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OUR SPECIAL CORRESPONDENT

LETTER FROM SOUTH AMERICA

Geoffrey Wawro



Although the United States must think and deploy strategically in every hemisphere, it is here in its own that it confronts some of the greatest challenges to American peace and prosperity. Richly provided with energy, farmlands, potable water, and other natural resources, Latin Americans have nevertheless stumbled from one failed regime to another, often looking to fulfill the words of the real author of the Monroe Doctrine, John Quincy Adams, who saw in 1823 a continent “stamped with arbitrary power and civil dissension,” far more

likely to become “a domicile of despotism” than “a house of freedom.”

With no history of political unity, the South American continent has long been divided into marginal states of doubtful self-sufficiency. This insufficiency—legal, economic, administrative, political, military—has today created the optimal conditions for organized crime, drug trafficking, and terrorism. With 220 million Latin Americans, 45 percent of the region’s population, living well below the poverty line, governments are everywhere obsessed with the “social question”: how to lance the putrefying slums—the *favelas* of Brazil, the *villas miserias* of Argentina, the *pueblos juvenes* of Peru—and drain away their crime and misery.

If only it were as simple as that. In a January 2002 report, the Brazilian government frankly admitted that it has lost control of the shantytowns around Rio de Janeiro, which are in the hands of heavily armed, drug-running paramilitaries, six thousand strong. The situation is even worse in São Paulo.

Insert a lancet in either place, and the government is liable to provoke an armed insurrection, by *narcos* and youth gangs like “Third Command,” toting machine guns, light artillery, and rocket-propelled grenades. Other Latin American countries face similar distractions, which give the terrorists, forgers, drug dealers, and other criminals time and impunity to sink their roots.

It is, for example, supposed that Muhammed Atta, who was a naturalized Nicaraguan, carried at least two passports. (One of the 1993 World Trade Center bombers had a sack full of blank Nicaraguan passports in his hotel room.) The Islamist terrorists who blew up the Israeli embassy in Buenos Aires in 1992 and the city’s Jewish community center two years later fled into Argentina’s lawless “triborder area”—the tropical northeastern strip where Argentina meets Paraguay and Brazil—and have never been caught. It is now mooted by *Jane’s* that Argentine investigators early on identified the Hezbollah assassins and traced the bombings to Tehran, which, to forestall Israeli reprisals, allegedly resorted to a time-honored South American dodge. Iran’s supreme leader paid ten million dollars into Argentine president Carlos Menem’s Swiss bank account; we are told that Menem obligingly called off the investigation, no doubt with one of those roguish winks for which he is famous.

Democracy has replaced dictatorship in twenty-one of twenty-three Latin American countries over the last twenty years, but these could not be called strong democratic institutions. In many states of Latin America, law, order, and public authority have receded so far as to be almost invisible. It is not that anarchy reigns—Latin Americans are generally too decent for that—but that terrorists and drug traffickers are able to settle and operate freely in many of the South and Central American countries, using them as bases for their nefarious purposes. Julio Cirino, an Argentine analyst, calls this the “essential territoriality” of the so-called extraterritorial, transnational movements. “Shadowy, transnational” operations like al-Qa’ida or the Russian *mafiya* are often flagrantly national—that is, they lodge themselves in weak, failing states like Ecuador, Colombia, Paraguay, or Suriname, building elaborate criminal and terrorist infrastructures that seem “shadowy” to Americans only because we do not know the half of what goes on inside them. For the new guerrillas, territorial conquest has nothing to do with the 1970s theory of “liberated areas” (where a more enlightened social model would be implanted); rather, it seeks soft spots and gray areas inside sovereign states from which to operate criminal and terrorist enterprises. Crime and complicity, of course, breed corruption, which in turn further erodes public support for Latin America’s “democratic” governments. Drug trafficking earns Mexico thirty billion dollars a year—6 percent of GDP—smearing fraud and chicanery through the entire system. Polling reveals that more than two-thirds of Latin American governments are perceived by

their citizens as being irreparably corrupt, what John Quincy Adams might have termed “domiciles of despotism.”

Buenos Aires, usually throbbing beneath its ever-present cloud of smog, is today oddly quiet. Shops are empty (or closed), pedestrians and *revisteros*—the usually voluble newsstand operators—subdued. This great city of eleven million is passing through its fifth year of recession, which by now feels like a depression. The high-end shops are all deserted and garrisoned by armed security guards in SWAT uniforms, on the lookout for the looters who occasionally appear to sack boutiques and supermarkets. All middle-class Argentines—a dying breed after the January 2002 devaluation—will tell you that this fat land of pampas and rivers was among the world’s richest in 1914, with per capita income equal to Germany and Holland, higher than Switzerland, Sweden, Italy, or Spain. Corn, wheat, leather, wool, and beef—raised in the rich central grasslands and the vast spaces of Patagonia—made fortunes in Argentina, which alone accounted for half of Latin America’s total exports in 1914. You see traces of that wealth everywhere you go in Buenos Aires: the palatial railroad stations of Retiro and Constitución (modeled on big-city stations in Liverpool and London); the baroque headquarters of the newspaper *La Prensa*; the broad, jacaranda-lined boulevards; the cool, clean sidewalks paved with Swedish granite; the elegant northern barrio (district) of Recoleta—virtually indistinguishable from Paris’s XVIth Arrondissement—and, of course, the Jockey Club, where the new *porteño* (“people of the port”) dynasties—the Drysdales, Devotos, Bunges, Zuberbühlers—and the old—the Sáenz, Unzués, Anchorenas, Uriburus—mingled to relish their wealth and standing.

The Jockey Club was the urban catch-basin of Argentina’s rural wealth, and even today it shocks with its munificence—its massive portico, great hall, and staircase paved and lined with marbles and statues that would not be out of place in the Hofburg or the Louvre. Along the cool corridors are private dining rooms, libraries, a gymnasium, and Turkish baths. The club, which sits in a quiet square where rich Recoleta nudges up against the vast Avenida 9 de Julio, turns one’s thoughts to that invincible Argentine phantom Juan Perón, who unleashed a mob of workers and *descamisados*, shirtless slum dwellers, against the place in 1953. They tore through the Jockey Club’s gilded rooms and galleries, smashing, burning, and defecating—Perón’s unsubtle way of reminding Argentina’s elite who was boss in his new age of populism. It is a truism among middle-class Argentines that Perón destroyed all of the old prosperity with his ruinous expansion of state spending in the 1940s and 1950s, but not before enriching the *porteño* landscape with some of the finest fascist-style buildings to be found outside of Europe.



Juan Domingo Perón, born in 1895 and come of age in Mussolini's Italy, where he served as Argentine military attaché in the 1930s, was, of course, himself a devoted fascist. He invented pompous titles for himself—El Líder was his Argentine equivalent of Duce or Führer—and made his second wife, Eva, the Jefa, or the “spiritual chief of the nation.” Like Mussolini, Perón needed monumental headquarters for all of the vast new ministries and holding companies he fledged after 1946. The fortresslike “national directorates” of state industry—pocked with bullet holes from various coup attempts—suggest Perón's grandiosity but also the horrid inefficiency of his so-called justicialist economy, which differed little from Mussolini's fascist economy. A vast Justicialist Party (the Partido Justicialista, or PJ), fattened on those belle époque beef and cereal revenues as well as on a steady

diet of foreign loans (as chronic a problem then as now), would insert itself between employers and employed to create “social justice”—precisely the model so disastrously implemented by Mussolini and Hitler a generation earlier. Although Argentina always had a Mediterranean penchant for bureaucracy, the penchant became an inveterate habit in the 1950s, when Perón nationalized banks, railroads, and factories and herded millions of Argentines into PJ-regulated labor and agricultural unions. Argentina has never quite recovered from the shock. Every impulse toward globalization or *neoliberalismo* is thwarted or checked by the unions and the burden of the boons received in the 1940s: confiscatory taxation of the rich, food and energy subsidies, permanent employment, early pensions, paid vacations, ninety days' sick leave, prohibitive severance pay, and annual bonuses that must be paid even to the most unproductive employees.

