

Dependence on drugs

Unemployment, migration and an alternative path to development in Bolivia

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Introduction

International conventions and increasingly repressive laws have not succeeded in curbing, let alone halting, the spread of drugs throughout the world. In this article we attempt to explain some of the difficulties that hamper the fight against drugs by examining the case of Bolivia, which is both one of the largest producers of coca in the world and among the poorest countries in Latin America.

The Government of Bolivia, which since August 1989 has been presided over by Jaime Paz Zamora, estimates that between 1980 and 1988 the agricultural sector (including cattle rearing) grew by 24.6 per cent whereas coca leaf production grew by 253 per cent (other estimates put the coca growth even higher). The land area planted with coca is estimated at 61,000 hectares, or 4.3 per cent of the country's cultivated land.¹ According to the previous government's estimates, in 1987 the figure had been as high as 70,000 hectares.

In 1987 the Minister of the Interior declared that "the gross value of cocaine production in 1986 could be equivalent to between 53 and 66 per cent of the GDP of the official economy, and three to four times the value of lawful exports".² In 1990 the value of illicit production is undoubtedly at least equal to the GDP. No one can deny that the income from drugs has become the mainstay of an economy in crisis or that coca growing has become the principal source of employment. According to the present Government, 50,000 families and 10 per cent of the economically active rural population depend on coca cultivation for their livelihood. Other sources put the figure as high as 70,000 families. Concordant estimates give an idea of the increase in the land areas planted with coca since the start of the 1960s (table 1).

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¹ Republic of Bolivia: *National prevention plan, alternative development and control of illicit drug traffic*, Donors' Consultative Group Meeting for Bolivia, Paris, 26-27 October 1989.

² Honorable Cámara de Diputados: *La H. Cámara de Diputados discute los antecedentes, el presente y el futuro del narcotráfico en Bolivia*, Seminario Debate sobre proyecto de ley de substancias controladas, 10-13 June 1987 (La Paz, Ediciones Soluciones en Democracia, 1987), Vol. 2.

Table 1. Coca cultivation in Bolivia, 1960-89

Year	Area (hectares)	Production (tonnes)
1960	3 030	3 638
1965	3 260	5 515
1971 ¹	3 908	5 800
1975	5 510	10 330
1977	8 907	16 811
1979	10 350	19 593
1980	12 608	24 100
1981	15 617	30 017
1982	27 820	50 287
1986	59 000	132 500
1989 ²	70 000	160 000

¹ It can be seen that between 1960 and 1971, for example, the increase in the tonnage of leaves produced is not proportional to the increase in planted areas. The reason for this is that the yield in Chaparé (provinces of Chaparé, Arani and Carrasco), an area of new settlement devoted mainly to illicit cultivation, was 2.5 tonnes per hectare as against 1 tonne in the traditional production region of the *yungas*, where the climate, soil and also the species of coca grown are different (*Erythroxylum novogranatense*, var. *truxillense*, in the first case; *Erythroxylum Coca* in the second). ² Author's estimates.

Sources: Centro de Investigación y Desarrollo Regional (CIDRE) of Cochabamba, based on data provided by the Earth Satellite Corporation and the Bolivian National Statistical Institution (INE).

The rich countries on the receiving end of illicit cocaine exports – whose effects have been dramatically compounded ³ with the appearance of “crack” (a cheap drug obtained by adding ammonia or bicarbonate of soda to cocaine hydrochloride) – are actively looking for ways to contain this traffic. For example, since the late summer of 1989 their governments, and notably that of the United States, have been providing concrete assistance to the Government of Colombia in its struggle against the Medellín and Cali drug-trafficking cartels. But they are also hoping to tackle the problem at its source by discouraging the cultivation of the coca shrub and stopping the flow of the raw material, namely the basic coca paste which the Colombian laboratories refine into cocaine. Colombia itself, however, has only 25,000 hectares given over to coca leaf and the bulk of the intermediate product needed to produce cocaine hydrochloride is imported from Peru and Bolivia.

Bolivia would appear to be one country in which economic and social solutions to the crisis can still be found since the drug mafia does not have the same murderous power that it wields in Colombia, and extremist movements like the Shining Path in Peru have so far not succeeded in enlisting and arming the producers.⁴ Before discussing the measures which might be taken,

³ Cocaine nevertheless accounts for less than one-quarter of the total turnover of the drug trade in the United States (\$20 billion as against \$40 billion for cannabis and \$28 billion for opiates). See *Le Monde diplomatique* (Paris), Oct. 1989, p. 17.

⁴ See A. Hertoghe and A. Labrousse: *Le Sentier lumineux du Pérou. Un nouvel intégrisme dans le tiers monde* (Paris, La Découverte, 1989), pp. 9-29.

however, it may be well to review the underlying causes of the meteoric increase in illicit coca production.

