Is Coca Worth Killing For? Natural Resources and Civil Conflict Intensity: The Shining Path in Peru

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Abstract: This paper focuses on the effect natural resources have on the intensity of civil conflict in the context of states developing natural resource and counterinsurgency policies. This paper conducts a comparative within-country case study to test the relationship between natural resources and civil conflict intensity. Through a comparative within-country case study, the effect of coca cultivation on the intensity of Peru’s civil war is examined to test the hypothesis that natural resources cause more intense civil conflict. This hypothesis is deemed plausible, as evidence is used to test three causal mechanisms: natural resources provide insurgents with wealth, increase the “prize value” of a region, and draw more international attention and intervention. These mechanisms are confirmed for the case of Peru, and a fourth, and initially unexpected, mechanism emerges.

INTRODUCTION

There has been a recent proliferation of literature examining the relationship between natural resources and civil conflict, leading to the identification of a causal link between the two variables.¹ This paper focuses on the relatively less-studied effect natural resources have on the intensity of civil conflict. This is an important relationship to consider when developing and prescribing policies to manage natural

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resources and direct counterinsurgency efforts during periods of civil conflict in a way that minimizes casualties and mitigates conflict escalation. Thus, an effort to gain a better understanding of how natural resources impact the intensity of a civil conflict is a worthwhile endeavor. This paper conducts a comparative within-country case study to test the relationship between natural resources and civil conflict intensity. The effect of coca on the intensity of conflict during Peru’s civil war is examined to test the hypothesis that natural resource wealth causes more intense civil conflict. This hypothesis is deemed plausible, as evidence is used to test three causal mechanisms: natural resources provide insurgents with wealth, increase the “prize value” of a region, and draw more international attention and intervention. While the first mechanism is deemed inconclusive, the second and third mechanisms are confirmed for the case of Peru, and a fourth, and initially unexpected, mechanism emerges. This unexpected mechanism is the effect that natural resources can have on shaping the organizational structure of insurgencies.

This research paper investigates the relationship between natural resources and civil conflict intensity by conducting a case study examining the effect of coca on the intensity of conflict in Peru’s civil war between the years of 1980 and 1996. Conflict in the Peruvian civil war, although widespread throughout the country, was regionally-based due to the highly decentralized nature of the insurgency, the Sendero Luminoso (Shining Path). In addition, coca cultivation, the relevant natural resource, was largely confined to a particular region, the Huallaga Valley. This study isolates for the effect of coca on civil conflict intensity in Peru by comparing conflict intensity in coca-rich and coca-poor regions where different factions of the Sendero Luminoso operated. This study finds that natural resources, particularly coca, cause more intense civil conflict, as evidenced by the finding that conflict in the coca-rich region of Huallaga was more intense than in the Ayacucho region, an area lacking this natural resource.

As noted above, recent scholarship has identified a causal link between the variables of natural resources and civil conflict. The causal mechanisms underlying this relationship have undergone widespread research and testing, with numerous studies focusing on the effect natural resources have on civil conflict onset. This is certainly an essential aspect of the relationship to consider, as civil conflict prevention has been a main focus of policy makers. However, the effect of natural resources on civil conflict intensity and duration are also valid concerns when formulating policy to deal with new or ongoing civil wars. With this in mind, this paper conducts a comparative

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2 It is important to note that conflict in the Upper Huallaga Valley is ongoing. The implications of these contemporary insurgent operations are elaborated upon in the later discussion of policy prescriptions.

within-country case study to test the relationship between natural resources and civil conflict intensity, thus limiting the application or generalization of the results beyond the particular case under investigation. Nevertheless, insight into how natural resources, even in a specific case, impact the intensity of civil conflict is an important step toward gaining a more comprehensive understanding of this relationship.

This study is based on the following thesis: natural resources, specifically coca, cause more intense civil conflicts due to the three mechanisms outlined below. This thesis is based on existing theory that proposes natural resources cause more intense civil conflicts when the two sides engage in resource battles, resulting in more casualties. As the literature on Peru’s civil war outlines, conflict was more intense, in terms of combatant and civilian deaths, in the coca-intensive region of Huallaga. This study aims to confirm this finding by consulting relevant evidence, and address the “how” aspect of the relationship between coca and civil conflict intensity through an examination of the following three proposed mechanisms:

First, the presence of natural resources for which a global market exists can provide funding for insurgent groups, resulting in a higher capacity to fund their efforts and launch more attacks. More weapons and financing for other operations result in more casualties and a higher level of conflict intensity. Second, control over an area rich in natural resources can intensify conflict because of the potential “prize value” of the region. Essentially, an area rich in natural resources is worth more if won, justifying higher costs in terms of human lives than an area lacking in natural resources. Finally, the presence of natural resources in a region experiencing civil conflict can draw more international interest and be more likely to experience intervention by third parties, potentially causing more intense conflict. This paper investigates these proposed explanations for “how” coca affected the intensity of civil conflict in the case of Peru.

This study is bound by a number of caveats: it does not claim that natural resources are the only factor that can affect the intensity of civil conflict. Certainly, there are numerous variables to consider and the pattern of conflict intensity may vary from case to case. The context-specific nature of civil war warrants the formulation of policy prescriptions on a case-by-case basis. However, this study investigates how natural

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4 Ross, 39. Ross also proposes an alternative hypothesis, that when natural resources result in cooperative plunder, there are fewer casualties. A test of this hypothesis is important to note, but a test is beyond the scope of this paper.