Still, my purpose in Argentina was not history or politics but vacation, and I hoped to leave Peronist heaviness behind when our plane descended through the clouds, skimmed over the Sierra de Cordoba and landed in San Luis. Our

object was an *estancia*, or ranch, in the Traslasierra, a mountain-girt region between the Sierras and the Andean foothills. As this was Argentina, Peronist heaviness almost immediately reasserted itself, for San Luis is the power base of Adolfo Rodríguez Saá, more familiarly known as “El Adolfo.” Rodríguez Saá is a Peronist who briefly held the presidency in January 2002 before being shoved aside by Eduardo Duhalde, a more senior Justicialist. He is governor of San Luis Province and runs it in the free-spending, patriarchal style of all the great provincial bosses, like Duhalde (Buenos Aires), Eduardo Angeloz (Cordoba), or Carlos Menem (La Rioja). This became all too apparent during our four-hour drive through empty country from San Luis to Merlo. Two lanes would have been more than sufficient, but El Adolfo had generously given us four, plus breakdown lanes, a median divider, expensive streetlamps every fifty yards or so, and marvelous four-lane bridges over every creek and arroyo—this despite the fact that we encountered no more than five cars on the entire trip. We passed the new Santa Rosa International Airport—in the middle of nowhere—which has been equipped with runways that can land jumbos, though there is only local commuter air traffic in this bucolic region of alfalfa, ranching, and viticulture.

How to explain this reckless extravagance? By Argentine politics as usual—besides being governor, El Adolfo is also a businessman, with extensive construction and manufacturing interests. According to our taxi driver, a denizen of San Luis, Rodríguez Saá’s teams are doing most of the road and airport work, lining the governor’s pocket in the process. Multiply this activity times a total of twenty-four *provincias* and you begin to see how the demands of the local governors add to Argentina’s towering external debt, swelling the annual cost of Argentine debt service from a barely manageable three billion dollars in 1990 to a backbreaking twelve billion last year. (Presidents Carlos Menem and Fernando de la Ruá routinely borrowed abroad to meet the greedy demands of the governors—who, as the examples of Duhalde, Rodríguez Saá, and Menem himself make clear, are often the same person.) Of Argentina’s eleven-billion-dollar budget deficit in 2001, no less than three billion dollars was generated by provincial governors, whose debts and regular defaults must in the last resort be assumed by Buenos Aires.

After five restful days at the ranch in the Traslasierra, we drove five hours to Cordoba. There I saw my first *cacerolaza*, which is a pot-and-pan-banging street demonstration amid flaming tires. The poor and middle-class are regularly in the streets demanding jobs, money, food, and relief. Their anger is directed against the “*políticos, burocratos, tenteros,*” and “*ñoquis*” of the Argentine Republic, not the International Monetary Fund, or the United States, or the Bank of Boston. According to every Argentine citizen I spoke with, the weight of bureaucracy is crushing. The country has 329 senators and representatives for a population of thirty-seven million, versus 535 for 278 million in the United States, and

tens of thousands of civil servants, many of whom do little more than show up to collect their pay (hence *ñoqui*, a reference to the Argentine custom of eating gnocchi on payday). *Tentero*—groper, fondler—gives even more insight into the Argentine conception of public service. After sinking his Buenos Aires apartment and his entire life savings into a real estate development near the capital—buying, draining, and clearing the land, walling off the River Plate, building

There is need for candor here, and Latin American political institutions must be subjected to hard scrutiny and criticism.

streets, and digging a marina—my thirty-eight-year-old Argentine brother-in-law saw the entire venture ruined by provincial bureaucrats, who frightened

off potential buyers and backers with their unending demands for bribes and ultimately refused the permits needed to finish the development. Today, three years on, the land sits empty, a few courageous homesteaders hunkered down amid my brother-in-law's moldering improvements. Like thousands of other young Argentines, he has fled to Spain in search of a real job.

An interesting detail: to plead his case my brother-in-law hired the best trial lawyer in Argentina, who went to Eduardo Duhalde, then governor of Buenos Aires Province, with recordings of the provincial officials demanding bribes. Duhalde merely laughed: "The dumb bastards, they let themselves be taped," was his only comment. He thought it quite normal that the bureaucrats had shaken down my brother-in-law and ruined him. Neither he nor anyone would move against the *tenteros*, who were, after all, his own employees. Today Duhalde wears the presidential sash and talks reform. Is it any wonder that the slogan of the street demonstrators is "*que se vayan todos*"—everyone out? This is the rude way in which you order a dog out of a room, and it reflects the now-universal assumption in Argentina that every politician and bureaucrat must go before the nation can repair itself.

Hiking along a mountain trail above Bariloche, in far Patagonia, I saw every sign defaced with antibureaucratic graffiti, an oddity in a country where wall art rarely rises above declarations of undying love ("*Julio y Ana, siempre!*"). Nowadays, a more typical graffiti is "*bastardos burocratos*," or perhaps "*PJ = UCR*" (that is, the Peronist Party = the Radical Party). This sentiment would have been unthinkable as late as 1990, when the Peronists—the party of the proletarian *compañeros*, or comrades—fought every election against the bourgeois Civic Radicals with class invective and bile. But these days they all seem the same, expensively tailored and thoroughly corrupt, altogether without sincere ideological differences. Virtually every party headquarters I saw was painted with insults, the most common being "*putos*" or "*maricones*." Both words are slang for "homosexual," which is considered an annihilating put-down in macho Argentina.

In Bariloche, the Aspen or Chamonix of Argentina, I was struck by how slow business is. The shops are full, but no one is buying. Such timid consumers are everywhere; they're called *gasoleros*, the sort of people who convert their cars to natural gas to save a few bucks. Shops are out of things, because factories have closed. I could find no shirts in my size, because the factories have furloughed workers and suspended operations. This was the case even on the Calle Florida in Buenos Aires, a principal shopping artery known in happier days as "Argentina's Bond Street." The housing and car markets are flat. Because no one knows what the correct price is for anything, no one will buy or sell. Pharmacies are holding back prescription drugs, which are like a hard currency. Everyone awaits the collapse of the peso—already well under way—and hyperinflation, both of which are regarded as inevitable and restrained so far only by the regulated low prices of oil and gas, which buffer costs in a vast, transport-dependent place like Argentina.

Everyone I spoke with said the same thing—there is no visible exit. The only way forward, they told me, is to tear down the life-sucking political/bureaucratic superstructure and replace it with something better. "*Que se vayan todos!*" Rumor has it that a vast e-mail campaign from the Argentine middle class is imploring the IMF not to give money to Argentina, for it would only be stolen by the politicians. The popular magazines—*Gente*, *Caras*, *Noticias*—lend credence to the rumor. Accounts of former president (1990–2000) Carlos Menem's corruption are astounding, and he has partied grossly through the latest crisis, spending some of it in a four-thousand-dollar-a-night suite in Puerto Vallarta, Mexico, with his young second wife, the beautiful Cecilia Bolocco of CNN en Español. Before reaching Mexico the Menems stopped in Chile for golf and facials, all graphically depicted in the Argentine news. Argentines are furious and disgusted, which is saying much, because this is a country that reveres beauty and cosmetic surgery and generally thinks no price too high to pay for it. To a historian, the conditions seem ripe for fascism. But there is no charismatic fascist at hand, and the military has no intention of intervening, as the chief of the naval staff explicitly stated to the press in late February.

Menem is constantly in the news. Incredibly, a not-insubstantial constituency wants him to run for president again in 2003. They forgive his corruption on the dubious grounds that he is efficient and will impress foreign creditors as a man they can do business with. Duhalde, a real Peronist (Menem is a neoliberal in Peronist clothing), has struck back, placarding the cities with posters of Menem—his wrinkles Botox'ed into remission, his hair slicked and pomaded—and the caption "*Mal Bicho*"—filthy little insect. Rodriguez Saá will be the other contender, there being no serious candidate in the Radical ranks. Raul Alfonsín (the most recognizable Radical and president from 1983 to 1989)

was recently elected senator from Buenos Aires Province with just 7 percent of the vote. He is still despised for the 5,000 percent inflation of 1989 (when supermarket managers yelled minute-by-minute price changes over their public-address systems to wild-eyed shoppers) and was elected only through typical Argentine horse trading, by which the runner-up party in every province is assured one of the province's three Senate seats, no matter how derisory their vote.

The rising political star is former Civic Radical Alicia Carrio, nicknamed "Lelita," who is gaining ground with her new party, the *Allianza para una Republica de Iguales*. Like the Italian magistrates who made their names in "Operation Clean Hands," Carrio came to public attention by her hard line on corruption and money laundering, bashing the Menems and their in-laws, the Yomas, and their assorted hangers-on. As the name suggests—Alliance for a Republic of Equals—her party is a populist movement that would attack the mounting social problems with greater energy and deploy a safety net for the declassed and the underclass.

