some of “the best cocaine chemists in South America.”<sup>20</sup> Chile’s role in cocaine trafficking abroad ended with the military junta led by Augusto Pinochet in 1973. Following his overthrow of Salvador Allende, Pinochet systematically cracked down on cocaine chemists and traffickers, either jailing, killing, or expelling them from Chile soon after he came to power.<sup>21</sup> Inside Bolivia, the primary centers of cocaine trafficking were La Paz in the west and Santa Cruz in the east.<sup>22</sup>

Besides shipping cocaine paste to Chile until approximately 1973, the other routes of cocaine paste distribution out of Bolivia were “from Santa Cruz to northern Paraguay and western Brazil” or to Argentina to be processed into cocaine and smuggled to

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<sup>17</sup> David Vidal, “The U.S. Is Both Chief Consumer and Principal Worrier,” *New York Times*, Mar. 19, 1978, pg. E2

<sup>18</sup> Robert Pear, “Drug Agency Plays Hard, But Does It Play Smart?” *New York Times*, Aug. 24, 1980, pg. E4

<sup>19</sup> De Onis, “Cocaine a Way of Life For Many In Bolivia.”

<sup>20</sup> Gage, “Latins Now Leaders of Hard-Drug Trade.”

<sup>21</sup> Ibid.

<sup>22</sup> Ibid.

consumer markets in the U.S. and Europe.<sup>23</sup> With the meteoric rise of Colombian drug trafficking in the late 1970s, these cumbersome southerly-oriented routes for getting cocaine paste out of Bolivia were abandoned for small plane flights from Bolivia to Colombia. In the late 1970s and 1980s, cocaine paste processing and trafficking by elites in the northern Beni Province of Bolivia grew, allowing shipments of cocaine paste from the Beni to then get transported and refined in Colombia and onward to the United States.<sup>24</sup>

The significance of the evolution of trafficking routes to the United States and Europe in the 1970s cannot be underestimated. While the D.E.A. removed its last regional bastion from South America in 1976, cocaine trafficking routes were constantly evolving to suit shifting intermediary destinations, increasing technological sophistication and to a new cast of middlemen. A lack of physical presence in South America by the D.E.A. put the United States at a severe disadvantage when narco-trafficking networks, people, techniques, technology and routes were evolving at an extremely rapid pace in the Andean region.

Ironically, abandoning the last D.E.A. regional base in Caracas, Venezuela coincided with a strategy shift in the fight against cocaine in the U.S. United States cocaine interdiction strategy had progressed over time “from customs control at the border, to attempts to break the smuggling link at the transportation and processing level overseas,” to eliminating coca as a crop, be it by eradication or by crop substitution.<sup>25</sup>

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<sup>23</sup> Ibid.

<sup>24</sup> Kevin Healy, “The Cocaine Industry in Bolivia-Its Impact on the Peasantry,” *Cultural Survival Quarterly*, Dec. 31, 1985, pg. 24

<sup>25</sup> Juan de Onis, “Drug Traffic Turns Colombian Coast Into Zone of Terror,” *New York Times*, Oct. 25, 1976, pg. 2

By 1976, the United States was working closely with Hugo Banzer Suarez on a crop substitution project that would “replace coca leaves as a cash crop for the poor peasants” of Bolivia. The program cost \$25 million, and if successful, was slated to be tested in Peru afterwards.<sup>26</sup> This project was a pilot project, and focused on substituting coffee and citrus fruits for coca crops.<sup>27</sup> If the pilot project was successful, (it was not) more funding and support would come from the United States starting in fiscal year 1979, with Bolivia contributing 25 percent of the costs of the project.<sup>28</sup> Banzer was allegedly committed to the project, suggesting a combination of crop substitution and narcotics control support in Bolivia to achieve optimal success.<sup>29</sup> USAID, the government agency overseeing the pilot project in Bolivia in conjunction with the Bolivian government and with funds put forth by the International Narcotics Control Program even planned to conduct a “multidisciplinary study...to determine what types of social problems may be involved in a crop substitution program.”<sup>30</sup>

The USAID memorandum outlining these joint plans with Bolivia for crop substitution was not completely optimistic though. While the author Sheldon B. Vance, Senior Advisor for Narcotics Control in the U.S. State Department expressed ambivalence and uncertainty regarding the success or failure of the pilot project for crop substitution in Bolivia, he did not mince words in stating that Bolivian narcotics control lacked the “technical competence” and would require “major reorganization...to achieve

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<sup>26</sup> Ibid.

<sup>27</sup> U.S. Department of State, *Memorandum For Honorable James T. Lynn, Director, Office of Management and Budget* (Washington, DC: USAID, Jun. 29, 1976), pg. 1

<sup>28</sup> Ibid., pg. 2

<sup>29</sup> Ibid., pg. 1

<sup>30</sup> Ibid.

the desired results of identifying and prosecuting traffickers.”<sup>31</sup> American patience and tolerance for crop substitution programs involving the replacement of coca appeared minimal beginning from the statements of Raymond P. Shafer up to this point in 1976 and beyond, and with the ouster of Hugo Banzer Suarez in 1978, the instability of the Bolivian state made crop substitution programs difficult to actuate in a joint U.S.-Bolivian partnership. Additionally, official State Department statements such as these, which demonstrated a lack of faith in Bolivian narcotics control, could be considered the beginnings of direct U.S. military and police involvement in coca eradication in Bolivia starting in the 1980s. Meanwhile, in the 1970s, the problem of illicit coca growing in Bolivia continued to grow significantly. The estimate of 4200 metric tons of coca, one-third of which was grown for the illicit market per year in Bolivia for 1972 had by 1978 risen to production levels of approximately “30,000 to 35,000 metric tons a year, of which 80 percent [went] to the illicit market.”<sup>32</sup>

Bolivia in the 1970s was a burgeoning coca grower. As the worldwide consumer demand for cocaine increased, so followed Bolivian coca production. The United States’ lack of faith in crop substitution programs to reduce coca production was affirmed, not in the failure of the pilot project to reduce coca growing itself, but more in the instability of the Bolivian state following the overthrow of Banzer in 1978. Successful investments of millions of dollars abroad in crop substitution by the United States were dependent upon the economic and political stability of places like Bolivia, as well as the engagement level and trust of the affected people in their state, and the willingness of coca growers to participate the crop substitution program instituted.

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<sup>31</sup> Ibid., pg. 3

<sup>32</sup> Vidal, “The U.S. Is Both Chief Consumer and Principal Worrier.”

The hesitancy of the United States to believe and invest in crop substitution in Bolivia was essentially due to a lack of confidence in the Bolivian state, not necessarily in crop substitution as a program itself. U.S. reliance on coca eradication (though in the end also relatively ineffective) was direct involvement and only required the use of force, supplies, equipment, and the training of Bolivian military and police forces. Interestingly though, just as the U.S. had little confidence in the Bolivian state and therefore little faith in successful crop substitution programs, so too was the same sentiment shared by rural Bolivian coca growers.

## **1.2 The Rural Bolivian Peasantry**

The Indian peasantry of Bolivia has traditionally not believed in, trusted, or engaged in the state-making activities conducted by Bolivia both before and after the Land Reform Revolution of 1952. This disengagement from the Bolivian state by the Indian peasantry was seen by Bolivian officials and diplomats to Bolivia as a survival strategy and coping mechanism to safeguard against the instability of Bolivia as a nation-state.<sup>33</sup> Indian disengagement from the Bolivian state was also viewed as an obstacle to “national unity and surefooted progress.”<sup>34</sup> While this theory was probably accurate, whose vision of the Bolivian nation was considered *the* vision? Dissonant visions of how Bolivia should operate as a nation-state abounded. This section analyzes the Agroyungas Project’s efficacy and results by examining the history, lives, and culture of rural Indian peasants in Bolivia and how their prior interactions with the Bolivian state shaped their participation, decision-making, trust, and actions in the UNDP’s crop-substitution project.

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<sup>33</sup> Chavez, “Unfortunate Bolivia, The Land of Believe It or Not.”

<sup>34</sup> Ibid.

As of 1985, 80 percent of Bolivia's population was Indian, (5 million people)<sup>35</sup> and of that population, 60 percent were rural.<sup>36</sup> Representation of Indians in the Bolivian National Assembly was limited to virtually nonexistent during the 1980s, and any semblance of a state sanctioned radical Indian agenda seeking Indian rights and goals was eliminated.<sup>37</sup> Five million people (a majority of the Bolivian population) lacked a say in the Bolivian state. The Bolivian government was seen as a destabilizing agent in Indian affairs; its goal was to destabilize indigenous communities and incorporate them into the capitalist vision of the Bolivian state.<sup>38</sup>

Indigenous disaffection with the Bolivian state bred an expectation of poverty.<sup>39</sup> Rural backwater and highland towns in Bolivia possessed little infrastructure, experienced little development, and had few prospects.<sup>40</sup> Rural peasants lived primarily in mud brick houses, houses which rarely had any access whatsoever to electricity.<sup>41</sup> Rural Indian communities retained their tribal structure, bartered for some goods, and generally ate what they grew.<sup>42</sup> Bolivian peasants since the Land Reform Revolution of 1952 primarily owned smallholdings, which were too small for mechanized farming methods to be profitable.<sup>43</sup> Smallholdings in Bolivia accounted for much of the food production in the country, yet received no subsidies from the Bolivian government and

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<sup>35</sup> Doug George, "5 Million Indians Without Status in Bolivia," *Akwesasne Notes* 18 (Mar. 31, 1986): pg. 12

<sup>36</sup> Chavez, "Unfortunate Bolivia, The Land of Believe It or Not."

<sup>37</sup> George, pg. 12

<sup>38</sup> Ibid.

<sup>39</sup> Joel Brinkley, "Bolivian Town Resents Drug Glare," *New York Times*, Jul. 25, 1986, pg. A2

<sup>40</sup> Ibid.

<sup>41</sup> Tim Johnson, "Coping With Austerity in Highland Bolivia," *Cultural Survival Quarterly*, Sept. 30, 1986, pg. 12

<sup>42</sup> Chavez, "Unfortunate Bolivia, The Land of Believe It or Not."

<sup>43</sup> Johnson, pg. 12



did not receive the approval or support of the Bolivian National Council for Agrarian Reform.<sup>44</sup> Not only did the Bolivian government invest mainly in commercial farming that produced crops like sugar cane and cotton, but the flood of U.S. food aid and imported goods into Bolivia devastated rural Bolivian agricultural competitiveness as well. Traditional food crops had to compete with imported foods in an already saturated market. Rural Indians became increasingly dependent on the markets for selling their excess food products and trucking their marketable crops to market, all to their own detriment.<sup>45</sup> Rural Indian communities in Bolivia increasingly lost their self sufficiency through their increasing integration into the market economy, an economy which they would never be able to adequately compete in due to their rugged living conditions and limited productive capacities.<sup>46</sup>

While the outside capitalist market and the Bolivian state pushed rural Indian peasants into the market economy, the traditional *ayllu* was a way to maintain separateness from the state and retain Indian identity. *Ayllus* are complex community systems that “continue[d] to regulate social, economic and political life among Andean peoples,” including rural Bolivian *campesinos*.<sup>47</sup> *Ayllus* consisting of between twenty to fifty families in a community attempt to help each other and eliminate social conflict through collective organization.<sup>48</sup> They also conflict with the Bolivian state because they are not circumscribed by capitalist ideology. Instead of exploiting the land to the fullest,

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<sup>44</sup> Ibid.

<sup>45</sup> Ibid.

<sup>46</sup> Richard Chase Smith, “Indigenous Autonomy for Grassroots Development,” *Cultural Survival Quarterly*, Mar. 31, 1987, pg. 8

<sup>47</sup> Ibid. Estimates of *ayllu* sizes vary from a low of twenty to a high of sixty families in a given community.

<sup>48</sup> George, “5 Million Indians Without Status in Bolivia.”

rural Indians in Bolivia seek equilibrium with the land, thereby lacking the ideological framework of capitalism.<sup>49</sup> Those Indians who have sought work in cities are supported by food and assistance from their respective *ayllu* in the countryside.<sup>50</sup> Extended kinship networks and complicated systems of food and supplies exchange between scattered and diverse landholdings of the *ayllu* make this Indian community conceptualization a formidable opponent to capitalist expansion in rural Bolivia, and presents challenges to understanding and recognition from the Bolivian nation-state.<sup>51</sup> While capitalism in the 1980s coerced rural Indians to join the market economy, the pre-Colombian *ayllu* system maintained its autonomy to a certain extent, and struggled in the face of Bolivian aims to incorporate Indians into the state on Bolivian terms. *Campesino* disengagement from the Bolivian state not only was a survival strategy for rural Indians protecting themselves against state instability, but was also a structural consequence of the unique non-capitalist *ayllu* system. Consequently, these regions where *ayllus* dominated were a mental and literal stumbling block to fully commoditizing Bolivian lands and complete incorporation into the world market economy.

Bolivian peasant *campesino* families were also completely engulfed in coca growing as a total peasant household tradition. Daily life in the *Yungas* region of Bolivia (and to a lesser extent the *Chapare* area) “revolve[d] around the coca field.” All of the family worked together in the growing and harvesting of coca.<sup>52</sup> Peasant couples planted coca in the first years of their marriage, with the plant coming “into full production

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<sup>49</sup> Ibid.

<sup>50</sup> Chavez, “Unfortunate Bolivia, The Land of Believe It or Not.”

<sup>51</sup> Johnson, pg. 12

<sup>52</sup> Madeleine Barbara Leons & Harry Sanabria, *Coca, Cocaine and the Bolivian Reality* (Albany, NY: State University of New York Press, 1997), pp. 51, 65

(when) their children are six to eight years old. (These children) can help them (with cultivating coca), and the fields go on producing until children have families of their own.”<sup>53</sup> Abandoning or eradicating coca growing in these areas would be a rejection of traditional family life, as well as a rejection of cultural identity and that which “signifies (Bolivian) Indianness.” Additionally, “the debate is not (just) coca itself, but the cultural separateness of the people who chew it.”<sup>54</sup> Rural *campesinos* were not just separated from the culture of the state by growing coca, but also by chewing it. For these reasons, one can consider coca a “total social fact” of indigenous Bolivian peasant smallholders; a nearly indispensable social reality that is ubiquitous.<sup>55</sup>

Coca’s place in the traditional rural Indian reality was indisputable. Coca is associated with many Indian rituals, promotes social interaction, and allows chewers to commune better with nature. Additionally, coca has medicinal and nutritional value.<sup>56</sup> In rural Bolivia, coca is used by mothers of families along with other indigenous plants to treat illness. The mother is the primary health care provider, as well as a family’s record keeper in traditional Indian societies in Bolivia.<sup>57</sup> In addition to the *campesino* mother providing health care, the *yatiri*, or community healer, also uses coca leaves to heal the sick and for augury.<sup>58</sup> A majority of medical treatments of any kind were too expensive for rural Indians in Bolivia in the 1980s, requiring a reliance on traditional herbalist

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<sup>53</sup> Ibid., p. 51

<sup>54</sup> Ibid., p. 66; Catherine Allen, *The Hold Life Has: Coca and Cultural Identity in an Andean Community, 2<sup>nd</sup> Edition* (Washington, DC: Smithsonian Institution Press, 2002), pp. 189, 192

<sup>55</sup> Leons and Sanabria, pg. 69

<sup>56</sup> George, “5 Million Indians Without Status in Bolivia.”