1. From artisanal production to agro-industry

Numerous archaeological finds have proved that the most ancient Andean civilisations made wide use of the coca leaf. In all likelihood it was the Aymara Indians living on the shores of Lake Titicaca who introduced this shrub, a native of Amazonia, into the warm valleys (or *yungas*) at heights of up to 1,800 metres. Today, as in the past, coca leaves are used in traditional medicine and in ritual ceremonies. A wad of coca leaves mixed with an alkali to facilitate extraction of the juice is placed between cheek and teeth and then moved around slowly in that position until all the juice has gone, after which it is spat out. Laboratory studies carried out some 15 years ago showed that coca leaf is very rich in vitamins, mineral salts and vegetable proteins and that only a tiny quantity of alkaloids passes into the blood.⁵

The Spaniards stepped up the cultivation of this shrub once they discovered that its use increased the output of Indians working in the mines. At the beginning of the twentieth century coca production was still making fortunes for the large landowners in the *yungas* in the Department of La Paz. The "modernising revolution" of 1952 led to the breaking up of haciendas into small family farms. These warm valleys still produce the legal coca used for chewing, natural medicine and ritual ceremonies but, at the same time, the coca plantations in the great tropical plain of Chaparé, in the east of the country, were developed to such an extent that by the beginning of the 1960s they had become the principal producing region of the country.

From 1974, when world prices for cotton began stagnating and those of the machinery needed to process it were rising, a part of the rural middle class in the Department of Santa Cruz decided to devote the subsidies they received from the Government to planting coca and, first and foremost, to purchasing the products necessary for producing cocaine sulphate, which are known as "precursor" substances. In this they were aided and abetted by certain military leaders who controlled not only vast properties but also the country's largest sulphuric acid plant.⁶

It is estimated that the production of coca leaves between 1971 and 1977 rose from 5,800 to 16,811 tonnes, making it possible to manufacture 62 tonnes of cocaine and earn US\$300 million. By way of comparison it might be noted that in 1977 Bolivia earned only \$220 million from its tin exports and a mere \$67 million from exported petroleum.

The links between the military high command and the traffickers came to light in June 1980 at the time of General García Meza's coup d'état, which

⁵ J. D. Duke, D. Aulik and T. Plowman: "Nutritional value of coca", in *Botanical Museum Leaflets* (Cambridge, Massachusetts), 1975, Vol. 24, No. 6, pp. 113-119.

⁶ See A. Delpirou and A. Labrousse: *Coca-Coke* (Paris, La Découverte, 1986).

was financed by the cocaine mafia. The United States Drug Enforcement Administration (DEA) itself denounced the Minister of the Interior, Luis Arce Gomez, as one of the heads of the drug traffic and he was finally arrested and extradited to the United States in December 1989. The Democratic and Popular Unity (UDP) Government headed by Siles Zuazo, burdened with the enormous debt and economic disruption bequeathed by the military dictatorship, was powerless to halt the development of the drug economy and left its successor, the Revolutionary Nationalist Movement (MNR) Government, headed by Víctor Paz Estenssoro, to face a situation of total economic bankruptcy. All the conditions were thus present for making Bolivia the world's second biggest producer, after Peru, of the raw material from which cocaine is derived.

This scarcely enviable distinction is the result of the combination of three factors: the increase in the demand for drugs in the rich countries, particularly the United States; the existence of corrupt coteries of the Bolivian middle class and the army who have not hesitated to use the state machinery to strengthen their grip; and finally, the endemic poverty in which a large part of the Indian population is living and which has been exacerbated by natural disasters, the fall in world tin prices and the economic crisis.

2. The economic crisis, unemployment and internal migration

When the MNR Government headed by its old leader, Víctor Paz Estenssoro, took office in August 1985, it found itself faced with hyperinflation (15,000 per cent a year), widespread poverty, a GDP which had been falling for five consecutive years, and a *de facto* moratorium on the foreign debt.

With 200,000 inhabitants, the Chaparé region had seen its settled population increase tenfold over 20 years. This shows, in particular, that one of the reasons why the civilian and military mafia had been able to pursue their activities so successfully was that there had been very large inflows of migrants to the region.

These migrations to the Amazon Basin can be explained first of all by the fact that in Bolivia half the population still lives on the land and that, since the start of the 1970s, the growth of agricultural production has not kept up with the increasing population. The inhabitants of the Altiplano and the high valleys live in conditions of absolute poverty: their diet affords them an intake of only about 1,500 calories a day, and their intake of proteins, fats and carbohydrates covers only 53, 35 and 61 per cent respectively of their daily requirements. The annual income per inhabitant does not exceed US\$100 a month. Infant mortality is 243 per 1,000 and life expectancy 40 years.