6 Humphreys, 509. This mechanism is adapted from Humphreys’ test of the “prize value” in relation to conflict onset and duration. Humphreys does not examine this proposed mechanism as it applies to civil conflict intensity.
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resources can influence civil conflict intensity by examining the case of Peru. While the findings of this study give valuable insight into the mechanisms underlying the relationship between coca and civil conflict intensity, generalizations and applications beyond the case study are limited. This paper does not claim to present a universally applicable finding to guide policy. Instead, it provides a more comprehensive understanding of the effects of coca on civil conflict intensity in Peru, with the goal of guiding future large-scale empirical studies.

1. CASE SELECTION AND METHODOLOGY

Case Selection:

For the purposes of this research paper, a case study of the Peruvian civil war is conducted. Peru was chosen as the focus of this study due to the decentralized structure of the insurgency and the region-specific location of coca. The Sendero Luminoso was highly decentralized, resulting in the establishment of different factions of the insurgency throughout the country that operated largely independent of each other, linked only by the Central Committee. Such a decentralized structure is conducive to this study as it allows the effects of natural resources on conflict intensity to be seen in the separate regions where different factions of the insurgency operated. This study examines the Sendero Luminoso Nacional faction of the insurgency and the Regional Committee of Alto Huallaga (CRH). This decentralized insurgency structure, the regional nature of the conflict, and the region-specific location of coca make Peru an interesting case study to isolate for the effects of coca on the intensity of civil conflict. The aforementioned conditions make it possible to consider the effects of coca on the intensity of civil conflict by examining levels of violence in the coca-rich and coca-poor regions in which the Sendero Luminoso operated.

Methodology:

This study takes a primarily deductive approach to the research, looking for evidence that either confirms or refutes the proposed hypothesis and the theory from

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7 In fact, the findings of this study suggest that illicit natural resources, such as coca, may have a markedly different effect on conflict intensity than other natural resources. Further research is necessary to fully understand the mechanisms underlying this relationship.


which the thesis was derived. This “top-down” approach tests the validity of the hypothesis, formed on the basis of relevant theory, in order to come to conclusions and generate potential policy prescriptions. While the methodology used to conduct the study is deductive in nature, any findings from results or conclusions drawn will be limited in their application beyond the specific case under investigation.

Nevertheless, the findings of this case study provide useful insight into how natural resources can affect the intensity of civil conflict and pave the way for further large-scale empirical studies. The research design employs the “most-likely” case selection method, where a single case, in which a hypothesized causal relationship is likely to be found, is examined in-depth. If the relationship being tested is found to exist, the causal relationship and underlying mechanisms are deemed “plausible,” if the causal link is not present in the case, the relationship is deemed “falsified.”

**Conceptualization and Operationalization of Variables:**

The independent variable in this study is natural resources, more specifically coca cultivation, and the dependent variable is civil war intensity. Therefore, this study examines the effect that coca had on the intensity of conflict in different regions during Peru’s civil war. In order to effectively analyze this relationship, a clear conceptualization and operationalization of both variables is essential.

For the purposes of this case study, the independent variable, natural resources, is conceptualized as materials or substances that occur in nature and can be used for economic gain. Natural resources are usually region-specific and cannot be easily, if it all, relocated. For this analysis, natural resources will be operationalized as the cultivation of coca in the Huallaga region of Peru between the years of 1980 and 1996. Access to empirical data on cultivation and production of coca in Peru before 1996 is limited and unreliable. Consequently, coca as a variable is measured largely on the basis of qualitative data and reports.

Civil war intensity, the dependent variable, is conceptualized as the severity of a civil conflict. Of course, the intensity of any civil conflict varies over time and is affected by numerous factors. This study aims to investigate only one of these factors in the specific case of Peru, coca cultivation. Civil conflict intensity is operationalized as the number of deaths, both of combatants and civilians, in a given region and time period. Thus, higher numbers of civilian and combatant deaths indicate more intense conflict, whereas lower numbers of victims indicate less intense conflict.

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10 Ross, 37.
11 The Upper Huallaga Valley offered prime growing conditions for coca.
12 See note 15.
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This study draws on mainly qualitative data, such as secondary literature, to test the thesis and generate results. This is due, in part, to a lack of accessible, comprehensive, and reliable empirical data on coca cultivation and the number of casualties during the Peruvian civil war. Consequently, this analysis focuses primarily on the numbers of victims killed by the Sendero Luminoso, and largely examines the number of civilian deaths. This is done for two reasons. First, civilians accounted for a large proportion of casualties in Peru’s civil war, because both the insurgency and the counterinsurgency largely targeted civilians in their operations. Second, data on the number of casualties, especially civilians, at the hands of the counterinsurgency is largely incomplete. In light of these limitations, this paper