<sup>57</sup> Deborah Bender, “Delivering Health Care in the Andes,” *Cultural Survival Quarterly*, Jun. 30, 1984, pg. 51

<sup>58</sup> Marie-Monique Robin and Gonzamo Arijon, *Mama Coca*, DVD (Princeton, NJ: Films for the Humanities and Sciences Inc, 1991).

medicine.<sup>59</sup> Coca was an accessible stimulant and an adequate palliative for *campesinos*. Their coca consumption helped increase blood flow and heart rates to ease pain in afflicted areas and helped to combat the aches and pains as well as the lack of energy brought on by altitude sickness. In an area where pain relievers like aspirin are a luxury, a stimulant like coca provides an excellent medicinal stopgap solution.

While modern innovations like medications were expensive and elusive for rural Indians in Bolivia in the 1980s, other modern “necessities” were just as absent. As previously mentioned, electricity was a rarity in rural Bolivia in the 1980s. Another important modern amenity that was absent from rural Bolivia was the telephone. As of 1983, 2.5 billion people, or 55 percent of the Earth’s population had no telecommunications of any kind. This statistic undoubtedly included a large portion of Bolivia’s rural communities as of 1983. Just as access to any telecommunications was limited in rural Bolivia in 1983, so was its efficacy and quality limited. In 1983, a phone call from Bolivia to Paraguay had to be routed through New York City to be connected.<sup>60</sup> The monopolization of telecommunications by the “First World” inhibited the growth of domestic telecommunications in the “Third World.”<sup>61</sup> More importantly for Bolivian peasants though was what the telephone could have given *ayllus* and political movements. Telecommunications “give a voice to an entirely new constituency and allow them to make greater demands on central governments.”<sup>62</sup> Moreover, telecommunications enable distant peoples and communities to foster greater connections

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<sup>59</sup> Johnson, pg. 12

<sup>60</sup> “Introduction: Global Communications Are a Western Soliloquy...,” *Cultural Survival Quarterly*, Jun 30, 1983, pg. 4

<sup>61</sup> Ibid.

<sup>62</sup> Ibid.

in business, social relations, and information sharing in emergency situations. The Bolivian state, whether purposefully or not, left rural Indian populations disconnected from the state, and disconnected from each other.

The Bolivian state has a record for keeping Indians outside of state-making activities. Indians were not allowed to learn how to read until the Land Reform Revolution of 1952.<sup>63</sup> Also, Indians even in the 1980s were discriminated against in regards to military service. Indians or men with “Indian facial features” were not allowed to attend military school in Bolivia.<sup>64</sup> One of the easiest ways for a rural Indian with a lack of formal education to gain status in a country like Bolivia would have been to join the military. By barring that option to Bolivian Indians, the state’s ruling white and *mestizo* elites disabled a common method globally for poor or disadvantaged citizens to climb the social ladder. Banning Indians from the military would also theoretically lead to Indians in Bolivia mistrusting the military on the simple grounds of their exclusionary practices. Indians in Bolivia also believed that the European and *mestizo* portions of the Bolivian state often resolved their differences and united to repress the Indians (particularly the rural Indians) to further state goals and secure state activities.<sup>65</sup>

Police and military coca eradication operations not only angered rural Indian coca growers by stripping them of a valuable agricultural and cultural investment, but it also fed into the mistrust of the state, the military and the police by rural Indians. Accounts of resistance, deaths, and rapes resulting from eradication operations in rural coca growing Bolivia abounded. In 1983, a massacre allegedly occurred in Chulumani, Bolivia (the

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<sup>63</sup> George, “5 Million Indians Without Status in Bolivia.”

<sup>64</sup> Ibid.

<sup>65</sup> Ibid.

*Yungas* region) by “Bolivian security forces...making a narcotics raid.”<sup>66</sup> Incidents like this followed a general agreement in 1982 between the United States and Bolivia “on a plan for the eradication of coca...beyond normal production.”<sup>67</sup> Farmer and military protests against the “U.S.-trained antidrug squad nicknamed the Leopards” operating in the *Chapare* region of Bolivia, along with farmer unions in the area setting up roadblocks eventually led to their withdrawal in 1985 after one year of operations.<sup>68</sup>

By 1986, the Leopards were back in the *Chapare* and were accused of raping a woman. 17,000 peasant coca farmers surrounded the Leopards base camp and placed them under siege, not only for the accusations of rape, but also as an indictment against their police actions in the *Chapare*.<sup>69</sup> Strikes and protests accompanied the presence of U.S. troops in Bolivia training soldiers and police forces on how to conduct eradication operations, the cessation of which was only achieved by U.S. forces leaving in November of 1986.<sup>70</sup> Following the 60-day “Operation Blast Furnace” of 1986, which delivered troops and helicopters to Bolivia to train military and police on anti-drug operations targeting *labs and traffickers*, protests, strikes and roadblocks against coca eradication operations continued into the next year to prevent Americans from returning to Bolivia in

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<sup>66</sup> “Words From The Spiritual Center,” *Akwesasne Notes* 15 (Jun. 30, 1983): pg. 10

<sup>67</sup> “US/World News Briefs; New Anticrime Measures,” *Boston Globe*, Mar. 17, 1982, pg. 1

<sup>68</sup> Pamela Constable, “Bolivia’s Blessed Coca Leaf a Curse To Antidrug Police,” *Boston Globe*, Aug. 18, 1985, pg. 1

<sup>69</sup> “Coca Farmers Besiege Bolivian Police Camp,” *Boston Globe*, Jan. 10, 1986, pg. 15

<sup>70</sup> “U.S. Soldiers Leave; Bolivia To Run Cocaine Crackdown,” *Boston Globe*, Nov. 16, 1986, pg. 22

any capacity.<sup>71</sup> As the Bolivian ambassador to the U.S. Fernando Illanes stated in 1986, attacking a large interest group of any kind creates political and economic problems.<sup>72</sup> By 1985, the first year of the Agroyungas Project in Bolivia, eradication efforts soured peasants towards the idea of crop-substitution programs involving coca.<sup>73</sup> Crop substitution was viewed as equivalent to prior eradication efforts, and both were deemed by *campesinos* as an assault on indigenous culture, values and society.

Eradication efforts even soured the military. As of 1984 onwards, complaints in the military grew louder, (an exclusionary element of the Bolivian state that was anti-Indian) with claims that “drug enforcement was a police matter and was harming the army’s image.”<sup>74</sup> By the beginning of the Agroyungas Project in 1985, Bolivian and U.S. fears of “inflam[ing]... peasant radicalism” over coca eradication actions in rural Bolivia were realized.<sup>75</sup> Allowing the U.S. to challenge Bolivian sovereignty, as well as the exclusionary Bolivian military and corrupt Bolivian police operating in rural coca growing regions of Bolivia led to *campesino* mistrust, disillusionment, and virulent hatred of any state involvement in anything related to anti-coca operations in the coca growing regions of Bolivia. It was into this milieu and setting that the UNDP, UNFDAC, and the Agroyungas Project stepped into Bolivia with their crop-substitution program in 1985.

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<sup>71</sup> Randolph Ryan, “A Costly Drug War,” *Boston Globe*, Aug. 9, 1989, pg. 17; Shirley Christian, “Bolivians Fight Efforts to Eradicate Coca,” *New York Times*, Jul. 27, 1987, pg. A3

<sup>72</sup> “Economic Role of Cocaine Cited,” *Boston Globe*, Jul. 23, 1986, pg. 9

<sup>73</sup> Ted Galen Carpenter, “Foreign Anti-Drug Wars Carry a Hefty Tab,” *Wall Street Journal*, Oct. 31, 1985, pg. 1

<sup>74</sup> Joel Brinkley, “Bolivia Drug Crackdown Brews Trouble,” *New York Times*, Sept. 12, 1984, pg. A1

<sup>75</sup> Jonathan Marshall, “In The War on Drugs, Keep the Troops in the Barracks,” *Wall Street Journal*, Jul. 27, 1989, pg. 1

### 1.3 Conclusion

The instability of the Bolivian state created a situation where neither the United States nor the rural Indian coca growers of Bolivia had faith in the state. While this meant that Bolivian *campesinos* stayed disengaged from Bolivian state-making activities, the Bolivian elite rarely engaged rural Indian communities, and when they did so, only pursued their own state agendas and under their own terms. The Bolivian state's exclusionary tactics further alienated the rural coca growing communities, building mistrust and enmity between both parties involved.

Moreover, the United States was hesitant to invest in Bolivian crop-substitution programs because it required a long-term investment in a stable country, a bargain in which Bolivia could not uphold. The United States' lack of presence in South America coincided with the evolution of a mature cocaine trade and the explosion of cocaine's popularity globally. A world superpower like the United States underestimated and ignored a global drug phenomenon, and attempted to ameliorate their initial failures by direct training and supplying of eradication programs, which ended in the exacerbation of enmity amongst the Bolivian coca growing peasantry against any state action of any kind. When the Agroyungas Project kicked off in 1985, so much negativity had been created in Bolivia by preceding events that success required tailor-made long-term *campesino*-oriented strategies and planning, none of which the UNDP or the UNFDAC was willing or able to institute.



## CHAPTER 2

### SETTING THE STAGE FOR AN ALTERNATIVE DEVELOPMENT FAILURE: PART II

#### 2.1 Military Coup of 1980 and Its Corruption

On July 17<sup>th</sup> 1980, General Luis Garcia Meza Tejada took control of Bolivia in a military coup.<sup>76</sup> He wrested control of Bolivia from the “civilian caretaker government of Lydia Gueiler Tejada,” a relative of Garcia Meza’s.<sup>77</sup> The coup also disallowed the rightly elected Hernan Siles Zuazo from entering office on August 6<sup>th</sup> of 1980.<sup>78</sup> Garcia Meza’s rule lasted just over a year when he was forced to resign in August 4<sup>th</sup> 1981, but the brevity of Garcia Meza’s presidency does not diminish its importance in Bolivian history or the amount of corruption, violence and deception committed by Garcia Meza’s regime.<sup>79</sup> The military coup of Garcia Meza was also called the “cocaine coup” by many foreign analysts.<sup>80</sup> Bolivia’s most important cocaine trafficker, Roberto Suarez, reportedly funded Garcia Meza’s coup, “usher[ing] in an era of corruption and drug dealing at the highest government levels.”<sup>81</sup> These nefarious governmental dealings led the U.S. to take unprecedented action against a drug producing country when it suspended foreign aid to Bolivia in 1980.<sup>82</sup> In the previous year of 1979, U.S. military

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<sup>76</sup> Milt Freudenheim and Barbara Slavin, “The World,” *New York Times*, Aug. 17, 1980, pg. E3

<sup>77</sup> “Bolivia Putting Its Hopes in Private Enterprise,” *New York Times*, Nov. 10, 1981, pg. A8

<sup>78</sup> Warren Hoge, “Bolivia Regime Looks to Its Friends to Help Foil U.S.,” *New York Times*, Aug. 6, 1980, pg. A2

<sup>79</sup> “Junta Takes Control in Bolivia,” *New York Times*, Aug. 6, 1981, pg. A2

<sup>80</sup> Marshall, “In The War on Drugs, Keep The Troops in the Barracks.”

<sup>81</sup> Pamela Constable, “In Bolivia’s Drug Region, Anger Boils Over; US Role Seen As Loss of Sovereignty,” *Boston Globe*, Jul. 22, 1986, pg. 1

<sup>82</sup> Andy Pasztor, “War of Attrition: Passage of Drug Law Won’t Bring Victories Soon, Experts Warn,” *Wall Street Journal*, Oct. 3, 1986, pg. 1

and economic aid to Bolivia totaled nearly \$64 million.<sup>83</sup> The United States also encouraged other countries around the world to deny foreign aid to the Garcia Meza government, inspiring Garcia Meza to proclaim the existence of an “international conspiracy to systematically blockade foreign credit badly needed by La Paz.”<sup>84</sup> Despite the U.S. and other countries withholding aid, the D.E.A. estimated that the Bolivian government during Garcia Meza’s rule “netted more than \$1.5 billion a year from narcotics traffickers.”<sup>85</sup> According to an American advisor to Bolivia’s narcotics police, “100% of the Bolivian enforcement structure was corrupted” during the Garcia Meza government.<sup>86</sup> The U.S. even canceled further drug control activities in Bolivia, citing a lack of cooperation on the part of Garcia Meza’s government as the reason for the cancellation.<sup>87</sup>

Garcia Meza proclaimed early on that his regime did not necessarily need the aid of the United States, and had the support of its surrounding South American neighbors.<sup>88</sup> However, the initial support Garcia Meza received from his Bolivian neighbors quickly evaporated. \$250 million in aid given to the Garcia Meza regime by the Argentine Government was unaccounted for and “disappeared,” allegedly used by Garcia Meza to curry the favor of regional military commanders in Bolivia. A road project in Bolivia carried out by a Brazilian contractor was canceled when an overcharge by the Bolivian government of \$53 million was discovered. Patience from Garcia Meza’s Bolivian

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<sup>83</sup> “Bolivia Putting Its Hopes in Private Enterprise.”

<sup>84</sup> “Bolivian Curb On Foreign Currency,” *New York Times*, Aug. 1, 1981, pg. 33

<sup>85</sup> Joel Brinkley, “Rampant Drug Abuse Brings Call For Move Against Source Nations,” *New York Times*, Sept. 9, 1984, pg. 1

<sup>86</sup> Marshall, “In The War on Drugs, Keep the Troops in the Barracks.”

<sup>87</sup> Freudenheim and Slavin, “The World.”

<sup>88</sup> Hoge, “Bolivia Regime Looks to Its Friends to Help Foil U.S.”

neighbors ran out, and continued to remain frayed even after Garcia Meza resigned. By 1982, during the “post Garcia Meza era,” Argentina refused to pay for natural gas deliveries they received from Bolivia totaling \$200 million, “citing unpaid loans dating from the Garcia Meza regime.”<sup>89</sup> The new Bolivian government, viewed as responsible for the sins of a prior regime, was held accountable for the actions of an illegitimate government, which affected the financial welfare of the country and its international relations for years to come.

Internally, Bolivia was susceptible to the predations of the Garcia Meza regime as well. Members of the Garcia Meza government used their positions of power to mainstream and streamline cocaine trafficking corruption, and they utilized the Bolivian state for personal gain and for laundering cocaine money. Imported luxury cars, sweetheart land deals and sizeable kickbacks and overcharges from government projects all filled the coffers of Garcia Meza and his close associates. Additionally, there were allegations by U.S. officials that the Garcia Meza regime laundered millions of cocaine dollars coming into Bolivia through the Bolivian military bank.<sup>90</sup> The so-called “cocaine coup” had truly wrought (albeit temporarily) a “narco-state,” a state system of governance that normalized, rationalized and incorporated all of the accompanying corruption, graft, and violence that attended cocaine trafficking operations into state operations.

