

The ILD's strategy: 'freedom' to be poor

Project Democracy's networks have spent millions in publicity this past year, promoting the Liberty and Democracy Institute's (ILD) book, *El otro sendero (The Other Path)*, as the solution to Ibero-America's economic crisis. The largest source of untapped wealth in the region, lies in the "informal economy," *The Other Path* argues, a term they note for what is "called in other places the black, hidden, or marginal economy." If this underground economy be legalized, Ibero-America can both "grow," and pay its foreign debts, they argue.

"An ever greater portion of the traditionally formal population has been escaping from the oppressive world of legality," Hernando de Soto proclaims in *The Other Path*. "Informal institutions and the protected space which they have created, now permit anyone to confront the mercantilist State, instead of succumbing to its yoke."

Indeed, Ibero-America's "independent" street vendors, artisans, and one-family businesses—promoted as the "creative entrepreneurship" of the informal economy—have been targeted as the prime recruitment population for the Soviet-run narco-terrorist insurgencies across the continent. Behind such "informal economy" advocates as Hernando de Soto in Peru, or Ernesto Samper

Pizano in Colombia, can be found the financial oligarchy which runs drugs, and narco-terrorism.

Antonio Navarro Wolf, a leader and spokesman for Colombia's M-19 narco-guerrillas, revealed the actual intent of such informal economy "theoreticians," in a December 1985 interview to the Mexican publication *Cuadernos Políticos*:

That enormous layer of Colombians who are the urban marginalized, are those who best receive the mobilizing message of the guerrilla. . . . 55% of the population in the large cities are underemployed, or unemployed, that is, marginalized. . . .

Today we are absolutely convinced that what yields the most in the cities is . . . work in the poor and marginal *barrios*. The street vendor, the salaried worker of a very small business, the shoe repairman, the policeman, the artisan, the thief, he who lives by 'hustling' (an occupation in which the line between what is legal and illegal is very tenuous), lives there.

For example, in the [guerrilla] camps, we worked with 'gamins,' abandoned children who do not have parents and live in the streets; thousands of children of 10, 14, 16 years; these are the worst of human marginality, because they are marginalized from childhood. Organized in the camps, these children become a factor of tremendous dynamism in the popular struggle. . . . For all these

class protesters. The star of the rally was Vargas Llosa. If the bank nationalization goes through, we will go to the international courts at The Hague, and throw people in the streets to protest "totalitarianism," he promised.

The next rally of the "civic resistance" is set for Arequipa, Peru's second largest city, in population and industrial activity. Arequipa has been a center of regionalist separatist activity since the founding of the Peruvian republic. Many of the ILD's board members, including both De Soto and Vargas Llosa, are from Arequipa.

Joining the oligarchy in preparing for the rally, is Arequipa's mayor, Luis Caceres Velásquez, a member of the mafia-linked Caceres family, whose financial, "business" and political power in the south has made them known as the "owners" of Puno, the southern department which borders both Arequipa and Bolivia. Luis's brother, Roger, the senator from Puno for the United Left party, has often been cited as the top controller of coca production in the southern region.

Vargas Llosa and Roger Caceres are pictured walking together arm and arm, on the cover of the Lima weekly,

Caretas, on Aug. 24.

Terrorist offensive

"Civic resistance" is not the only method employed in the bankers' war against the government.

EIR's Lima bureau received a death threat on Aug. 12, after the bureau announced that it would hold a press conference the next day, to release *EIR*'s documentation of drug-money laundering by the banks. "We will kill you," a caller warned. Every leading newspaper and television channel attended the conference the next day, but not a word has been published on it.

EIR reported that the first leads for the Attorney General's investigation into bank laundering of narcotics profits were provided by "collaborators inside the Banco de Crédito and other banks operating in the Upper Huallaga jungle region." On Aug. 21, terrorists kidnaped, tortured, and then burned alive, a bank employee who had worked at a bank in Tocache, located in the heart of the Upper Huallaga Valley.

Terrorism in the city of Lima escalated. Three car bombs exploded between Aug. 24 and 25, including one in the

people, the future is with the triumph of the revolution. The rest is hunger, marginality, desperation, death—nothing else. . . .

