

# A New Threat of Terror in the Western Hemisphere

*Jeremy M. Weinstein*

*In its relations with Peru, the United States has historically placed greatest emphasis on fighting the war on drugs. As Sendero Luminoso, The Shining Path, led an insurgency against the Peruvian government in the 1980s and 1990s, the United States provided ample support against the terrorists located in the jungle, especially those participating in the drug trade. But Peru's victory over terrorism then was due more to improved police intelligence and increased public investment, rather than success in the war on drugs. Now, in the midst of economic troubles and a difficult transition back to democracy in Peru, the Shining Path has made a resurgence. The United States again faces a choice about how to proceed—to continue focusing on the war on drugs or to provide sustained levels of investment in Peru's economy and political institutions, thereby turning this war on terror into a war on poverty.*

The United States is about to make another mistake in Latin America. By promising to support a campaign against domestic terror in Peru, the Bush administration prioritizes counternarcotics operations over a concerted campaign to reduce poverty and strengthen democracy.

The United States would do well to examine its history of involvement in Peru. As it charts a course for battling terrorism in South America after September 11, policymakers will find that drug trafficking may have little to do with what drives domestic terror. Fighting this renewed insurgency requires sustained U.S. investment in Peru's economy and its political institutions, not increased commitments to the war on drugs.

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## A Car Bomb

Late in the evening of March 20, 2002, a car bomb exploded in the parking lot of a shopping mall in Lima's upscale La Molina suburb. Nine people were killed and more than thirty injured in the powerful explosion that destroyed parked cars and rocketed glass, twisted metal, and concrete into the streets. Such an attack, especially outside the Middle East, rarely captures widespread international attention. This car bomb, however, exploded less than four blocks away from the U.S. embassy and was timed to coincide with U.S. President George W. Bush's arrival in Peru.

The White House responded quickly, declaring that the President's trip to Peru would not be cancelled. "No two-bit terrorists are going to prevent me from doing what we need to do and that is promote friendship in the hemisphere," Bush said. While answering questions in the Oval Office before his departure, the President added that "we might have an idea" who set off the bomb. "They've been around before," he warned.<sup>1</sup> In the minds of the Peruvian authorities and the Bush administration, blame for the attack already lay at the feet of the Shining Path (*Sendero Luminoso*)—a Maoist insurgency that waged a guerrilla struggle against the Peruvian state throughout much of the 1980s and 1990s, killing more than 20,000 people.

The administration moved into overdrive, fiercely demonstrating its commitment to oppose the threat of terrorism. In his press conference with Peru's President Alejandro Toledo, Bush shared his view of their meeting: "Our nations understand that political and economic progress depends on security—and that security is impossible in a world with terrorists."<sup>2</sup> To assist the Peruvians in their efforts to dislodge terrorist groups, Bush pledged his continued support for Andean counternarcotics programs, which provide over \$150 million per year to the Peruvian government. These funds provide law enforcement, interdiction, eradication, and alternative development programs. The foundation for increased assistance and attention lay in linking Peru's plight to that of Colombia, rather than from an investigation of the real sources of the Shining Path's renewed strength.

This misinterpretation is not new, however; U.S. understanding of insurgency in South America since the 1980s has been colored largely by concerns about the spread of drug trafficking. By conflating domestic terrorism in Peru with the war on drugs, however, the Bush administration may worsen the situation and play

into the hands of the Shining Path. A more comprehensive assessment of the threat posed by the Shining Path reveals that its growth is fueled by factors beyond drug profits, including continued, massive unemployment, the missteps of a struggling democratic regime, and the government's incapacity to maintain administrative authority deep in the countryside and in the jungle. If the root problems lie elsewhere, U.S. investment in the war on drugs will do little to slow the growth of the Shining Path.