13 Reliable and comprehensive data on the cultivation of coca in Peru is limited for the years preceding 1996, when the United Nations Office on drugs and Crime began monitoring coca production in the country and recording cultivations levels to assess international eradication efforts. See: www.unodc.org and Peter Chalk, The Latin American Drug Trade: Scope, Dimensions, Impact and Response, (Santa Monica, CA: RAND Corporation, 2011). The U.S. Department of State also monitored coca cultivation levels in Peru both during the War on Drugs and after the conclusion of Peru’s civil war. However, I was unable to access this data for years preceding 1994. Data on counterinsurgency victims is also limited due to the fact that many of the atrocities committed by the counterinsurgency went unreported by local news agencies (see Jeremy M. Weinstein, Inside Rebellion: The Politics of Insurgent Violence, [New York: Cambridge University Press, 2007.]). Though more accurate data has emerged, from Peru’s Truth and Reconciliation Commission, it has yet to be coded and analyzed, (the Commission’s Final Report can be found at http://www.cverdad.org.pe/ingles). The Sendero Luminoso Nacional selected their targets based on affiliation to the Peruvian government or imperialist structures, a target group largely consisting of civilians, in addition to combatants. In turn, the counterinsurgency in Ayacucho targeted all civilians thought to be associated with the Sendero Luminoso, committing massacres of the civilian population in rural areas due to a lack of information on the insurgency (see Carlos Iván Degregori, "Origins and Logic of the Shining Path: Return to the Past," in ed. David Scott Palmer, The Shining Path of Peru, [New York: St. Martin’s Press, 1992]: 33-44., 42). A similar situation faced civilians in the region of Huallaga. Estimates indicate that in 1987 about 95 percent of the local economy in the Huallaga Valley was based on the illegal production or trafficking of coca, with between 60 000 and 300 000 families relying on the cultivation of coca for their survival (see José E. Gonzales, “Guerillas and Coca in the Upper Huallaga Valley,” in ed. Palmer: 106-125, 108). The CRH controlled the coca trade and, consequently, everyone associated with the industry. The relatively indiscriminate violence used by the CRH to maintain this control targeted anyone and everyone who challenged their power or defected from the insurgency and targets increasingly included civilians with no affiliation whatsoever to the government (see Weinstein, 240). The counterinsurgency response was also largely indiscriminate in the Huallaga region. Often guised as anti-drug missions, counterinsurgency operations in Huallaga largely targeted the civilian population as a means of reducing support for the insurgency (see Gonzales, 113). The CRH enjoyed support from the population due to the security they provided civilians from drug traffickers and their efforts to stop the counterinsurgency’s advances to eradicate coca cultivation. However, they maintained this control and support through violent means. Civilians often found themselves as the target of violence for the CRH and the counterinsurgency, accounting for many of the war’s casualties.

14 Many of the massacres and other violent abuses committed by the counterinsurgency were not recorded by local newspapers and are consequently absent from many events databases (see Weinstein, 241). Accordingly, this study primarily analyzes the number of casualties, mainly noncombatants, killed by the Sendero Luminoso. It is reasonable to assume, based on the discussion above and the limited available data on the responsibility of
utilizes the available data while recognizing its incompleteness and the fact that the findings presented in this study require further empirical testing.

2. THE SHINING PATH OF PERU

Ideological Basis and Decentralized Structure:

Despite the authoritarian leadership of Abimael Guzmán, the Sendero Luminoso operated under a highly decentralized structure.\textsuperscript{16} The insurgency successfully expanded its reach throughout Peru through the formation of regional committees organized on the basis of local resources. These regional committees were developed by a small number of rebels sent to each region from the national movement.\textsuperscript{17} An extremely ideological insurgency, the Shining Path initially recruited new members at the local level by appealing to the masses with the promise of a better life.\textsuperscript{18} The insurgency enforced rigorous standards of ideology and commitment to the movement before advancement in the ranks became a possibility for recruits.\textsuperscript{19} However, due to the insurgency’s decentralization and the power awarded to regional committees, certain factions of the Sendero Luminoso later moved away from the strict recruitment conditions.

The Sendero Luminoso Nacional faction of the insurgency, responsible for inciting the onset of civil war, operated within the Ayacucho region of Peru, recruiting and mobilizing insurgents both before and during the conflict. Guzmán, a university professor, spread his ideology throughout Ayacucho by having his students return to their communities and educate the masses by relaying his teachings.\textsuperscript{20} The Sendero Luminoso based its ideology on the ideas proposed by Marx, Lenin, and Mao, and viewed itself as the “Fourth Sword of Marxism.”\textsuperscript{21} Prior to the insurgency’s rise, Ayacucho’s isolated highland location resulted in extreme poverty and low standards of living throughout the area, as the state failed to extend its presence and reach of service provision to the people of Ayacucho. Abandoned by the state and facing desperate conditions, the ideological teachings and education provided by the Sendero counterinsurgents in killings, that the counterinsurgency was more active and deadly in the Huallaga region, due to the presence of both antidrug and counterinsurgency operations, as well as the militarized involvement of the United States.

\textsuperscript{16} Weinstein, 84.
\textsuperscript{17} Gabriela Tarazona-Sevillano, “The Organization of Shining Path,” in ed. Palmer: 172-190, 172.
\textsuperscript{18} Degregori, 37.
\textsuperscript{19} Weinstein, 84.
\textsuperscript{20} Ibíd., 81.
\textsuperscript{21} Degregori, 37.
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Luminoso appealed to the population and resulted in popular support for the insurgency.\textsuperscript{22}

The Sendero Luminoso faction in Huallaga was formed far from the highlands of Ayacucho in the Amazonian jungle. The Regional Committee of Alto Huallaga (CRH) was formed when a small number of insurgents from Ayacucho were sent to Huallaga to establish the regional committee in 1980, after which the CRH developed and behaved as a unit apart from the Sendero Luminoso Nacional.\textsuperscript{23} The decentralized nature of the insurgency allowed the CRH to organize with minimal direction, as they were responsible for raising resources, recruiting members, building support, and deciding on military actions themselves.\textsuperscript{24} While still a faction of the Sendero Luminoso, the CRH operated largely independently of the Sendero Luminoso Nacional in Ayacucho.