When democratically elected President Hernan Siles Zuazo took office in 1982, Bolivia’s problems did not just go away. The U.S. gave Bolivia economic, military and

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<sup>89</sup> Warren Hoge, “Bolivia Brass Puts a Price on Everything,” *New York Times*, Aug. 8, 1982, pg. E2

<sup>90</sup> *Ibid.*

drug enforcement aid totaling \$230 million in the two years after Siles Zuazo took power, but the economic aid did not alleviate or erase the problems inherited from the Garcia Meza regime and the interim governments from the year after Garcia Meza's resignation. Siles Zuazo's presidency had to deal with Bolivia's "near bankruptcy, 1,000 percent inflation, general strikes, food riots, drought, floods, three coup plots and [Zuazo's] kidnapping."<sup>91</sup> Siles Zuazo's open commitment to combating cocaine trafficking with the Bolivian judicial system and with drug enforcement police pleased the U.S., but concerned American drug enforcement analysts because it threatened to spawn another military cocaine coup.<sup>92</sup> The military remained heavily involved in cocaine trafficking during Siles Zuazo's presidency. Furthermore, Siles Zuazo's presidency struggled against conditions that were a bit more subtle. When the Garcia Meza regime normalized (whether tacitly or explicitly) the corruption of cocaine trafficking through their activities as a narco-state, the regime also theoretically sanctioned and mainstreamed the increased growth of coca by *campesinos* for the cocaine trade. Siles Zuazo's renewed push for enforcement against cocaine trafficking and coca growing attempted to erase or ignore what the prior government established as "normal" amongst the coca growing *campesinos* of Bolivia. Renewing Bolivian governmental resolve against coca put the government in conflict with the coca growing trends up to 1982 and the people that grew it. The Siles Zuazo presidency had more pressing concerns than just the coca growers though. Runaway inflation and disastrous economic conditions in the early 1980s in Bolivia created tense conditions throughout the country. Just as important as the

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<sup>91</sup> Marlise Simons, "Leftists Pose Little Threat to Bolivia's Government," *New York Times*, Aug. 12, 1984, pg. E3

<sup>92</sup> Edward Schumacher, "U.S. Weighs Aid for Bolivia as Civilian Takes Power," *New York Times*, Oct. 11, 1982, pg. A3

disastrous Bolivian economy though were the devastating droughts and floods Bolivia experienced from 1982 to 1985. The next section will deal exclusively with the drought that affected western Bolivia.

## 2.2 Drought

The drought in western Bolivia beginning in 1982 and ending in the beginning of 1985 absolutely devastated the region, particularly in terms of livestock and agriculture.<sup>93</sup> Considered the worst drought in Bolivia's history, the drought affected the lives of 1.5 million subsistence farmers as of 1984.<sup>94</sup> From 1982 to 1983, 75 percent of the total agricultural output in Bolivia was either destroyed or severely damaged by drought, floods, hail, or frost.<sup>95</sup> *Campesinos* who relied on subsistence agriculture struggled to survive as they faced malnutrition, starvation, and water shortages in the western Bolivian countryside, most notably in the departments of La Paz, Oruro, Potosi, and Cochabamba.<sup>96</sup> As of June 1983, some areas hit by drought had lacked running water for as much as two months.<sup>97</sup> The droughts and floods experienced by Bolivia and Peru were caused by a shift in weather patterns due to El Nino. This El Nino weather shift changed weather patterns so drastically that the traditionally bone dry Peruvian coastline was drenched in water while areas that normally receive adequate rainfall like western Bolivia

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<sup>93</sup> UN International Strategy for Disaster Reduction, *Aymaran Rainwater Harvesting* [http://www.unisdr.org/eng/public\\_aware/world\\_camp/2003/english/17\\_Article\\_BOLIVIA\\_eng.pdf](http://www.unisdr.org/eng/public_aware/world_camp/2003/english/17_Article_BOLIVIA_eng.pdf) (April 20, 2010)

<sup>94</sup> Marvine Howe, "Volunteer Agencies Playing Larger Role in U.S. Foreign Aid," *New York Times*, Mar. 12, 1984, pg. A1

<sup>95</sup> Miguel Urioste Fernandez de Cordova, *El Estado Anticampesino* (Cochabamba, Bolivia: Artes Graficas El Buitre, 1984), pg. 130

<sup>96</sup> Edward Schumacher, "Floods and Drought Sweep Across South America," *New York Times*, Jun. 12, 1983, pg. 1

<sup>97</sup> *Ibid.*

received none. This particular El Nino weather phenomenon became a global catastrophe, wreaking havoc around the world and devastating many regions throughout South America.<sup>98</sup>

Agricultural sectors in western Bolivia experienced almost total devastation due to the drought. Crops died at such a high rate that western Bolivia experienced a “total loss of crop germplasm, with some species [of crops being] unable to recover since the devastation” (as of 2003). Approximately 60 percent of all animals (both domestic and wild) dying during the drought due to improper water intake and inadequate grazing lands.<sup>99</sup> Germplasm loss resulted due to crop death and rural Bolivians eating their crop seeds to survive during the extreme drought.<sup>100</sup> Livestock that would have normally provided labor for agricultural work was slaughtered by Bolivians for food.<sup>101</sup>

The majority of Bolivian drought victims were individuals who were the least equipped financially to cope with the extreme circumstances caused by the drought.<sup>102</sup> As drought conditions continued to devastate the livelihoods of subsistence *campesinos*, these same *campesinos* began to flood into Bolivian cities to seek work to pay for food lacking in the countryside. The migration to cities compounded the problems associated with drought even further.<sup>103</sup> Less farming in the Bolivian countryside meant less food

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<sup>98</sup> William S. Broad, “Tracking El Nino: Is More Destruction To Come?,” *New York Times*, Aug. 2, 1983, pg. C1

<sup>99</sup> *Aymaran Rainwater Harvesting*.

<sup>100</sup> Office of the United Nations Disaster Relief Co-ordinator (UNDRO), *The Appeal of the Secretary-General of the United Nations for Emergency Assistance to Disaster-stricken Countries in Latin America* (New York: UNDRO, 1984), pg. 8

<sup>101</sup> *Ibid.*

<sup>102</sup> *Ibid.*, pg. 17

<sup>103</sup> Schumacher, “Floods and Drought Sweep Across South America.”

for people living in the cities, whose populations increased dramatically as a result of rural migration to cities caused by the drought.

In addition to migrants flooding into cities seeking employment, the growth and processing of coca increased dramatically during the drought years.<sup>104</sup> Migrants flooding into the *Chapare* and *Yungas* regions of Bolivia hoped to grow coca or process coca as a *pisadore*, or coca stomper.<sup>105</sup> Coca increasingly displaced the growth of other food crops as drought ruined the crops of *campesino* farmers, which starved *campesino* families and presented *campesinos* with fewer and fewer viable alternatives. Drought led to increases in temporary jobs and alternative money flows stemming from the growth of coca for the illicit cocaine market.<sup>106</sup> As the subsistence *campesinos* were heavily impacted in western Bolivia by catastrophic droughts, they moved into areas like the *Chapare* to grow and process coca, as well as switching to growing primarily coca to earn money to survive. This transition to an increased focus on coca growing throughout the region due to drought conditions immediately preceded the Agroyungas Project starting in 1985. As farming practices, frameworks, and realities changed to cope with extreme drought, coca became a more dominant crop throughout the region. One of the only ways the Agroyungas Project could succeed in their goals to substitute crops like coffee and citrus for coca would be to alleviate *campesino* fears inspired by the severe drought considering the switch in agricultural strategies that immediately preceded the project. However, droughts and corruption were not the only conditions the Agroyungas Project needed to consider in its attempts to crop substitute in the region. As the next section will

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<sup>104</sup> Healy, pg. 24

<sup>105</sup> Ibid.

<sup>106</sup> Urioste Fernandez de Cordova, pg. 144

demonstrate, if droughts and floods could have chosen the worst time to hit Bolivia, they did so rather effectively by hammering a financially crippled Bolivia during the early 1980s.

### 2.3 Inflation

Initial inflation rates of 50 percent in Bolivia in 1981 reached levels of 200 percent by the time Siles Zuazo took office in 1982.<sup>107</sup> The Bolivian government defaulted on loan repayments for failing to pay its \$2.5 billion foreign debt in September of 1982.<sup>108</sup> By 1985, the foreign debt had risen to \$4.8 billion, with Bolivia printing money that equaled “85 percent of its revenue needs.”<sup>109</sup> Before the inflation crisis in Bolivia, the total amount of credit destined for the public sector exceeded the total amount of cash and quasi-cash in the economy.<sup>110</sup> Simply put, Bolivia borrowed more than they could possibly pay back based on the country’s balance sheet. Bolivia was unable or incapable of managing their finances properly until the international banking community forced them to in 1982.<sup>111</sup> As unemployment rates during this period soared to 20 percent, Siles Zuazo continued to remain reticent to act against devastating inflation rates.<sup>112</sup> Siles Zuazo preferred to introduce austerity measures slowly, allowing inflation rates to creep ever upward, starting at 297 percent by the end of 1982, to 328 percent by

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<sup>107</sup> “Bolivian Curb On Foreign Currency”; Edward Schumacher, “Bolivia Tries a Last Resort: Democracy,” *New York Times*, Oct. 10, 1982, pg. E4

<sup>108</sup> Schumacher, “Bolivia Tries a Last Resort: Democracy.”

<sup>109</sup> Chavez, “Unfortunate Bolivia, The Land of Believe It or Not.”

<sup>110</sup> Thomas Lehwing, *Programa Monetario: Un Enfoque Practico Aplicado Al Caso Boliviano* (La Paz, Bolivia: Banco Central de Bolivia, 1989), pg. 98

<sup>111</sup> Guillermo Prado Arispe, *Politica Monetaria y Desempeno Del Sistema Bancario Boliviano* (La Paz, Bolivia: Empresa Multigrafica Illimani EMI S.R.L., 1996), pg. 65

<sup>112</sup> Carlos F. Toranzo Roca, ed., *Procesos Inflacionarios En Peru y Bolivia* (La Paz, Bolivia: Editorial Offset Boliviana, 1989), pg. 10



1983, 2,800 percent by 1984, and 10,000 percent by 1985.<sup>113</sup> Repeated national strikes also impeded Siles Zuazo's austerity plans from taking root.<sup>114</sup> Bolivia's economic situation was so dire that in 1984, it considered withdrawing from the 1984 Summer Olympics in Los Angeles due to the poor Bolivian economy and the government's claims to be unable to afford the trip for its athletes.<sup>115</sup>

By 1984, Bolivia paid \$20 million to foreign printers to have their money printed and shipped from abroad, with printed money becoming Bolivia's "third largest import after wheat and mining equipment."<sup>116</sup> The Bolivian peso during this time period was relatively worthless, even in its highest denomination of 1,000 pesos. Routine transactions often involved exchanges of a bundle of bills, and payments were frequently weighed instead of counted. Allegedly, the only thing that kept the Bolivian economy afloat during this period of extreme economic hardship was the influx of large amounts of actual dollars from the U.S. which paid coca growers and processors, cocaine traffickers, and bribed government officials to run the day to day operations of Bolivia's underground cocaine economy.<sup>117</sup> Hyperinflation pushed narcotraffickers and coca growers to utilize dollars as a way to provide required currency to conduct day to day operations in a parallel informal economy.<sup>118</sup> U.S. dollars also were favored over Bolivian pesos in Bolivia, particularly because "people use[d] few checks and no credit

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<sup>113</sup> Schumacher, "Bolivia Tries a Last Resort: Democracy"; Healy, pg. 24

<sup>114</sup> Pamela Constable, "Bolivian Black Market; Hyperinflation Fuels Underground Commerce That's 75% of Economy," *Boston Globe*, Aug. 16, 1985, pg. 1

<sup>115</sup> "Bolivia Quits Olympics, Citing Poor Economy," *New York Times*, Jun. 4, 1984, pg. A5

<sup>116</sup> Sonia L. Nazario, "When Inflation Rate Is 116,000%, Prices Change by the Hour," *Wall Street Journal*, Feb. 7, 1985, pg. 1

<sup>117</sup> Brinkley, "Bolivia Drug Crackdown Brews Trouble."

<sup>118</sup> Roca, pg. 43

cards,” which created extreme difficulties in everyday transactions due to the high inflation rate, making excessive bundles of pesos for payment an absolute necessity.<sup>119</sup> Bolivians lacked confidence in the Bolivian peso and the Bolivian state, and frequently changed their Bolivian pesos into American dollars with “cambistas,” or the numerous money street vendors, not only in an effort to protect their money, but to also ease the purchase of “big-ticket purchases.”<sup>120</sup> This economic trend further devalued the Bolivian peso and led to a de-investment by Bolivians in the Bolivian economy and its local official currency. Prices in Bolivia for common goods like eggs changed by thousands of pesos a week, which caused a tremendous amount of economic instability in lives of everyday Bolivians.<sup>121</sup> The impulse for Bolivians to diversify their assets and investments by “dollarizing their portfolios” carried over to coca growing. *Campesinos* have traditionally used coca as a medium of exchange and as a method of accumulating riches. Additionally, coca has traditionally been considered an asset of great liquidity in the Bolivian *campesino* economy.<sup>122</sup> As one *campesino* stated in the documentary *Mama Coca*, “Coca is our bank.”<sup>123</sup> *Campesinos* increased and diversified their investments in a horrendous economy by increasing their coca growing. A 2.2 acre plot of land (just under 1 hectare) was capable of netting “up to \$9,000 annually” from the production of coca, while the second most valuable cash crop, citrus fruits, would only net \$500 from a

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<sup>119</sup> Marlise Simons, “Cocaine Means Cash in Bolivia Bank,” *New York Times*, Jul. 21, 1984, pg. 2

<sup>120</sup> Nazario, “When Inflation Rate is 116,000%, Prices Change by the Hour.”

<sup>121</sup> *Ibid.*

<sup>122</sup> Erick Roth U. and Raul Bohrt P., *Actitudes de la Poblacion de La Paz Hacia La Produccion y Consumo de la Hoja de Coca* (La Paz, Bolivia: Escuela Profesional Don Bosco, 1987), pg. 17

<sup>123</sup> Marie-Monique Robin and Gonzamo Arijon, *Mama Coca*, DVD (Princeton, NJ: Films for the Humanities and Sciences Inc, 1991).

similar sized plot of land.<sup>124</sup> Investing heavily in coca growing made economic sense to the average *campesino* struggling in the tumultuous economy of Bolivia in the early 1980s, even if it did lead to excessive coca growing in regions like the *Chapare*.<sup>125</sup>

Inflation also had more subtle and insidious effects on the Bolivian economy as well. Due to the rapid and explosive inflation rates of the Bolivian peso, people had little incentive to work. In addition, merchants and peddlers failed to push their merchandise or bargain with customers, because tomorrow's price would always increase due to inflation.<sup>126</sup> A dual lack of incentive to work and to sell helped stall the Bolivian economy even further during its steep economic downturn.

In the 1980s, Bolivia's terrible economy also encouraged internal migration. Indigenous Bolivians that migrated to Bolivian cities to work odd jobs as migrant workers returned to their "already overcrowded" *campesino* family farms during the economic downturn.<sup>127</sup> These returning family members to the family farm most likely worked growing crops like coca, or migrated into the *Chapare* to produce coca paste as a *pisadore*, or coca stomper, or provided general labor for the production of cocaine sulfate or cocaine hydrochloride.<sup>128</sup> The Indian *ayllu* system often kept these Indian migrants connected to the countryside when they worked in the city, and provided a place to fall back to during hard times.<sup>129</sup> The ease of working on the coca crop or as a *pisadore* would have provided work for individuals returning to farms that were out of touch with the day-to-day operations and work of the family farm.

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<sup>124</sup> Healy, pg. 24

<sup>125</sup> Roca, pg. 48

<sup>126</sup> Chavez, "Unfortunate Bolivia, The Land of Believe It or Not."

<sup>127</sup> Schumacher, "Bolivia Tries a Last Resort: Democracy."

<sup>128</sup> Healy, pg. 24

<sup>129</sup> Chavez, "Unfortunate Bolivia, The Land of Believe it or Not."