In 1984 it was found that 62 per cent of the new settlers in Chaparé had not had, or no longer had, access to land in their region of origin. As for the

others, they generally owned plots of less than 1 hectare, which was obviously not enough to feed them and their families.⁷

To these chronic disadvantages must be added a series of natural disasters: the severe drought which ravaged the Altiplano from 1982 to 1984 killed off part of the livestock, permanently depriving the affected peasants of their means of subsistence. In 1985 Lake Titicaca overflowed and rendered the land around its shores unusable for a number of years. Several tens of thousands of peasants have been left with no choice but to move to the cities to beg or to migrate to the coca-growing areas.

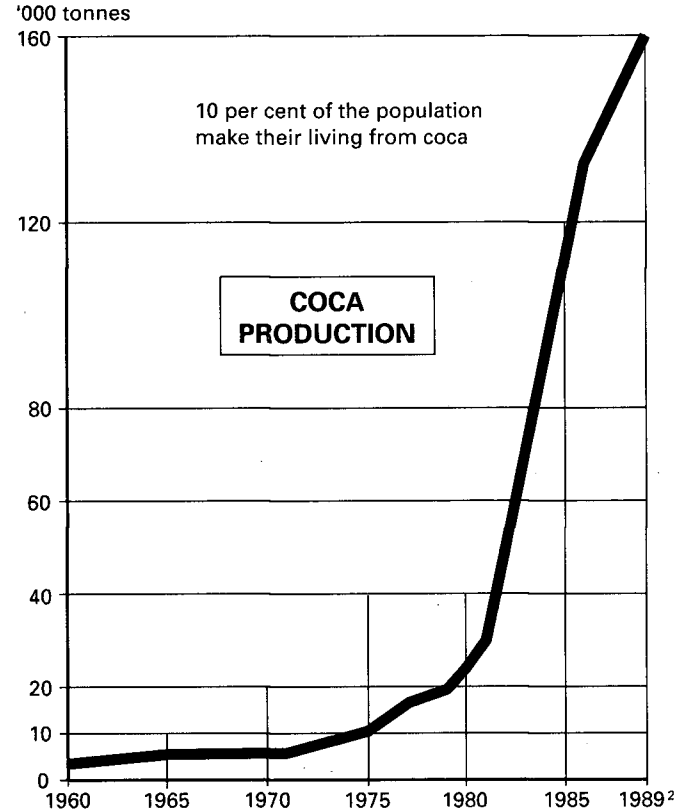
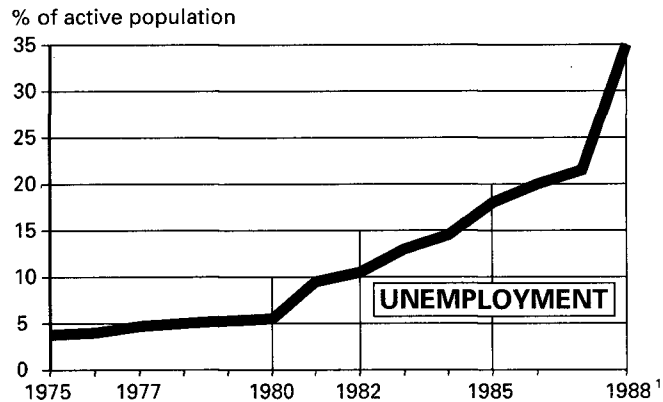
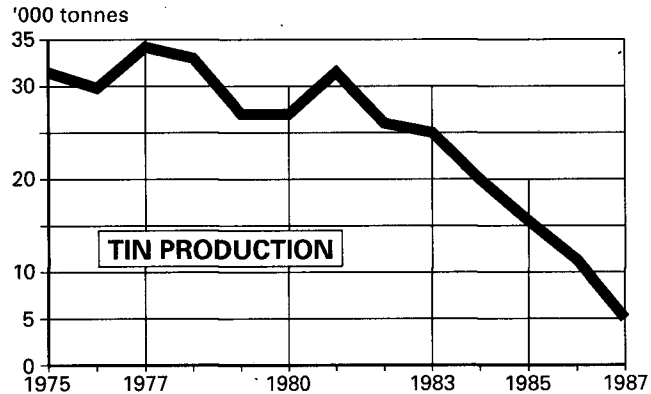
When we examine the origin of settlers living in Chaparé it can be seen that they have indeed come from the poorest regions of the country: North Potosí, Oruro and the high valleys of Cochabamba. These are also the regions which supply the manpower used by the drug traffickers: the *zepes* ("ants"), who transport the bundles of coca leaves on their backs to the factories hidden in the depths of the jungles, or the *pisadores*, who spend whole nights crushing the leaves. Whereas in the rural areas the annual income per inhabitant averages \$150, a coca crusher earns \$7-15 a day. So it is not surprising that unemployed city dwellers and peasants with time on their hands during the slack season come to find work in the cocaine industry. In the lowest-lying parts of the *yungas* opening onto the Amazonian Department of Beni, such as La Asunta, it can also be seen that the coca producers are former settlers of the Altiplano.