A party known as "1810"—formed by "young professionals" in April 2002 and named for the year in which the *porteños* armed themselves and drove the British from Buenos Aires—pulls no punches in its fight against what 1810 (like most Argentines) calls the "barrio culture and chicanery" of Duhalde and Congress. "Duhalde," an 1810 spokesman recently said, "is an unworldly street kid trying to rip off the country with the usual street crime. He doesn't know how to think like a *Yanqui*"—a disqualifying shortcoming in a networked, globalized world. 1810 would "re-found the nation" through a "technocratic revolution" orchestrated by the party's Ivy League and Oxbridge-educated cadres.

I met for several hours one afternoon with a number of active-duty and retired Argentine naval officers at the Armada's Center for Strategic Studies in the Nuñez district of Buenos Aires. We made a brisk tour of Latin American problems, and I found their interpretations of those problems at least as interesting as their actual evidence. The Argentines are especially worried about penetration of Latin America by the People's Republic of China; they point to the shipping company Hutchinson-Wampoa as a typical PRC venture in which the "cargo business" is used as cover for intelligence collection and the movement of contraband weapons, goods, and people. They all insisted that Washington's recent decision to re-require visas of Argentines was directed not against terrorism but against the PRC, which has been running a profitable racket moving wealthy Chinese to Argentina and providing them with identity cards and Argentine passports, all for ten thousand dollars. Many, they told me, have entered that way and moved on to the United States. (This would be another perfect example of the corruption of Argentine bureaucrats—the racket is allegedly run through the Argentine embassy in Beijing, where crooked consuls sell the visas and

arrange the *cartas de identidad*, doubtless paying off the Argentine Interior Ministry in the process.) Though fascinated by the officers' revelations, I replied that it was my understanding that George W. Bush had ended President Clinton's visa waiver because of the flood of Argentines, many with Arab surnames, into the United States, where many of them have gone to ground. None agreed with

This leaves the road less traveled—real democracy—which will take root only when education spreads and citizens insist on good government.

this interpretation, insisting upon the Chinese threat. (A week later I raised the same question with Peruvian naval officers and mentioned the Argentine worries. They hooted with laughter: "The Chinese?" a

Peruvian admiral asked me incredulously. "They run shops and sell *chifa* [South American Chinese food] down here, and that's about it.")

I asked the Argentine naval officers if they regard Brazil, with its 172 million people and trillion dollar GDP, as a threat. "Yes," they chorused—not an overt military threat but a great, steaming pot that can boil over at any time. Indeed, at a conservative estimate, fifty million Brazilians live below the poverty line, and debilitating scandals continue to rock the government. President Collor de Mello was impeached and removed for corruption in 1992, and the country's most senior legislator was removed last year for rigging congressional votes. Public schools are bad, wages are low, strikes and illegal land seizures are increasing, unemployment and crime are high, jails are horribly overcrowded, and electrical power (think air conditioning) is stingily rationed. The Brazilian murder rate keeps rising, as do rates of violent and juvenile crimes, which are jumping 90 percent a year in places like Rio. Brazil also has a far larger foreign debt than Argentina (four hundred billion dollars), and it only increases with each devaluation of the *real*. Add to these problems restive political parties, drug traffickers, and a broad landless-peasant movement, which has spread into Argentina, occupying and partitioning big farms and ranches, and you have the makings of an unholy mess. My Argentine interlocutors called Brazil "a failed state in the making" and rued the overt collaboration between *narcos* in Brazil and Colombia. Colombian cocaine producers fly much of their product to U.S. markets from sixteen jungle airstrips in Brazil. The Revolutionary Armed Forces of Colombia (FARC) provided Brazilian drug kingpin Fernandinho Beira Mar's security detail until he was captured in 2000. The Argentines fear that if the *narcos* are squeezed out of Colombia they will migrate to the vast spaces of Brazil—a fear shared by the Brazilians themselves, who have lately moved twenty-five thousand troops and airmen into the Amazon region.

When I later posed the question of Brazil to the Peruvians, they answered in a similar vein. Downplaying Brazil's naval ambitions—purchase of the French

aircraft carrier *Foch*, indigenous submarine-building capability, and a nuclear-propulsion program—the Peruvian officers, like the Argentines, returned again and again to Brazil’s social crisis. “Brazil’s problem,” one officer opined, “is its people. The country is a lot like India or China, where a few rich areas must subsidize huge, desperately poor provinces.” The Peruvians reckon that 70 percent of Brazil is poor and must be maintained by the rich South, draining away most if not all of Brazil’s great power potential. Indeed, the Peruvians view Brazil chiefly as a makeweight against what they consider the much more serious regional threat, Chile.

Like the Argentines, the Peruvians worry about Chile’s prosperity and its recent decision to purchase ten F-16 C/Ds and two KC-135A Stratotankers. It is not that the F-16s and KC-135s pose a direct threat—no one seriously contemplates war in the region—but that they so outclass and outrange Peru’s MiGs and Argentina’s Skyhawks that neither Peru nor Argentina feels that it has much diplomatic leverage with Chile any more. If Peru scrambled warplanes to protest Chilean encroachment on its maritime frontier, the Chilean F-16s—with their stand-off missiles, advanced navigation and targeting systems, and conformal (streamlined) fuel tanks—would fly rings around them, at the very least. The Chilean purchase of 250 Leopard tanks, two Franco-Spanish *Scorpene*-class submarines and four (perhaps eight) German-built Meko frigates only adds to the pressure. When I raised Chile’s \$660 million F-16 purchase with the Argentines, one defense analyst quipped, “We’re not worried, because we’re rearming with Spitfires!” There were laughs all around, but privately Argentina is concerned, since the Chilean arms purchases—in view of Argentina’s depreciated military—give Chile uncontested superiority in the Beagle Channel, the Drake Passage, and the Magellan Straits. These narrows are all still regarded as strategically vital, for they connect the oceans and are the best roads to Antarctica—which is, of course, disputed by Argentina and Chile.

All of this dreadful, unexpected prognosticating was not without its effect on me. Later, when I strolled through the Peruvian Naval War College on the breezy Punta of Callao, my escort paused to point out the visiting Chilean student. Where formerly I would have seen just another war college student in a crisp white uniform idly flicking through his e-mail, I now saw a Prussian officer among Austro-Hungarians: imperious, cool, and self-assured. My mind—always prone to metaphor—was clearly playing tricks on me.

At the Argentine Center for Strategic Studies I asked, “Will Mercosur [the Brazilian, Argentine, Uruguayan, and Paraguayan common market] ever have a military-security framework like the European Union’s?” “No,” they all agreed. “Argentina is interested, but Brazil is not.” They compared Brazil’s position in

Latin America to that of Gaullist France in Europe—it wants to stand apart and insist on self-help and reliance. Also, as ever, there is no money for a collaborative Mercosur army or navy. I asked if Argentina seeks a “special relationship” with the United States like that of the United Kingdom. They all agreed that no one in the government has taken any position on this since the departure of Menem, who was very much in that pro-American vein.* (This too made Menem a *mal bicho* in the eyes of the Peronists, who are traditionally nonaligned and anti-American.) A naval captain gave me the best exposition of the Argentine position—“Good relations with Brazil as a hedge against Chile, good relations with the U.S. as a hedge against Brazil.”

According to these gentlemen, the Argentine military is the most pro-American group in the country. Of course, Argentina has always been the least “American” country in the hemisphere, because of its European immigration and character and its proud, now largely forgotten, intention to be the dominant state in South America. Argentina’s political parties have always been more European in outlook than those of many other South American nations, for they incline toward Europe’s “social market” philosophy. Raul Alfonsín has explicitly called for better relations with the EU in preference to the United States, and even the Menemista wing of the PJ will not explicitly call for partnership with the United States, because of fears and rhetoric of *Yanqui* domination. However, people in the Argentine streets are very pro-American, by and large—though such larger political and philosophical questions have now been subsumed by economic worries.