## 2.4 Paz Estenssoro's Austerity Program

Victor Paz Estenssoro was elected to the Bolivian Presidency in the summer of 1985. Soon after entering office in 1985, Estenssoro enacted an austerity program to correct Bolivia's economic woes.<sup>130</sup> Since it was impossible for the Bolivian state to take on more foreign debt, the nation had to lower its fiscal deficit levels to zero or near zero immediately. This could only be accomplished by freezing expenditures and increasing revenues. Estenssoro's plan to achieve these goals was simple in its steps. First, he placed a freeze on public employee salaries and investments in the public sector. Second, he wanted to reduce public sector employment by 10 percent overall. Third, he wanted to dismantle various public enterprises. Fourth, Estenssoro felt that fuel prices should be fixed at equal to or higher than their comparative international values. Fifth, he wanted to devalue the Bolivian peso. Finally, Estenssoro wanted to implement a 5.5 percent tax on fuels, specifically on gasoline.<sup>131</sup> The actions Estenssoro wanted to take regarding fuels impacted *campesinos* in two ways. *Campesinos* that relied on cheap fuel prices to have their agricultural products driven to market became saddled with higher fuel costs and therefore had lower profit margins. Estenssoro's intended target was not poor rural Bolivians though. Gasoline smugglers who took advantage of artificially low gasoline prices in Bolivia (which as of 1982 stood at 10 cents per gallon) purchased the subsidized gasoline and smuggled it across the border to neighboring Brazil, where they could sell

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<sup>130</sup> David Warsh, "The Basket Case of Latin America," *Boston Globe*, Mar. 16, 1986, pg. 79

<sup>131</sup> Juan Antonio Morales A., *Estudio Diagnostico Debate: Precios, Salarios y Politica Economica Durante La Alta Inflacion Boliviana de 1982 a 1985* (La Paz, Bolivia: Producciones Cima, 1987), pp. 78-79

the gasoline at a markup of twenty times the original purchase price.<sup>132</sup> Gasoline had traditionally been subsidized by the Bolivian government to aid their impoverished citizens in terms of travel costs, energy costs, and the costs of shipping goods to markets. Estenssoro wanted to eliminate this form of unintentional state-funded profiteering by gasoline smugglers, and create at the same time a neoliberal state focused on privatizing public enterprises.

While Paz Estenssoro's austerity measures (or Decree 21060) focused primarily on reforming the public sector, other job markets in Bolivia were affected inadvertently. Decree 21060 lifted import duties on foreign goods. As a result, 42,000 factory workers lost their jobs due to the inability of domestic products to compete with foreign goods.<sup>133</sup> Economic austerity measures created scenarios of extreme and sudden joblessness for many throughout Bolivia, angering the unemployed and pushing many jobless workers into the coca regions in search of a job.

The powerful Bolivian labor unions would not take these economic restructuring measures lying down though. The general national strikes under Siles Zuazo continued with varying frequency and intensity as a reaction to Paz Estenssoro's austerity policies.<sup>134</sup> Paz Estenssoro reacted by declaring multiple "states of siege," dispersing protesters with the Bolivian armed forces on various occasions.<sup>135</sup> Over time, Paz Estenssoro's austerity plan stabilized the Bolivian economy and currency, and pushed the

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<sup>132</sup> Schumacher, "Bolivia Tries a Last Resort: Democracy."

<sup>133</sup> Alexandra Anderson, *Hell to Pay*, VHS. (New York: Women Make Movies, 1988).

<sup>134</sup> "48-Hour Strike Against Austerity Paralyzes the Bolivian Economy," *New York Times*, Sept. 5, 1985, pg. A4

<sup>135</sup> "Bolivia Now Under State of Siege; Step Taken to End General Strike," *New York Times*, Sept. 20, 1985, pg. A4; "Bolivia Imposes State of Siege, Arresting Hundreds," *New York Times*, Aug. 29, 1986, pg. A2

Bolivian economy further towards privatization. His efforts helped to re-monetize the ailing Bolivian economy and pushed the nation to earn real money, eschewing the state subsidization of Bolivians.<sup>136</sup> At the same time though, his refusal to increase salaries in the public sector and the lack of expansive monetary politics hurt employment and economic growth in Bolivia.<sup>137</sup> Tin mining was one industry in Bolivia that felt the full brunt of Estenssoro's austerity program, and its ripple effects would be felt throughout the entire nation, including the coca sector of Bolivia.

## **2.5 Tin Mining and Austerity**

Tin mining by the late 1970s and early 1980s had become an increasingly unprofitable venture in Bolivia. As early as 1981, if not earlier, Comibol, the state-run mining company operated at a loss. In the early 1980s, 70 percent of Bolivia's industries were under state control, and of that 70 percent, 70 percent of those industries were mining companies. A Bolivian recession in the early 1980s was blamed on "a decline in tin production between 1977 and 1980."<sup>138</sup> Tin and other metals such as zinc, tungsten, and silver were integral to the Bolivian economy, so as their production slid, so did Bolivia's fortunes in the world economy. Declines in tin production in Bolivia were blamed on outdated machinery and extraction methodology, as well as lesser quality ores and the higher costs to extract these lesser quality ores. As Bolivia fell to fourth in world tin output behind Malaysia, Thailand and Indonesia by the early 1980s, state plans to "eliminat[e] artificial prices and subsidies" of state controlled industries and aims to "end

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<sup>136</sup> Antonio Morales A., pg. 86

<sup>137</sup> Roca, p. 28

<sup>138</sup> "Bolivia Putting Its Hopes in Private Enterprise."

[the] benefits and privileges of Government officials” began to take shape.<sup>139</sup> Following the corruption of Garcia Meza and the inaction of Siles Zuazo against hyperinflation in Bolivia, Paz Estenssoro glommed onto this reduction plan and incorporated it into his austerity program. By 1986, the world’s tin market collapsed and Estenssoro laid off approximately 30,000 Bolivian miners. Career tin miners were given one lump-sum payment and were trucked out of the mining camps for good. Their constitutionally guaranteed pensions were virtually ignored in the process.<sup>140</sup> Many of these laid off miners lived on mining property in company towns, so the layoffs and their eventual evictions affected miners’ lives in multiple ways.<sup>141</sup> Not only did they lose their jobs, but they also lost their homes, their social networks, and their communities. Moreover, the mining company stores, or *pulperias*, rationed food and supplies to miners in an attempt to “starve them out,” and reduced supplies subsidies for miners’ children during the economic crisis to one *peso* per child per month.<sup>142</sup> These measures often pushed those miners still employed in mining towns to the brink, and sometimes led miners to leave the mines and go looking for work in places like the coca fields.

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<sup>139</sup> Ibid.

<sup>140</sup> Warsh, “The Basket Case of Latin America.” The estimates of laid off miners during this time in Bolivia is inexact. According to Shirley Christian in her article “Bolivia Struggles With Its Tin Mines,” *New York Times*, Dec. 26, 1986, pg. A16, the estimates of how many miners Paz Estenssoro wanted to reduce and how many were actually reduced from the government payrolls depends on figuring out how many miners were laid off, how many were induced to leave with payoffs, and how many simply left their jobs fearing the uncertainty of layoffs, combined with those miners lucky enough to retain their jobs.

<sup>141</sup> “Hell To Pay; A Film About The Human Cost of Foreign Debt in Bolivia,” *Akwesasne Notes* 21 (Summer 1989): pg. 7

<sup>142</sup> Alexandra Anderson, *Hell to Pay*, VHS.

The Bolivian government under Paz Estenssoro told laid off miners to go to the countryside and farm.<sup>143</sup> The Estenssoro government effectively told unemployed miners to work at a job they had never done before. This encouragement coupled with a lack of shelter and community from being cast off of mining property successfully pushed ex-miners to go out and farm. Miners migrated internally to places like the *Chapare* region and worked as coca farmers or *pisadores*.<sup>144</sup> These unemployed former miners could work either growing or processing coca, earning \$30 for three nights' work as a *pisadore*, the equivalent of a month's salary in the tin mines of Bolivia.<sup>145</sup> This does not even take into account the amount of internal migration into coca growing regions like the *Chapare* or the *Yungas* by Bolivian people devastated by the terrible condition of the Bolivian economy in the early 1980s. The austerity program's attempts to stabilize the hemorrhaging economy in Bolivia created unintended consequences, including an increase in internal migration to coca growing regions by those seeking employment in the coca and cocaine economy. This upswing in people working in the coca and cocaine economy increased the sheer number of people whose personal investments would be affected by future coca eradication and crop substitution programs in Bolivia.

## **2.6 Conclusion**

In 1985, the Agroyungas Project stepped into this area of demographic, environmental, political, economic and social upheaval with a plan to substitute coca for other cash crops. The success or failure of the project hinged on whether or not the UNDP took into account all the events that transpired before 1985 leading up to their

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<sup>143</sup> Shirley Christian, "Despair for Magic Mountain of Tin and Silver," *New York Times*, Dec. 25, 1986, pg. 4

<sup>144</sup> Healy, pg. 24

<sup>145</sup> Johnson, pg. 12



arrival. Drought, economic disasters, monetary woes, state level corruption and public employment adjustments all shaped the face of Bolivia in 1985. In a unique country like Bolivia, formulaic solutions to perceived societal problems would not work. As Chapter III will demonstrate, the UN, UNDP, and UNFDAC were unwilling or unable to construct ad hoc solutions to the problems presented by crop substitution programs aimed at reducing coca growing in Bolivia.

## CHAPTER 3

### SETTING THE STAGE FOR AN ALTERNATIVE DEVELOPMENT FAILURE: PART III

#### 3.1 NGOs

What are nongovernmental organizations (or NGOs), and how are they defined? NGOs are one of the primary groups U.N. affiliated organizations use to conduct service projects globally. According to the World Bank, NGOs are “private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.”<sup>146</sup> Recent scholarship in anthropology on NGOs might dispute these altruistic goals of the NGO though. In James Ferguson’s “The Anti-Politics Machine”, the author relays how the Thaba-Tseka project in Lesotho, which was designed to help the villagers, did nothing, if not decline the quality of life in their villages. The true aim of this NGO project seemed to be rather hidden and insidious, in providing the government of Lesotho with more access and ability to be “a much stronger presence in the area than it had ever been before.” This concept of “helping” provides a “point of entry for an intervention of a very different character. The point of entry can best be described as either suffering or poverty.” In this guise of neutral to benevolent intervention, the state can come in an area to help without objection or suspicion. This schematic also “expand[s] and depoliticize[s]” state intervention, thereby absolving the state of culpability from any

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<sup>146</sup> Christopher Gibbs, Claudia Fumo and Thomas Kuby, *Nongovernmental Organizations in World Bank-Supported Projects* (Washington, D.C.: World Bank, 1999), p. 1

feelings of resentment, anger or ill will by its citizenry.<sup>147</sup> The NGO, as an independent organization, (and by definition nongovernmental) allows the state to divest itself of responsibility in the actions taken by the NGO, while the NGO simultaneously lies outside of the direct control, scope and governance of the state (barring illegal activities within the state). An NGO's strength often lies in its ambiguity in relation to the state. James C. Scott's *Seeing Like a State* (1998) can help clarify the ramifications of an NGO being situated outside of the state. An NGO's peripheral status vis a vis the state conflicts with Scott's concept of *legibility*, which theorizes that the state attempts to rationalize and organize all aspects of life and the environment in an effort to better control its citizenry. An NGO's lack of *legibility* therefore forces their operation efficacy to rely mainly on the cooperative levels of the state and its citizenry, as well as the belief and trust of the project's target populations in the project's plan, worthiness, and prospects for success. Like Fernando Coronil's argument regarding the state in *The Magical State* (1997), an NGO (like the state) is only an effective entity if the affected people believe in its power, its knowledge and its abilities, and is only as successful as those who invest and believe in it permit.

### **3.2 Crack Cocaine in the U.S. and Coca in Bolivia**

In the wake of the "crack epidemic" of the mid 1980s, as well as increasing cocaine consumption in the United States and in Europe, law enforcement and government officials looked at a multitude of methods to decrease cocaine usage in the "developed" world. By 1985, crack cocaine, a cheap and easily smoked "new form of

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<sup>147</sup> James Ferguson-"The Anti-Politics Machine" in *The Anthropology of the State* by Aradhana Sharma and Akhil Gupta, eds. (Malden, MA: Blackwell Publishers, 2006), pp. 271, 273, 277

cocaine” burst its way onto the streets of America and fixated the minds of law enforcement officials. At a time when chronic cocaine abusers in the United States were estimated by experts to number five million Americans, any new form of cocaine that was cheaper and fast-acting was seen by law enforcement officials and drug enforcement agents as a nightmare scenario that could increase cocaine distribution, abuse, and cocaine-related violent crime exponentially. Additionally, crack cocaine was viewed as a more addictive form of cocaine, creating “crack fiends” that were willing to use up all their money to smoke crack, “crack babies” who came out of the womb addicted to crack because of their mother’s crack addiction, and was responsible for “uncontrollable outrageous sexual activity, with women frequently exchanging sex for drugs when they have run out of money.”<sup>148</sup> Crack was alleged to have “a ready market in people reluctant to intensify their intake by intravenous injection of cocaine because of the fear of AIDS” transmission from contaminated needle-sharing.<sup>149</sup> Worries abounded regarding the risk crack cocaine posed to the safety of adolescents, who were considered at risk due to crack’s affordability, “tendency to accelerate abuse,” portability, adolescent propensity to overconsume, and crack’s ease of concealment.<sup>150</sup> The extreme euphoria and high supposedly delivered by crack cocaine made American rehabilitation clinicians, doctors, and the American public believe that crack cocaine was not even directly comparable to cocaine, leading crack to be classified as a drug in a league of its own.<sup>151</sup> The high profile deaths of celebrities such as John Belushi in 1982 and college basketball star (and Boston

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<sup>148</sup> Jane Gross, “A New, Purified Form of Cocaine Causes Alarm as Abuse Increases,” *New York Times*, Nov. 29, 1985, pg. A1

<sup>149</sup> *Ibid.*

<sup>150</sup> *Ibid.*

<sup>151</sup> *Ibid.*

Celtics draft pick) Len Bias in 1986 from cocaine, as well as the attempted immolation suicide of Richard Pryor in 1980 and Nancy Reagan's omnipresent "Just Say No" campaign starting in 1982 put cocaine abuse in the forefront of the American public's mind. Greatly reducing the seemingly endless flow of cocaine to a seemingly insatiable American (and European) public became a top priority due to its increased availability and affordability, as well as reflexively being desired by an increasingly addicted subset of the Western world's population.