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How the United States chooses to handle terrorism in Peru will be a crucial barometer of the administration's thinking about the links between insurgency, domestic terrorism, and global terrorism in its post-September 11 campaign. The administration has pledged that efforts to reduce poverty and promote good governance will be central to this global campaign, especially in the developing world. As Peru continues down an already difficult path of political and economic reform, it is an ideal place for the administration to start acting on these assurances. But doing so requires a willingness to think hard about the causes of domestic terror and the reasons previous policies have failed.

### **The Shining Path**

Washington's quick commitment to support Peru in facing this new terrorism threat should come as no surprise. The Shining Path was already designated as a Foreign Terrorist Organization (FTO) by the U.S. State Department, thereby linking it to more notorious FTOs, including Al-Qaeda, HAMAS, the Jihad movements, and Colombia's FARC, which have been targeted explicitly as part of the war on terror. But the Shining Path's presence on the list of FTOs had been more a recognition of its past strength than of its current operational capacity.

The Shining Path began its armed campaign against the Peruvian government in 1980.<sup>3</sup> The organization rigidly applied the tenets of Maoism, rejected all other Marxist models, and invested

in building a tightly-disciplined and well-controlled military organization, drawing comparisons to the Khmer Rouge of Cambodia. By the late-1980s, it had grown to include more than 10,000 full-time soldiers and controlled more than 40 percent of the countryside.

Abimael Guzmán, also called Comrade Gonzalo, headed the Shining Path. Characterizing the country as “semifeudal” and “semicolonial,” he and his followers sought to prevent the further penetration of “Yankee Imperialism,” which they saw reflected in the state’s political and economic structures. Under the threat of severe punishment and death, new recruits were required to digest and regurgitate this ideology constantly. This ideology provided a clear justification for Shining Path attacks on government institutions, private enterprise, international non-governmental organizations, and U.S. interests in Peru.

The movement was authoritarian and brutal, often using symbolic and savage acts of violence to coerce cooperation from the local population, yet Peruvians flocked to join the Shining Path. Peru was in the midst of an extended period of economic decline that hit peasants particularly hard. Ayacucho, the remote and destitute southern province where the Shining Path began its work, was worse off than most. Ayacucho’s infant mortality rate in 1980 was more than double that of the capital, Lima, and almost 40 percent higher than the nationwide average. The movement also found supporters among newly-educated university graduates and secondary school students who saw little opportunity for economic advancement in the crumbling economy and viewed the Shining Path as their only hope.

In the beginning, the government did little to counteract the insurgency. Peru’s new democracy, emerging from nearly sixteen years of military rule, was weak and unable to address the terrorist challenge effectively. Consequently, the Shining Path grew and established a presence throughout the country. By the mid-1980s, the government handed the problem off to the military, endorsing a brutal counterinsurgency campaign that only served to increase the Shining Path’s appeal among local populations. The government, itself responsible for untold numbers of killings and disappearances, failed to deliver on its economic promises, inhibiting its ability to stem the tide of support for the insurgency.

By 1990, the Shining Path represented a major threat to the survival of the Peruvian government. Peruvians worried that the guerrilla army was prepared to take control of the entire country, and that the military would tumble quickly in response. In the

United States, specialists at a Congressional hearing speculated seriously about what a Shining Path victory would mean for Peru and the region.

On September 12, 1992, Abimael Guzmán was captured in a police raid in Lima. His capture represented the culmination of a four-year strategy, begun under President Alan García and continued under President Alberto Fujimori, to enhance the government's intelligence capacity and strengthen the antiterrorism unit within the Peruvian police. During this same period, the government massively increased public investment in the guerrillas' rural strongholds, but was constrained by Peru's fiscal situation and its limited capacity to attract international investment.

Guzmán's fall spelled the end of the Shining Path as a powerful national organization. The police closed in on other senior leaders in the following months, and as the core members were captured one by one, the general membership crumbled, losing its ideological direction and sense of imminent victory. With the continued construction of rural schools, health centers, and public infrastructure, members were also unable to sustain their belief that the government would never deliver on its economic promises.