**The Regional Nature of Conflict:**

The regions of Ayacucho and Huallaga varied in terms of geographic location, social struggles, and natural resource wealth. During the 1970s and 1980s, Peru experienced a devastating economic collapse and saw a decline in living standards in rural areas, increased inequality as a result of land distribution, and a rise in regional inequalities.\textsuperscript{25} These economic challenges were worsened by the debt crisis in the 1980s as the state’s capacity to provide services throughout the country, especially in the highlands and jungle areas, decreased. While the consequences of these poor economic conditions varied in the Ayacucho and Huallaga regions, there is a clear correlation between rural regions with the lowest living standards and highest levels of support for the Sendero Luminoso.\textsuperscript{26}

When the Sendero Luminoso emerged in the southern highlands of Peru, the people of the Ayacucho region lacked access to basic services provided by the state, such as medical care and clean drinking water. In addition, Peru’s economic decline affected the ability of Ayacuchans aspiring to join the middle class. While secondary school enrollments increased between 1960 and 1990, employment opportunities for


\textsuperscript{23} Weinstein, 91.

\textsuperscript{24} Tarazona-Sevillano, 172.

\textsuperscript{25} Cynthia McClintock, "Why Peasants Rebel: The Case of Peru’s Sendero Luminoso," *World Politics*, vol. 37, No. 1 (October, 1984): 48-84, 64.

\textsuperscript{26} Ibid., 83.
individuals with higher levels of education stagnated. These problems also extended to post-secondary education, as more secondary school graduates than ever wanted to attend university but were unable to find places in the national system and university graduates faced high levels of unemployment. In Ayacucho, Guzmán and the Sendero Luminoso offered hope for a better future and a means to become involved in enacting change.

The Huallaga region of Peru lies deep in the Amazonian jungle, largely isolated due to its rugged terrain. Until the coca boom of the 1970s, the inner reaches of the valley remained accessible only by boat or dense jungle paths. The coca boom transformed the valley into one of Peru’s more prosperous regions. However, the wealth and prosperity of coca also brought crime. While organizing and mobilizing in the Upper Huallaga Valley, the CRH found themselves in the midst of a drug war between the coca-growing peasants, Columbian drug lords, and the Peruvian military. Despite the evident lawlessness, violence, and chaos plaguing the region, the CRH saw control of the Upper Huallaga Valley as a means of securing a constant flow of resources, namely coca, to finance the insurgency’s growth, operations, and for personal gain.

Thus, it is apparent that the CRH and the Sendero Nacional faced distinct conditions in establishing their respective factions of the Sendero Luminoso. The CRH recruited peasants with the promise of security and protection for their right to grow coca. In contrast, the Sendero Luminoso Nacional based their recruitment on ideological premises and offered little in the way of immediate economic improvement to their recruits. Despite evident differences in the Ayacucho and Huallaga regions, the Sendero Luminoso, led by Guzmán, used revolutionary violence as a means to further their cause and accomplish goals in both regions. The following section examines the relatively more intense conflict in the Huallaga region and seeks to understand how coca contributed to this intensity.

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27 Ibid. When the Sendero Luminoso Nacional was building support in Ayacucho, more than 80 percent of the population did not have access to drinking water and there were upwards of 17,000 Ayacuchanos per doctor, contributing to anti-government sentiments.
28 Tarazona-Sevillano, 171.
29 Gonzales, 105.
30 Weinstein, 90-91. Immigrants flooded the region seeking the high returns on coca production, causing production to increase six fold between 1970 and 1980.
31 Gonzales, 108. These actors later included the U.S. as the War on Drugs targeted coca production in Huallaga.
32 Weinstein, 91.
3. THE EFFECT OF COCA ON CONFLICT INTENSITY IN PERU’S CIVIL WAR

While it is difficult to reach a concrete conclusion regarding the effect coca had on conflict intensity in Peru’s civil war, an analysis of the available qualitative data suggests that the presence of coca contributed to more intense conflict in the case of Peru. The coca-rich CRH used more deadly tactics, resulting in higher casualties, and attracted more attention from the Peruvian government, military, and international actors such as the US, who wanted to eradicate coca cultivation in the region to aid efforts in the War on Drugs. Consequently, the coca-rich Huallaga region, controlled by the CRH, experienced more intense civil conflict than the Sendero Luminoso Nacional’s primary region of operation, Ayacucho.

This claim, however, is tentative and requires the support of further empirical analysis. This section proceeds by presenting evidence that supports this claim that conflict in the Huallaga region was more intense than in the region of Ayacucho; a discussion of how coca contributed to more intense conflict in the Huallaga region follows, as the three propositions made to support the study’s thesis, and the emergence of an unexpected mechanism, are discussed in relation to the Peruvian case; finally, the results of the study are summarized and relevant policy prescriptions are reviewed.