As I walked those Argentine streets one last time before departing for Peru, I became aware of something I had never noticed before—how many of Buenos Aires’s main avenues are named for Peruvian battles. Suipacha, Junin, and Ayacucho are three major streets in the capital, and they are named for the Napoleonic-era battles in Peru’s altiplano and central highlands that drove the Spanish from Lima and briefly placed the country under Argentine influence. The Argentine presence withered quickly, not least because Peru is a different world from Argentina. Whereas Argentina—populated by great waves of European immigrants—is a “white” country, the majority in Peru are Quechua Amerindians or mixed-blood *mestizos*; also, the Andean region is nothing like the pampas of Argentina. (Alberto Fujimori’s successful tactic in his first run at the Peruvian presidency—pitting mixed-blood *cholitos* against *criollo*, or European-descended, “*blanquitos*”—would never catch fire in a country like Argentina, where 97 percent of the population are *blanquitos*.) Argentina and Peru are

* A “vein” recently pursued, with reservations, by an Argentine naval officer studying at the U.S. Naval War College—see Federico Luis Larrinaga, “Argentina, a New U.S. Non-Nato Ally: Significance and Expectations,” *Naval War College Review*, Spring 2000, pp. 125–7.

distinct cultures, presenting different challenges, which is why I wanted to visit Peru. The Andean zone, which comprises Bolivia, Peru, Ecuador, and parts of Colombia and Venezuela, is the flank of South America most worrying to the United States. Home to a hundred million people, the region is an important trading partner and oil supplier but also the principal supplier of cocaine, marijuana and, increasingly, heroin in North America.

Days later, I stood in the Plaza San Martín in Lima, admiring a relic of Peru's golden age that connected the country that I had just left with the one in which I had just arrived. Constructed in 1921 to commemorate Argentine general José San Martín's liberation of Peru from the Spanish, the plaza's grand neo-Renaissance buildings are nowadays chipped and faded. Litter blows through the empty arcades, and those shops and offices not taken over by porn theaters are hung with signs that read "*Se vende oficinas*"—offices for sale. History meant to be puffed up with nationalist pride hangs slackly. Preoccupied pedestrians amble past the heroic statue of San Martín on horseback without a glance. Peru, in short, is doing little better than Argentina. Economies that were in a fifth year of recession before 11 September 2001 have plunged deeper since.

You notice this the moment you leave the Lima airport and drive into Callao, a gritty, working-class barrio between the airport and the capital. Once the richest port on the South American seaboard, Callao is being slowly strangled by shantytowns that now press up against the walls of the naval base. Sailors and naval officers have actually been assaulted attempting to get to work, or so I was told by a Peruvian lieutenant, who avoided one particular gate because, he said, youths lie in wait there to throw chunks of pavement through car windows and mug the occupants. Most noticeable in Callao are the hordes of unemployed, young men idling in the streets and alleys with nothing to do. This explains the surge of street crime in Peru's cities, where tourists are advised to hang nothing from their shoulders and to leave their wallets in the hotel safe. Most tourists, however, never set foot in places like Callao, or even Lima *centro*, for the whole capital is shifting, American-style, to the suburbs. You feel the change as your taxi skirts the old colonial center and charges up to Miraflores and San Isidro, the modern, distant, and safe quarters of Lima, where the rich and well connected live and play. This is strange, for downtown Lima is arguably South America's most exquisite Spanish colonial capital, with its sprawling royal palace, broad plazas and *alamedas* (parks), massive cathedral and convents, and handsome colonial mansions with barred windows and carved oak balconies. Yet the whole place is being ditched for the suburbs, leaving half-deserted streets that feel like Detroit, whose glorious remnants of the Gilded Age have long since been abandoned for soulless new places like Auburn Hills and Novi.

San Isidro is no different from Recoleta or Belgrano in Buenos Aires—or from Birmingham, Michigan, to carry the Detroit analogy a final step forward. Thronged with handsome young *blanquitos* in their private-school uniforms, it sports elegant boutiques and beauty salons filled with chattering *criollos*. In a country that is 82 percent Amerindian or mestizo, this hints at the wealth and influence still wielded by the old Spanish elites. Miraflores, which overlooks the sandy beaches of the Pacific, is jammed with upscale clubs, discos, bars, and restaurants. If Lima *centro* has incomparable sixteenth-century palaces and ecclesiastical buildings, Miraflores has Larcomar, an ocean-facing, American-style shopping mall filled with American food and entertainment franchises. “*Todo plastico*”—all fakery—was a Peruvian friend’s exasperated comment.

Like Argentina, Peru endlessly laments its economy, which headlines every newspaper and news program. Negative economic growth in a country that had become used to expansion in the 1990s has fatally undermined President

The days when the vast silos and frigoríficos of Rosario, Buenos Aires, and Bahía Blanca fed the world are long gone, and more Argentines are now fighting over a smaller pie.

Alejandro Toledo, who took office a year ago with high hopes. He had successfully vanquished the Fujimori-Montesinos cabal and proudly emphasized his Amerindian roots, a first in Peru. His

party, Peru Posible, offered a bright future of education and development. An estimated four hundred million dollars had fled offshore with Fujimori’s demise, but those sums not actually squirreled away by Fujimori and Montesinos in their wildly corrupt last years were expected to return in due course. But now, after tempering the harshest aspects of Fujimori’s neoliberalism, Toledo finds himself stranded between two stools—unappreciated by the conservative Right and under attack from a resurrected Alan Garcia’s *populistas* on the Left.

“Resurrected Alan Garcia” has an ironic ring even to those Peruvians who will probably vote for him (en masse) in the 2006 elections. Alan Garcia—just “Alan” to his admirers—was, after all, the father of 8,000 percent inflation in the 1980s, when a lack of *soles* (the Peruvian currency) was viewed as no obstacle to orgiastic public spending. Garcia merely printed more of them, so many that a new currency, the *nuevo sol*, had to be invented to erase the memory of the old one. During the week that I spent in Peru, President Toledo was in Brazil, warning against the “seductive whispers” (*susurrantes*) of the populists, by which he meant Garcia, who was pushing a slate of candidates for imminent legislative elections.

The Garcia phenomenon is by no means confined to Peru. Argentina was undergoing a bout of it when I left, though Eduardo Duhalde—never out of a suit and thick with ill-gotten prosperity—is as improbable a populist as Kenneth

Lay. Ecuador's president took Toledo aside in Brazil and expressed his support for the struggle against "Mr. Simpatía," which might loosely be translated as "Mr. All Things to All People." That would be Alan Garcia and those like him who pander to the millions of illiterate and uneducated voters who crowd Peru's slums and backcountry. Fujimori's economic shock treatment did ignite an economic miracle in the 1990s (32 percent growth in gross domestic product by 1997), but Peru somehow remains a typically backward Andean country. Fifty-four percent of its twenty-five million citizens live in abject poverty, and 75 percent of its working age population is underemployed, toiling for average wages of a hundred dollars, per month at most, or unemployed altogether.

Populism in the Andean region batters on this poverty, as well as on levels of *analfabetismo* (illiteracy) that, at first blush, seem more appropriate to the sixteenth century than the twenty-first. In a large, relatively prosperous provincial department like Cusco, where I traveled to see Machu Picchu, illiteracy is said to hover around 40 percent—"is said," because official government statistics claim 89 percent literacy nationwide. Locals laugh at such claims. Fujimori built a million new schools during his presidency to cut into the problem, but rural and urban children continue to cut classes routinely. In the country, the nearest school is often miles away. The exhausting walk or mule ride has to be weighed against pressure to work at home. In the city, finite energy is better devoted to scraping a living from odd jobs or street crime. Teachers are notoriously unmotivated. Earning a thousand dollars a year (in a country where a cheeseburger, fries, and soda cost two dollars), they have little choice but to work three or four jobs and to minimize their hours in the classroom to make time for cab driving and other more profitable vocations. When I asked a Lima businessman why the government does not simply pay teachers more, he replied that Fujimori had considered that but demurred when advised that every other union would demand equivalent pay increases. So more schools were built—brick and mortar being docile commodities—but teachers were kept on at a hundred dollars a month. Their motto may as well be the old Soviet one—"The government pretends to pay us, and we pretend to work."

This shortage of education helps explain Garcia's resurgence. At least half of the young population has no memory of the 1980s, and many of the rest passed the decade in a fog of ignorance. In the heart of Cusco province, the walls of every house, building, and market are painted with electoral propaganda. Whereas a country like Argentina brackets the names of candidates with all the usual promises—"hope, education, jobs"—in Peru there is far less sloganeering, because the messages would be lost on tens of thousands of illiterate voters. Thus, each candidate has a pictorial symbol, and this is painted on walls with an X through it, enjoining the illiterate voter to mark that symbol on his ballot.

