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--The roots of any solution over the mid- to long-term lie in South America itself:

- through the efforts (including self-restraint) by the states most directly concerned (i.e., Chile, Peru, Ecuador, and Bolivia);

- through the efforts of leading South American states (e.g., Argentina, Brazil, Colombia, Venezuela); and

- with US support (if not leadership).

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BUREAU OF
INTELLIGENCE
AND RESEARCH

PROBLEMS ON THE SOUTH AMERICAN WEST COAST

Overview

The developments that have led to the present degree of tension among the West Coast countries of South America extend back over a century. Peru's current efforts to establish itself as the dominant West Coast power have alarmed its neighbors and have provided a South American foothold for the USSR, which has become Peru's major supplier of arms since 1973.

Analysis of the available evidence leads to the following conclusions:

- Peru has and will maintain for some time arms superiority, but it will be unable, in our judgment, to effect a definitive shift in the balance of power on the West Coast because (a) it lacks the economic and human resources, and (b) there is no real, imminent, external threat.
- Peru's arms program will nevertheless spur a costly and divisive arms race with its neighbors and could eventually lead to armed conflict.
- US influence and leverage in this situation is reduced--sharply in comparison with the past. Nevertheless, countries which feel themselves threatened (Bolivia, Chile, and Ecuador) look for protection first to the United States and second to the Organization of American States (OAS).

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