

## Peru's debt challenge sparks bankers' declaration of war

by Valerie Rush

Peruvian President Alan García received important backup for his defiance of the International Monetary Fund on Aug. 12, when Panamanian armed forces chief Col. Manuel Antonio Noriega warned the former World Bank vice-president currently serving as president of Panama, that continued imposition of the Fund's austerity dictates would simply no longer be tolerated by that country's defense forces.

With an apoplectic President Nicolás Ardito Barletta at his side, Noriega told the press corps gathered at a military ceremony that the country's political and economic situation was "totally anarchic and out of control," and that the military forces under his command had "the constitutional and moral obligation to rescue our peace and internal security."

Instead of the IMF program adopted by Ardito Barletta, what is required are "economic solutions which respect the rights and conquests of the worker, the peasant, the industrialist, and all the productive forces which make up the backbone of the Panamanian economy." "Economic intellectuals," declared Noriega, should "get their heads out of the textbooks from Harvard and Chicago and offer genuine solutions." Barletta is a graduate of the University of Chicago.

Noriega's urgent warning that nationalist forces in Ibero-America are no longer prepared to sacrifice their nations' future to the international banks and their Ibero-American lackeys, followed by just days an 8,000-strong workers' march through the streets of Panama City demanding a debt moratorium, a break with the International Monetary Fund, and support for Alan García's proposed Ibero-American presidential summit on the debt.

It also followed new charges by Peruvian President García that the major creditor banks are acting illegally toward

the debtor nations. García informed a visiting U.S. congressional delegation Aug. 10 that the banks "have violated the anti-monopoly law by colluding among themselves to prevent free competition for credits. The only thing that interests the banks is increasing the debt by raising interest rates. . . . I am certain that if I went to an appeals court in, say, New York or Pennsylvania, I would win my case against the U.S. banks."

### Threats from the Trilaterals

With García's anti-IMF stance now triggering similar resistance from other Ibero-American leaders, Henry Kissinger's Trilateral Commission forces inside the Reagan administration are more determined than ever to destroy Peru's new government.

The decision of the U.S. State Department to cut off aid to Peru on a financial technicality was but the opening shot. Elliot Abrams, the new U.S. Assistant Secretary of State for Inter-American Affairs, summed up his faction's position at an Aug. 8 press conference, when he declared that any Ibero-American nation which repudiated the debt or declared a moratorium "will never get new loans."

Abrams went on to deny Ibero-American assertions that a "political response to economic problems" was required, insisting that "the system is flexible enough" as it is. In response to García's explicit rejection of IMF mediation in future debt negotiations, Abrams declared, "We think it is important to use established institutions, the IMF and World Bank."

Abrams' statement prompted enraged responses from Ibero-Americans across the continent. "It is inexplicable that

the government of Ronald Reagan should turn itself into a spokesman for the banks," declared former Venezuelan Finance Minister Luis Enrique Oberto, a leader of the Christian Democratic (COPEI) party.

Mexico's daily *Excelsior* described Abrams' threat as "destabilizing," and Marco Tulio Brunicelli, Democratic Action Party leader from Venezuela, observed that such a U.S. stance toward its Ibero-American neighbors would "necessarily" prompt "a collective position of these countries rejecting that policy."

The Trilaterals have activated their agents inside Peru as well. At a press conference held in Lima Aug. 10, ex-Prime Minister Manuel Ulloa announced that he was launching a campaign to defend the cabinet ministers of the former Belaunde government currently under investigation by the García administration for involvement in the drug trade.

Ulloa, a life-long associate of Trilateral Commission head David Rockefeller and an open advocate of legalized cocaine production and consumption, is well aware that the García government's investigations—which extend to *all* members of the previous government as well as to all police chiefs—must sooner or later arrive at his own doorstep.

The first former cabinet minister called upon to return to Peru to testify is Luis Percovich, Belaunde's interior minister, then prime minister and foreign minister in late 1984. Currently in Guadalajara, Mexico, Percovich is suspected of having run cover for Peru's cocaine czar, Reynaldo Rodríguez López. Rodríguez's vast cocaine-refining facilities were busted within weeks of President García's inauguration, revealing massive evidence of conspiracy between Rodríguez's operations and Percovich's department of government.

### 'Unmasking the saints'

García's attorney general, Cesar Elejalde, has already declared that "many saints will be unmasked" during the ongoing investigations. "The power of the 'narcos' has overwhelmed the old structures of the state and has corrupted people at the top of political power as well as members of the police."

President García himself is in near constant session with his party's wing of the Peruvian Congress to formulate the legislation which would drastically increase sanctions on drug trafficking and, as important, on drug consumption. One of the laws would impose a minimum 25-year sentence on any government or police official caught trafficking in drugs or running protection for traffickers.

García also told the visiting U.S. congressmen that Peruvian authorities would no longer turn a blind eye to the consumption of drugs, either at home or abroad. "I don't want the youth of my country to use drugs. I defend my youth and I don't want them to consume poison. I also want to defend the youth of the U.S.A. and not permit poison to be exported to North America."

The García government has taken an equally hard line

against the narco-terrorist Shining Path (Sendero Luminoso) guerrillas, toward whom the left-leaning circles in García's own party had advocated an amnesty. Said Attorney General Elejalde on Aug. 9, "No kind of terrorism is idealistic. . . . There is just one terrorism for rent which has allied with the drug traffickers. Together, for example, they have dislodged the police forces from vast zones of the Central Huallaga Valley."

Elejalde has also called for an alliance of international forces against the drug trade. "I believe that we cannot fight what we don't know. . . . An important thing that must be understood is that Peru alone cannot fight the drug trade. Given that we export more than 50% of the cocaine consumed in the world, there must be an international crusade. With what means can we fight, when there are 250 clandestine airports alone in the country?"

### The weak flank

García's courageous moves against the International Monetary Fund on the one hand, and the dope mob and its protectors inside the government and corrupt law enforcement circles on the other, have triggered a panic among dope-linked business and financial layers, who are scrambling to get their dollars out of the country while they can. And yet, despite forewarning, the Peruvian President did not take the one step which would have given his war on drugs the teeth to win. He retreated from his original threat to impose exchange controls.

According to *El Nacional* of Aug. 12, the Peruvian central bank issued clearance for unrestricted dollar remittances abroad. Neither Customs officials nor the Treasury police are being permitted to question individuals caught taking dollars out of the country, no matter what the amount.

The government has given a weak explanation for its decision, insisting that the capital flight is "insignificant." The media is telling a different story. The daily *Marka* reports that "the people are going crazy. They all want dollars." *Marka* says that the dollar, frozen for 90 days at an official rate of 13,900 Peruvian sols, is rapidly heading toward 20,000 sols on the black market. The magazine *Oiga* reports in its financial column that holders of bank certificates are exchanging them for sols and then buying up dollars on the black market.

This is precisely the "weak flank" that Ulloa and his Trilateral buddies are looking for to bleed the Peruvian economy dry and, with it, García's debt initiative. As of this moment, García's public denunciations of the usurious international banks and refusal to negotiate with the IMF have won him broad support among the population. His unexpectedly strong assault on the dope mafia, encrusted in formerly protected circles, is also proving a highly popular initiative.

That support will be lost if García is unable to protect the already looted Peruvian economy from the ravages of the speculators.