### **The United States in the Peruvian Jungle**

As the Shining Path fell apart in most areas of the country, its operations continued in the one region where the United States had become intimately involved. Deep in the Amazon jungle, far from the plight of the highland peasants, the Shining Path was connected to the drug trade and profited handsomely from taxes levied on coca production and on the Colombian traffickers who came to purchase the leaves.<sup>4</sup>

Involvement in the cocaine trade began in 1986, under the leadership of the Shining Path's Regional Committee for the Upper Huallaga Valley (UHV).<sup>5</sup> Upon its arrival in the area, the militants found a region flooded with young migrants from throughout Peru who wanted to get rich by growing coca. As the government began to crack down on production of the illegal crop, the Shining Path rose to defend the rights of the peasants, promising security in exchange for support. Sendero militants organized coca production, established regulated markets for its sale to Colombian traffickers, and protected coca growers from incursions by Peruvian military and police forces. Although this strategy was largely rejected by the movement's senior leadership, the Regional



Source: Central Intelligence Agency.

Committee continued its activities and extended its control through many jungle areas, turning them into “red zones”—restricted areas for government forces.

The United States decided to wage its battle against the Shining Path in the jungle. When the first Bush administration came to power, Peru was producing more than half of the cocaine transported into the United States. The United States supported the construction of a major anti-drug base in the UHV, staffed by twenty-five Drug Enforcement Administration agents and 450 Peruvian soldiers, and equipped with eight U.S.-supplied helicopters.

Throughout his administration, President Bush pushed for increased military assistance to the Peruvian government in its efforts to defeat the threat of “narcoterrorism.”

In the early-1990s, as today, the war against terrorism in Peru was seen simply as a war against drug trafficking. Although the Peruvian government succeeded in eliminating the Shining Path’s national presence by the mid-1990s, joint U.S. and Peruvian efforts to stop its advance in the jungle have been largely unsuccessful.

The Upper Huallaga Valley is still, and has consistently been, a war zone. Little changed in this region when Guzmán was captured. Deep jungle zones are controlled by the remaining Shining Path faction. This column of anywhere between 300 and 1,000 armed militants is led by Comrade Artemio, the leader of the Regional Committee for the UHV. While this group’s ideological persuasions have largely dropped from the surface, its connections to the drug trade are beyond dispute. Its fortunes suffered slightly with the increased eradication and interdiction efforts funded by the United States in the first half of the 1990s, as coca production shifted heavily towards the war zones of Colombia; however, the tide has turned as U.S. efforts in Colombia have driven coca production back to Peru.<sup>6</sup> The coca crop expanded to cover 114,000 acres in 2001, after hitting an all-time low of 84,000 the year before.<sup>7</sup>

Interdiction and eradication efforts have only increased levels of peasant support for the Shining Path. Coca leaves now bring in close to \$3.50 per kilo, giving farmers a healthy profit, while the price of coffee—the most obvious coca substitute—has dropped below the cost of production.<sup>8</sup> With the Peruvian military facing budget cuts and demoralized by allegations of corruption and human rights abuses in the region, the impenetrable jungle zones are largely beyond the control of the government. It is here that one part of the Shining Path has continued to thrive, even as it has faltered in the rest of the country.

### **The Shining Path’s Resurgence**

For nearly ten years, one Shining Path faction has operated in the Upper Huallaga Valley and other coca-growing regions without launching any significant attacks in Lima or in other parts of the country. Beyond its involvement in the drug trade, the Shining Path has not represented a significant threat to the government of Peru or to U.S. interests in the country, so what does it mean to talk of the Shining Path’s resurgence? Does the car bomb sig-

nify a change in strategy for Comrade Artemio, or is something more substantial in the works?

All the evidence suggests that a broader reorganization of the Shining Path is underway. Public attention shifted from the jungle

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to the capital as early as November of 2001 when the counterterrorism police unveiled two captured Shining Path militants to the media in Lima. Accused of plotting an attack on the U.S. Embassy, the two men were found with explosive

materials and a detailed map of the newly constructed and fortified U.S. complex.

