

## Andean Report by Gretchen Small

### Coca-dollars bring chaos to Peru

*Now firmly back in control of the economy, the narco-mafia has set out to seize control of the streets as well.*

On June 29, the Peruvian government not only legalized "coca-dollars," but invited their laundering through the country's financial system. Supreme Decree No. 094-88-EF minces no words: From now until 1990, persons and companies that possess foreign currency abroad, in whatever form or category, can bring it back to Peru, "without specifying its origin, free of all tax obligations."

With this, the narco-mafias were officially granted control over the Peruvian economy—free of taxes or prosecution for the criminal activity from which their money comes!

The decree was the centerpiece of a total overhaul of economic strategy announced on June 28 by Prime Minister Armando Villanueva in his opening address to Congress. Villanueva's liberal economic policies finally buried the last remains of President Alan García's moral and industrial development strategy, which had come to be known as "the García model."

Villanueva announced that his government will: normalize relations with the "international financial bodies," promote short-term, high-profit securities to move speculation into the legal markets, establish free zones and tax havens along Peru's borders, and open the country to foreign capital.

Naturally, as the Socialist International's top man in Peru, Villanueva couldn't resist selling his package as just what the Soviet Union and China's "revolutionary" governments are doing these days.

The next step came on July 11, when the government decreed sharp price increases on food staples: 110% in the price of rice, 60% for eggs, 50% for chicken, 87% for evaporated milk,

70% for bread, 100% for noodles, 100% for sugar, and 171% for tripe (the poor man's meat).

It was the first time since 1985 that the government had opted to lay the cost of the economic crisis on the country's poorest.

The government's surrender on the economic front emboldened the narco-mafias' terrorists to go for control of the streets as well.

On July 11-12, a strike run by microbus owners threw Lima into chaos, shutting down its primary form of transport. This was directed by leaders of the Institute for Liberty and Democracy, who call their promotion of Lima's "informal" economy, "the Other Path."

While that strike was still in progress, the Communist Party's General Confederation of Peruvian Workers (CGTP) announced that they would call a 48-hour nationwide general strike for July 19-20.

It quickly became clear that the CGTP's general strike was no labor tactic, but a decision to organize a show of force in the capital by Peru's largest terrorist armies: the Tupac Amaru Revolutionary Movement (MRTA) and the Shining Path.

The so-called National Popular Assembly gave its support for the strike. The Assembly, joining various maoist terrorist grouplets, peasant organizations, and the Moscow-aligned Communist Party, was put together by the CP in 1987 as a step toward the formation of a unified National Liberation Front.

The Shining Path killers, too, jumped into the act, announcing in their legal daily *El Diario* that this strike should be an "Armed Strike

against APRA" (the ruling party). Gone were the usual attacks against Moscow's "revisionists"; Shining Path and the CP were coordinating this one together.

This strike's "principal characteristic will be that it is the first armed strike openly organized by Shining Path in the urban sector," the weekly *Si* warned. The terrorists seek a confrontation with the military, they added.

Indeed, the night before the strike, the MRTA exploded a car bomb in front of the headquarters of the Joint Chiefs of Staff.

The *New York Times*' Alan Riding puffed Shining Path's new power, telling his readers on July 17 that these guerrillas, "long dismissed as an isolated band of violent fanatics . . . are emerging as a growing urban political force."

A 12-hour rampage by Shining Path commandos preparatory to the strike demonstrates the nature of the "urban political force" now unleashed. A 30-man column attacked a small police station at dawn on July 15, in an area south of Lima. Here, they kidnaped eight policemen and seized weapons. (Five of those policemen are yet to be found.)

They moved on to the next town, where the terrorists called the population into the Plaza de Armas, held a "popular trial" of the mayor and two of his economic aides, and then murdered them.

The policemen in the next town refused to surrender, and drove them off. When the fight was finished, one captain had been gravely wounded. The column continued advancing, assaulting an explosives warehouse next and arming themselves with dynamite. By 7:30 that night, the column struck police stations and APRA party clubs in southern Lima.