Fujimori's symbol (retained by his party, "Peru 2000") is a tractor, Toledo's is a *T*, and Garcia's is a star, sometimes a pigeon. Accion Popular—a rival party to Garcia's American Popular Revolutionary Alliance (APRA)—appears on the ballot (and the walls of Cusco province) as a shovel. Literate voters are lured with the occasional slogan—"Alan por el agro," Alan for agriculture—but mostly you see the symbol and an *X* and the no doubt useless (because unreadable) injunction "*Marca así!*"—mark your ballot this way!

Rattling along the rails to Machu Picchu, you can look directly into peasant huts and see the squalor, the large families in tattered clothing sprawled on dirt floors, gazing absently into space. "What possible motivation do people like this have to vote?" I asked a Peruvian on the train. Apathy seemed a far more likely outcome than a vote even for Alan Garcia or any other populist. "Plenty," he answered. "Voting is mandatory; if the peasant doesn't vote, he must pay a fine of fifty *soles*, which would ruin him." That I could well imagine. Fifty *soles* is twelve dollars, which goes a long way in a poor country like Peru. Not voting is plainly not an option, so most people either cast a blank ballot (30 percent in the last elections) or vote for the candidate promising the most, which is always Garcia, whom they call, affectionately or knowingly, "*el caballo loco*"—the crazy horse ("crazy" for his deficit spending, but also for his rumored dependence on antidepressants).

Out of power, populists like Garcia can promise the world; in power, politicians like Toledo (a Stanford Ph.D. and World Bank economist, by way of a family of thirteen and a shoeshine box in the impoverished coastal town of Chimbote) are reduced to a fiscal realism that never fails to disappoint. Grim-faced, Toledo is always uttering things like, "I prefer to begin badly so that we end up well," or "We must see things through, whatever the cost." There is massive pressure on him to do otherwise. One political cartoon I saw while in Lima was of a perplexed Toledo listening intently to a devil whispering in his ear. Above the horns, the pointed ears, and the Mephistophelean goatee was the word "*populismo*."

Garcia, who derides the less stylish and media-savvy Toledo as "a pilot who asks the passengers how to fly the plane," evinces no such doubts. Instead, he pins his hopes on a deluge of state and provincial spending, an approach that would certainly cut against the flow of regional and historical experience. Even as Argentina faints from its rich diet of debt and spending, Garcia proposes the same, pledging a "massive expansion" of social-working bureaucracy and state-sponsored agriculture, to be mediated through the deep layers of Peruvian administration that descend from Lima to the regions to the departments to the provinces to the districts. (Cusco, just one of twenty-four Peruvian *departamentos*, contains fifteen provinces subdivided into fifty districts, each

entity with its own mayor or governor and extensive administration.) Garcia would reimpose Perón-style labor laws repealed by Fujimori and flush yet more money through the system to create jobs and prosperity. The countervailing evidence, however, is along the side of the road, where squat Quechua women stagger along beneath crushing loads of grass and cereal to make bread or to feed the guinea pigs (*cayes*) that are grilled and eaten as a main source of protein.

An American engineer I spoke with near Cusco said that his company had imported twenty-six thousand dollars' worth of machinery to assist in the construction of a railway. Yet each time he visits the locally recruited crews, he finds them hard at work with their hand drills and spades, the power equipment sitting unused under tarps. With most *campesinos* content with this Breughelian subsistence, Peru ends up importing 70 percent of its corn, sugar, potatoes, and rice. (If this sad statistic were ever to penetrate the mountain tombs of the Incas, who sculpted vast agricultural terraces that produced so much food that only two-thirds was eaten, the rest given to God, they would roll in their caves.) Eyeing Peru's lush farmlands, like the Chinchero region near Cusco, where corn, wheat, and potatoes fairly explode from the rich, red soil, Garcia wants to expand local production ("*Alan por el agro*"). But as one Cusceño skeptic told me, it has been tried before and failed. Indeed, it was the failure of so many of Peru's agricultural enterprises that drove Fujimori to privatize them in the 1990s. Fed on easy credit, *campesinos* borrowed heavily and never repaid their debts, forcing the government to borrow abroad to cover the losses at home. Like the Quechua woman bent under her sheaves of grass, Peru continues to stagger under its foreign debt, which, at twenty-eight billion dollars, is an eye-popping 35 percent of GDP.

Every conversation I had in Peru veered to the "Shining Path," the Sendero Luminoso. The guerrilla war of the 1980s and 1990s is seared in Peru's memory no less than Vietnam in ours. Although conventional wisdom holds that Garcia was too soft on the terrorists and Fujimori, perhaps, too hard, the press exposed a sensational story while I was there in March 2002—that more than half of Peru's 4,022 *desaparecidos* (those "disappeared," killed, by the military) vanished during Garcia's presidency. With the facility that makes the military loathe him, Garcia hastened to assert that "the military did all that behind my back" (*a espaldas de mi gobierno*). Naval officers I spoke with in Callao, some of whom had served in the counterinsurgency campaign, laughed at the pretense.

Garcia, they said, had pushed consistently, but secretly, for tough measures and was always quick to point the finger at the military whenever things got out of hand. He disassociated himself, for example, from the Lurigancho prison massacre in 1986, when government troops retook the Lima jail after an inmate uprising and used the opportunity to execute a hundred Senderista prisoners gangland-style,

with bullets in the back of the head. Most officers assumed that Garcia—frantic at the expansion of terrorism—had authorized the assassinations. Stuck with the entire odium of Lurigancho, the Peruvian military thereafter refused to undertake operations against Shining Path without written orders from the president. This reluctance led to the almost unimaginable tragedy of Tocache in 1988, when Sendero guerrillas surrounded a police post in Peru’s San Martín department and opened fire on the defenders. For eight hours Peruvian radio and television carried the beleaguered garrison’s desperate appeals to a nearby army air cavalry unit, which refused to chopper over without written orders from Garcia. The orders never arrived, and every policeman in the post was killed.

As in the United States, many of Peru’s protest generation and most of the vanguard of Sendero and Tupac Amaru (a Marxist-Leninist movement even more violent than the Shining Path) were educated, middle-class youths from nice suburbs like San Isidro and Barranco. The problem for a politician like Garcia,

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running the APRA party machine, was that many of the terrorists were the sons and daughters of prominent party members, who had to be coddled. This led to the sensational case of Victor Polay, head of Tupac Amaru. Captured

in 1988, Polay, the son of an APRA party boss, was visited in his cell by a procession of prominent *Apristas*, including Alan Garcia’s prime minister. Somehow Polay “escaped” from his maximum security prison after just three months, slipping through an unguarded tunnel in the night.

The anguished way in which naval officers recounted this story to me spoke volumes about the distrust that lingers between Garcia and the armed forces. Garcia, after all, nearly destroyed the Peruvian military in the 1980s, methodically corrupting and dividing it to coup-proof the country. The rather sordid process, officially known as “co-optation,” purchased the loyalty of senior Peruvian generals and admirals with ministries, embassies, and state-sponsored entrée to the cocaine trade. This, in its turn, led to the COMACA (“Comandantes, Majors, and Captains”), a junior officers’ revolt that accused APRA and the military leadership of “fostering terrorism, abuse, and injustice.” Had Fujimori not triumphed in 1990—the year that Sendero proclaimed “strategic equilibrium” in the country and girded for a final offensive—Peru may well have descended into a vicious three or four-cornered civil war.

Victor Polay, recaptured in 1992 when APRA was out of the picture, is back in jail—this time guarded by Peruvian SEALs in a navy facility where former Shining Path leader Abimael Guzmán and Fujimori’s ex-spy chief Vladimiro

Montesinos are also held. The naval officers I met took me to see the prison, in an isolated section of their Callao base. I stood staring at the little building for several minutes as the sun sank into the Pacific. Inside were Peru's three horsemen of the apocalypse, the two founders of terror and the feline bureaucrat who shivered Peru down to its foundations to destroy the revolution.

Everyone in the Peruvian government has a Montesinos story. Although he is locked up under heavy guard, no one quite believes that he is under control. Born in Arequipa in 1946, Montesinos joined the Peruvian army and graduated from the U.S. Army's School of the Americas in 1965 before joining SIN, an ill-chosen acronym for Peru's National Intelligence Service. With the breezy immorality that marked his entire career, Montesinos began spying on his own country for the Central Intelligence Agency. The period was, as one analyst drily put it, "the only time in history when Peru had secrets worth keeping and therefore worth selling." A leftist military regime had ousted President Fernando Belaunde in 1968 and embraced the Soviet Union, shocking Richard Nixon's administration. Wheedling and intriguing, Montesinos became the principal aide of General Edgardo Mercado ("South America's Clausewitz," in Montesinos's flattering judgment), who became prime minister in 1973. An American who met Captain Montesinos in the 1970s remarked that he was never in uniform—indeed, did not even seem to have an office. He just floated around headquarters in mufti, spinning his web. An Argentine journalist in exile in Lima recalls visiting Montesinos's house at that time. To impress his Argentine friend, Montesinos opened a wall safe and removed top-secret Peruvian military plans for a war with Augusto Pinochet's Chile; Montesinos had stolen the originals from Mercado's office and taken them home. (One wonders what would have happened had war ever broken out.) Even when later accused of selling the prime minister's weekly agenda and lists and manuals of Soviet weaponry to the CIA, Montesinos got off lightly, for, as would become a pattern, he had powerful friends and no less powerful information.