Qualitative Evidence on the Intensity of Conflict in the Regions of Ayacucho and Huallaga:

During the 1980s and early 1990s, Peru suffered one of the most deadly civil wars in contemporary Latin America as an estimated 70,000 people lost their lives. The Sendero Luminoso was responsible for high levels of widespread violence throughout the country, and more than half of the fatalities suffered occurred at the hands of the

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33 Ross, 55. This finding is in line with Ross’ conclusion that the net effect of natural resources on conflict intensity in Peru’s civil war was “worse.” In order to effectively analyze the impact of natural resources on the intensity of Peru’s civil conflict, it is important to determine whether the funds generated by the coca trade in the Upper Huallaga Valley were shared with the Sendero Luminoso Nacional or largely remained in the CRH. Due to the decentralized nature of the Sendero Luminoso and the geographic distance between the two factions, it is logical to assume that wealth from the coca trade in the Huallaga region stayed in the hands of the CRH. Relatively recent documents and interviews confirm this proposition, as evidence shows the Sendero Luminoso Nacional did not have access to the money the CRH generated through control of the coca trade (see Weinstein, 93). Ultimately, the Sendero Luminoso did not benefit from the drug trade in the Upper Huallaga Valley. In light of this evidence, it is possible to more accurately observe the effect of coca on civil conflict intensity in the case of the Sendero Luminoso in Peru.

34 The analysis conducted in this study is based on the finding that the population of Huallaga experienced more intense conflict than Peruvians in Ayacucho.
insurgency. This analysis examines whether conflict was more intense, measured by the number of civilian and combatant deaths, in the coca-rich region of Huallaga or in the coca-absent region of Ayacucho. Further, an attempt, albeit non-definitive, is made to investigate whether the intensity of conflict in the Huallaga region varied with the local cultivation of coca and/or the price of coca in global markets.

The CRH and the Sendero Luminoso employed similar strategies, but different tactics and levels of violence, in their battle against the counterinsurgency. To establish order and gain control of an area, both factions of the Sendero Luminoso initially targeted the most hated individuals in a community. This strategy brought popular justice to the people as thieves, rapists, adulterers, and other delinquents were publicly assassinated for their wrongdoings at the hands of the insurgents. While this course of action worked well to gain the necessary control over an area, the Sendero Luminoso Nacional and the CRH followed different paths as Peru’s civil conflict progressed, resulting in different levels of conflict intensity in the two regions. Consequently, the Huallaga region experienced more intense civil conflict than the region of Ayacucho.

The Sendero Luminoso Nacional, while indisputably violent in their actions, exhibited relative restraint and discipline in designing and carrying out their attacks. This faction of the Sendero Luminoso was essentially responsible for inciting Peru’s civil war with their first attack on May 17th, 1980. The attack was largely symbolic and there were no injuries, as was the case for most incidents in the early days of the insurgency, as the Sendero Luminoso Nacional focused on political tactics, including mobilization and popular education of the masses.

Initially, violent tactics used by the Sendero Luminoso Nacional were strictly discriminate, targeting public and private buildings affiliated with the government. However, as the civil war advanced, the use of violence by the Sendero Luminoso Nacional extended to include broader targets such as, “all representatives of governmental and imperial structures, including local officials, workers in nongovernmental organizations, owners of private enterprises, and active supporters of the government.” The attacks committed by the Sendero Luminoso Nacional were varied and included killing, looting, and destruction. Out of their total attacks on the

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36 As mentioned above, data on the number of the deaths is incomplete. However, this analysis provides a starting point for further large-scale empirical studies.
37 Weinstein, 85.
38 Degregori, 33. As their first attack, the Sendero Luminoso Nacional burned the ballot boxes and registry in Chuschi on the eve of Peru’s first democratic election in seventeen years.
39 Weinstein, 87.
40 Ibid., 85.
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non-combatant population, destruction accounted for 66 percent of the incidents, looting for 11 percent, and killing for 23 percent.41

In contrast, the CRH carried out more indiscriminate attacks, thus killing more civilians and combatants. In fact, attacks in the Huallaga region were consistently more deadly than those launched by factions of the Sendero Luminoso in other regions, including Ayacucho.42 Killings in the region of Huallaga made up 40 percent of the total incidents the CRH was responsible for committing against noncombatants.43 This is markedly higher than the percent of killings committed by the Sendero Luminoso Nacional, indicating more intense violence towards noncombatants in the coca-rich Huallaga region than in Ayacucho. However, it is important to note that while the CRH killed civilians in 40 percent of their attacks, violence committed by both the CRH and the Sendero Luminoso Nacional tended to take the form of assassinations rather than massacres.44

In order to acquire and maintain control of the coca trade in the Huallaga Valley, the CRH exhibited coercive behavior that was unmatched in the Ayacuchan highlands.45 Control of the coca trade and its associated wealth required that insurgents have access to land for cultivation and large amounts of peasant labour to tend crops.46 Violence, most often in the form of killings, became the tool of choice for the CRH as a means of maintaining their control of the extremely profitable coca trade. Consequently, conflict was more intense in this region as violent attacks resulted in higher deaths of both targeted individuals with government affiliations, and of unassociated civilians.