By December, it was clear to the police that the terrorists were actively organizing in Lima. A recently uncovered intelligence report points the finger at a new Shining Path faction, *Proseguir* (To Continue), which has begun to reorganize the movement's operational base in urban areas.<sup>9</sup> While it is unclear whether this new faction is tied to the remnants of the Shining Path operating in the jungle, there is little doubt that it has embarked on a reorganization of the movement. Senderistas recently arrested in connection with the car bomb hailed from a cell operating in the northern province of Piura rather than the jungle, raising additional concerns about the Shining Path's expansion.

The police believe that *Proseguir* has launched a "campaign of political and ideological consolidation" with the goal of resurrecting former participants and coordinating with the captured Shining Path leaders in Peru's two major prisons.<sup>10</sup> Acts of violence are central to this reorganization. The police believe that the new Metropolitan Committee is targeting female police in an effort to capture weapons, and plans a series of "sabotage and demolition" attacks on North American interests and installations. The car bomb may have been only the first of these attacks.

CARETAS, a Peruvian news magazine, recently reported that a group of subversives (probably the Shining Path) is building support in the poor shantytowns around the capital by invading privately-held and state-owned land and distributing it to the poor residents. This is likely part of an effort to create a new generation of "cadres" for the movement.<sup>11</sup>



These shantytowns are home to hundreds of thousands of underemployed and unemployed migrants, many of whom barely survive in dire poverty. The shantytowns were strongholds of the Shining Path at its peak, and to most in Peru, this strategy is a worrisome development.

The threat of domestic terrorism in Peru seems to stem not from drug trafficking in the jungle, but from a different group of militants who are laying the groundwork for a broader campaign of terror. Their targeted recruits are the poor and the newly educated, populations that continue to lack opportunities for economic advancement.

### **Will a Reemerging Shining Path Prosper?**

The conditions in Peru today mirror those that gave rise to domestic terrorism in the 1980s. President Alejandro Toledo heads a feeble, democratic government trying to rescue the country from nearly ten years of mismanagement and corruption under Alberto Fujimori's quasi-military regime. Expectations were extremely high for Toledo, who fought valiantly to confront the Fujimori regime. But his popularity plunged during his first year in office, dipping below 20 percent in several polls.<sup>12</sup>

In large part, Peru's precarious economic situation is to blame for Toledo's unpopularity. He was elected on a platform promising the creation of much-needed new jobs through a massive influx of investment, but progress on this front has been slow. Growth rates are beginning to rise, but they reflect more the start-up of a new copper and zinc mine than widespread economic revival. Peru's economy is expected to grow this year by 3 or 4 percent, yet more than 54 percent of Peruvians continue to live below the poverty line.<sup>13</sup> While a team headed by Javier Perez de Cuellar, the Peruvian-born former UN secretary-general, has raised over \$1 billion in foreign aid to finance Toledo's job creation program, other issues have sidetracked the Toledo administration from implementing the program.<sup>14</sup>

Investigations into the web of corruption led by Fujimori's spy chief, Vladimiro Montesinos, have continued to preoccupy the government and the nation. Barely a day passes without new stories linking formerly respected military officials, judges, politicians, and businessmen to the corrupt practices of the previous administration. Toledo stepped into this fray in December 2001, announcing a plan to cancel the licenses of Peru's two major televi-

sion stations, whose owners had taken money from Montesinos. Toledo was accused of trying to capture the television stations as a reward for his own big business supporters, and the resulting street protests and a wave of criticism stopped the plan in its tracks. Montesinos was recently convicted of the first of seventy criminal charges against him.<sup>15</sup> As public trials proceed, new revelations will undoubtedly continue to shake Lima's political hierarchy.

Street protests have grown larger and more aggressive throughout the country. Workers sacked by the Fujimori regime are demanding reinstatement; employees are protesting the privatization of state-owned companies; rural communities are screaming for the roads, schools, and health centers Toledo promised them; and victims of violence during previous regimes are calling for compensation from the state as part of Peru's new Truth and Reconciliation Commission.

