

García sticks to anti-IMF policy in face of cabinet crisis

by Luis Vásquez

In what Peruvian President Alan García himself described as an act of unpardonable treason, Prime Minister Luis Alva Castro, also Economics Minister, abruptly resigned his posts at a hastily convened cabinet meeting June 22, while the President was out of the palace. Curiously, Alva Castro's resignation had been announced one day early by the U.S. daily, *The Washington Times*, leading mouthpiece of the international group of Reverend Moon. According to that newspaper, Alva Castro's departure signifies a rupture between President García and the private business sector, and could ultimately lead to the seizure of the government by pro-Soviet military layers.

The *Times*' "predictions" are in fact part of a political trap mounted by combined Nazi-communist forces, according to which the García government would be left with no other choice than to either go begging on its knees to the International Monetary Fund, or hand the country over to the Soviets.

The reality is that the bosses at the Kremlin want to do away with the García government, which represents a real alternative—not Communist, but Christian—to the barbarous genocide of the International Monetary Fund. Assisting the Soviets are the forces of Project Democracy—popularly known in the United States in connection with the Lt. Col. Oliver North networks—both those encrusted in and around the U.S. State Department, and their agents inside Peru. Their objective is to eliminate the nationalist and anti-colonial pathway García has opened up for the rest of Ibero-America, as quickly as possible.

Moscow's Andean 'irregulars'

The Soviet part in the project has intensified over the month of June, as Peru's Communists have divested themselves of their legalistic masks and launched themselves in open insurrection—even armed insurrection—against García. The leader of the pro-Soviet Peruvian Communist Party (PCP), Jorge del Prado, has issued a public invitation to the

narco-terrorist movements Shining Path (*Sendero Luminoso*) and the MRTA to reach a working agreement with his party to overthrow the García regime. At the same time, Communist congressman Gustavo Espinoza casually told a stunned press conference that the PCP "will not await the elections of 1990 to come to power. The current regime could end unexpectedly, perhaps through a coup d'état."

These extraordinary statements are no mere boasts; they were, in fact, coordinated for maximum impact, just as a large combined force of Shining Path and drug traffickers seized military control of a vast region of the Peruvian jungle surrounding part of the departments of Huanuco and San Martín, located in the eastern part of the country.

According to an interview with the drug traffickers, correspondents from Lima television channel 5 and the magazine *Caretas* (both linked to the pro-drug politician Manuel Ulloa) reported that 12 large villages in the region had fallen under the complete control of narco-terrorists in early June, after a force of more than 300 men armed with sophisticated weaponry (including Soviet AK-47 combat rifles, the same weapons transported on the *Pia Vesta* ship, on orders of Oliver North), reduced the Uchiza police barracks to cinders, killing more than 30 police and civilian defenders.

It took nearly one month before the combined forces of the Peruvian police and army, equipped with helicopter gunships, were able to recapture Uchiza and haul down the red flag, emblazoned with hammer and sickle, that fluttered in the main plaza of that city, the most important in the region.

However, President García is still far from eliminating the narco-terrorist troops from the area. Less than four days after having retaken Uchiza, a military airplane with 47 persons on board mysteriously "fell" in this same area, and the Lima press was quick to speculate that it had been downed by vengeful narco-terrorists. It has already been well-documented that the drug traffickers who operate in the Peruvian jungle are equipped with sophisticated surface-to-air missiles, and know how to use them.

Peruvian military intelligence sources are seriously considering the possibility that very soon, a huge terrorist army—armed with the best weaponry drug-money can buy—will put in check the entire Peruvian jungle, where the highest-alcaloid coca leaf in the world is produced. Just as *EIR* has been repeatedly warning, these skirmishes are the first indications of a huge transnational army of irregulars which the Soviets, the drug traffickers, and their accomplices in the “Project Democracy” network intend to raise in the very heart of South America. With this “occupation army” controlling the Andean spine, all the nations in the area—and not merely Peru—will find their stability and their future as independent nation-states seriously threatened.