Paradoxically, although the new economic policy of the Estenssoro Government succeeded in bringing down inflation (to about 20 per cent a year), solving the monetary crisis and regaining the confidence of the country's creditors, it nevertheless triggered a severe recession and a major increase in unemployment. Decree No. 21,060, promulgated on 29 August 1985, put an end to 35 years of state intervention in the economy by removing price controls (but freezing wages) and opening the borders to imports. Many public enterprises were privatised and those which had been running at a loss were closed. The number of civil servants and public sector employees was considerably reduced.

The tin slump which hit the world market in October 1985 provided further fuel for the country's unemployment problem (see chart). On 26 August 1986 the biggest tin mines – Siglo xx and Catavi – and nine other mines which were heavily in debt and running at a loss were first shut down and then turned into co-operatives functioning on an artisanal basis without state assistance. This led to the departure of 20,000 miners (and their families) of the 26,000 who had been working in the mines. Most of them failed to find work in the formal sector. According to estimates of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), unemployment affected almost 35 per cent of the economically

⁷ G. Flores and J. Blanes: *¿Donde va el Chaparé?* (Cochabamba, Centro de Estudios de la Realidad Económica y Social (CERES), 1984).

Collapse of the Bolivian economy and growth of coca production



¹ ECLAC estimate. ² Author's estimate. Source: Y. Müller: *Asociados estadísticas económicas* (La Paz, ILD, 1988).

active population in 1988, but more than 50 per cent if the seasonal or casual nature of many jobs is taken into account.

Some of these miners moved to the Cochabamba region from which many of them hailed originally. Some took up handicrafts and petty commerce. But many were tempted to descend the asphalt road into the Chaparé plain and its coca plantations, which are only 150 kilometres from the regional capital. It is not easy to gauge how many families have settled permanently in this region today because, while the effects of silicosis and tuberculosis are slow to make themselves felt in the dry cold climate of the Altiplano, they become really brutal in the heat and humidity of the tropics and many miners died or were unable to adjust to their new environment. Nevertheless, it is probable that several thousand ex-mining families are still living in Chaparé. When one considers that on average each of them planted 1.5 hectares of coca, it is not difficult to calculate the impact that the closure of the mines has had on the expansion of illicit coca cultivation.

It is currently estimated that there are 51,000 hectares planted with coca in Chaparé. Some 12,000 hectares, of which 8,000 are in the *yungas*, would be enough to satisfy the requirements of the traditional users. The bulk of the country's coca leaf production, which official figures put at 147,339 tonnes, is destined for the illicit traffic.⁸

More generally, a comparison of trends in unemployment and the expansion of coca cultivation in Bolivia (see chart) is revealing. The Minister of the Interior's statement in 1987 that 350,000 persons in the country were living directly off coca is thus not surprising. If one adds the number of people making a livelihood from the spin-offs of coca production – transporters, traders, etc. – the figure of 600,000 people, or 10 per cent of the country's total population, advanced by the United States embassy is equally plausible.

3. The peasant economy and illicit cultivation

The process of land occupation unfolds in the following manner:⁹ a group of families belonging to the same Indian community – *ayllu* – or to the same village finds an available tract of land with the aid of relatives already settled in Chaparé. The land is generally divided up into individual plots of 10 hectares, 100 metres long by 1 kilometre deep, lined up like keys on a piano along the access route. This group of people then forms an association or "union", which could be said to bear a remote resemblance to traditional Indian forms of organisation.

After he has cleared 1 hectare the peasant sows rice, since this is the plant which survives best on the burnt ground and ashes and yields a first

⁸ Republic of Bolivia, op. cit.

⁹ Flores and Blanes, op. cit.

Table 2. Comparison of yield and income from various agricultural products in Chaparé

Crop	Yield per hectare (kg)	Gross annual income (US\$)
Coca	2 155	3 200
Oranges	16 000	2 000
Bananas	15 000	600
Rice	1 300	378
Coffee	700	1 520
Maize	1 500	300
Cocoa	1 800	2 700
Tea	6 000	2 600

Source: As for table 1.

harvest at the end of three months providing food for the family. By selling the surplus the peasant obtains the wherewithal to start setting up house. He then sows manioc (*yuca*) and maize, mainly to meet his own needs but also, in some cases, to provide cattle-feed.