In response to these conflicting pressures, Toledo has been accused of "double-speak"—promoting fiscal discipline while playing populist with the people. Toledo pledged to maintain tax breaks in the Amazon, including an exemption on fuel, despite an agreement with the International Monetary Fund (IMF) that he would eliminate them. His administration backed down on further plans for the privatization of electricity plants after a civic eruption in the southern city of Arequipa. In addition, President Toledo recently signed a new law that promises to reinstate more than 60,000 state workers laid off by the previous regime.

Toledo's indecisiveness has increased investor anxiety—something that cannot bode well for Peru's continued economic recovery. His repeated populist promises have pushed the country to the

brink of violating its IMF fiscal targets. A recent reshuffling of his cabinet sought to rebuild popular support for Toledo's party by replacing the pro-market economy minister—a further step away from the macro-economic line advo-

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cated by the United States and the multilateral development banks. The new cabinet faces the unenviable task of resurrecting Toledo's popularity without derailing the country's modest economic growth.

While Toledo's missteps are indicative of his inexperience and his tendency to make too many promises, they also reflect the significant challenges of rebuilding democracy after ten years of authoritarian rule. Toledo must try to reign in the military after its fortification under Fujimori, who emboldened military officers as part of his nationwide crackdown on terrorism and political opposition. With military budgets on the decline, some have reported that important sectors of the armed forces are on an "undeclared strike" to protest Toledo's leadership.<sup>16</sup> This is risky business in a country where the military has not shied away from removing democratically elected leaders.

At the same time, Toledo must make the necessary investments to rebuild state authority and capacity in areas overrun by insurgency during the previous two decades. Such efforts have been most successful in the highland areas, but considerable work remains to be done in the jungle, where Shining Path militants and drug traffickers control significant swaths of land. Instituting a successful decentralization program will be a key component of efforts to strengthen the Peruvian state.

A proper diagnosis of the ills troubling Peru points to a set of challenges that stretch far beyond the confines of the jungle. The car bomb outside the U.S. embassy was a signal, not of drug traffickers active in the capital, but of the Shining Path's reemergence as a political and ideological movement. Peru's pressing economic and political crisis magnifies this new domestic threat and may electrify large numbers of peasants and poor shantytown residents who, after surviving the violence of the 1980s, are still waiting for the benefits of the supposed "peace."

### **A Role for the United States**

With his remarks in Peru, President Bush stepped straight into this morass. He pledged U.S. assistance to the Peruvian government in its campaign against domestic terrorism, but, in doing so, he repeated the same mistake the United States made the first time around. By focusing exclusively on the threats posed by Shining Path militants in the jungle, the Bush administration defined Peru's struggle in terms of the war on drugs, rather than as a campaign to reduce poverty and strengthen democracy.

This approach is no surprise given the central role that Colombia plays in shaping U.S. policy in the region. Plan Colombia has emboldened the anti-drug and military hawks in the adminis-

tration, flooding the Colombian military and police forces with new hardware, training, and intelligence to mount anti-drug operations in the insurgent zones. The Bush administration recently asked Congress to permit the Colombian military to use these new resources for counterinsurgency operations as well. Criticism is mounting, however, abroad and at home. In a recent piece in *Foreign Affairs*, Julia Sweig called on the United States to explore options for sustained assistance to Colombia in political and economic spheres, as well as military, to address the “deeper, crippling social and political causes of Colombia’s 55-year-old civil conflict.”<sup>17</sup>

The new agreements touted by the White House following President Bush’s visit to Peru reflect this same, narrow focus on the drug war. While the two presidents reportedly discussed Peru’s pressing need for foreign direct and bilateral investment in the economy and in building state capacity, the bulk of the money headed to Peru is directed at counternarcotics operations. The United States will provide only \$10 million a year for the next five years in support of democratic reform in Peru, while providing more than \$150 million in 2003 *alone* for drug interdiction, crop eradication, and alternative development programs in the jungle.<sup>18</sup>