While this seemingly insatiable demand for cocaine consumed the U.S. and Europe during the 1980s, Bolivia maintained its role as the second leading producer of coca leaf (behind Peru) for the production of cocaine hydrochloride. Producing coca leaf was of paramount importance to impoverished Bolivians in a time of depressed tin and silver prices, as well as waning prices and profits for natural gas in the 1980s; no Bolivian export commodity matched the importance of the coca leaf.<sup>152</sup>

### **3.3 The UNDP and the UNFDAC**

Into this backdrop of rampant cocaine abuse and lucrative coca growing stepped the United Nations Fund for Drug Abuse Control (UNFDAC) to propose an alternative development crop substitution program in Bolivia to decrease the supply of coca leaf processed into cocaine (or cocaine hydrochloride). \$20.5 million was allotted by the UNFDAC to construct a project for the *Yungas* region of Bolivia in an effort to further the cause of "agricultural diversification and agro-industrial development."<sup>153</sup> While the UNFDAC funded the project, the UNFDAC and the United Nations Development

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<sup>152</sup> Ryan, "A Costly Drug War," pg. 17

<sup>153</sup> Governing Council of the United Nations Development Programme, *Activities in the Field of Drug Abuse Control: Report of the Administrator* (Geneva, Switzerland: UNDP, 1986), pg. 5

Program (or UNDP) worked closely together to conduct the project, with UNFDAC field advisers assigned to UNDP field offices in Bolivia.<sup>154</sup> The UNDP's Office of Projects Execution (OPE) was the main provider of coordination and execution of projects for the UNFDAC, and this group, along with UNFDAC advisers and UNDP field offices in conjunction with Bolivian national staff were the primary actors in this NGO U.N. affiliated project.<sup>155</sup> The UNDP's OPE aided implementation of alternative development activities in the Agroyungas Project and was a conduit of "communication and coordination" between Bolivia and the U.N., as well as communication and coordination between the U.N. system and the NGO activities on the ground in Bolivia.<sup>156</sup> The UNFDAC field advisers constructed the project and the UNDP and UNFDAC field staff executed the plan.<sup>157</sup> The UNFDAC funded the project and the UNDP managed it.<sup>158</sup> The Agroyungas Project was the largest project conducted by the UNDP and the UNFDAC for the time period (the 1980s) in Latin America.<sup>159</sup> UNDP, UNFDAC and related NGO groups in places like Bolivia viewed their work as vital to structurally adjust and "economic[ally] reactivat[e]" developing countries during a time in the mid 1980s when "demands for their exports remained weak and [prices for legal] commodit[ies] prices

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<sup>154</sup> *Activities in the Field of Drug Abuse Control*, pg. 3

<sup>155</sup> *Activities in the Field of Drug Abuse Control*, pg. 4

<sup>156</sup> Governing Council of the United Nations Development Programme, *Implementation of Decisions Adopted by the Governing Council at Previous Sessions: Support to Drug Control Programmes, Report of the Administrator* (Geneva, Switzerland: UNDP, 1988), pg. 2

<sup>157</sup> *Ibid.*

<sup>158</sup> Governing Council of the United Nations Development Programme, *Annual Report of the Administrator for 1987* (Geneva, Switzerland: UNDP, 1988), pg. 8

<sup>159</sup> *Implementation of Decisions Adopted by the Governing Council at Previous Sessions*, pg. 3

were depressed.”<sup>160</sup> This project objective, of course, did not apply to or take into consideration the prices that illicit commodities such as coca and cocaine were demanding in the 1980s. In essence, the UNDP and UNFDAC used a supply-side model of crop substitution and alternative development in the hopes of choking the flow of cocaine into the U.S., and assumed Bolivian peasants would then disengage from the illicit coca economy. Supply-side attack strategies against coca were favored by European factions of U.N. agencies, while eradication and repressive military activities were favored by the U.S. government, with direct U.S. involvement in terms of military personnel, training, equipment, and aid.<sup>161</sup>

The Agroyungas Project’s framework was based on a prior successful crop-substitution project conducted by the UNFDAC in Northern Thailand in the early 1970s. Referred to in official documents as a “crop-substitution formula,” the opium/poppy growing “hill tribes of Northern Thailand” were shown how to effectively grow Arabica coffee instead of opium, and were assisted by the UNFDAC in getting their new agricultural product to market. In conjunction with the crop-substitution approach of the program, the UNFDAC helped provide better medical and health care services, as well as increased access to better education in the form of new schools. By combining these initiatives together with government opium eradication, opium production in Thailand went from 150 tons in the early part of the 1970s to between 20 and 45 tons by 1987.<sup>162</sup>

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<sup>160</sup> *Annual Report of the Administrator for 1987*, pg. 1

<sup>161</sup> The World of Coca Campaign, “The Failure of Good Intentions: The United Nations in the War Against Drugs,” Narcotics and Development Discussion Paper No. 5 (London, UK: Catholic Institute for International Relations, 1993), pg. 3

<sup>162</sup> *Annual Report of the Administrator For 1987*, pg. 8

This “formula” was utilized by the UNDP and UNFDAC when they constructed the Agroyungas Project.

While it seems logical for the UNFDAC to construct a project that might mimic the success of the Northern Thailand opium crop-substitution program of the 1970s, there are some fundamental flaws to this type of generalized approach to solving problems. One primary concern neglected by the Agroyungas Project’s adoption of UNFDAC Northern Thailand opium crop-substitution strategies was geography. The *highest* point in Thailand is the northern mountain peak of Doi Inthanon at 2576 m.<sup>163</sup> The *Yungas* region of Bolivia routinely averages between 1500 m. to 2000 m. (there are places in the valley that are higher though) as a valley region hemmed in by forbidding slopes and mountain ranges.<sup>164</sup> Andean mountain ranges such as the *Cordillera Real*, which routinely has 5000 m. to 6000 m. peaks separating the *Yungas* from La Paz, provide an enormous obstacle to agricultural peasants in the *Yungas* wanting to get their agricultural products to the closest regional markets of La Paz and Cochabamba.<sup>165</sup> The problems presented by Bolivia’s geography immediately surpass in seriousness the concerns presented by getting agricultural goods out of Northern Thailand simply by topography alone. The Agroyungas Project’s obstacles to success become more daunting when issues of climate (such as heavy rainfall) and navigable rivers and roadways (there were very few if any adequate trucking roadways in the area) are added to the list. The UNFDAC’s generalized approach to the Agroyungas Project’s crop-substitution program was flawed

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<sup>163</sup> WorldAtlas.com, *Highest and Lowest Points in Countries Islands Oceans of the World*, <http://www.worldatlas.com/aatlas/infopage/highlow.htm> (Feb. 21, 2010)

<sup>164</sup> The World of Coca Campaign, pg. 12

<sup>165</sup> Worldfacts.us, *Geography of Bolivia-Natural Regions, Mountains and Altiplano, Yungas and Other Valleys*, <http://worldfacts.us/Bolivia-geography.htm> (Feb. 21, 2010)



from the start without considering ad hoc or very specific solutions to large, prolonged, and localized Bolivian-based problems.

### **3.4 The Bolivian Reality**

Bolivia has always been ranked among the poorest countries in the world. As of 1989 (near the conclusion of the Agroyungas Project), Bolivia was the second poorest country in the Western Hemisphere, only surpassing Haiti. Bolivia possessed extremely high infant mortality and “death rates from preventable diseases,” as well as an incredibly low national life expectancy of 54 years.<sup>166</sup> In 1998, official estimates after a period of improvement in living conditions in Bolivia estimated that “70 percent of the country’s population, or some 4 million people, live[d] in conditions of poverty.” Rural areas had an even higher incidence of impoverished living, with an estimated 94 percent of rural homes living in a state of poverty. This appalling state of rural life in Bolivia was in stark contrast to the still high 51.1 percent of urban households as of 1998 living in poverty. Despite showing improvement in living conditions over the previous 40 years (from 1998), Bolivia’s human development index (also dubbed the “human misery index”) ranking of 113 out of 175 nations placed it in a comparable position with many of the countries in sub-Saharan Africa.<sup>167</sup>

Not only did Bolivia’s people comprise an at-risk population, but the Bolivian environment was at risk as well. Approximately “60 percent of the total territory susceptible to erosion,” (which comprises 41 percent of the total land area of Bolivia)

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<sup>166</sup> Ryan, “A Costly Drug War.”

<sup>167</sup> Executive Board of the United Nations Development Programme and of the United Nations Population Fund, *UNDP: Country Cooperation Frameworks and Related Matters First Country Cooperation Framework For Bolivia (1998-2002)* (New York: UNDP, 1998), pg. 2

demonstrated marked increases in desertification because of deforestation related to agriculture, urban expansion and mining as of 1998.<sup>168</sup> A more subtle and nuanced environmental concern was at play in Bolivia too. Coca crop eradication and monoculture planting of crops like coffee, as recommended by the UNFDAC for the Agroyungas Project threatened to destroy the wild plant ancestors of vital foodstuffs such as potatoes, tomatoes, peppers, lima beans, and pepper. Monoculture planting in Bolivia could have eliminated potential commercial food crops of the future like quinoa and wiped out a vast wild repository of plant genes that could have assisted in protecting current food staples from diseases, fungi, and viruses.<sup>169</sup>

There are environmental concerns specific to coca cultivation and coca paste production as well. Erosion and soil exhaustion are legitimate concerns surrounding coca farming in the *Yungas*. Coca often thrives in slopes of 30° or steeper to take advantage of water drainage and gravity working in tandem with the heavy rainfall of the area. This farming strategy contributes heavily to subsidence and erosion of the land. To compound the problem, crop-substitution programs enacted in these particular environs are made more difficult by the very peculiar and particular methodology needed to effectively grow the coca bush in the *Yungas*. Coca-specific cultivation makes growing new types of crops on former coca fields extremely difficult. Coca processing also exacts a toll on the environment of Bolivia. Impromptu pits are dug to process coca leaf into cocaine paste or *pasta basica*. These processing pits are typically located in proximity to waterways, where necessary processing chemicals such as “kerosene, calcium carbonate, sulphuric

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<sup>168</sup> UNDP: *Country Cooperation Frameworks and Related Matters*, pp. 3-4

<sup>169</sup> Amal Kumar Naj, “Plan To Eradicate Andean Coca Could Be Sheer Folly,” *Wall Street Journal*, Jul. 13, 1990, pg. A9

acid, acetone, and potassium permanganate” are dumped into or nearby, contaminating and poisoning local waterways.<sup>170</sup> Coca cultivation and coca processing create impressive and unique impediments to alternative development that crop-substitution programs need to overcome to be successful.

The roadways of Bolivia were also extremely problematic and limiting for the effective institution of a cash crop-substitution program like the Agroyungas Project in the *Yungas*. The North Yungas Road, running from Coroico in the *Yungas* region to La Paz was constructed by Paraguayan prisoners of war in the 1930s during the Chaco War.<sup>171</sup> Measuring an average of 3.2 m. across, the roadway either just barely or simply did not permit two vehicles to pass each other at the same time.<sup>172</sup> The road possessed no guardrails and ran from an elevation of 4000 m. outside of La Paz to 1300 m. in Coroico for a length of approximately 67 kilometers.<sup>173</sup> This meant for the agriculturalists of the *Yungas* that the drive to market for their agricultural goods was a 67 km. thrill ride uphill. In 1995, the Inter-American Development Bank named the North Yungas Road (nicknamed *El Camino de la Muerte*) the most dangerous road in the world.<sup>174</sup> The road’s dirt and gravel packed surface was often turned into a slick gooey mud by heavy rains,

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<sup>170</sup> ODCCP Studies on Drugs and Crime, *Alternative Development in the Andean Area: The UNDCP Experience, Revised Edition* (New York: UNDCP, 2001), pp. 15, 13

<sup>171</sup> Mark Whitaker, “The World’s Most Dangerous Road,” *BBC News, Bolivia*, Nov. 11, 2006, [http://news.bbc.co.uk/2/hi/programmes/from\\_our\\_own\\_correspondent/6136268.stm](http://news.bbc.co.uk/2/hi/programmes/from_our_own_correspondent/6136268.stm) (Feb. 21, 2010)

<sup>172</sup> Jack Branswell, “Madness, But a Thrill,” *Ottawa Citizen*, Mar. 29, 2008, <http://www2.canada.com/ottawacitizen/news/styleweekly/story.html?id=2638735b-6198-4c18-90c8-b78749464354> (Feb. 21, 2010)

<sup>173</sup> *Ibid.*

<sup>174</sup> Whitaker, “The World’s Most Dangerous Road”

creating extremely hazardous driving conditions.<sup>175</sup> Motorists routinely had to contend with thin waterfalls, which could turn into raging torrents of water (depending on the rainfall) that could wash out the roadway for hours, days, or months at a time.<sup>176</sup> Hairpin turns and sheer drops of thousands of meters were some additional road hazards that motorists also had to manage.<sup>177</sup> If an accident, death, or car failure occurred on this road, no emergency services would attend to the problem and no mobile phone services worked in these remote and high altitudes.<sup>178</sup> Up until 2006, this road (which claimed the lives of roughly 200-300 people per year)<sup>179</sup> was the main artery out of the *Yungas* region into a major economic market.<sup>180</sup> Simply put, the majority of Bolivian roads during the 1980s, not just the North Yungas Road, were “rough, steep, winding, and narrow.”<sup>181</sup> Finally, when it came to the roads in coca growing regions like the *Yungas* in Bolivia, the coca growers and rural communities controlled the roads (and sometimes their upkeep), not the state, the military, or the police.<sup>182</sup>

The way agricultural goods were brought to market was also an enormous hurdle for alternative development strategies to successfully take root in Bolivia. Trucking in Bolivia in the 1980s primarily (if not completely) consisted of goods being driven to market in open-air trucks. Since the *Yungas* farmers lacked access to heated, refrigerated, or even enclosed trucks for shipping their goods to market in La Paz and Cochabamba, the open-air trucks utilized to transport agricultural goods to market would expose cash

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<sup>175</sup> Ibid.

<sup>176</sup> Branswell, “Madness, But a Thrill”

<sup>177</sup> Ibid.

<sup>178</sup> Whitaker, “The World’s Most Dangerous Road”

<sup>179</sup> Ibid.

<sup>180</sup> Branswell, “Madness, But a Thrill”

<sup>181</sup> Shirley Christian, email to author, Feb. 16, 2010

<sup>182</sup> Ibid.

crops to the freezing temperatures of the high Andes before reaching their destination. Fruit would typically be hardest hit by the exposure to freezing temperatures for prolonged periods of time on its harrowing trip along the North Yungas Road to markets in La Paz.<sup>183</sup> Coca also had a distinct advantage over traditional agricultural goods when it came to transportation concerns. Cocaine paste lab operators would go virtually door-to-door buying coca leaf from coca growers throughout Bolivia, and cocaine traffickers would employ light aircraft to fly directly into regions of Bolivia for cocaine paste pickups to transport back to Colombia (typically) for refinement into cocaine hydrochloride.<sup>184</sup> Cocaine paste manufacturers and cocaine traffickers possessed pronounced collection and transportation advantages over traditional truck-based agricultural product shipping. Large-scale truck-based shipping was a fairly impractical, inefficient, uncompetitive, and dangerous method to transport cash crop agricultural goods out of the *Yungas* due to the hazards of the roadways and the social conditions surrounding them, as well as its relative inefficiency compared to coca leaf and cocaine paste selling and shipping.

### **3.5 The UNDP's Structural Flaws**

The UNDP in combination with the UNFDAC oversaw the Agroyungas Project. UNDP operations are based out of one of their “135 country offices” around the world, involving national staff, which is of local origins based on wherever the project is situated, and international staff, who are recruited for the project from outside of the country. International staff members and consultants are paid based on the Noblemaire

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<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

principle.<sup>185</sup> The Noblemaire principle states that in order for United Nations programs to recruit the best and highest paid civil servants in the world, United Nations programs are allowed to pay recruited civil servants based on the “the Member State which has the highest pay levels and which *by its size and structure lends itself to a significant comparison.*”<sup>186</sup> U.N. salary stipulations also dictate that there is a cost-of-living adjustment and compensation plan for international staff and consultants on assignment in U.N. programs where the cost-of-living disrupts the fairness of the Noblemaire principle.<sup>187</sup> The Noblemaire principle, however, does not take into account factors that cannot be quantified for international staff or consultants seeking an assignment: quality of life, standard of living, comfort, recruitability to a project, or desirability of the project country. Bolivia in the 1980s was hardly a “plum assignment” for individuals with the skills and expertise in agriculture, economics, geology, and transportation necessary to effect fundamental change to the coca structure of the *Yungas* region.

Anti-corruption, anti-preferential and anti-nationalization measures put in place by the UNDP also complicate projects conducted by the program, like the Agroyungas Project. Senior management officials are always staffed by international staff, and the staff “is rotated between country offices on a regular basis.”<sup>188</sup> While the goals of this staffing procedure are obvious and logical, the practice of rotating international staff in senior management positions creates a situation that is anti-experiential. Any continuity,

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<sup>185</sup> UNDP, *UNDP For Beginners: A Beginner’s Guide To The United Nations Development Programme, 2<sup>nd</sup> Edition* (New York: UNDP, 2006), pp. 7, 14; [http://www.sas.undp.org/documents/UNDP\\_for\\_beginners.pdf](http://www.sas.undp.org/documents/UNDP_for_beginners.pdf) (Feb. 21, 2010)

<sup>186</sup> International Civil Service Commission, *United Nations Common System of Salaries, Allowances and Benefits* (New York: United Nations, 2009), p. 2; <http://icsc.un.org/resources/pdfs/sal/sabeng09.pdf> (Feb. 21, 2010)

<sup>187</sup> *Ibid.*

<sup>188</sup> *UNDP For Beginners*, pg. 14

technical or regional experiential knowledge, staff familiarity, and working relationships both intra-departmentally and between senior staff and its target project audience is lost when the senior managers are rotated.