Cast out of the army and imprisoned for just twelve months (the army did not want to stain Mercado's reputation by making an issue of the rather sordid Montesinos), he began a law career defending drug traffickers. This again was very much in character, and profitable at a time when Peru provided the bulk of North America's cocaine. (Fujimori's scorched-earth policy subsequently reduced Peruvian coca acreage by 65 percent, forcing Montesinos to adjust, in effect bartering coca eradication for the regime-sustaining goodwill and approbation of the U.S. government, while redoubling cocaine production and sales on the remaining acreage and commencing a profitable gunrunning operation to the Colombian FARC.) Montesinos has always had a fetish for information and control; prim and austere, he has devoted his entire life to building

networks and cataloging the crimes, peccadilloes, and penchants of Peru's elites. (Toledo, for example, was once photographed by Montesinos's agents leaving Los Suites de Barranco, Lima's best brothel.) As a lawyer, Montesinos mapped the avenues of government like no one else, which is how he met and won over Alberto Fujimori. Accused on the brink of his presidential victory in 1990 of real estate fraud and tax evasion, Fujimori—the suddenly shamefaced candidate of “honesty, technology, and work”—turned to Montesinos, who, with a few phone calls, made the incriminating records (and charges) disappear. Fujimori went on to defeat novelist Mario Vargas Llosa in the general election.

From that point forward, Peruvians aver, Montesinos, who ran SIN but never took a title grander than “counselor to the president,” owned Fujimori. “El Chino,” as the president was fondly if inaccurately known (he is of Japanese, not Chinese, extraction), fended off every effort to get at Montesinos in the 1990s, whether by the Peruvian opposition, dissidents in the armed forces, the U.S. embassy, or international opinion—which sharply criticized the *auto-golpe* or “self-coup” of 1992, when Fujimori, guided by Montesinos, shuttered Parliament, declared a “government of national emergency and reconstruction,” and sent “oblivion commandos” into the justice and financial ministries to cart away all documents that might incriminate Fujimori, Montesinos, or their allies. (When the military hesitated to back the self-coup, Fujimori panicked and fled to the Japanese embassy before being calmly talked back to the presidential palace by Montesinos, who, as usual, arranged everything to everyone's satisfaction.)

It is, of course, assumed that Montesinos retained the most incriminating documents seized by the “oblivion commandos” to strengthen his hold on those around him, which would explain in part the slow speed of Peru's ongoing Montesinos investigation—no one dares open this Pandora's box all the way. The ex-spy chief kept scrupulous records of all the bribery that held Fujimori's Peru on course—ten thousand dollars to this congressman, fifteen thousand to that judge, two million to a newspaper that obligingly smeared El Chino's critics. On the presidential payroll as a mere assessor, at eighteen thousand dollars a year, Montesinos (who has seventy million dollars stashed away in the frozen bank accounts identified thus far) passed his time compiling a library of 2,700 videotapes, all documenting politicians, soldiers, bureaucrats, and journalists engaged in compromising transactions of one sort or another. (In one of these “Vladivideos”—from March 2000—Montesinos sits with the Arab mayor of a Peruvian town discussing al-Qa'ida's free use of Peru as a “transit area” and “resting place” in its operations against the United States.) With this material as well as transcripts and recordings of illegal wiretaps, Montesinos gradually wrapped his hands around everyone's neck until Fujimori was unexpectedly forced from office two years ago. This ouster came as a shock to Montesinos,

who fled to Venezuela in Imelda Marcos–like haste, leaving a thousand Christian Dior shirts in his closet. He was captured in Caracas in 2001 after a nine-month manhunt, seized while attempting to withdraw seven hundred thousand dollars from one of his many offshore accounts.

The man remains a Peruvian institution; when I complimented a Peruvian admiral on the efficiency of his aide (who had shown me around Callao), he

Populism in the Andean region battens on this poverty as well as on levels of illiteracy that seem more appropriate to the sixteenth century than the twenty-first.

called the officer “my Montesinos.” Even in prison, Montesinos agitates. The naval officers I spoke with said that he remains as imperious as ever, demanding treats and privileges

as if he were still at the top of SIN and the “Grupo Colina” death squad that he formed to kidnap and kill subversives. No one quite knows what to make of him—one officer called him “Peru’s Rasputin”—and Montesinos himself is convinced that this latest spell in prison will be as brief as his first one.

On the way from Cusco to see the Inca fortress at Pisac, I asked my cab driver if he had ever actually seen a communist guerrilla with his own eyes. “Yes,” he said. “About fifteen years ago, I was helping my father, who was a truck driver, carry a load of goods through the Andes from Cusco to Puerto Maldonado. We were up very high, maybe three thousand meters, descending slowly through snowfields, when we rounded a bend and saw them. There were five or six guerrillas with machine guns; they all wore ponchos and ski masks and had blocked the road with boulders.” After “inviting” the father and son to step down, the guerrillas gave them an impromptu lecture on “the social struggle against capitalists and imperialists” and then “requested” a “donation.” My driver’s father correctly took the “donation” to be obligatory, and paid \$150, a huge sum of money, but only a fraction of what Peru’s long-distance drivers carry with them to purchase diesel, supplies, and pay their stevedores—a fact known to the Senderistas, who were not without their own capitalist instincts. “What did the guerrillas sound like,” I asked. “Like peasants?” “No,” he laughed, “like students, like *Limeños*. They were educated middle-class, the ones who went into the rural areas to convert the poor.” We drove on for a few miles, and then he added an interesting detail. “That’s how the military caught a lot of guerrillas in the provinces. They would sidle up to a *campesino*, start a conversation, and listen to his words. Poorly educated to begin with, if the peasant unguardedly dropped in phrases like ‘the struggle,’ or ‘the cause,’ or ‘the social question,’ it was pretty obvious that he was a guerrilla or had been to a guerrilla school.”

My taxi driver shouted these stories over his shoulder as if they were history, sad chapters from Peru’s violent past. He must have been no less startled than the

rest of the country when a car bomb desolated a street near the U.S. embassy in Lima in March 2002, missing its target but blowing to pieces a young man on rollerblades and other innocent bystanders. Although the Toledo government had acknowledged the activity of “several hundred” Sendero diehards in the coca-producing backcountry (where they collaborate with FARC across the border), Toledo had never expected Shining Path’s “Lima Metropolitan Committee”—the cells charged with urban terrorism—to reconstitute themselves. This intelligence failure, which must have worried President Bush as he landed in Lima just three days after the blast, forces a sober reassessment of Peru’s recent history, an analysis that suggests unpleasant answers. Everyone’s first reaction was to blame Toledo for dismantling Fujimori’s lethal National Counterterrorism Directorate (DINCOTE) and thus permitting Shining Path to regroup, but closer study reveals that Fujimori himself conceded the respite. With Guzmán and Polay under lock and key in 1992, Fujimori shifted most of DINCOTE’s functions (and its best personnel) to the task of investigating, smearing, and harassing El Chino’s most likely opponents in the 1995 presidential election campaign. Deprived of its eyes and ears, the Peruvian military failed to register Ecuador’s aggressive intentions in 1995 (when an Ecuadorian incursion across a disputed section of the border produced a brief war and eventually an internationally sponsored settlement) and suffered humiliation when Tupac Amaru seized and held the Japanese embassy in Lima for 124 days in 1996–97. We now know that Fujimori and Montesinos were aware that the Peruvian terror groups were merely in “strategic hibernation” after 1992—Sendero gravitating into the *pueblos juvenes* around big cities—but had chosen to claim final victory in the terrorist struggle and redeploy intelligence assets to serve their internal-political ambitions.

