

Message Text

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C O N F I D E N T I A L LA PAZ 4122

E.O. 11652: GDS

TAGS: MASS, BL

SUBJ: AMBASSADOR'S SUMMARY STATEMENT CONCERNING SECURITY
ASSISTANCE TO BOLIVIA

REF: STATE 031505

1. I AGREE THAT U.S. SECURITY ASSISTANCE TO BOLIVIA FOR FY 75
AND THE PLANNING PERIOD UNDER REVIEW IS A NECESSARY FACTOR IN
MAINTAINING THE FAVORABLE DISPOSITION OF THE BOLIVIAN ARMED
FORCES TOWARD THE U.S. ARMING THE BOLIVIAN MILITARY ADEQUATELY
TO DISSUADE POTENTIAL INSURGENCIES CAN CONTRIBUTE TO
PRESERVING POLITICAL STABILITY, A MAJOR U.S. OBJECTIVE FOR
THIS PLANNING PERIOD AT LEAST.

2. I BELIEVE THE NATURE AND EXTENT OF THE MILITARY ASSISTANCE
PROPOSED IN THE POM FOR FY 76-80 IS ABOUT RIGHT FOR BOLIVIA
UNDER PRESENTLY FORESEEN CIRCUMSTANCES. THE BOLIVIAN AIR
FORCE MAY DECIDE TO FOREGO THE PURCHASE OF FIGHTER AIRCRAFT
FROM THE U.S. DURING THIS TIME FRAME, AS EVIDENCED BY THEIR
LACK OF INTEREST IN THE RECENT OFFER OF THE A-37B; ALTHOUGH
MAKING SUCH AIRCRAFT AVAILABLE ON A GRANT BASIS WOULD BE
DIFFICULT FOR THE GOB TO RESIST.

3. I NOW BELIEVE THAT WE COULD BEGIN EARLIER TO CHANGE OUR
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OPERATIONS AND MAINTENANCE SUPPORT FROM A GRANT TO A CASH

PROGRAM, THEREBY STIMULATING THE BOLIVIANS TO GREATER SELF-RELIANCE IN THIS AREA. WHILE I RECOMMEND APPROVAL OF THE SUGGESTED PLANNING LEVELS AT THIS TIME, I URGE THAT WE TAKE A HARD LOOK AT THE PROGRAM EACH YEAR TO SEE WHERE GRANT ASSISTANCE COULD BE REPLACED BY GOB PAYMENT FOR SERVICES OR CANCELLED.

4. WHILE ITS ECONOMIC OUTLOOK IS IMPROVING FROM THE BALANCE OF PAYMENTS STANDPOINT, BOLIVIA WILL CONTINUE TO BE THE POOREST COUNTRY IN THE WESTERN HEMISPHERE, EXCEPTING HAITI, AND WILL USE ITS EXTRA RESOURCES TO INVEST IN DEVELOPMENT PROJECTS. BOLIVIA, THEREFORE, SHOULD CONTINUE TO RECEIVE PREFERENTIAL TREATMENT IN THE ALLOCATION OF MAP-M, TO MINIMIZE THE EFFECT WHICH A DIVERSION OF GOB RESOURCES TO MILITARY PURCHASES WOULD HAVE ON THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE COUNTRY. SINCE THE PURCHASE OF C-130 OR OTHER APPROPRIATE TRANSPORT AIRCRAFT WILL BE A DEFINITE ASSIST TO BOLIVIA'S ECONOMIC DEVELOPMENT, I STRONGLY ENDORSE THE PURCHASE OF SUCH AIRCRAFT UNDER FMS CREDIT TERMS. BOLIVIA'S DEBT SERVICE RATIO FOR THE NEXT THREE YEARS (1975-1977) MAY RISE TO RANGE AS HIGH AS 18 TO 20 PERCENT OF EXPORT EARNINGS, A MANAGEABLE BURDEN IN A GROWING ECONOMY. I REQUEST, THEREFORE, THAT TO THE EXTENT THAT FMS IS SUBSTITUTED FOR MAP IN BOLIVIA, IT BE DONE ON THE MOST CONCESSIONAL CREDIT TERMS.

STEDMAN

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