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The Director of Central Intelligence

Washington, D.C. 20505

NIC-04234-87

1 December 1987

Senior Review Panel

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

SUBJECT: Senior Review Panel Comments on Draft  
NIE 97-87: Peru: Economic and Political  
Prospects Under Garcia, internally dated  
30 November 1987

1. The Panel considers the Peruvian draft well-conceived, clearly drafted, and admirably focused on the key political and economic issues facing the Garcia government to 1990. The appendices--while still not the complete list specified in the Table of Contents--contain much useful information for policymakers. We particularly commend the excellent integration of political and economic analysis.

2. There are, we think, a few--if less substantial--weaknesses in the present draft. Among them:

a. Generality. The draft lacks specifics, statistics, hard data--particularly on recent and projected economic trends; the structure of debt and its servicing; the substance of IMF-Peruvian negotiations; party strengths, organizations, and platforms; insurgency trends. Perhaps some of this will be available when the appendices on "Graphics/Tables," "Economic Indicators" and "Map--Locator and Insurgent Operating Areas" are available. We would strongly favor the incorporation of selected graphics in the text.

b. Length. We think the draft an admirable candidate for present guidelines stipulating "in the range of 10 to 20 pages." (i) Its preparation, as we understand it, stems from a request by State/INR; (ii) much of its background material will be familiar to the policy community concerned with Peru; and (iii) it derives more from a general interest in Peru than from any specific policy concern.

c. Supplementaries. We think there are a few additional matters which may deserve analytic attention. These follow.

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BY \_\_\_\_\_ Signers  
DATE \_\_\_\_\_ OADR  
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3. The Catholic Church: A Political Actor? The paper makes no mention of the Catholic Church's role as a political actor and ideological influence, despite the part the Peruvian Church (specifically Father Gustavo Gutierrez) played in the conception and dissemination of the Marxist variant of Liberation Theology. A number of questions arise. Is there a politically active wing of the Church? Has Liberation Theology spread? Does the Church compete with the Sendero Luminoso or Tupac Amaru for the allegiance of the Indian and university youth sectors? Does the clergy participate in political protests and guerrilla groups? What are the political orientations of the Church leadership and clergy? A section on the Church, essential to round out the analysis, could be done in a few paragraphs, well within the upper range of 20 pages.

4. Communist Bloc Relations: North Korea? Policy readers may be stimulated by the comment that APRA members, approximately 300, may have "received weapons and explosives in North Korea since 1986" (page 17), and wonder about the extent of Peru's relations with North Korea, especially in view of Garcia's past connections. Has Garcia's government or APRA maintained ties with North Korea since 1985? If so, on what basis? Is the relationship deepening, casual or sporadic? Some brief review of Peru's ties with North Korea would be helpful in the section on "Relations with the Communist Bloc."

5. Counterinsurgency Prospects. The text notes the possibility of Garcia and the military implementing "a more comprehensive counterinsurgency strategy" (pages 32-33). The Appendix on "Peruvian Military Strength" thoroughly substantiates that the military are organized, trained, and equipped principally for conventional defense against the perceived threat from Chile and Ecuador. What would be required to reconfigure both the government and the armed forces for an effective counterinsurgency strategy? At what cost? Over what time? Is there any evidence that the Peruvians are considering--or have begun to develop--an improved counterinsurgency capability?

6. Regional Influence. The text's references to Garcia's role in the "Group of Eight" and his advocacy of "a common hardline debt posture" (page 27) seem to us much too elliptical. We would imagine these subjects might be of special interest to US policymakers, and think the Community might usefully speculate on their prospects to 1990. Will Garcia attempt to play a leadership role in the "Group"? Does he see it as an alternative to the OAS which might substantially increase Peru's influence in hemispheric affairs? How hard is he likely to push his debt ideas?

7. US Interests. A military coup that deposes Garcia may well pose, as the paper concludes, a "severe setback for democratic forces in Peru" and for US regional policy. There are, of course, military coups and military coups--some led by extremist junior officers and NCOs; others by conservative,

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transition-minded leaders. And there may be even worse scenarios, more damaging to US interests: for examples (and despite their apparently limited present prospects) a power seizure by the Sendero Luminoso; or, if the economy should spin out of control, such severe political instability that a revolutionary takeover--fueled by Peru's radical associates--becomes imminent.



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