The combined assaults around the continent by narco-terrorist forces—be they Shining Path, MRTA, M-19, FARC, Alfaro Vive, Carajo, Brigada Roja—are nothing less than announcements that, with the good graces of the Soviet Union and their Project Democracy partners in the West, the dream of Colombian narco-Nazi Carlos Lehder of raising a 500,000 man army to “liberate” Latin America, is at the point of becoming reality.

A dirty partnership

While the Communists do the dirty work in pushing ahead the irregular warfare against the Peruvian state, the white-collar agents of Project Democracy in Peru have undertaken financial warfare against García’s government. Recent anti-government declarations made by former Central Reserve Bank president Richard Webb, that in fact the Peruvian financial system has acted as a prop for the drug trade since 1976, amounted to a public confession of a crime which minimally should send to jail all the finance ministers who put into practice the genocidal policies of the IMF, from the fall of General Velasco through the arrival of Alan García in the presidency; these include Manuel Ulloa, Carlos Rodríguez Pastor, and Javier Silva Ruete.

Exemplary were the policies of Manuel Ulloa, one of the stars of the malthusian Inter-Action Council, who became the czar of the Peruvian economy under the Belaúnde government. With the ultra-liberal financial policies imposed by Ulloa under IMF order, Peru was rapidly converted into a drug-economy, to the point that, by the end of 1985, it had become the world’s leading exporter of cocaine paste. It is worth noting that for publicly asserting this same point in 1985, Manuel Ulloa sued the author of this article for slander—and lost.

On June 14, President Alan García appeared on national television to charge that the free market in dollars—which has survived from the era of Ulloa’s banking deregulations—fed and serviced the drug trade. García’s charges implied a criticism of the economic team of then-economics minister Alva Castro who, incomprehensibly, had thrown \$60 million of national reserves onto the free market to avoid a devaluation of Peru’s currency, the *inti*. This exchange measure not

only was unsuccessful in halting speculation, but took place in the midst of ferocious capital flight which was endangering the future of the Peruvian economy.

The flight of private capital is but one outcome of the multimillion-dollar campaign the Project Democracy agents have run nationally and internationally, including spreading the lie that the Peruvian president is a closet Communist whose ultimate purpose is to hand the country over to the Soviets. By fanning these irrational fears among Peru’s business circles, this campaign is on the verge of halting the impressive recovery of the Peruvian economy which García has painstakingly forged over the past two years.

Deprived of access to foreign credit or assistance, a penalty imposed by a vengeful international banking community, the future growth of the Peruvian economy is heavily dependent upon domestic reinvestment of the profits achieved under García’s pro-business nationalist policies, which are estimated at some \$4 billion. However, the combined lack of political sagacity on the part of García’s economic team heretofore, and the weeds planted by the Project Democracy crowd, threaten to destroy these hopes.

A change in policy

Alva Castro’s resignation in fact should make it possible to implement a mercantilist economic policy for Peru, with the installation of a nationalized central bank and exchange controls that will close once and for all the only door that still remains open in Peru to those pseudo-businessmen whose capital flight operations—probably fed by the drug trade—are sabotaging the nation’s potential for growth. To shut the door opened by Manuel Ulloa will make possible a genuinely pro-industrial economic policy, designed to favor the nationalist business layers who have rejected collaboration with the drug trade and with anti-national interests of East and West.

It is therefore no accident that the Project Democracy crew are pouring money into the “informal economy” project of Hernando de Soto, whose Institute for Freedom and Democracy is in the forefront of advocating conversion of Ibero-America’s budding industrial economies into black-market “Hong Kongs” based on drugs and slave labor. Nor is it an accident that De Soto’s widely-publicized book, *El Otro Sendero (The Other Path)* is dedicated to none other than Peru’s “leftists,” specifically to de Soto’s close friend, Gustavo Gutiérrez. Gutiérrez is the founder of the gnostic “Theology of Liberation” which has nourished the growth of countless terrorist movements across the continent.

The “two paths” that Project Democracy would offer Peru are false alternatives. The “Shining Path” of narco-terrorist Abimael Guzmán and the “Other Path” of Hernando de Soto will lead inevitably to the destruction of the Peruvian nation-state. Both paths lead to national disintegration and to an empire of drugs, something which imperial appetites in both East and West want for Peru, and for the rest of the Ibero-American continent as well.