The coca is then planted between the *yuca* bushes, whose leaves protect the young plants from the burning sun. It yields its first harvest one year later and thereafter becomes the driving force of the peasant economy. One of the main reasons for this is that the other crops exhaust the soil after only about two years and the ground would have to be left fallow for a lengthy period, whereas coca provides four harvests a year for a period which, in this region, can last from ten to 15 years. It also requires very little attention. The peasants are thus faced with the choice of either devoting enormous amounts of time and effort to clearing new swathes of forest to grow food crops or else buying their food in the market with income from the coca leaves. Bearing in mind that there is no other agricultural product which offers prices comparable to those for coca (table 2), it is not hard to understand why the peasants act as they do.

Moreover, the remoteness of the markets, the absence of roads and railways and fluctuations in the prices of export crops like coffee or cocoa make marketing other products a far riskier business than is the case of coca leaves, for which there is always a ready buyer. The result is that, whereas ten years ago 30 per cent of the peasants' plots were given over to coca growing, in some provinces the figure is now 90 per cent. Furthermore, the steady drop in the price of coca leaves – brought about by overproduction of cocaine on the world market and repressive action in Bolivia – has led to the peasants gradually moving into the manufacture of coca paste.

The conversion of the peasants into drug producers is encouraged by the traffickers themselves, since it enables the large quantities of kerosene, potassium carbonate and acids brought into the country for processing

purposes to be spread out over a multitude of small producers, thereby transferring the risks of the operation to them. This abandonment of the first stage of processing does not cause the Bolivian traffickers any great loss because 1 kilogram of coca paste, which is bought from the peasants for \$600, is resold to the Colombian traffickers for \$5,000 to \$8,000, and 1 kilogram of cocaine hydrochloride wholesales at \$12,000 to \$25,000 in the United States, \$65,000 in the Federal Republic of Germany and up to \$115,000 in Denmark. When this kilogram is sold retail it can bring in \$200,000 to \$600,000.

Although tiny in comparison with those of the traffickers, the incomes of the coca planters are far above those of other farmers. Whereas the average annual income per inhabitant in the *yungas* is only \$43.20, it reaches \$954 in Chaparé. Nevertheless, these peasants are not really any richer. Tending as they do to abandon food crops, since these would mean clearing a fresh area of forest every two years, they are compelled, in order to concentrate on coca, to purchase not only their tools and their clothing but also their food in the markets, and in this remote region everything coming from urban centres costs at least five times more than in the rest of the country. Consequently, while coca planters may seem to be earning money hand over fist, it is spent as quickly as it is earned. Their situation might be likened to that of the gold-rush days when prospectors paid for their food with gold nuggets. The money earned by the peasants is rarely enough to allow them to invest.

But the traffickers are not the only ones to benefit from the drug trade. Part of the money earned by the traffic remains in the country and plays an important role in its economy. According to various estimates, this hidden part of the iceberg amounts annually to \$300-600 million, whereas the annual value of traditional exports did not reach the latter sum until 1988. The plausibility of these estimates is confirmed by a number of official figures: in the balance-of-payments accounts for 1986, for example, the "errors and omissions" entry showed a credit balance of \$175 million.

A very small part of the money from the drug traffic is probably reinvested in productive activities but it mainly helps to swell the currency reserves of the State and thus assists in supporting the value of the *boliviano* and in repaying the foreign debt. The Estenssoro Government did not deny that these sums had contributed to the success of its stabilisation plan since an article in Decree No. 21,060 specifically prohibited staff of the Central Bank from inquiring into the origin of foreign currency deposited at its counters. However, the cocaine economy does not just act as a stimulus to the Bolivian economy as a whole and as a source of employment; it also encourages and finances other illicit activities like smuggling into the country, by the "ants", of foodstuffs, household electrical appliances, etc., manufactured in neighbouring countries (Argentina, Brazil, Chile), which are then resold on the black markets in the principal Bolivian towns. It also encourages the import of luxury goods and works of art as a means of

laundering money. The GDP from all these illicit activities is, as a Minister of the Interior remarked, fast approaching the value of the official GDP.

4. The government plan to combat the drug traffic and its substitution policy

The Government of President Siles Zuazo was the first to sign a drug control agreement with the United States Government – in 1983 – setting up, *inter alia*, the Mobile Unit of Rural Patrols (UMOPAR), which currently numbers 700 men spread over the suspect regions of the country, including of course Chaparé. It is a body of policemen, equipped and trained by agents of the DEA, who specialise in the fight against drugs.