On assuming office last year, Toledo merely gave his stamp of approval to changes already begun by Fujimori and his successor, Valentin Paniagua, who in six self-mutilating months as interim president in 2000–2001 had dissolved SIN, decentralized Peru’s intelligence collection, and conceded “international standard” amenities to Guzmán and Polay, including newspapers, pay telephones, and regular access to lawyers, relatives, and friends. It is supposed that, thus empowered, Guzmán gave the orders for the March car bombing from his cell. True to form—Toledo is considered a bumbler—Peru’s president belatedly called for “the accelerated reconstruction of the national intelligence system” and the reestablishment of counterinsurgency posts in rural departments most threatened by Shining Path. The horsemen of the apocalypse are racing again for the barn door, yet only now—with his approval rating down to 20 percent and Peru under increasing attack from corrupt functionaries, guerrillas, terrorists, and *narcos*—is Toledo beginning to descry the awful dangers.

Traveling through Argentina and Peru, I saw some of these dangers, which, if not met, will press upon the United States like rising water. There are, first of all, the social and economic problems, which have been exacerbated by a political class that, Menem or Montesinos-like, has consistently stolen crippling fractions of national income. Cynicism and apathy sap these countries like a disease. When I asked a Peruvian cab driver (a schoolteacher playing hooky) what it means to be “Peruvian,” he stammered incomprehensibly for at least a minute before settling into a short lecture about Peru’s 1995 border war with Ecuador and its “spontaneous surge of volunteers for the national cause.” One of those volunteers was “a sixteen-year-old boy, who insisted on going to the front, where he was killed. We have named streets and plazas for him! He is a great Peruvian hero!”

“What was his name?” I asked.

“I can’t remember.”

“But are there any typical ‘Peruvian’ virtues or characteristics,” I asked. “What makes a Peruvian different from, say, a Colombian?” No answer. I was reminded of the globe-trotting John Gunther’s line about Peru: “The country seems to lack vitality. A reporter feels almost like an archaeologist.” There is indeed a certain pointlessness to national life in many Latin American countries, where more and more people have a sense of not belonging to their political cultures, of living (just barely) in systems that do not function well and that lack true representation. Voting is a charade; taxes are to be avoided; “public service” is a license to steal. Reading the hateful graffiti and watching the *cacerolazas* in Argentina, I thought of a passage in V. S. Naipaul’s *The Return of Eva Perón*, my favorite exploration of the Argentine soul:

Argentina is still . . . like a sixteenth-century colony of the Spanish Empire, with the same greed and internal weaknesses, the same potential for dissension, the cynicism and sterility. *Obedezco pero no cumpla*, I obey but I don’t comply: it was the attitude of the sixteenth-century conquistador or official, who had a contract with the King of Spain alone, and not with the King’s other subjects. In Argentina, the contract is not with other Argentines, but with the rich land.

The problem, of course, for Argentina is that the “rich land” has been tapped, and its production cheapened and marginalized by increased agricultural yields around the world and by American, Australian, and Brazilian herds that now dwarf those of the pampas. The days when the vast silos and *frigoríficos* of Rosario, Buenos Aires, and Bahia Blanca fed the world (and plunked a daily tin of corned beef into the knapsacks of ten million European infantrymen) are long gone, and more Argentines are now fighting over a smaller pie. A country that once united against British exploitation (“*hay que ser inglés para ser hijo de*

puta”—you have to be English to be a son of a bitch) and vied with the United States for control of Latin America today exhibits little sense of national unity or purpose (beyond Argentina’s quadrennial appearances in World Cup soccer matches). Argentines are thus easily isolated and pickpocketed by their politicians, who merely perfect the arts of scamming and tax dodging already practiced by many citizens. “We get the governments we deserve,” a Buenos Aires travel agent glumly told me one afternoon.

A favorite comic book in Argentina is *Las Locuras de Isidoro Cañones* (“The Madness of Isidoro Cañones”), which speaks volumes about the nation. Isidoro is the twenty-something nephew of a rich *porteño*, an Argentine Richie Rich. But, as all Americans of a certain age know, Richie Rich was always doing good deeds; Isidoro just as resolutely cheats. Thus, in the latest issue of *Las Locuras*, Cañones senior flies to Paris (first-class, of course), and junior promptly loots the bank account, exhausts “Tio’s” credit at the local supermarket (buying French champagne, Beluga caviar, and foie gras, which he then marks up and resells), then rushes off to the summer playground of Punta del Este, where he illegally sublets uncle’s beach house for cash. The total proceeds of these transactions are swiftly dissipated on women and gambling. On the last page, a broke and only slightly demoralized Isidoro looks ahead to his next caper.

Everyone said the same thing—there is no visible exit. The only way forward, they told me, is to tear down the life-sucking political/bureaucratic superstructure and replace it with something better.

The usual South American solution to the deadlock that gripped Peru in the 1980s and has now emerged in Argentina is the military coup, or *golpe*, but that option too is off the table, Argentina’s last military regime

having disgraced itself even before the Falklands fiasco. The departed Fujimori/Montesinos regime furnished further proof, if it were needed, that “Bonapartist solutions”—interventions by enlightened strongmen buttressed by big business and the military—rarely succeed. On the contrary, deprived of constitutional checks and balances, they slide into corruption and tyranny, however well intentioned at the outset. This leaves the road less traveled—real democracy—which will take root only when education spreads and citizens insist on good government. That will take generations in South America, but the process has begun here and there. My Argentine mother-in-law, for example, leads a new citizens group in Bariloche called *Consciencia* (Consciousness), which aims to instruct Argentine citizens about their political system and constitutional rights and responsibilities.

If not improved and enriched by remedies discussed below, Latin America will pose one of North America’s greatest security threats. Its “lawless areas”—in

Central America, Suriname, Brazil, Colombia, Ecuador, and Paraguay—are spreading like cancer, providing terrorists and criminals with proximity and access to the United States. Signs of the cancer are already obvious, with Colombia’s drug-running FARC installed until recently—by formal agreement with the Andres Pastrana government—on a wedge of sovereign Colombian territory the size of Switzerland. The cocaine produced in FARC’s *despeje*, or safe haven (and the no less autonomous cantons of crooked generals and right-wing paramilitaries), furnishes 80–90 percent of the cocaine consumed in the United States and a growing quantity of heroin as well.

The problems of the region are frustratingly diffuse. Citizenship and passports are easy to procure in Latin America, disguising the movements of terrorists and *narcos*. Border towns like Ciudad del Este in Paraguay and Maicao in Colombia crawl with terrorists and criminals, who use the relaxed customs and immigration procedures to move men and equipment around the region. al-Qa’ida operatives have been arrested in Brazil and Ecuador, Irish Republican Army explosives experts have been tracked to Colombia, and advanced Peruvian weapons—including the man-portable Iгла (the Russian Stinger)—are rumored to have gone missing from government armories. The region, in short, is ill, sickened by indifferent government and economic malaise, and the sad fact is that most of the Latin American countries could become what Montesinos called Peru two years ago—“transit points” and “rest areas” for international criminals and terrorists. North America must engage energetically in the South, the sooner the better.

Yet what, realistically, can be done in the face of so many seemingly intractable problems? There are a number of possible approaches. Foreign aid can be aimed with greater precision, using some of the more effective United Nations agencies and nongovernmental organizations on the spot in Latin America. The UN’s World Food Program, for example, has proven effective at raising school attendance in even the most impoverished areas by the simple expedient of offering school lunches and take-home family rations. With this incentive, even the most benighted parents have seen fit to send their children to school, which in turn lowers birth rates, improves public health, and deepens the foundations of civil society. Similarly, the UN’s Food and Agricultural Organization tripled fish-farming production in Latin America in the 1990s, furnishing critical protein to millions. Nongovernmental organizations like CARE serve a similar function, cajoling, teaching, and improving. Once effective strategies of foreign aid are in place, the United States can begin to increase its annual contribution, which today is far less (as a percentage of national wealth) than is provided by Japan, Canada, Australia, or Western Europe. Total foreign aid from rich countries to poor has fallen 16 percent over the last decade, to just fifty billion dollars

today, a drop in the vast barrel of multitrillion-dollar economies. U.S. foreign aid is down to ten billion dollars, just 0.1 percent of gross domestic product, the lowest level since World War II.

