

## Andean Report by Robyn Quijano

### Peru takes a step backward

*President García devalued the inti under pressure from the World Bank, but banker and narco-terrorist warfare continues.*

Peru devalued its currency, the inti, by 50% on Dec. 11, as a World Bank delegation demanded a new economic program that would include devaluation, interest rate hikes and other orthodox International Monetary Fund prescriptions rejected by President Alan García since his inauguration on July 28, 1985.

García claimed the devaluation would increase the nation's exports, and help rebuild depleted reserves. A complicated formula will allow food and medicines to be imported at a pre-devaluation exchange rate, a move intended to ensure that essential consumer goods keep their current prices. But even with increased vigilance on price controls, the devaluation has shaken the already weakened economy, and played into the hands of García's enemies on the right and the left.

The right-wing free-traders, and backers of the drug-propelled "informal economy," have attacked the devaluation as too little, too late, and demanded García hand economic management of the country to the IMF. The left has attacked the measure and is taking advantage of the increased misery of the population to organize against García. And the terrorists, including the Pol Pot-modeled Shining Path, have targeted economic development projects, and factories, in openly declared economic warfare.

On Dec. 10, Shining Path narco-terrorists descended on the village of Rumi-Rumi, 97 kilometers from their stronghold in Ayacucho. At dawn they climbed the church tower and rang the

bells until the entire community was assembled in the main plaza. There they separated all the town's officials, teachers, and leaders, like the head of the parents' association, from their families and massacred them. It is the narco-terrorist *modus operandi* throughout the region to subjugate towns by assassinating the leaders. In Rumi-rumi, they killed 24, an echo of the Pol Pot massacres of anyone who could read or those "contaminated by Western thought."

The London *Economist* of Dec. 12 reports in an article from Lima titled "Peru stumbles from debt trap to terror trap," that "Peru's leading human rights organization reckons that more than 10,000 people have died in the terrorist war of the past seven years, most of them killed by the security forces." Somehow the *Economist*, the bankers it speaks for, and the international human rights mafia have forgotten about the rights of the victims of terrorism, slaughtered, not by "security forces," but by Shining Path. The *Economist* advertises Moscow's favorite scenario: "Peru will be lucky to make it democratically into 1990. The terrorists . . . will do something ghastly, and the army will intervene."

Against a military government, the United Left Party has already declared, it will join with the terrorists, and come to power before 1990. They have warned García that at any moment they determine that he has become "fascist," they will join their terrorist brothers against the government.

The development projects in the impoverished areas of the country have been particularly targeted by Shining Path. The development corporation of the Department of Ayacucho has announced an exodus of technicians and professionals, because of the assassinations of technicians involved in building projects in the region.

On Dec. 16, President García attended the funeral of the president of Corde-Piura, assassinated by Shining Path for building a power plant. While there, he attended ceremonies to inaugurate a 20 megawatt turbine the terrorists are determined to eliminate.

Although the devaluation is a step backward for García in his fight for economic sovereignty, he maintains he will not go back to the IMF, nor pay more than 10% of his nation's export earnings for debt service. In a speech on Dec. 23, García attempted to bring back confidence in his government, which has been in severe crisis for the past six months. "In 1986, the economy grew by 8%. In 1987, when everyone was saying there would be no investments or growth . . . the economy grew by 7%, which is more than any other Latin American country," said García.

García emphasized that, while there must be growth and an increase in consumption, there must also be big projects. "The funds we are not paying the IMF and foreign banks, are being used for such projects. The issue is not just one of providing more bread now, it is also necessary to build the big projects Peru needs. It is necessary to build sluices, irrigation facilities, and hydroelectric plants, and we are building them."

Shining Path has picked its targets well, determined to eliminate such projects. The international banks seem to agree, and are also determined, that García will not fulfill his mandate through 1990.