In March 1986 the United States Congress, judging the action taken by the Government of President Paz Estenssoro to combat the drug traffic to be insufficient, suspended its economic and military assistance to Bolivia. This warning was heeded. In July of the same year 163 men of the 793rd special forces brigade of the United States Army received permission to launch an operation against the traffickers on Bolivian territory. When they withdrew, four months later, the results were mixed: the repressive measures had certainly brought drug prices down, but the amounts seized were insignificant.

Little by little the Bolivian Government came to recognise that only a comprehensive plan, negotiated with the prospective beneficiaries of substitution projects, stood any chance of success. The first stage of this process was the adoption on 6 July 1987 of the Comprehensive Plan for Development and the Substitution of Coca Cultivation (PIDYS). It expressed the will of the public authorities, on the one hand, and the Bolivian Confederation of Workers (COB), the Single Trade Union Confederation of Peasant Workers of Bolivia (CSUTCB) and five coca producers' federations,¹⁰ on the other hand, to undertake joint action to combat the cocaine traffic and promote alternative forms of development. This agreement was reconfirmed on two subsequent occasions, on 5 February and 9 May 1988. The Bolivian Government has made a point of emphasising that the efforts to be deployed in the regions where the PIDYS is to be implemented are based on the premise that the farmers are agents of development, hence active participants in the execution of the programme.¹¹

After two years of study the Coca Eradication Act, originally known as the three-year plan, was finally promulgated on 19 July 1988. It constitutes the single most important piece of legislation ever approved in Bolivia on this

¹⁰ The Special Federation of the Tropical Areas of Cochabamba, the Federation of the *Yungas* of Chaparé, the Single Federation of the United Central Associations, the Federation of Settlers in Tropical Carrasco and the Federation of Settlers of Chimoré.

¹¹ Republic of Bolivia, *op. cit.* The following information is drawn from the same document.

subject. The Act first of all recognises the legitimacy of the traditional use of coca leaves – which was later reiterated by the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, adopted in Vienna on 19 December 1988 – and distinguishes it from the use to which the traffickers put the leaves. Three production areas were then designated:

- (1) an area of traditional production: the north and south of the *yungas* of La Paz;
- (2) an area of transitional surplus production, mainly Chaparé and the settlement areas of the *yungas*, in which the peasants will receive \$2,000 compensation for each hectare of coca uprooted, which would amount to \$64 million over five years;
- (3) all the remaining areas of the country, in which coca growing will be banned and uprooting will be carried out without compensation.

Efforts have to be made, therefore, to curb the expansion of traditional cultivation in the *yungas* and to find alternative crops for the areas of surplus cultivation. The regulations and development plans issued in pursuance of the Act take account of what had been the principal demand of the producers' unions; coca cultivation should not be eradicated in the transitional areas until such time as the Government could guarantee simultaneous conversion to other types of farming, regional development and the reactivation of the economy.

The Government, after setting up a Secretariat for Alternative Development (SDA), launched six major projects, two of them in Chaparé, one of which is backed by the United States and the other by the United Nations Fund for Drug Abuse Control (UNFDAC). In the report submitted by the Bolivian Government to the Paris Consultative Group in October 1989, it was also pointed out that the implementation of the PIDYS over a period of five years (1989-93) would involve expenditures of \$691 million, of which \$584 million had still to be found and were essential if the objectives of the PIDYS were to be achieved.¹²

The sums needed to finance the first stage of the programme (1988) were estimated at \$155 million but the Bolivian Government reported that it had only been able to obtain \$48 million from abroad. There is a manifest imbalance between the rapidity with which the Bolivians are being asked to eliminate the excess production of coca and the assistance provided by the international community. We shall see that this shortage of funds may help to explain the turn-round in the attitude of the peasants' unions, which had initially favoured the substitution programme. It should also be noted that the sums mentioned do not cover the policing measures, which require additional financing of \$390 million (for building materials for barracks, arms, vehicles and computers).

¹² Ibid.

The plan aims not only to replace coca cultivation with other types of farming but also to halt migration to the deprived regions. Chaparé is due to receive 51 per cent of this budget, the *yungas* 15.5 per cent, North Potosí 12.6 per cent, and the high valleys of Cochabamba 20.5 per cent. In North Potosí the plan calls for the reintroduction of potato growing and the provision of 40 varieties of potato seed to the population, and in the valleys of Cochabamba it advocates the expansion of fruit and vegetable growing, pig-farming, etc.

