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A/ISS/IPS, Department of State
E.O. 12958, as amended
September 4, 2008

[Omitted here are Section I, "Problems;" Section II, "Recent Developments;" and Section III, "Issues."]

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Summary Comments:

With reference to either of the above cases, the following general conclusions might be made:

a. Given the existing emotion and history to date, the "tougher" the U.S. is, the less likely this stance will be to induce the Peruvians to compromise; forcing their "back up" is a more likely result. Thus the "hard line" is less likely to induce long-range solutions or a quick return to friendly relationships.

b. Using tough economic pressure (e.g., hard line under Case 1) in the hope that it will induce political change is risky. It is too unpredictable a lever. It could just as well create a more intransigent and anti-US nationalism, even if it succeeded in changing persons. Even a more

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moderate regime could not soon reverse policy and restore friendly relations once hard-line sanctions or pressure actions had been imposed.

c. The harder the line, the more the resentments and uneasiness that will be engendered in the rest of the hemisphere; the more difficult it will also be to isolate Peru in terms of hemisphere sympathies and support.

d. The softer the line, the less deterrent effect will sanctions have, and the less credible our warnings. To the degree therefore that other governments have felt deterred from expropriation or other actions against U.S. investment, they may feel less inhibited. Some Latins might view this as a "failure of will" and a reluctance by the U.S. to apply power.

March 25, 1969

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