Another problem with the UNDP structure is a problem of the U.N. writ large. Just like the U.N., the UNDP can only do as much (or as little) as its member states agree upon.<sup>189</sup> The UNDP cannot act like a rogue organization and conduct a project as it sees fit, especially in a situation like the Agroyungas Project where it was funded by the UNFDAC. No matter how righteous or just a certain action or plan might seem while conducting a project, a certain amount of accord must be reached when conducting a project between U.N. affiliated programs and amongst international staff executing the program.

How a project is constructed also requires a certain level of accord and cooperation among member states of the U.N. In the UNDP project cycle, there are five self explanatory steps: “justifying a project,” “defining a project,” “initiating a project,” “running a project,” and “closing a project.”<sup>190</sup> While all of the steps require a certain level of agreement among U.N. affiliated groups, member states, and within the UNDP itself, a more important point to consider is the way projects always have a beginning, a middle, and an *end*. Because the UNDP is a U.N. affiliated body whose function is to “promot[e] [the] development and economic and social progress” of impoverished and developing nations with the end goal being sustainability, there is little to no commitment by the UNDP to extremely long-term projects.<sup>191</sup> A project like the Agroyungas Project

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<sup>189</sup> *UNDP For Beginners*, pg. 15

<sup>190</sup> *UNDP For Beginners*, pp. 8-9

<sup>191</sup> *UNDP For Beginners*, pg. 4

that attempted to promote crop-substitution strategies against a fundamental and important crop like coca for Bolivians would have required an extremely long, broad reaching and sustained commitment in Bolivia that an NGO like the UNDP would be unwilling to pursue for the long term. For the Agroyungas Project to have sustainable development after its conclusion, it would have needed to set up fundamental changes to Bolivian infrastructure, native folkways and practices, agricultural methods, and marketing strategy to promote and foster significant change to the coca culture of the region and to Bolivia in general.

Finally, calls for the UNDP to reform its development programs compelled the UNDP to establish “knowledge networks” and “regional cent[er]s” to provide access globally to “development experts and local knowledge,” as well as “policy advice and technical back stopping” to UNDP workers and those populations being provided with aid.<sup>192</sup> This type of knowledge network system is only possible following the global communications boom spawned by improved telecommunications, cell phone technology and the internet starting in the 1990s. Unfortunately, projects like the Agroyungas Project were too early to reap the benefits of the global communications revolution.

The very nature of the U.N. and its affiliated programs, as well as the structure, rules, guidelines, goals and restrictions of the UNDP have shaped the successes and failures of the program and its projects. UNDP projects are often doomed to fail because the UNDP fashions the program as a promoter of development without long-term commitments, and attempts to be fair to all parties and member states involved, inadvertently creating counterproductive rules and restrictions in the process.

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<sup>192</sup> *UNDP For Beginners*, pg. 18



### **3.6 Conclusion**

The institutional, cultural and natural obstacles blocking the road to success for the alternative development program designed by the UNDP in the Agroyungas Project were numerous, but not insurmountable. What was required of the UNDP for a modicum of success was careful planning and consideration regarding what Bolivia as a nation was, and what it was not, as well as remembering the program's own internal flaws and limitations. With cocaine abuse in the United States (particularly crack cocaine drug abuse and drug-related violent crime) at the forefront of the American political agenda, an alternative development program in Bolivia that steered Bolivian coca growers away from coca growing was of acute interest and import to American (and European) law enforcement and government officials. Just what were the goals though of the alternative development plan mapped out for the Agroyungas Project? When the UNFDAC plan was implemented jointly with the UNDP, what were the results of this highly touted alternative development and crop-substitution program in Bolivia?

## CHAPTER 4

### AN ALTERNATIVE DEVELOPMENT FAILURE: THE MISTAKES OF THE AGROYUNGAS PROJECT

#### 4.1 Alternative Development

Alternative development as it pertains to crop substitution initially possessed two guiding principles. One principle stated that crops existed that could be sold for illicit market purposes. The second principle that guided alternative development dictated that alternative crops could be grown on the same lands where a crop like coca was grown for the illicit market.<sup>193</sup> What was omitted by these initial guiding principles was the need to put the farmer in equivalent or better economic circumstances than what the illicit crop afforded them. These principles and the philosophy of alternative development have themselves changed over time, due in part to the failures of the Agroyungas Project.

According to the UNDCP, these crop-substitution principles changed in the late 1980s, exactly when the Agroyungas Project took place in Bolivia. UN drug control programs abandoned crop-substitution for income substitution, hoping to encourage broader and more successful alternatives to illicit crop farming other than switching crops such as coca to coffee. By encouraging farmers to better integrate into their national marketplaces, and by carefully taking into consideration the importance of “local and regional socio-economic factors,” the current UNDCP hopes to not duplicate the mistakes of the past.<sup>194</sup> These mistakes, missteps and oversimplifications occurred primarily in the late 1980s during the Agroyungas Project, and the problems encountered and created by

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<sup>193</sup> *Alternative Development in the Andean Area*, pg. 5

<sup>194</sup> *Ibid.*, pg. 6

the UNFDAC, UNDP, and other affiliated UN organizations during the project necessitated drastic policy change in UN-led drug control programs.

Also, programs associated with alternative development do not come without their detractors. These detractors disagree fundamentally with the idea of alternative development altogether. Many governments, particularly the ones of drug producing countries believe that the growers of illicit crops often get rewarded for their illegal and disruptive activities with a higher proportion of foreign aid and attention. This argument against disproportionate resource allocation can also be viewed as a way for producer countries' "government[s] [to reduce their] financial participation in sustaining [alternative development] action."<sup>195</sup> Critiques such as these have dogged alternative development since its beginnings in the late 1960s and early 1970s, and continue to affect views of alternative development successes and failures.

Despite these critiques, the Agroyungas Project did catalyze change in UN-led drug control programs during its progression and after its conclusion, but not because of its successes. Its importance stems from the project planners' inflexibility, and their inability to evolve and adapt their plans based on the complex local conditions of rural Bolivia in the 1980s.

#### **4.2 The Agroyungas Project**

The Agroyungas Project was the largest project undertaken by the UNDP and UNFDAC in Latin America as of 1985. With a budget of over \$21 million, the project was funded by the UNFDAC to promote agricultural diversification in the coca-growing

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<sup>195</sup> Ibid., pg. 10

region of the *Yungas* in Bolivia over a period of five years.<sup>196</sup> UNFDAC officials felt that the program should be modeled on the successful crop-substitution program that switched opium growers to coffee growers in Northern Thailand. Using what the UNFDAC called their “formula,” they hoped to replicate the successful opium reductions in Northern Thailand from the early 1970s to the late 1980s, using primarily coffee as the crop substitute in Bolivia.<sup>197</sup> Their main goal consisted of “giv[ing] farmers a healthy income from sources other than [coca].”<sup>198</sup> From 1985 to early 1988, farmers in the *Yungas* region received three million high-yield coffee seedlings to plant instead of coca. Additionally, fifty three participating communities with approximately 10,000 residents were given incentives such as the repair and construction of roads, better health care, schools, and access to potable water, electrification, credit, and tools for joining the project. By the beginning of 1988, three hundred of the one thousand communities in the *Yungas* region “formally applied to participate in the program.”<sup>199</sup> William N. Raiford, consultant to the Agroyungas Project stated in 1987 that “these farmers, unlike those in the *Chapare*, see a better future for their families.”<sup>200</sup> While this optimistic statement by Raiford (and tacit condemnation of the *Chapare* as a region of coca-growing for the cocaine market) demonstrated a firm belief in the progress of the Agroyungas Project, other project officials did not share such a rosy viewpoint of the work done up to that point. Victor Toro, public relations officer for the Agroyungas Project proclaimed months

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<sup>196</sup> *Annual Report of the Administrator For 1987*, pg. 8; *Implementation of Decisions Adopted by the Governing Council at Previous Sessions*, pg. 3

<sup>197</sup> *Annual Report of the Administrator For 1987*, pg. 8

<sup>198</sup> *Ibid.*

<sup>199</sup> *Annual Report of the Administrator For 1987*, pg. 8; *Implementation of Decisions Adopted by the Governing Council at Previous Sessions*, pg. 3

<sup>200</sup> William N. Raiford, “Crop Substitution,” *New York Times*, Aug. 28, 1987, pg.

after Raiford made his statement that, “We are raising the expectations of many people, but we are really doing very little compared to what should and could be done.”<sup>201</sup> Moreover, the amount of significant participation in the project was up for debate; while fifty three communities participated in the project by the end of 1987 in the *Yungas* region, bigger towns in the *Yungas* like Coroico had only a fraction (26) of its 200 villages participating in the Agroyungas Project.<sup>202</sup> Official participation estimates also appeared skewed in the favor of the project; by the project’s end, an estimated 8,450 people participated in 53 communities, representing a difference of 1,550 people from the initial estimates.<sup>203</sup>

Participation in the Agroyungas Project was only one of many problems the project had though. Project planners were unwilling or unable to understand the importance of Bolivian history, ecology, geography, and peasant culture as it related to executing the Agroyungas Project, and struggled to adapt to problems the project had both within and beyond their control. As the next section will demonstrate, the Agroyungas Project suffered from a lack of adaptability, a lack of knowledge, and a lack of creativity.

### **4.3 Structural Problems**

Commencement of the Agroyungas Project began in 1985. The reasons why the *Yungas* region was chosen for crop-substitution are not documented, but critics

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<sup>201</sup> “Bolivia: Peasants Building New Roads Improve Market Access,” *Inter Press Service*, July 1, 1988

<sup>202</sup> Ronald Grebe, “Bolivia: Livestock, Honey and Coffee to Replace Coca,” *Inter Press Service*, July 11, 1988; CIESS-Econometrica, *Evaluacion Del Proyecto Agroyungas Bolivia: AD/BOL/84/405* (La Paz, Bolivia: CIESS-Econometrica, 1990), pg. 132

<sup>203</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pg. 132

speculated that the *Yungas* was a low-intensity conflict zone. As Lesley Gill highlights in her work *The School of the Americas*, low-intensity targets in drug wars conducted in Latin America are favored to reduce risk and loss of life, particularly in a war where two sides are not competing in battle per se. The relative safety the *Yungas* could offer compared to the volatile *Chapare* would be a welcome benefit to conducting crop-substitution initiatives. Besides providing a low-intensity zone for UN-led programs to operate, the *Yungas* was a recent player in the illicit coca for cocaine trade. Colombian drug lords by 1985 and 1986 could not get enough coca leaf for the cocaine trade due to the cocaine and crack cocaine boom, so they started to actively buy *Yungas* coca leaf, a leaf which the *Yungas* area had sold for its pleasant taste to the traditional chewing market since pre-Inca times.<sup>204</sup> The *Yungas* provided an area of recent interest to the cocaine trade, and did not have the history of militant coca growers involved in the cocaine trade and U.S./Bolivian coca eradication operations that an area like the *Chapare* did.

Problems with the Agroyungas Project started from the very beginning. Peasants were given \$2000 per hectare of coca that they eradicated, but the money and credit given constituted a loan only. Part of the money was distributed in cash, and the rest of the loan was disbursed to peasants in the form of tools and coffee seedlings (most often caturra coffee) to substitute for *campesino* coca crops. The loan was doled out over the course of a three year period, and *campesinos* who did not have a hectare of coca planted (a majority of peasant coca growers in the *Yungas*) got correspondingly less loan money on

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<sup>204</sup> Dominic Streatfeild, *Cocaine: An Unauthorised Biography* (London, UK: Virgin Publishing Ltd, 2001), p. 375; A.L. Spedding, "Coca Eradication: A Remedy for Independence?" *Anthropology Today* 5 (October 1989): pg. 6

a sliding scale. *Campesinos* were required to secure the loan with some form of land title. If the loan was not repaid within a seven year term at an interest rate of 3-5 percent, the land would be seized.<sup>205</sup> This loan system not only would place a strain on the economic futures of Bolivian peasants, but it was also not adequately explained to peasants that they would first have to pull up their coca crops and sacrifice their coca income before they received the loans and credit to plant coffee.<sup>206</sup> Furthermore, farmers felt that “they should only have been expected to make promises after the project had been functioning for several years” and had displayed substantial results.<sup>207</sup>

Yet despite these problems between the project itself and its participants, internal problems of the Agroyungas Project might have presented even bigger hurdles to overall success. Accusations of a complete lack of Aymara language speakers assisting the project plagued the project from its start to its conclusion.<sup>208</sup> Project planners were charged with lacking a single vision, rationale, or consensus, and seemingly relied on what they could recall promising peasant participants. Therefore, planners presented *campesinos* with different promises about the project depending on the planner, and occasionally gave conflicting promises.<sup>209</sup> Allegations of project planners and technicians being involved in the cocaine trade also hampered the project’s credibility.<sup>210</sup> The very problem that inspired coca crop-substitution projects in the first place provided a means for some project planners to gain enough wealth and social standing to be a part of the

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<sup>205</sup> Spedding, pg. 7

<sup>206</sup> Ibid.; Noam Lupu, “Towards a New Articulation of Alternative Development: Lessons From Coca Supply Reduction in Bolivia,” *Development Policy Review* 22 (July 2004): pg. 410

<sup>207</sup> Lupu, pg. 408

<sup>208</sup> Leons and Sanabria, pg. 155

<sup>209</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pg. 192

<sup>210</sup> Spedding, pg. 7

project. This hypocrisy jeopardized the project's credibility with Bolivian *campesinos* that grew coca. *Campesinos* might have known or could have heard who was involved in narcotrafficking through their involvement in the coca trade as coca growers or processors. Known narcotrafficking project members would delegitimize the Agroyungas Project's efforts in the minds of peasant coca growers.

Bolivian doubts about the motivations of the Agroyungas Project compounded these types of problems even further. Potential *campesino* participants believed that crop substitution was an international disguise or "code name" for coca eradication operations. *Campesinos* had witnessed numerous foreign-led coca eradication operations in the early 1980s, and that trend continued with coca eradication plans such as "Operation Blast Furnace," which took place during the Agroyungas Project in 1986.<sup>211</sup> As anthropologist A.L. Spedding so eloquently stated in her work on the *Yungas*, *campesinos* felt that, "The record use of coca to produce a prohibited drug has only provided secular grounds for this continuing assault on indigenous values."<sup>212</sup> In addition, well known Bolivian organizations such as *Radio Yungas* and the Bolivian NGO *Qhana* also expressed their serious concerns regarding the motivations of the Agroyungas Project.<sup>213</sup>

Unease surrounding the project existed not only between planners and Bolivians, but internally amongst project planners and technicians as well. Bolivian planners and technicians received generous salaries by Bolivian standards, but their salaries paled in comparison to the international consultants, managers and technicians brought in to work on the project. Vast differences in salaries for performance of virtually the same work

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<sup>211</sup> Ibid., pg. 4

<sup>212</sup> Ibid.