These projects have been viewed with a certain scepticism by the peasants' unions, which had suffered from the inadequacies and failures of earlier attempts. The UNFDAC launched a project in October 1985, known as Agroyungas,¹³ in the high valleys of the Department of La Paz, which produces coca for legal consumption but where a part of the crop is also diverted towards the illicit trade. This project is receiving the highest level of UNFDAC financing in the world, approximately \$20 million spread over five years. Its object is to reduce the peasants' economic dependence on coca leaves in the areas of traditional production and to prevent the spread of coca cultivation in the settlement areas by encouraging agricultural diversification, agro-industry and the marketing of substitution crops. In the main it seeks to promote the development of coffee plantations. In parallel with Agroyungas the UNFDAC is financing a project to improve social, community and health facilities in the same region (installing drinking-water supplies, training courses for women, construction of a hospital in Coroico), which is being carried out by an Italian non-governmental organisation, the International Solidarity Centre (CeIS), at a cost of \$1.2 million.

The peasants, however, are dissatisfied since coffee prices are too low and, above all, the resources provided – \$20 million – are far less than what is needed. In addition, the project only covers some 60 rural communities, which is less than 5 per cent of the coca-growing population.

In the case of Chaparé, the development programme (PRODES) set up by the Ministry of Peasant Affairs (MACA), with the backing of USAID, operated from 1980 to 1988 and thus lent itself to an initial evaluation. An expert who did this on behalf of the European Community came to the following conclusion:

These projects were, as a rule, limited to experimental farms in Chaparé, such as La Jota; they were looking for economically viable substitutes for coca cultivation, but did so in isolation and without being able to establish any real communication with or feedback to the farmers of Chaparé, who tended to view these activities as part of a policing action. Nevertheless, La Jota does centralise all the data on the agricultural experiments carried out in Chaparé and offers significant potential for research.¹⁴

¹³ V. Brackelaire: *Substitution de la coca et développement régional dans les yungas boliviennes* (Paris, 1989), mimeographed document prepared for the European Information Campaign on Drugs.

¹⁴ Ibid.

The PRODES was succeeded in July 1988 by a new Alternative Development Programme for Cochabamba (PDAC), which received funding of \$18 million from the Italian Government via the UNFDAC. Executed by the UNDP, its aim is to develop agriculture, construct roads and install electricity as well as to make improvements in the fields of health and education.

One serious problem that remains is the time-lag between the uprooting of coca, which yields four harvests a year, and the planting of substitute crops. For example, the Secretariat for Alternative Development negotiated a pilot diversification project with the central trade union body for the Villa Nueva region in Chaparé. The peasants were to receive \$2,000 per hectare uprooted, of which 350 would be paid by USAID. However, the United States officials demanded that 70 per cent of the coca shrubs in the area should be uprooted before paying out the money needed to plant the other crops; this completely disrupted the economic life of the peasants, who had destroyed 50 per cent of the shrubs – undoubted proof of their good will – without having received the wherewithal to start growing anything else.

Another reason for peasant dissatisfaction is the qualitative difference between the decisions taken by the Government and the way they are applied in the field by local officials. For example, some officials have refused to pay the \$2,000 compensation for uprooted coca on the pretext that the shrubs were too old or too widely spaced. Also, cases of corruption, particularly among agents of the UMOPAR, are unfortunately far from rare.¹⁵

More serious incidents have further widened the gulf between the Government and the producers. In June 1988 some trade unionists discovered that officials of the Coca Reconversion Directorate (DIRECO) were experimenting with defoliant on coca plantations, whereas the law only permits uprooting by hand. On 27 June a group of demonstrators headed for the office of the DIRECO, which was located in a UMOPAR camp. Agents of the latter opened fire on the crowd of peasants causing almost a dozen deaths. Whether the demonstration and its suppression were engineered by the drug traffickers – as the Government affirmed – or whether the police panicked when confronted by the crowd, the violence of the counter-attack on unarmed people was regarded as an outrage. A year later, a rally held to commemorate the event brought out tens of thousands of peasants.

In 1988, when the voluntary uprooting campaign began, four of the five peasants' unions representing the major regions of Chaparé (the Federation of the *Yungas* of Chaparé, the United Central Association, and the Chimoré and Carrasco Federations) and approximately 45,000 families had agreed to the Government's proposals. The exception was the Special Federation of the Tropical Areas of Cochabamba, called the Red Zone, which alone

¹⁵ Photographs exist showing these agents supervising the crushing of coca leaves before taking possession of the paste.

represents 35,000 families. A year later, because of the events described above, only the Chimoré Federation continued to accept the government plan without reservations.