In the weeks following the President’s trip, the administration repeatedly linked the war on terrorism to a successful campaign against drug trafficking in the Americas. In a speech on U.S. assistance to Colombia before the House International Relations Committee, Assistant Secretary of State for Western Hemisphere Affairs Otto Reich explained that drug trafficking and terrorism in South America “threaten a wide range of U.S. security, political, and economic interests.” This justified, he argued, increased U.S. aid to support the drug war in South America: \$439 million to fund Plan Colombia and nearly \$300 million to support programs in Peru and Ecuador.<sup>19</sup> Later that week in Miami, Reich explicitly linked political violence to narcoterrorism in Colombia and Peru and pledged continued U.S. support to South American countries to defeat these threats.<sup>20</sup>

One Shining Path faction’s involvement in the drug trade has again blinded the eyes of U.S. policymakers to the “root” causes of terrorism in Peru.

The results of U.S. policy in the 1990s should provide a stark lesson for the administration as it envisions a U.S. role in combating Peru’s new terrorist threat. Throughout the last decade, the Regional Committee for the UHV has survived and continued its involvement in drug production in spite of U.S. involvement. The

national organization, on the other hand, was defeated by the Peruvian government through a combination of high-quality intelligence work, responsible military operations in rural areas, and concerted efforts by the government to win the hearts and minds of previous Shining Path supporters through rural investment and job creation.

### **A Strategy for Peru**

U.S. investment is badly needed in order to reduce poverty, rebuild state capacity, and reinforce democracy in Peru. It is not too late to invest U.S. resources in the right places to

make this anti-terror campaign a success. The administration will inevitably make fighting the drug war in Peru a priority, but to defeat a renewed terror movement in Peru, it must reframe the challenge it faces.

The top priority must be to stop the growth of the Shining Path outside of the jungle regions. President Toledo is aware of this, and for that reason, he has announced major new investments in police and intelligence capacity, including the resurrection

of the special police force that masterminded Guzmán's capture nearly ten years ago. Furthermore, Toledo has ordered the military to reopen major anti-terrorism bases in the rural highland areas, where the Shining Path is likely to begin recruiting again.

Toledo knows that military solutions should be a last resort. The best antidote to the Shining Path's enticing offers is economic growth. Toledo has called on President Bush to support a stronger U.S.-Peru trading relationship; to create incentives for U.S. investment in Peru; and to help Peru improve access to nutrition, health care, and education.

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The United States should follow Toledo's thinking about this war on terror. Reducing the incentives for poor Peruvians to support the Shining Path should be at the center of a U.S.-supported counterterrorism strategy. Recent research from the World Bank indicates that two of the strongest predictors of civil conflict are low levels of per capita income and male secondary school enrollment.<sup>21</sup> These recall sources of the Shining Path's strength in the 1980s. As Peru faces a new threat of terror, U.S. investment should target programs that have the greatest potential for poverty reduction.

Toledo has challenged the Bush administration to move forward with economic initiatives that will benefit Peru, and it is up to President Bush to respond. The U.S. Congress's renewal of the Andean Trade Preferences Act (ATPA) was a critical first step. During the first phase of ATPA, Peruvian revenues from exports to the United States jumped from \$695 million in 1993 to \$1.72 billion in 2001.<sup>22</sup> Renewal of the ATPA, however, is not enough. Only 115 companies were responsible for more than 80 percent of Peruvian exports in the previous period. With more than 6,300 products eligible for duty-free export to the United States, the potential exists for significant growth in the manufacturing sector.

To take full advantage of this new trading relationship, Peru needs foreign investment. The Bush administration can move forward on this front by drawing up a trade and investment treaty with the Andean region, even as a Free Trade Area for the Americas is in the works. By actively creating incentives for U.S. private investors to sink their money into Peru, the United States would go a long way toward creating the jobs needed to bring Peruvians out of poverty.