<sup>213</sup> Leons and Sanabria, pg. 155



caused great internal friction between the Bolivian project members and the international constituency.<sup>214</sup> The Noblemaire Principle discussed in Chapter III takes into account and attempts to create equivalent financial compensation amongst project staff from member states, but does not adjust local project member salaries so as to be commensurate with international compensation. The consequence of this dichotomy in the Agroyungas Project could presumably have been frequent internal conflict between international consultants and the local technicians, whose positions and prestige might have felt lessened and subjugated due to their lower salaries. While all of these internal and external structural problems of the Agroyungas Project posed great obstacles to the overall success of the crop-substitution plan, an even bigger problem loomed large: project planners did not fully understand the culture or the everyday realities of Bolivian peasants.

#### **4.4 Problems with Peasants**

At the beginning of the Agroyungas Project, 80 percent of *Yungas* residents “liv[ed] below the poverty line and another 15 percent were on the borderline.”<sup>215</sup> Peasants farmed their fields and terraces with the same tools and implements they have used in the area since the 18<sup>th</sup> century.<sup>216</sup> When the Agroyungas Project came into the region promoting crop-substitution, project planners experienced a sizeable backlash from local peasants. Economic security and the culture of *campesinos* were both tied to the very coca leaf targeted for substitution. Crop-substitution incited strong resistance and vocal resentment from Bolivian peasants who felt their very existence was being attacked

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<sup>214</sup> Spedding, pg. 7

<sup>215</sup> Lupu, pg. 408

<sup>216</sup> Spedding, pg. 8

by foreign elements.<sup>217</sup> Over and above that, this adversarial attitude held by *campesinos* against the project was carried out even when they participated in crop-substitution activities. Farmers consistently did not fully accept the new farming technologies introduced by project planners. Equally detrimental to project success was *campesino* refusal to use the fertilization techniques necessary to optimize the growth of substitute crops like coffee.<sup>218</sup>

Perhaps this lack of cooperation from *campesinos* was not only a function of resentment and suspicion, but the very nature of growing coca as well. Slash-and-burn agriculture was the first step to growing coca, but coca was not the first crop planted on a newly cleared piece of land. Maize was the first crop planted in a newly cleared field, followed by rice. When the soil had been exhausted by these crops, coca was then planted in the exhausted field, because coca was able to grow where nothing else could.<sup>219</sup> Coca provided four to five harvests spread out throughout the year, did not require a heavy spraying of insecticide or heavy doses of fertilizer, and allowed *campesinos* to have a steady revenue stream.<sup>220</sup> Agroyungas Project planners failed to realize or ignored the fact that peasants would not openly accept a substitute crop for coca that did not put them in an equivalent or improved financial situation. If this obstacle was not enough, the exhausted and weed-choked former coca fields offered by *campesinos* for project use might never have been adequate farmland to grow substitute crops such as high-yield coffee.<sup>221</sup>

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<sup>217</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pg. 190

<sup>218</sup> *Ibid.*, pg. 235

<sup>219</sup> Spedding, pg. 6

<sup>220</sup> *Ibid.*, pg. 7

<sup>221</sup> *Ibid.*, pg. 8

The Agroyungas Project also ignored or failed to realize that *campesinos* possessed a unique social and cultural structure to their communities. As discussed in Chapter I, the *ayllu* system governed the way *campesino* families led their lives in areas like the *Yungas*. Families in an *ayllu* own multiple plots spread throughout a community, as well as have access to common land shared by the whole community. Unfortunately for *campesinos*, Bolivian state law did not recognize communal landholdings. *Sindicatos*, or a collection of heads of households govern the *ayllu*; they oversee the community's land titles, adjudicate *ayllu* conflicts and disagreements, approve or deny exchanges of land, and affirm or deny the cultivation of new crops.<sup>222</sup> *Sindicato* support was integral to carrying out the Agroyungas Project, but the project planners did not know it. Agroyungas Project planners initially invited individuals to join the project, without considering the importance of key individuals to successful recruitment. Planners had received inaccurate information on how to recruit *campesinos* to the project. The recruitment process also exacerbated community divides even further, with factions divided between those who wanted to participate in the project and those who did not. These divides sometimes even led to violence, which encouraged *ayllus* and *sindicatos* that were unsure about joining the Agroyungas Project to stay out of the project entirely.<sup>223</sup> By 1987, the Agroyungas Project attempted to correct this problem by only recruiting groups "of at least twelve households." Unfortunately for the project, *ayllus*

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<sup>222</sup> Ibid. Evo Morales' 2009 Bolivian Constitution specifically expressed and protected the rights of Bolivian *campesinos* to possess collective land titles, to own the exclusive rights to the natural resources on their lands, and declared the coca leaf not a drug in its original state-Latin Laws Biblioteca Legal Latinoamericana, *Leyes Codigos Decretos*, <http://www.latinlaws.com/legislacion/modules/news/article.php?storyid=25> (June 25, 2010).

<sup>223</sup> Ibid.

usually consisted of between thirty to sixty households, rendering project planner strategy still ineffective.<sup>224</sup>

In UNDCP literature, (the UNFDAC was renamed the UNDCP in the 1990s) the organization continually stressed the importance of involving the community in the Agroyungas Project. A project to develop *Yungas* health and socio-community development stressed the importance of inspiring a “sense of social commitment by encouraging [farmer] participation in community activities.”<sup>225</sup> In another section, the UNDCP stressed the hopes that the main crop-substitution program would stimulate “social and community development in the *Yungas*.”<sup>226</sup> The goals of these UNDCP (UNFDAC) projects might have been noble, but they were impossible to achieve when project planners did not know or bother to research what constituted a Bolivian community.

#### **4.5 Problems with Coffee**

Agroyungas Project planners started out with introducing *caturra* coffee as the primary agricultural crop-substitution product in the *Yungas*. Locals already grew a brand of Arabica coffee called *criollo* coffee whose output was not high-yield, but whose growing properties were tailored to the regional soils and climates and whose bean quality was allegedly better than *caturra* coffee. *Caturra* coffee required high levels of fertilizer, insecticide and good soils to thrive, all conditions which the *Yungas* region lacked. Furthermore, *caturra* coffee needed a nursery at first, did not survive pruning, needed to be replaced after becoming exhausted, and came to harvest at a time of year

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<sup>224</sup> Ibid.

<sup>225</sup> UNDCP, *Drug Control Program 1985-1992: 2000 Days Against Drugs* (La Paz, Bolivia: Servicio Grafico Quipus, 1992), pg. 12

<sup>226</sup> Ibid., pg. 7

when labor was limited due to multiple crops coming to harvest.<sup>227</sup> Crops such as coffee have capital and labor input requirements that Bolivian *campesinos* could not meet. Moreover, as works like Louis Perez Jr.'s *Winds of Change* have demonstrated, coffee plants have a fairly long maturation process where no harvests occur. Replacing coca with coffee put a huge and immediate financial strain on already impoverished and struggling Bolivian *campesinos*, and expected them to accept penury in the hopes of a better future from *caturra* coffee.

Unfortunately, these hopes did not end up bearing fruit. Loans of \$2000 per hectare of coca substituted were calculated from the profitability of the price of coffee in the year 1985. Coffee prices fell by 60 percent from 1986 to 1990, (from \$50/qq. in 1986 to \$20/qq. in 1990) hampering participating *campesinos* financially and making them unable to pay their loans back.<sup>228</sup> For *campesinos* who were worried about an unproven product's prospects, their worst fears were realized. The ICO (or International Coffee Organization) set export coffee prices. In 1989, the ICO set export prices at Bs. 75/qq. for Bolivia. In an attempt to solidify their margins, ANDEC (or *Asociacion Nacional de Exportadores de Café*) shrunk the amount of "legal" coffee purchasing export houses in the *Yungas* to six depots, and fixed the purchase price of coffee from coffee producers in Bolivia to Bs. 60/qq. Export houses in Bolivia created a situation where everyone in the commodity chain won except for the coffee producer, i.e. the *campesinos* participating in the Agroyungas Project.<sup>229</sup>

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<sup>227</sup> Spedding, pg. 7

<sup>228</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pp. 246-247

<sup>229</sup> *Ibid.*, pg. 245

Linking *campesinos* to the world's coffee market was never a winning proposition. The well-established Brazilian coffee market was a major determinant in the world's export prices. Plugging impoverished *campesinos* into a well-developed commodities market with stable export networks predicated on speculation, climate, soils, massive quantities of producer harvests and advanced farming technology would never allow them to succeed.<sup>230</sup> The soils being used for *caturra* coffee in the *Yungas* were too poor, *campesino* agricultural techniques were too traditional and rooted too deeply in their environmental realities, and *campesinos* were already enmeshed in a reliable and financially beneficial crop: coca.

Other problems growing coffee in the *Yungas* existed beyond the market problems coffee experienced. Between 1986 and 1987, an infestation of *broca*, or the coffee borer beetle swept the Agroyungas Project's participants' coffee fields.<sup>231</sup> *Campesinos* did not use the insecticides they were given as instructed, so this compounded the crop devastation even further. Since the *Yungas* region had never seen such a *broca* infestation before the project, project officials claimed that the outbreak stemmed from a "lack of proper sanitary precautions when the new varieties [of coffee] were brought in."<sup>232</sup> *Campesinos* suspected otherwise though, and blamed the project for the new pest being introduced into the region, into a place it had never existed before.<sup>233</sup>

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<sup>230</sup> Spedding, pg. 9

<sup>231</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pp. 236-237

<sup>232</sup> Leons and Sanabria, pg. 158

<sup>233</sup> Streatfeild, pg. 377. In gonzo journalist Dominic Streatfeild's book *Cocaine: An Unauthorised Biography*, Streatfeild used interviews with *campesinos* and Bolivian officials to construct his Agroyungas narrative. One of the claims his uncredited interviewees make about the Agroyungas Project is that the coffee seedlings given to *campesino* participants were infested with bean pulp eating coffee borer beetles.

To add to the infestation, a dry spell struck the *Yungas* at the tail-end of the project from 1989 to 1991.<sup>234</sup> This dry spell made the high-yield and high maintenance *caturra* coffee even harder to grow for *Yungas campesinos*, and put them even further behind in their ability to pay off their loan obligations to the Agroyungas Project. Another important benefit to a crop such as coca was its drought resistant properties, especially in regions like western Bolivia where rain could sometimes be unpredictable.<sup>235</sup> Near the end of the Agroyungas Project's in 1990, admissions of flawed tactics from project planners like Rene Navajas, executive director of the project, came to light. In a radio debate, Navajas admitted that *campesinos* would have needed to cultivate two times the land in coffee to have received equivalent profits to coca lands.<sup>236</sup>

Two and a half years after the project's conclusion, *campesino* participants in the project were still responsible for their loan debts despite the colossal failure of coffee crop-substitution. Officials from the project and the Bolivian government explained that those were the accepted and inherent risks of participating in a project that relied on the risky world coffee market.<sup>237</sup> These *campesino* participants had long been abandoned and ignored before the project ended though. Bolivia passed a law in 1988 restructuring the legality of coca, and effectively made the crop-substitution work conducted in the *Yungas* region irrelevant.

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<sup>234</sup> Leons and Sanabria, pg. 157

<sup>235</sup> John Madeley, "The High Cost of Bribing Bolivia's Coca Growers," *The Independent*, Sept. 13, 1989, Living, pg. 15

<sup>236</sup> Leons and Sanabria, pg. 159-160

<sup>237</sup> *Ibid.*, pg. 160

#### 4.6 *Ley 1008*

Furthering the coca eradication policy of the United States, Bolivia passed the *Ley 1008* bill on July 19, 1988. This bill, drafted with assistance from the U.S. Agency for International Development, (USAID) committed Bolivia to eradication of coca in certain regions. This same law treated coca grown in the *Yungas* area of Bolivia as “traditional,” some areas as surplus “transitional zones,” and in other areas such as the *Chapare* as “excessive,” effectively making a whole region of coca growing “lawbreakers.” *Chapare* coca leaf was never favored by Bolivian coca chewers, yet coca’s increased role in the *Chapare* over time was unmistakable; the *Chapare*’s coca growing contributions to Bolivia’s overall coca production accounted for “one-half of 1 percent” in the 1930s, yet by the beginning of the Agroyungas Project, the *Chapare* grew 90 to 95 percent of all of Bolivia’s coca.<sup>238</sup> Coca growing in the *Chapare* was mostly destined for the illicit markets to produce cocaine. *Ley 1008* did not outlaw coca chewing in Bolivia though, since it was also established as protected by the Vienna Convention of 1988.<sup>239</sup> *Ley 1008* established 12,000 hectares as the allowable amount of coca growing in traditional zones of Bolivia. Additionally, it set eradication goals per year in hectares (initially 5,000 hectares leading up to a goal of 8,000 hectares per year) and constructed a “Comprehensive Plan for Alternative Development” (PIDYS).<sup>240</sup> Alternative

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<sup>238</sup> Harry Sanabria, *The Coca Boom and Rural Social Change in Bolivia* (Ann Arbor, MI: The University of Michigan Press, 1993), pg. 41

<sup>239</sup> Leons and Sanabria, pp. 22-23; National Law Center for Inter-American Free Trade, *Commentary on the Ley Del Regimen de la Coca y Sustancias Controladas*, <http://www.natlaw.com/pubs/spbocs1.htm> (June 1, 2010); Honorable Congreso Nacional Bolivia, *1008*, <http://www.congreso.gov.bo/leyes/1008.htm> (June 1, 2010)

<sup>240</sup> <http://www.congreso.gov.bo/leyes/1008.htm>



development conducted through this program would target only those people in the traditional and transitional coca growing zones.<sup>241</sup>

By rezoning the coca growing regions of Bolivia and by offering conditional alternative development, the Bolivian government (and USAID) undermined the crop-substitution efforts conducted in the *Yungas* by the Agroyungas Project.<sup>242</sup> The 12,000 hectare traditional zone cultivation limit for coca growing outlined in *Ley* 1008 actually permitted expansion of coca cultivation in the *Yungas*. Aerial mapping by the Agroyungas Project determined that 8,800 hectares of coca were cultivated in the *Yungas* region.<sup>243</sup> Expansion and reaffirmation of coca growing in the *Yungas* signaled the death knell for earnest project activities in the area. The Agroyungas Project refocused their efforts on the transitional zones of coca production, and created development centers called *Centros Mayachasitas* in these zones to foster development. In the process, the *Yungas* alternative development efforts were neglected, forgotten, ignored, and eventually abandoned altogether, with project participants left to their own devices.

#### **4.7 Los Centros Mayachasitas**

*Centros Mayachasitas* were designed by Agroyungas Project planners to “promote the training of farmers in agriculture, animal husbandry and agricultural management, provide a starting point for agro-industrialization,” and provide a center for micro-regional social integration, community, and development.<sup>244</sup> These centers relied

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<sup>241</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, p. 61

<sup>242</sup> *Ley* 1008 also deeply angered coca growers in the *Chapare*, inciting eight thousand *campesinos* led by a young Evo Morales to protest the law on September 20, 1988 in Cochabamba.-*Coca-Cronologia Bolivia: 1986-1992* (La Paz, Bolivia: ILDIS, 1992), pg. 188

<sup>243</sup> Leons and Sanabria, pg. 161

<sup>244</sup> *Evaluacion Del Proyecto Agroyungas Bolivia*, pp. 152, 132

primarily on animal husbandry, promotion of livestock breeding, and the cultivation of luxury foodstuffs for export.<sup>245</sup> Crops such as passionfruit, citrus fruit, and prairie grasses were promoted by the development centers, along with animal-based agriculture that relied on animals like fish, cows, pigs, and bees.<sup>246</sup> These crops and livestock had inherent problems in Bolivia, just as *caturra* coffee had in the *Yungas*. Most of these products had marketability problems in Bolivia. Either there was no domestic market for the product (crops like passionfruit), or Bolivians could not afford them (cow's milk, pork).<sup>247</sup> Besides the problems associated with no markets, products like pork and milk experienced difficulties related to the lack of proper refrigeration facilities, the lack of feed, and inbreeding of the small imported populations of animals.<sup>248</sup> Despite these considerable problems, there were advantages to alternative development based on livestock and animals. *Campesinos* that were loaned livestock to develop animal husbandry in the *Yungas* and transitional zones were lucky enough to be able to pay back their loans with animal offspring.<sup>249</sup> By enabling the *campesinos* to pay back loans with animal offspring, participating *campesinos* avoided the pitfalls of loan default, destitution, and penury that were associated with *caturra* coffee in the *Yungas*. Unfortunately for all *campesinos* involved, there was not enough money in the project to loan everyone livestock, and even if there was, there would still be the problems of markets, feed, refrigeration, and inbreeding.

