

Peru's battle with the IMF heats up

by Salvador Lozano

The battle between international usury and the only country of Ibero-America which has adopted practical measures to fight it, Peru, sharpened in the final days of 1985, when the government of Alan García found itself forced to nationalize Belco Petroleum's plants and freeze its bank accounts inside Peru.

The U.S. government responded with threats and economic sanctions (the elimination of the Peruvian quota of sugar exports to the United States, for starters). According to reliable sources, the U.S. ambassador to Lima, David Jordan, telephoned President García to suggest that he soften the conditions for Belco's return. The diplomat reportedly told García that the U.S. government "would not like" to have to apply the Hickenlooper and González amendments. It is known that the President reiterated—as he has clearly stated in public—that the decision on the petroleum issue is irreversible.

The finance ministers of Ibero-America's 11 biggest debtor countries, meeting in Montevideo in mid-December, recognized Peru's right to limit service on its debt to 10% of its export earnings. But, from there on out, they failed to do anything but threaten "joint action" at some unknown future date.

Two days later, Wells Fargo Bank, in the pages of the Lima daily *Expreso*, put out the story that it had confiscated \$1,400,000 of the Peruvian government's checking accounts, as a reprisal for Peru's sovereign decisions on the debt. The daily of the ruling APRA party *Hoy* denied this report, and said it was all a maneuver to create the political conditions in which an embargo would be possible. An embargo could trigger other similar actions and the cancellation of the Peruvian credit lines by all banks.

This is not the first time that Wells Fargo has spearheaded the usurers' attacks against Peruvian sovereignty. On May 5, 1978, the bank charged Peru with breach of contract, alleging that the government was behind in the payment of a paltry \$14 million to a consortium headed by Wells Fargo. The actual motive was that Peru's nationalist military leaders were resisting the severe measures which the International Monetary Fund was demanding at that time.

Wells Fargo's operations in 1978 were being run by the bank's vice-president, Carlos Rodríguez Pastor, the banker

who fled the country in 1968 disguised as a nun, to evade an arrest warrant for the crimes committed under the first regime of Fernando Belaúnde Terry. Rodríguez Pastor worked for Wells Fargo for 14 years. In 1982, with Belaúnde Terry back in the presidency, Rodríguez Pastor returned as minister of economy and finance, and Pedro Pablo Kuczynski—who had also fled in nun's disguise—became minister of energy. The pair, together with Prime Minister Manuel Ulloa, are now under investigation for having turned over more than \$600 million to foreign interests, such as oil magnate and Soviet agent Armand Hammer.

Wells Fargo—with the bald-faced aid of the U.S. State Department—intends to provoke the fall of the nationalist regime of Alan García, to put the final nail in the coffin of the war on drugs which he is carrying out. When Ulloa, Rodríguez Pastor, and Kuczynski were running the government, Peru was the paradise of the drug mafia. Peru supplied the raw materials for half of the world's cocaine market. Rodríguez Pastor set up Augusto Blacker and another Wells Fargo employee to run the Central Bank; and the Wells Fargo boys in the Central Bank protected transactions for tens of millions of narcotics dollars.

The international mafia and its stooges in the State Department fear that a lot of the dirty laundry of the operations of Wells Fargo and other banks is about to come to light, as secrets kept in the archives of the Central Reserve Bank of Perú come out. Alan García has just thrown another of the drug bankers, Richard Webb, out of the Central Bank, and people in Lima who know about such things say he intends to get rid of all the drug traffickers' agents in the Central Bank.

On Dec. 6, 1985, speaking before 100,000 people, García called the Central Bank the "IMF within the Constitution." The President explained, "The liberals, i.e., the technicians of capitalism, have always maintained that the economy has laws which have nothing to do with the government. . . . We say that the liberal theories of the IMF, which have done us so much harm, cannot serve as the basis to argue for the autonomy of the Central Reserve Bank. . . . What good is it to us to have quit paying the foreign banks if we keep the money locked up in Peruvian banks? I tell the economists and technicians: Everything that we stopped paying has to be invested productively and socially inside Peru. This is the economics I propose; this is the economics I defend."

It is also the economics defended by Pope John Paul II. But it is in no way the economics defended by the government of Ronald Reagan, locked into the immoral ideas of Adam Smith and Milton Friedman. Reagan repeated it in a letter to Colombian President Belisario Betancur in late November. The United States does not accept any way out of the crisis unless it is called the Baker Plan: "Any attempt to relieve the debt burden by the arbitrary limitation of payments will have a negative effect," Reagan threatened.