

# Fujimori names 'final solution' cabinet

by Sara Madueño

"All the structural reforms were accentuated. . . . In a country which has totally changed, it is a question of continuing on the same path." These were the statements of the recently named prime minister and fisheries minister of Peru, Alberto Pandolfi, which unveiled the background of the recent cabinet crisis which President Alberto Fujimori dealt with by obtaining the resignations of seven ministers, led by outgoing Prime Minister Dante Córdova, in the first week of April.

Córdova's resignation from the premiership and the Education Ministry—together with the departure of the ministers of agriculture; transportation and communications; fisheries; labor; health; and energy and mines—took place after his public quarrels with the free-trade extremist at the Economics Ministry, Jorge Camet. Camet had said he would stay in the government only if the clauses spelled out with the International Monetary Fund, in the letter of intent about to be signed with Peru, were faithfully carried out. This IMF letter demands an increased cooling of the already-frozen Peruvian economy, and an acceleration of the sell-off of strategic public industries, such as the telephone company, the electricity company, and so forth.

Among the new ministers ushered in with Camet are those known as the "czars" of privatization: Daniel Hokama, ex-president of Copri (the Privatization Committee), who has been named minister of energy and mines, and Pandolfi himself, who is presiding over the privatization of Petroperu, the State-owned oil company.

As soon as the new cabinet was sworn in, Fujimori manifested his opposition to the holding of a referendum which would decide whether or not the Petroperu privatization should proceed. The referendum is being promoted both by sectors which are really being oppressed by the free-market policy (unions, some construction authorities, etc.) as well as the "one-worldist" opposition (e.g., the would-be coup-maker, General Robles), who are only seeking to add grist to the destabilization mill.

## Lethal impact of IMF policy

In the very days when Fujimori was announcing his honeymoon with the IMF, the Central Reserve Bank published new statistics which confirmed the lethal impact of the enforcement of these same policies in the last few years. In his first report in March, the Central Reserve Bank con-

firmed that the deficit of the balance of payments in 1995 worsened by 78% with respect to 1994, i.e., the deficit grew from \$2.101 million to \$3.748 million; this, despite having toed the IMF line in the middle of last year to "cool off" the Peruvian economy, because supposedly it was "overheating" with its 1994 recorded growth rate of 12.5%. In the middle of last year, Camet, with Fujimori's blessing, started "cooling off" the economy, leading it to such a low temperature that by January 1996 it showed a decrease of 4.1% in GDP and a 7.5% drop in industrial production compared to January 1995. By February, the latter rate had fallen to a 10% drop compared to last year, according to revelations by the president of the National Society of Industries Eduardo Farah, who demanded "that Economics Minister Jorge Camet say publicly if he wants us industrialists to devote ourselves to industry."

For his part, the president of the National Chamber of Commerce (Conaco), Herless Buzzio, asked for businesses in his sector to be forgiven their back tax debt. He said that such debt was simply "unpayable," the daily *Sintesis* reported on April 8. He added that the private debts his sector had assumed with national and international banks are likewise unpayable.

Buzzio's statements were corroborated by *Sintesis* with regard to the substantial increase in bad debt of the banks. In January and February alone, 6% of delinquent debts went into legal collection proceedings, whereas in all of 1995, only 4.5% of the debt went into collection. In fact, a new phase of massive closings of the few small to medium-size firms that had managed to survive is in evidence, and the few private national companies that remain will soon be on the auction block.

The IMF's destructive recommendations, accentuated since the national figures were released in 1995, are continuing to take the country to the precipice. Hence, in January alone, imports grew 15%, which is 59% more than last year's figure. This forecasts a sky-high balance of payments deficit by the end of 1996, if there even are national accounts by then.

## Armed Forces in the crosshairs

Meanwhile, the free market fanatics of the Mont Pelerin Society are outlining to Fujimori his next steps to finish dismantling the State: "We cannot go forward without a total restructuring of the State," says the daily *Expreso* in its April 4 editorial, and then gets to the bottom line: "In Peru, there are ministries and public organizations which are excessive or could be merged with others. *The Armed Forces themselves are oversized in personnel and superfluous spending*" (emphasis added).

And will the nationalist military, which up to now has backed Fujimori in his correct war on narco-terrorism, put up with this free market policy—to the extent of being buried with it?