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<sup>245</sup> Ibid., pp. 153-154

<sup>246</sup> Ibid., pp. 154, 258

<sup>247</sup> Ibid., p. 258

<sup>248</sup> Ibid.

<sup>249</sup> Grebe, "Bolivia: Livestock, Honey and Coffee To Replace Coca."

One of the unintended consequences of the *Centros Mayachasitas* was its massive draw of all Bolivians to seek opportunity and wages in the development zones.<sup>250</sup> Alternative development targeting coca cultivators became sublimated in favor of overall development for anyone willing to participate in the transitional coca zones, as outlined by *Ley 1008*. Since the Agroyungas Project was designed for the coca-growing segment of Bolivian society, and the *Centros Mayachasitas* were focused on micro-regional development, there never would have been enough money allocated to this part of the project to serve everyone that wanted to take part in the work promoted at *Centros Mayachasitas*. The Agroyungas Project continued to overlook the impoverishment, joblessness, and destitution that inflation and economic austerity measures by Victor Paz Estenssoro created throughout Bolivia.

Not all aspects of the Agroyungas Project were underfunded though. A small branch of the farmers association UNAPEGA in Ivirgarzama recommended that a dairy factory be built in Ivirgarzama, a town in the *Chapare*. This *Milka* project plan was incorporated into a UNDCP project funded by a Swedish religious foundation. When UNDCP planners built the milk and cheese/dairy factory, it was constructed with a productive capacity ten times the amount planned by UNAPEGA. Because of this large productive capacity, this factory operated at a loss.<sup>251</sup> Even if this was not the case, the market for dairy products in the area was already fully supplied, and there were not enough new dairy suppliers in the region to make the plant necessary.<sup>252</sup> This serves as a

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<sup>250</sup> Leons and Sanabria, pg. 161

<sup>251</sup> The World of Coca Campaign, "The Failure of Good Intentions," pg. 15.

<sup>252</sup> Robert Collier, "Substitute Crop a Joking Matter In Coca Region," *Sun-Sentinel* (Ft. Lauderdale, FL), Nov. 4, 1990 ([http://articles.sun-sentinel.com/1990-11-04/news/9002230478\\_1\\_peasants-coca-dairy](http://articles.sun-sentinel.com/1990-11-04/news/9002230478_1_peasants-coca-dairy)).

perfect example of how the Agroyungas Project refused to take into account the socioeconomic realities of Bolivia in the 1980s. Building a dairy factory of gargantuan productive capacities might have been seen as a way to build in growth of the Bolivian economy, but in reality, it jeopardized the factory's existence entirely. On top of that, the factory's necessity was largely questioned. Operating at a huge loss made the dairy factory risk future closure. Ignoring the recommendations of Bolivian farmers on how to construct and run the factory in their country based on their own knowledge and specifications led to disappointment and possible disaster for those very people the Agroyungas Project were supposed to help. The project's failure to listen to recommendations was directly correlated to the project's failure to understand the people and the country they were trying to help.

Altruism was not always on the Agroyungas Project's agenda though. Crops such as soybeans had been projected to be competitive if grown in Bolivia according to international market prices, but U.S. soybean grower lobbies nixed "technical and credit assistance to Bolivian farmers to grow these crops" through their influence in U.S. Congress. This unfortunate circumstance was not surprising though. The "form that foreign investment and aid takes" is always "determined by the donors."<sup>253</sup> Although the Agroyungas Project was executed and funded by NGOs, their actions were always influenced to a certain extent by the politics and influence of those member states that fund the NGOs.

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<sup>253</sup> Leons and Sanabria, pp. 26, 39, 38

## 4.8 Infrastructure

In the Agroyungas Project, roads and electrification projects were often bundled together with crop-substitution. When *campesinos* agreed to participate in the project, some roadway and electrification efforts were made in their communities. Rural sanitation, drinking water, general infrastructure and hospital projects were all separate initiatives sponsored by various member states of the U.N. under the umbrella of the Agroyungas Project.<sup>254</sup> When project consultants such as William N. Raiford claimed that 50 km of roadways had been built or repaired, those claims had hidden elements to them.<sup>255</sup> The parameters of what defined a roadway were often stretched to comport with the slapdash UNDP efforts to build and repair roads in Bolivia. Road construction often consisted of a bulldozer or backhoe clearing a pathway through the middle of a village, sometimes even destroying villager property in the process.<sup>256</sup> The National Road Service of Bolivia worked in conjunction with the Agroyungas Project to clear and repair local roads and pathways which frequently became obstructed by debris or fell into disrepair. From 1987 to 1988, 40 miles of roads were “repaired or improved” by the Agroyungas Project around the town of Coroico. Petty repairs to soccer fields and schools also took place, along with construction of a reservoir in the town of Caranavi.<sup>257</sup> Any extensive road construction (or electrification) by the project might have raised serious concerns with project planners whose primary directive was to lessen the amount of illicit coca grown in the region. In a comparable alternative development project conducted by USAID in the *Chapare*, officials were troubled to learn that a newly built road aided drug

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<sup>254</sup> *Drug Control Program 1985-1992*, pg. 12

<sup>255</sup> Raiford, “Crop Substitution.”

<sup>256</sup> Spedding, pg. 7

<sup>257</sup> “Bolivia: Peasants Building New Roads To Improve Market Access.”

trafficker planes from entering and exiting the area. Accidentally aiding and abetting drug traffickers' flights in and out of Bolivia discouraged alternative development groups from desperately needed and extensive road construction projects in Bolivia, including those groups running the Agroyungas Project.<sup>258</sup>

Infrastructure was exactly what Bolivia desperately needed in the 1980s though. In a country like Bolivia where there were few major airports and limited railroad linkages between regions, roads were vital for *campesino* coca growers to get any product they had for sale to market. Dangerous and inadequate roads such as the North Yungas Road were the main arteries to transport goods and services in and out of the regions of Bolivia. In an Andean city such as Lima, Peru, it was "cheaper to import a redwood tree from California than to bring a log [into the city] from the Amazon."<sup>259</sup> Many analysts would argue comparatively that Bolivian roadways during the 1980s and 1990s were much worse than Peruvian roadways. A bus trip from La Paz to Cochabamba in 1988 was a long and arduous ordeal due to the conditions and sheer lack of Bolivian roads. Traveling along a main road, Bolivia Route 1, for a distance of 353 km, the direct bus trip from La Paz to Cochabamba (with one stop lasting only thirty minutes) took eleven hours.<sup>260</sup> This trip averaged a pace of 33.6 kilometers per hour. Major infrastructure improvements by alternative development programs could have transformed Bolivian *campesino* life and Bolivia's economy. Better roadways could have stimulated the Bolivian economy, achieved greater interconnectivity between all the regions of Bolivia,

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<sup>258</sup> Lupu, pg. 412

<sup>259</sup> James Brooke, "U.S. Aid Hasn't Stopped Drug Flow From South America, Experts Say," *New York Times*, Nov. 21, 1993, pg. 10

<sup>260</sup> Edwin McDowell, "La Paz to Cochabamba By Bus," *New York Times*, Oct. 30, 1988, pg. XX37

and gradually might have shifted Bolivia's coca growers toward the legal marketplace. The Agroyungas Project was simply too hesitant to assist some drug traffickers in the short-term and too impatient to build the infrastructure necessary to truly inspire sustainable alternative development in rural Bolivia.

#### **4.9 Conclusion**

The coca, cocaine, and crack boom of 1984 and 1985 went bust in 1986, around the same time the Agroyungas Project started its work in Bolivia. The project had nothing to do with this price dip though; a surplus of finished cocaine created a glut in the world cocaine market. *Campesinos* that received \$350 per one hundred pounds of coca leaves in 1984 received \$100 for the same amount in 1986, and by 1988, that price had plummeted even further to approximately \$20 per one hundred pounds.<sup>261</sup> Colombian drug traffickers no longer needed the "extra" coca leaf of the *Yungas* region. By the end of the 1990s, Colombia no longer needed coca leaf from Bolivia or Peru much, if at all.<sup>262</sup> *Yungas* coca growers returned to freely growing coca for the traditional chewing market as permitted by *Ley* 1008. The project's target zone and namesake became even more irrelevant to international crop-substitution aims, and the project gradually abandoned their efforts in the *Yungas* to focus on other coca growing regions in Bolivia. At project's end, the only *campesinos* worse off in the *Yungas* were the ones that participated in the *caturra* coffee program. They still owed their loan debts from participating in the Agroyungas Project.

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<sup>261</sup> Shirley Christian, "Bolivian Peasants Pin Hopes On Coca," *New York Times*, May 4, 1988, pg. A11

<sup>262</sup> UNDCP, *World Drug Report 2000* (Oxford, UK: Oxford University Press, 2000), pp. 28-29. As of 1999, Colombia produced 68 percent of the world coca leaf supplies, followed by Peru producing 24 percent and Bolivia producing 8 percent. Due to crackdowns in small plane drug smuggling flights and coca leaf blights, Colombian drug traffickers decided to supply themselves with the coca leaf necessary for cocaine trafficking, thereby diminishing the roles of Bolivia and Peru.

Those *campesinos* that remained coca growers and stayed out of the project were essentially rewarded by the passage of *Ley* 1008.

By the end of 1990 and 1991, most project terms for the Agroyungas Project had expired. Some projects ended in 1992, or received extension periods into the years 1992 and 1993, but the UNFDAC had pulled out of the project by the middle of 1991.<sup>263</sup> Following the UNFDAC withdrawal from the project, Bolivian project technicians hastened a mass exodus from all project operations as well.<sup>264</sup> Thus began the re- abandonment of indigenous coca growing communities by the Bolivian state and the Bolivian elite. Project planners and Bolivian elite alike considered the Agroyungas Project a failure, and felt the best course of action was to disengage and disassociate from the project (and coca growing *campesinos*) entirely.

They were correct that the project failed, but their theories on why the project failed were severely flawed. Officials related to the project pointed to the inability to properly commercialize Bolivian agricultural products and the failure to engage in the world commodities markets, as well as the failure by Bolivia as a country to design effective “export strategies” for alternative development crops.<sup>265</sup> Yet, none of these explanations were feasible without first establishing adequate road and agro-industrial systems in Bolivia. In an area like the *Chapare*, transportation costs accounted for 80 to 85 percent of the value of agricultural products.<sup>266</sup> Areas like the *Yungas* did not have profit margins much better than the *Chapare*. Without the proper infrastructure to transport goods out of the agricultural zones of Bolivia, crop-substitution programs

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<sup>263</sup> *Drug Control Program 1985-1992*, pp. 11-15; Leons and Sanabria, pg. 163

<sup>264</sup> Leons and Sanabria, pg. 163

<sup>265</sup> *Ibid.*, pg. 165

<sup>266</sup> Clawson and Lee, pg. 149



relying on world markets would never be profitable. Furthermore, Paz Estenssoro's austerity measures and Bolivia's devastating inflation in the 1980s both eliminated the possibility of Bolivia developing a viable domestic market for *campesino* "luxury" agricultural products.

Something else must be considered in this "blame equation" though, and that is coca itself. Coca's reliability and profitability made it an indispensable crop for the *campesinos* of Bolivia. Coca's startup time was short; it provided *campesinos* with multiple harvests per year, it was drought resistant, it was low maintenance, and it had deep ritual and symbolic meaning to *campesinos*. The inherent characteristics of coca made it an irresistible and lucrative crop, but so did its utility to drug traffickers. As one journalist for the *New York Times* noted:

"The cartels often provide[d] agricultural credit. They pick[ed] up products at the farm gate. They [paid] cash. And they circumvent[ed] the red tape [that] surround[ed] legal exports."<sup>267</sup>

Coca was just too good an investment for *campesinos* to reject. It was profitable and allowed *campesinos* to avoid dealing with the Bolivian state. Any successful crop-substitution project needed to take into account the reliability and significance of coca to *campesinos*, particularly during a time of extreme poverty and joblessness stemming from Paz Estenssoro's austerity measures and conditions of severe monetary inflation. *Campesinos* had no margin for error, and a crop-substitution project needed to introduce crops that were equal to or better than a crop like coca. The sad reality for the Agroyungas Project and for its peasant participants was that no such crop existed.

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<sup>267</sup> Brooke, "U.S. Aid Hasn't Stopped Drug Flow From South America, Experts Say."

That does not absolve the Agroyungas Project from its failures. By using an unreliable plant like coffee as the keystone crop, planners destabilized the project from nearly the beginning. Also, project planners failed to design ad hoc plans to suit the unique project requirements of Bolivia and failed to evolve and adapt to problems as they occurred. Towards the end of the project, planners “admitted that they entered the area [the *Yungas*] totally ignorant of local conditions and that much of the project had failed as a result.”<sup>268</sup> Most importantly though, the major failure of the Agroyungas Project was that it simply did not understand the Bolivian *campesino* or their *ayllu* community system. *Ayllus* are a complex and integral community system in Bolivia that the Agroyungas Project failed to understand.

Furthermore, from studying the history of Bolivia, any astute observer could predict that a crop-substitution project would be viewed as a coca eradication project by *campesinos*. Prior eradication activities throughout Bolivia made *campesinos* mistrustful of any outside intervention into their lives. Suspicion surrounding crop-substitution projects in the coca regions of Bolivia deteriorated the already tenuous relationship *campesinos* had with the state. These coca reduction and eradication projects, along with the neoliberal austerity policies of Paz Estenssoro inspired *campesinos* to organize into the beginnings of the *cocalero* movement, which eventually swept the first democratically-elected indigenous president, Evo Morales, into office in 2006. Resistance and resentment against coca reduction policies helped spawn a grassroots political movement in Bolivia.

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<sup>268</sup> Spedding, pg. 8

Perhaps, in a way, crop-substitution projects like the Agroyungas Project were a good thing for Bolivia, because they created solidarity among indigenous coca growers regarding coca. As Sanho Tree has stated, coca for the indigenous Bolivian could be likened to what the buffalo meant for the Plains Indians of the United States in the 19<sup>th</sup> century.<sup>269</sup> As the United States settlers expanded westward, Americans realized one of the best ways to eliminate the Plains Indians from the Midwest was to kill off the buffalo. By killing off the buffalo, the United States killed the Plains Indians' culture and way of life, thereby eliminating them as a threat. *Cocaleros* organized themselves around the cause of coca, negating the perceived threat against indigenous peoples that governments and programs such as crop-substitution and coca eradication posed. Sadly though, the polarization over coca might not have been necessary if the Agroyungas Project understood the people they were dealing with. By wisely developing Bolivia with an ad hoc plan tailored to the conditions of the region and by focusing on Bolivian infrastructure, the Agroyungas Project might have been able to transform the face of a third world coca-producing nation and better integrate it into the world economy.

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<sup>269</sup> Sanho Tree is the director of the Drug Policy Project for the Institute of Policy Studies in Washington, D.C.; Sanho Tree, "Coca Mama, Sanho Tree In Bolivia," <http://www.youtube.com/watch?v=gIw42oQ8x-Q> (June 1, 2010).

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