Based on the analysis above, it is evident that the coca-rich Huallaga region of Peru experienced more intense conflict than the coca-poor region of Ayacucho. While a comprehensive examination of whether conflict intensity within the Huallaga region varied in correlation with the production of coca is beyond the scope of this paper, some preliminary findings on this relationship are offered as a means of directing

41 Ibid., 213.
42 Ibid., 217.
43 Ibid., 213.
44 Ibid. More than eighty percent of attacks by both the Nacional and Huallaga factions killed less than 6 individuals per attack. It is possible that this strategy was employed by the Sendero Luminoso to counter the largely indiscriminate massacres carried out by the Peruvian government in rural strongholds of the insurgency.
45 Weinstein, 251.
46 Edmundo Morales, “The Political Economy of Cocaine Production: An Analysis of the Peruvian Case,” Latin American Perspectives, vol. 67, no. 4 (Fall, 1990): 91-109, 93. It is important to note that coca cultivation is very labour-intensive, thus the population’s willingness to work in the coca industry was essential for the insurgents. The CRH also controlled air strips that were used by Columbian traffickers to transport the coca paste into Columbia while avoiding airspace controlled by the Peruvian government (see Ross, 56).
further research. As in many industries, the market price for coca largely determines the amount of production. There is some evidence indicating that the price of coca, and consequent coca production in Huallaga, initially influenced the level of conflict intensity facing the region during the civil war.\footnote{The mechanisms underlying this relationship remain unclear.}

Between 1970 and 1980, coca production increased at least six fold in the Upper Huallaga Valley and cultivation continued to rise throughout the 1980s.\footnote{Gonzales, 106.} As the CRH established their control in the region and gained financial strength from control of the coca trade, the insurgents also launched more frequent and deadly attacks, indicating an increase in conflict intensity.\footnote{Weinstein, 93.} Killings increased at the end of the 1980s and in the early 1990s when market prices for coca, coca production, and the CRH’s control over the population of the Huallaga Valley were all very high.\footnote{Ibid., 251.} In 1992, coca prices fell dramatically, resulting in a producer surplus and threatening the CRH’s control over the population, as the possibility of crop substitution appeared to be a relatively realistic option and means of escape from the brutality of the insurgency.\footnote{Lawrence A. Clayton, \textit{Peru and the United States: The Condor and the Eagle}, (Athens, GA: University of Georgia Press, 1999), 283.}

However, during this period, CRH attacks in Huallaga remained consistent and made up a larger share of all Sendero Luminoso activity, despite the collapse of the Sendero Luminoso at a national level and brutal counterinsurgency missions in 1994. The CRH was able to survive these setbacks and managed to re-establish its influence in areas it had lost as coca prices began to rise in the late 1990s.\footnote{Clayton, 284-285.} This is perhaps due in part to the access insurgents have to funds generated from previous exploitation of natural resources. It is reasonable to expect that the annual revenue the CRH received from control of the coca trade was not all spent as soon as it was made; some of the funds must have been saved.

Thus, while the ability of the CRH to control the population on the basis of peasants’ reliance on coca waned during periods of low production, the capacity of the CRH to exert violence and use other coercive measures did not.\footnote{For more information on the element of control associated with alliances based on resources see Bruce H. Kay, “Violent Opportunities: The Rise and Fall of ‘King Coca’ and Shining Path,” \textit{Journal of Interamerican Studies and World Affairs}, vol. 41, no. 3 (Fall, 1999): 97-127.} The CRH continued to launch attacks on government forces, police, and civilians exhibiting resistance to the efforts of the insurgency, and is still active today.\footnote{Weinstein, 257.}

\footnote{This section of the analysis}
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provides more questions than answers, and it is evident that further research on this relationship is required to gain a more thorough and accurate understanding. Based on this evidence, it remains unclear whether conflict intensity varies in correlation with the availability, price, cultivation, or reliance upon natural resources.

How Coca Contributed to More Intense Civil Conflict:

This paper proposed three mechanisms for explaining how natural resources, or, in this case, coca, contribute to or cause more intense civil conflict: natural resources for which a global market exists provide funding for insurgent efforts, resulting in more advanced weaponry and more deadly conflict; natural resources increase the “prize value” of the resource-rich area, thereby justifying higher costs in terms of human lives to maintain control of the region; and, finally, that natural resources increase the interest of international actors and probability of intervention by third parties, resulting in the potential for more intense violence.

In the case of the CRH faction of the Sendero Luminoso in Peru, all three mechanisms described above played a role in contributing to more intense conflict to some extent. In addition, a previously unanticipated mechanism, proposed by Weinstein’s theory of organizational structure, surfaced as the analysis progressed: the presence of natural resources in an area impacts the organization and structure of an insurgency as insurgencies built on economic endowments, such as natural resource wealth, tend to use predominantly violent and relatively indiscriminate tactics, causing more intense civil conflict. This section discusses each of the proposed mechanisms as they apply to the Peruvian case.

The first mechanism, natural resources provide insurgents with more funds for their efforts, is partly true in the case of the CRH. It is undeniable that control over the coca trade was extremely profitable for the CRH, with annual estimates ranging between $10 and $100 million in profit. While these funds stayed in the hands of the CRH, it remains unclear whether the majority of this wealth was put towards furthering the revolution, maintaining control of the area, and/or benefitting high-ranking CRH members. Certainly, the CRH did not lack the necessary funds to advance the Sendero Luminoso’s insurrection. Conclusions on where exactly the coca wealth was spent, however, cannot be reached as a result of the analysis undertaken in this paper, thus the overall validity of this mechanism remains inconclusive.