Of course, no American taxpayer will want to commit a penny of aid to corrupt governments, which is why we must engage energetically in helping to build solid, participatory democracies. There is need for candor here, and Latin American political institutions must be subjected to hard scrutiny and criticism. All of President Vicente Fox's desired reforms in Mexico—to the tax structure, the budget process, the economy—have been snagged or stopped cold by the Mexican legislature, which, like the Argentine congress, is a featherbed of cronyism and special interests. We should have pressed the Argentines earlier to reform their politics (the rapacious governors, the crooked privatizations), and we should not now turn a blind eye to poorly functioning democracies but push hard for their reform, using diplomacy, publicity, credit, and foreign aid as levers, in much the way that the IMF—which disastrously overestimated Menem—is now belatedly pressing Argentina to change. Mismanagement and crushing foreign debt burdens must be identified early and prevented to spare countries themselves, but also foreign lenders now faced with complex restructurings—and bankruptcies. Citizen groups must be encouraged to participate. The U.S. Agency for International Development has done yeoman's service in this respect and can do more.

Indeed “do-gooding” has always coexisted with ruthless pragmatism in Washington's approach to Latin America—the United States spent a billion dollars alleviating misery in Peru in the 1990s as a way of propping up Fujimori—but it must begin to tip the equation away from realpolitik, even at the cost of some short-term instability. President Clinton set a good example in this regard, refusing his support to prospective military coups in Guatemala and Venezuela in 1992–93, Paraguay in 1996, and Peru in 2000. Clinton declassified many documents relating to U.S. “dirty tricks” in Latin America during the Cold War and let it be known that Washington seeks a more transparent and even-handed relationship with its American neighbors. This trend must be continued to erase the residue of distrust “south of the border,” where governments assume that America will sanction coups—like the failed ouster of Venezuela's Hugo Chávez in April 2002—and wink at tyranny and human rights abuses whenever “stability” is on the line.

The evaporation of U.S. and other foreign aid leaves free trade as the only “fencepost” against which Latin American countries can lean. If given preferential access to the American market like Mexico, they can export themselves out of trouble and appease domestic constituencies bankrupted by U.S. antidrug programs. Unfortunately, Washington has lately sent the wrong signal, blocking

entry to the American market while increasing demands for coca eradication—contradictory measures that have hit Latin Americans hard. Soon after talking free trade and an expanded Free Trade Area of the Americas (FTAA) in Lima in March 2002, President Bush clapped tariffs on foreign steel and plywood, infuriating Latin Americans. Protective tariffs, particularly in old-economy industries and agriculture, stunt the very growth needed to make Latin Americans healthier, richer customers for America's new-economy businesses.

Sloppiness in this regard is not without risk. Stumbling Latin American economies are easy prey for populists, who blame all the ills of their countries on free market policies “imported” from the United States. If Brazil's economy slips any more, many Brazilians assume, Luis “Lula” Da Silva—chief of the Worker's Party—will win presidential elections in the fall, placing Latin America's largest country under a leftist regime that is far from pro-American.

There is also a geostrategic risk. In the absence of a real FTAA—promised by Clinton for 2005 but nowhere in sight, because of congressional foot-dragging—Brazil, the world's eighth-largest economy, has the opportunity to establish an enlarged Mercosur, which would channel profits and influence through Brasilia rather than Florida, Texas, or California. Farther afield, the European Union is firmly opposed to an American-led FTAA; Spain's prime minister, José María Aznar, declared in November 2001 (in language that must have made James Monroe roll in his grave) that Brussels sees “the development of its relationship with Ibero-America as a strategic component” of future EU policy. The current reality—that European markets are closed to many Latin American exports and that Brazil lacks the economic muscle to organize the region—must not make America complacent. Resented as we are by Latin American thinkers for our blinkered obsession with Cuba, immigration, and drugs, we are not the only game in town, and must begin playing hard for the loyalty of our southern trading partners.

Organizations like the World Trade Organization, the World Bank, and the International Monetary Fund must use their expertise to introduce developing countries to the complex world of international trade and investment. Latin America has the same raw potential for rapid growth as Asia. It has a banking system and a young, disciplined workforce capable of low-cost, high-quality production. We must reinforce these characteristics with rising flows of trade and investment. Even while fostering Latin American growth, we must undermine increasingly strident antiglobalization groups, which, since the 1999 “Battle of Seattle” protesting that year's WTO conference, have tried to block the shift of American and European industries to the low-wage South. The antiglobalization cause is generally counterproductive. Its fight against

“runaway industry” benefits the rich countries at the expense of the poor; in this sense, critics are correct in accusing the antiglobalizers of attacking wealth rather than the more appropriate target, poverty. Additionally, the antiglobalizers’ efforts to protect the environment by slowing industrialization in the third world are often wrongheaded. Globalization does not always plunder the environment; sometimes foreign manufacturers rescue regions blighted by local producers. Take the Brazilian chemical city of Cubatão—once the world’s dirtiest place. It was ruined by Brazilian manufacturers, then cleaned up to international standards by U.S., Japanese, and European multinationals. In the end, the antiglobalization movement panders to the worst instincts of the Latin American countries, specifically their tendency—imported from nineteenth-century Europe—to centralize and control, which only worsens their already lamentable plight in a fast-moving, globalized world.

One form of trade deplored by most of the Latin Americans I spoke with is arms sales. The continent is remarkably peaceful; Chile’s purchases of advanced land, air, and naval systems needlessly raise the stakes in the region. What Chile acquired are power-projection capabilities, which its neighbors lack and may feel compelled to acquire, at enormous, draining expense. If power projection (justified by Santiago on the grounds that Chile extends 2,600 miles from end to end and that Easter Island lies 2,300 miles offshore) seems a luxury that rich Chile can afford, a closer look reveals that even Chile might have better uses for the billions spent on tanks, aircraft, frigates, and submarines. Unemployment remains stubbornly high, and Chileans face a generally low standard of living and a typically third-world concentration of wealth at the top. Money also needs to be spent to bring air, water, and industrial pollution under control and to clear the slums around the cities. When I asked the Argentines how the Chilean armed forces were able to pry so much procurement money out of the Ricardo Lagos government, they replied that the Chilean military “enjoys a divine position thanks to Pinochet,” who insisted on their “independence” from civilian management. In all of South America, only the Chilean military is guaranteed an annual percentage of export revenue for procurement, an arrangement redolent of Bismarck’s nineteenth-century “iron budgets,” which forced successive German parliaments to concede much more money to defense than they would have liked. Thus, Chile’s military spending of 4 percent of GDP is nearly double the rate of Brazil and Argentina—for no apparent reason. Although Chile clearly has uses for its new platforms, their cost (in the absence of real threats) detracts from domestic development and provokes a region where militaries are shrinking. (Brazil will probably shell out \$909 million in June 2002 for twenty-eight F-16 C/Ds, a direct consequence of the Chilean buy.) As the leading seller of armaments to the developing world, the United States can steer friends like Chile

and Brazil toward more prudent expenditures (and heed Peruvian president Alejandro Toledo's reminder that "nutrition, health, and education are the best investments that we can make") without unduly damaging American business interests.

For many Latin Americans, the U.S.-led \$1.3 billion "Plan Colombia" encapsulates all that is wrong and misguided in the *Yanqui* approach to the South. In the first place, from the Colombian perspective, it is really a \$7.5 billion plan, most of which will be remitted by the Colombian taxpayer. Scarcely any of Washington's contribution will be spent on refugees or the peace process but rather on American-made hardware (the best kind of "foreign aid," from Congress's pinched perspective): \$635 million to Dyncorp, \$234 million to Sikorsky Aircraft, seventy-six million to Bell Helicopter, sixty-eight million to Lockheed Martin, thirty million to Northrop Grumman, and so on. To Colombians, this bone-crunching American intervention has an air of futility about it in any case, for the "war on drugs" has seen a 140 percent expansion of Latin American coca plantations since 1995, which, after all, merely supply burgeoning demand in the United States. Why, Latin Americans rightly ask, does the United States hammer away, Vietnam-style, at South America's 123,000 hectares of coca when the problem so obviously originates in North American families, streets, and schools? Seven million Americans will use crack or speedball this year (more than two hundred thousand will end up in emergency rooms), and American demand for heroin and "club drugs" is rising 15 percent every year.

We will spend sixty billion dollars—more than three times the combined defense budgets of Argentina, Brazil, Chile, Colombia, and Peru—on drug education, prevention, and rehabilitation programs this year, and millions more policing drug-related crimes, yet somehow we persuade ourselves that the crux of the problem is there, not here. Latin Americans goggle in disbelief. Mighty challenges like these lie ahead and all around us, and Americans—who are labeled "conquistadors with cell-phones" by their gentler critics in the region—must rise to meet them.