Success in poverty reduction will be intimately linked to Peru's continued democratic transition as well. The \$10 million promised per year will be insufficient to meet Peru's demonstrated needs in this respect. The United States must step forward with the resources and technical assistance necessary to consolidate gains already made in the reform of national-level institutions, the judicial sector, and local government structures. A sustained investment in the government's new decentralization program would improve the prospects for the efficient delivery of health services, education, and infrastructure development at the local level. Giving citizens an active role in Peru's struggling democracy will also make the option of returning to violence far less attractive.

Resources for these investments need not detract from funds needed to fight the war on drugs. President Bush's commitment to reward good performers in the developing world, through the Millennium Challenge Account, should be put to work in Peru. The wealth of resources available in this new pot of money will be critical inducements that keep President Toledo on the twin paths of economic reform and democracy building while enabling him to deliver on his promises to the Peruvian people. Peru can and should be a model for how to invest these new Challenge Account funds in order to meet three linked goals: the maintenance of security, the reduction of poverty, and the strengthening of democracy.

Although the war on drugs will be an important part of U.S. involvement in Peru's anti-terror initiatives, it will not be central in defeating the spread of domestic terrorism into Peru's rural, highland, and urban areas—just as it failed to weaken the Shining Path in the 1980s.

New U.S. investments in police and military capacity can enable the Peruvian government to reestablish state authority in many jungle regions that have been abandoned to the control of Shining Path militants. With the government imposing strict fiscal discipline, the military has been too cash-strapped to extend its reach successfully into the jungle areas where drug trafficking is the most prevalent.

Counternarcotics funds can also be used to make critical investments in alternative development programs in the Amazon. If local communities are empowered in this process, many will reject the Shining Path's advances and choose alternative development schemes that provide a more stable and safe livelihood.

The lessons of the early-1990s should be kept at the forefront of policymakers' minds. Drug trafficking has and will continue to exist in Peru, no matter what happens to the Shining Path's renewed insurgency. Major U.S. investments in fighting the drug war, at the expense of U.S. commitments to development assistance, will do little to turn the tide in favor of the Peruvian government. At worst, such a strategy will strengthen the position of the Shining Path militants in the jungle by sending civilian populations running into their arms. At best, the Bush administration's strategy will reduce coca production in the jungle while doing nothing to prevent the rise of the Shining Path in the rest of the country. History suggests that this is the direction in which we are headed.

## The Global War on Terror in Developing Countries

In the coming years, the United States will be called upon by allies throughout the developing world to support their campaigns to eliminate domestic terrorism and insurgency. Not all these efforts will or should elicit active U.S. involvement. President Bush has already attempted to limit the scope of U.S. efforts to combating groups of “global reach.” As the case of the Shining Path indicates, determining which groups deserve attention will not be easy. The lines between insurgency and terrorism, and guerrilla organization and criminality, are murky.

A key question policymakers will struggle with is the extent to which poverty drives terrorism. The Peruvian case offers two key lessons. First, while leaders of terrorist groups may be calculating fanatics with clear agendas, the foot soldiers may often be ordinary people, struggling to meet their basic needs, and attracted to groups that offer hope for a better future. This was undoubtedly the case in Peru. Second, terrorist groups are not monolithic; they are multi-faceted and may be complicated by competing agendas. Drug trafficking is central to understanding the strategies of the Shining Path in the UHV, but it has never been essential to understanding the Shining Path’s ideological and economic concerns.

The United States must reframe the fight against terrorism in Peru as a war on poverty. The resources are already set aside in the administration’s new Millennium Challenge Account. What remains is the need for a fundamental restructuring of the U.S. foreign policy mindset. In many places, stopping domestic terror-

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ism will require massive, sustained investments in poverty reduction, state-building, and democracy. The United States failed to make these investments in Peru

in the early-1990s—choosing instead to prioritize the war on drugs. It is not yet clear this time, as the Shining Path reemerges and targets U.S. interests, whether the United States is willing to roll the dice again or try a radically new approach.