The second proposed mechanism, natural resources increase the “prize value” of a region and result in more intense conflict, holds true in the case of the CRH.

55 Clayton, 281.
Interestingly, control of the Huallaga region was seen as a different “prize” by the insurgency and the counterinsurgency. The CRH saw value in the Huallaga region because of the revenue the insurgency could generate through control of the coca trade.\(^{56}\) In contrast, the Peruvian government saw value in the region not because of the opportunity for economic gains, but because control of the Huallaga Valley meant control of the coca trade and the ability to eradicate the cultivation of this illegal crop and the associated social and economic problems. The Peruvian government saw the Huallaga Valley as both a key stronghold of the Sendero Luminoso and the country’s largest coca-producing region and wanted control of it.\(^{57}\)

Consequently, steps were taken by both parties to control the area at any cost. The counterinsurgency launched both anti-drug and anti-CRH missions in the region, committing widespread massacres of the civilian population.\(^{58}\) The CRH’s desire to control the coca trade resulted in heavy-handed violent measures towards government targets and the civilian population. Thus, it is evident that the “prize value” of the area was high and coca contributed to more intense conflict in the region of Huallaga.

The third proposed mechanism, natural resources draw more international attention and increase the probability of intervention by a third party, is true in the case of the CRH.\(^{59}\) In 1982, US President Ronald Reagan declared a “War on Drugs” in response to the high usage of cocaine in the United States of America.\(^{60}\) American policies to combat this problem primarily targeted the supply side, escalating in 1986 when the drug trade was deemed a security threat to the Americas and the War on Drugs was militarized.\(^{61}\) This action put even more pressure on the Peruvian government to eradicate the production of coca in the CRH’s stronghold of Huallaga.

Militarized US antinarcotic operations increased in frequency from the mid-1980s onwards, resulting in more intense conflict from eradication efforts, and backlash from interactions with the CRH.\(^{62}\) During this time, support for the CRH grew, as eradication efforts pursued by the counterinsurgency were not accompanied by the provision of crop substitution programs or other alternative means for coca growers in the valley to generate income. In fact, for most of 1989, the intensity of the CRH’s

\(^{56}\) This value is in addition to maintaining control of the region as a strong-hold for the Sendero Luminoso and furthering the ideological goals of the insurgency.

\(^{57}\) Gonzales, 108.

\(^{58}\) Weinstein, 241.

\(^{59}\) It is also interesting to note that coca production and the drug trade in the region of Huallaga also drew more domestic attention to the area. The CRH was discovered to be operating in the region by the Peruvian government in 1984 as the result of an antidrug campaign (Gonzales, 106).

\(^{60}\) Clayton, 278.

\(^{61}\) Ibid., 279.

\(^{62}\) Ibid., 282.
activities resulted in the withdrawal of Peruvian eradication crews and their DEA advisors. Ultimately, American interest in the Huallaga Valley, due to the presence of coca, contributed to more intense conflict in the region as a result of international involvement.

Finally, a fourth, and initially unexpected, mechanism is the effect that natural resources can have on shaping the organization and structure of an insurgency. This theory of organizational structure, proposed by Weinstein, suggests that insurgencies constructed around economic endowments tend to exhibit higher levels of indiscriminate violence, whereas insurgencies rooted in social endowments are more likely to exhibit discipline and restraint. In the case of the Sendero Luminoso in Peru, this theory is applicable and provides insight into the less obvious effect natural resources can have on conflict intensity.

While the Sendero Nacional and the CRH were factions of the same insurgency, the decentralized structure of the Sendero Luminoso allowed each regional committee to be shaped separately. The Sendero Nacional was constructed around ideology and social endowments, and exhibited more restraint and discipline through their discriminate use of violence and fewer killings as a percent of all incidents. In contrast, the CRH was formed around economic endowments due to the financial aspects of control over the coca trade and, while still based in communist ideology, promised security and economic prosperity to its supporters. Consequently, as Weinstein’s theory predicts, the CRH used more indiscriminate violence and exhibited higher levels of killing. Clearly, there is a relationship between the endowments around which an insurgency is formed and the nature of violence that rebels employ.

Results and Policy Prescriptions:
This analysis has found that the coca-rich Huallaga region of Peru, controlled by the CRH, experienced more intense civil conflict than the Ayacucho region. In light of this finding, a discussion of relevant policy prescriptions is warranted. Of course, the applicability of policy options generated from this case study is limited, due to the context-specific nature of Peru’s civil war and a lack of large-scale empirical data to support the generalization of this paper’s findings across cases. Nonetheless, this examination of the relationship between conflict intensity and coca in Peru has

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63 Ibid., 284. It is important to note that conflict intensity remained high even after the withdrawal of eradication efforts, as the focus shifted from the War on Drugs to counterinsurgency operations.

64 These policies focusing on the supply side and ignoring the role the West has played in the demand side of the equation, putting pressure on traditional local economies (see Morales).

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contributed to a better understanding of the mechanisms underlying the link between these variables. This section analyzes potential policies to manage conflict in the Huallaga region in a contemporary context and during an active civil war.