The theoreticians must make a theory out of all this experience. It is up to them to reflect, for example, on the role of Latin American marginality in the revolutionary process. In Latin America, we have to write our own theory of revolution.

The Catholic Church of Colombia, in a mid-July pastoral document issued by the annual meeting of its bishops council, warned that nations would fall apart, unless the "informal economy" be ended:

The economic vacuum that annually removes more than \$2 billion, to accumulate in banks of powerful foreigners, is dramatically expanding the absolute poverty of our people; leaving a population without land and without jobs, delivered without hope to the informal economy. This inexorably generates oppressive social injustice, and . . . encourages conflicts promoted by ideologies that dissolve the bonds of nationality.

The false premises of the informal economy theorists were identified by Mexican economist Manuel Aguilera Gómez. On June 3, 1987, he wrote a commentary for the Mexican daily *Excelsior* which described the ILD book *El Otro Sendero* as "an imperial project," which "by interpreting the spread of the informal economy as

the solution to the social problems of our countries, is a fallacy, an assault on reason and intelligence." Continued Aguilera, "It is a poor concept of freedom that encourages the freedom of poverty."

Equally scathing was a commentary by a leader of the Colombian small industrialists association, Juan Alfredo Pinto, who, at an Aug. 14 seminar on "Reviving the Social Ethic in Colombia," denounced those "true masters of euphemism, who call contraband 'marginal informality,' who call political or fiscal pimping, 'amnesty,' and who call vice and crime 'organized delinquency.' "

Pinto knows whereof he speaks. Colombia's small business associations have been the constant targets of a campaign headed by Ernesto Samper Pizano, a top collaborator of the ILD in Colombia, to recruit them to the informal economy. Like Mario Vargas Llosa, Samper hopes to become President, by organizing a political base from among the "marginalized" sectors of the population.

Samper, from one of Colombia's oldest oligarchic families, got his start during the 1970s as the financial adviser to narco-banker Jaime Michelsen Uribe, currently a fugitive from Colombian justice. Samper headed Michelsen's "think tank" ANIF (National Association of Financial Institutes), a well-financed lobby for drug legalization. Samper went on to become treasurer for the reelection campaign of former President Alfonso López Michelsen, Jaime Michelsen's cousin and the political "godfather" of the Colombian drug trade.

basement of the Sheraton Hotel, a bomb placed at the Citibank branch in downtown Lima gravely wounded two people, and terrorists blew up the railroad linking the capital with the agricultural and mining centers of the Central Sierra.

The United Left party (IU) has joined the bankers, demanding that the government pass an amnesty law which would free 130 of their members now jailed on charges of terrorism, before the bank nationalization bill is discussed. IU parliamentarians, including Communist Party Secretary General Jorge Del Prado, began a hunger strike, until the amnesty goes through.

ILD collaborator and former Economics Minister Manuel Ulloa, responsible for the last government's laws which assured "investors" they could bring in dollars, "no questions asked," announced on Aug. 25 that he, too, supports the demand for amnesty for the terrorists.

Calls for sanity

The bankers do not enjoy an open field, however, despite the image created by their control of the mass media. President Alan García has been speaking non-stop to rallies of

thousands, in Lima and around the country, sometimes as much as three hours in one day. By nationalizing Peru's credit system, we have challenged "the greatest empires of power, to whom sacrifice of human life for economic policies meant nothing," he explains each time. We are not penalizing businessmen who wish to invest, but those who have only "bought dollars on the black market to send out of the country."

His remarks at a rally in the Comas district of Lima on Aug. 19 summarize the current standoff between the bankers, the narcoterrorists, and the popular support still enjoyed by his government. "They make money, we make history. They have their dollars and gold; I have this impressive and huge treasure, which is the Peruvian people," García said.

Supporting the President in his battle against usury is the Catholic Church, whose leaders in Peru have been reminding Peruvians that "capital and labor are to be at the service of man," first and foremost. As Monseñor August Vargas Alzamora, Secretary General of the Catholic Bishops Council, has warned, fomenting divisions between Peruvians is especially dangerous today, when a sector "has chosen the terrorist path to impose its ideas."