**Notes**

<sup>1</sup> “Peru Bomb Fails to Deter President Bush,” BBC News, 21 March 2002, <<http://news.bbc.co.uk/2/hi/americas/1884762.stm>> (5 December 2002).

<sup>2</sup> White House Press Release, “President Bush Meets with President Toledo in Peru,” 23 March 2002.

<sup>3</sup> For additional information about the Shining Path, see David Scott Palmer, *Shining Path of Peru* (New York: St. Martins, 1992); Cynthia McClintock, *Revolutionary Movements in Latin America* (Washington, DC: U.S. Institute of Peace Press, 1998).

<sup>4</sup> Information on Shining Path activities in the jungle is drawn on my own field research in the Upper Huallaga Valley in 2001. A key academic reference on the Shining Path in the jungle is José Gonzales, “Guerrillas and Coca in the Upper Huallaga Valley,” in David Scott Palmer, *Shining Path of Peru*, Chapter 6.

<sup>5</sup> The Upper Huallaga Valley surrounds the Huallaga River, ranging roughly from Tingo María in the south, past Santa Lucia in the north.

<sup>6</sup> Juan Forero, “Farmers in Peru Are Turning Again to Coca Crop,” *New York Times*, 14 February 2002, A3.

<sup>7</sup> Craig Mauro, “Peru cuts back on coca eradication, jeopardizing U.S. anti-drug program,” *Associated Press Worldstream*, 4 July 2002.

<sup>8</sup> “Drugs in the Andes: Spectres stir in Peru,” *Economist*, 16 February 2002, 33.

<sup>9</sup> “Señales de Humo,” *CARETAS* (Peru), No. 1699, 6 December 2001.

<sup>10</sup> Paola Ugaz, “Policía sabía que nueva facción de Sendero Luminoso preparaba atentados,” 5 March 2002, <<http://www.agenciaperu.com/investigacion/2002/mar/proseguir.htm>> (5 December 2002).

<sup>11</sup> “El Coletazo Mortal del Terror,” *CARETAS* (Peru), No. 1714, 27 March 2002.

<sup>12</sup> “Peru: Toledo in Tangles,” *Business Latin America*, 1 April 2002; Michael Shifter, “Peru Coming Unraveled,” *Washington Post*, 29 July 2002, A19.

<sup>13</sup> See remarks by President Toledo, White House Press Release, “President Bush Meets with President Toledo in Peru,” 23 March 2002.

<sup>14</sup> “Peru’s new government: Teething troubles,” *Economist*, 8 December 2001, 38.

<sup>15</sup> Associated Press, “Peruvian Judge Jails Ex-Chief of Intelligence for Nine Years,” *New York Times*, 3 July 2002, A16, col. 6.

<sup>16</sup> Scott Wilson, “Morale Crisis in Peru’s Army Could Let Guerrillas Regroup,” *Washington Post*, 13 June 2002, A34.

<sup>17</sup> Julia Sweig, “What Kind of War for Colombia?” *Foreign Affairs* 81, no. 5 (September/October 2002): 122–141.

<sup>18</sup> See the set of White House Press Releases surrounding President Bush’s visit to Peru, <<http://www.whitehouse.gov/news/releases/2002/03/>> (5 December 2002).

<sup>19</sup> Testimony by Otto J. Reich, “U.S. Assistance to Colombia and the Andean Region,” before the House International Relations Committee, Subcommittee on the Western Hemisphere, 107<sup>th</sup> Cong., 2<sup>nd</sup> sess., 11 April 2002.

<sup>20</sup> Speech by Otto J. Reich, “Hemispheric Congress: Latin Chambers of Commerce and Industry,” delivered at the Hemispheric Congress, Miami, 27 April 2002.

<sup>21</sup> Paul Collier and Anke Hoeffler, “Greed and Grievance in Civil War,” Development Economics Research Group, The World Bank, Washington, DC, 21 October 2001.

<sup>22</sup> Abraham Lama, “Doubts Grow on U.S. Trade Preference Law,” Inter Press Service, 26 August 2002.