An examination of counterinsurgency policies targeting the CRH in the Huallaga region both during and after the civil war provides insight into what worked and what did not, paving the way for the development of more successful counterinsurgency strategies in the future. First, it must be noted that the CRH is still active in the Huallaga Valley today, despite the collapse of the Sendero Luminoso at a national level from 1992 to 1994 following the capture of Guzmán by counterterrorism police in 1992.\(^{66}\) In defiance of continued eradication efforts at the international level, coca production in the Huallaga Valley continues, largely controlled by the CRH, and has been on the rise in recent years despite lower production levels in the early to mid-1990s due to a drop in the market price of coca.\(^{67}\)

Undoubtedly, policies aimed at eradicating coca cultivation and, consequently, undermining the financial assets and control over the population with which this natural resource provides the CRH, have been relatively unsuccessful. Thus, it is apparent that in times of relative peace, policies that aim to terminate coca production in order to stop the CRH require help from both the Peruvian government and the international community. It is essential to establish realistic and viable crop substitution programs to decrease the population’s reliance on the illicit cultivation of coca in rural areas of Huallaga and eliminate the need for the protection from drug lords offered by the CRH. However, policies targeting the supply side of the market for coca are not enough. Efforts to reduce global demand for cocaine and the market price of coca must also be undertaken in a multilateral fashion on behalf of the major importing countries, mainly the U.S. and Europe. Evidently, regional cooperation and policies targeting both the supply and demand sides of the market for coca are necessary to combat cultivation of coca in Peru to defeat the insurgency and render the CRH irrelevant.

Counterinsurgency policies in times of relative peace and in times of intense conflict can vary greatly. In terms of policy prescriptions for counterinsurgents facing rebels with control over natural resources in times of civil war, broad or general policy options appear to be limited, and the context-specific nature of this issue becomes very evident. Nonetheless, there are lessons to be learned from the experience in Peru, as

\(^{66}\) Weinstein, 86.

counterinsurgent policies using indiscriminate violence against civilians were relatively less successful in the Huallaga region than in Ayacucho, as evidenced by the fact that the CRH is still alive and functioning today.\(^{68}\)

During the war, the counterinsurgency did not employ a “hearts and minds” approach, instead primarily using a scorched earth policy and conducting indiscriminate massacres due to a lack of intelligence on the Sendero Luminoso.\(^{69}\) A lack of adequate training and Peru’s policy of conscription further contributed to weak forces and counterinsurgency failures throughout the 1980s. The capture of Guzmán in 1992 coincided with the anti-insurgency sentiments of many civilians, based on increasing subjection to violence at the hands of the Sendero Luminoso, and ultimately led to the downfall of the insurgency at a national level.\(^{70}\) However, counterinsurgent measures to defeat the wealthy and powerful CRH have been relatively unsuccessful.

Counterinsurgency operations in the region of Huallaga during the war were tarnished by corruption and met with fierce civilian opposition, due to the coca eradication efforts that accompanied the majority of these missions.\(^{71}\) On the basis of this analysis, it is proposed that a “hearts and minds approach” would be the best option for counterinsurgencies facing coca-rich areas controlled by insurgents.\(^{72}\) Such an approach would focus on consent and reducing the demand for rebellion so that the government can secure the population and address popularly held grievances.\(^{73}\) Consequently, there would be less coercion and violence on the part of the counterinsurgency with this approach.\(^{74}\)

However, such an approach must be supplemented with regional development and crop substitution programs to decrease the reliance of coca-growers on illicit crop cultivation. Counterinsurgencies should aim to undermine insurgent control of the population by eliminating the dependence of the populace’s survival on the industry in question (the coca trade). It is evident that indiscriminate massacres on behalf of the

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\(^{68}\) Ibid. Albeit on a much smaller scale, attacks in the Huallaga Valley are still frequent and deadly.


\(^{70}\) Ibid., 51.

\(^{71}\) Ibid., 52.

\(^{72}\) For more information on this counterinsurgency approach, see Paul Dixon’s "Hearts and Minds? British Counter-Insurgency From Malaya to Iraq," *Journal of Strategic Studies* 32, No. 3 (June 2009): 353-381.


\(^{74}\) What exactly constitutes a “hearts and minds approach” is contested. See Paul Dixon, "Hearts and Minds? British Counter-Insurgency from Malaya to Iraq," *The Journal of Strategic Studies*, vol. 32, no. 3 (June, 2009): 353-381.
counterinsurgency and eradication efforts lacking subsequent crop substitution programs are not enough to combat insurgency in areas rich with illicit crops and lacking government provision of services.

CONCLUSION

In conclusion, the findings of this study indicate that natural resources, particularly coca, can cause more intense conflict by providing insurgents with wealth, increasing the “prize value” of a region, and drawing more international attention and interventions to the area. Consequently, the initial thesis can be deemed “plausible,” although further empirical research is needed to confirm this result at a broader level. The finding that coca can cause more intense civil conflict, in terms of higher casualties, has implications for policy makers seeking to effectively manage natural resources during times of both peace and conflict in a way that mitigates conflict escalation and minimizes victims. While the case study conducted in this paper has provided insight into the effects of coca on conflict intensity in Peru, the need for additional research on this important relationship must be stressed. In the meantime, the policy prescriptions presented for dealing with ongoing conflict in the Huallaga Valley provide relevant guidance on how to effectively curb the insurgency’s grip on power by rendering the CRH irrelevant.

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