5. The outlook for "alternative" projects in Bolivia

The Bolivian bishops' conference, which often plays the role of a mediator between the trade union organisations and the Government, has made a lengthy analysis of the new Act. In its conclusions it notes:

The Bolivian population, be it at the regional, urban or rural level, is currently going through a period of deteriorating living and working conditions. According to the Church and UNICEF, 80 per cent of the population is living in a state of dire poverty as a result of the economic and social crisis. The needy are looking for new ways to survive. Under these circumstances, forcing the peasants who produce coca to abandon its cultivation without having any clear alternative is to condemn them to destitution and death from starvation.¹⁶

Solutions therefore need to be found which will help to eradicate illicit coca growing and at the same time promote national, or at least regional, development. On 29 June 1989 the Minister of Industry, Luis Fernando Palenque, indicated that the question of abandoning coca growing was bound up with that of coffee exports. He revealed that his Government had asked the International Coffee Organisation (ICO) to increase Bolivia's quota from 40,000 bags – or 0.6 per cent of the total handled by the Organisation – to 60,000 bags.¹⁷ The United States had also undertaken initially "to make an effort to obtain . . . an opening of the markets in the United States or in other countries in order to assist the marketing of products coming from the regions covered by the substitution plans".¹⁸

This proposal came to nothing. In addition, the breakdown of the international coffee agreement in July 1989 dealt a severe blow to all the Andean countries. At the end of 1989 coffee was selling internationally at its lowest price for 14 years. As a result Colombia lost \$300 million (for each 1 per cent drop in the price of coffee, Colombia loses \$68 million annually in export revenues) and Bolivia lost several million. A steady and profitable market for substitution crops like coffee or cocoa (whose international price has also been falling) therefore seems to be imperative for any "alternative" policy to be effective.

The second pillar of a coherent policy should not be the substitution of one crop for another, or one form of farming for another, but the overall

¹⁶ Conferencia Episcopal Boliviano, Secretariado Nacional de Pastoral Social: *Apuntes sobre la ley del régimen de la coca y sustancias controladas* (La Paz, 22 July 1988).

¹⁷ "La sustitución de cacaos tiene relación con exportación de café", in *Los Tiempos de Cochabamba* (Cochabamba), 30 June 1989. The weight of coffee per bag was 60 kilograms.

¹⁸ Three-year anti-drug plan, Annex II. This text served as a basis for the Act of 19 July 1988.

economic development of the regions concerned. This point was indeed stressed in the course of the seminar on "Alternatives to Illicit Tropical Crops", organised in Brussels by 15 non-governmental organisations with the backing of the EC, which provided an opportunity, probably the first ever, for direct discussions between trade union leaders from the principal coca-producing areas of Peru and Bolivia and their European interlocutors – representatives of the EC, delegates from various governments, and international experts. Two points in particular captured the attention of the participants in this seminar:

Promoting projects and works to improve transport and communications: roads, railways, air transport, electricity supplies and telephone lines. It is only by major works such as these that the drug-producing regions will be rescued from their isolation and given the possibility not only of producing but also of marketing other produce.

Promoting or assisting the establishment of processing plant for regional agricultural products and developing agro-industry in the producing areas, which would make it possible:

- (a) to absorb part of the unemployed manpower currently used by the traffickers;
- (b) to avoid wastage of unsold produce;
- (c) to increase the facilities for stocking and preserving agricultural produce.¹⁹

One of the possible industrial products that could be exported is the coca leaf itself processed into a form of tea. As such it loses almost all its cocaine alkaloid content but retains its properties as a stimulant and can be drunk to combat hypoglycaemia, mountain sickness and the cold. Since the country's economic stability rests to a large extent on drug money, the rich countries should also re-examine their co-operation policies towards Bolivia. In particular, it would seem that the impossibility of supporting the burden of foreign debt is what has pushed the Governments of Bolivia, Colombia and Peru to adopt laws that facilitate the laundering of "narco-dollars". The participants in the Brussels seminar noted in this connection that:

The international community should give the most urgent consideration to the radical changes that are needed in the field of economic and financial relations with these countries: structural adjustment policies established by the IMF and the World Bank, ways and means of repaying the foreign debt, . . . protectionist practices in the developed countries, which prevent any industrial development initiative by the poorest countries.²⁰

Finally the policies must, if they are to stand any chance of success, be able to count on the support of strong, free and legally recognised peasant organisations as the principal vector of all-round development. Through such organisations the peasant can shape his own future and must be involved in the design, planning, implementation and follow-up of the projects that are launched.²¹

¹⁹ Conclusions and proposals of the seminar on "Alternatives to Illicit Tropical Crops", Brussels, 2-4 October 1989; mimeographed.

²⁰ Ibid.

²¹ Ibid.

What is at stake in Bolivia is not only the survival of the local populations and the health of the citizens of the drug-consuming countries but also peace in the region. Armed groups abound in areas like Chaparé and are trying to use the coca-growing issue to raise the peasants against the authorities and the non-governmental organisations themselves. If the developed countries do not rapidly provide economic assistance on the required scale, there is every reason to fear that the Shining Path of Peru, which has exploited a similar situation in the Amazonian region of the Upper Huallaga, may find emulators in Bolivia and make it even more difficult to implement an alternative solution.

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