
Peru's President Fujimori

Ibero-America Has Already Paid its Debt!

by Cynthia R. Rush

Peruvian President Alberto Fujimori continues to unnerve the financial oligarchs of London and Wall Street, with his insistence that Ibero-American nations shouldn't have to keep paying their foreign debt. He first raised the issue at the South American Presidents' summit on Aug. 31-Sept. 1 in Brasilia, Brazil, where he said that, "according to conservative estimates," the foreign debt "has been paid several times over the course of these last 25 years."

Fujimori adeptly referred to what *EIR* has so often exposed as "bankers' arithmetic," the criminal method by which foreign creditors have looted Ibero-America and other indebted regions of the world, forcing governments to service a debt that has grown in cancer-like form, despite the fact that virtually every country has paid out in accumulated interest, two and even three times the amount of debt they had 20 years ago.

A week later, addressing the UN Millennium Summit on Sept. 8 in New York, he argued that developing-sector nations are burdened with "aggravating outside factors, such as the foreign debt, which are currently, in practice, out of our control." This burden prevents nations from making desperately needed investments in social programs, and halts the impetus for economic development and democratization, Fujimori said. But beyond this, he added, is the fact that "most of our countries have, in these last 30 years, paid three times the principal on our debt," and yet their large indebtedness remains. Every time the interest rate on \$1 billion in debt goes up one point, he observed, the debt increases by \$10 million. In a small economy, \$10 million could be used for crucial social investments.

What Is Real Democracy?

Since Wall Street's underlings in Madeleine Albright's State Department constantly refer to Fujimori as an "authoritarian" who has trampled on "democracy," the Peruvian President also had a few things to say about this issue while in New York. Addressing the Anglo-American policymaking center, the New York Council on Foreign Relations, Fujimori pointed out that real democracy cannot exist unless accompanied by economic and social stability, and freedom from the terrorist threats which plagued his country in the past.

"There has been a divorce," he said, "between the ideal form of democracy and the contrary reality of extreme poverty, marginalization, and backwardness in which the major-

ity of Peruvians have lived" since the founding of the Republic. The decade between 1980 and 1990 was one of worsening economic and political crisis in Peru, Fujimori said, including the devastating actions of the narco-terrorist Shining Path and the Túpac Amaru Revolutionary Movement. "Peruvian democracy appeared to have two Presidents," he explained. One was Dr. Alan García who governed from Lima, and one was the man who called himself "President Gonzalo," Abimael Guzmán, head of Shining Path, "who also controlled part of the country and intended to be its sole power." This was a "*sui generis* democracy," said Fujimori, because, among other things, the infant mortality rate was 61.8 deaths per 1,000 live births.

President Fujimori then outlined advances made under his administration, which began in 1990. Infant mortality now stands at 39 deaths per 1,000 live births, while 99% of all children are inoculated against disease. Illiteracy in the population 15 years of age and older has fallen from 14.5% in 1990, to 5.2% this year, and the rate of school-age children attending school has increased from 75.1% in 1990, to 97% this year.

Considering the fact that Fujimori has tolerated a free-market regime, dictated by the International Monetary Fund, in Peru for much of the last decade, these figures are particularly striking. They suggest that, even when the monetarist program dominated, Fujimori has nonetheless been able to direct some modest investments into health, education, and other social programs. A certain amount of infrastructure has also been built, especially through the deployment of the Army's civil engineering corps.

Especially in the recent period, as the disintegration of the world financial system has meant growing financial warfare against his country, Fujimori has edged away from the free-market regime, while not breaking with it completely. In mid-July, he announced a series of measures, which he carefully characterized as a "social impact economy," but which took aim at foreign financial interests which have looted Peru over the years. The measure which caused the most hysteria on Wall Street was the lifting of tax exemptions on the profits of huge mining cartels, such as the George Soros-owned Newmont Mining Co., which owns the fabulous Yanacocha gold mine.

The economic warfare has continued. In the first six months of this year, foreign investment dropped by 90%, including financing for 12 projects scheduled for the mining, electricity, and gas sectors. Faced with an economic debacle, and the possibility that Peru would not be able to meet debt payments in the second half of the year, Fujimori announced further measures in mid-August. More than anything else, they are an attempt to buy some time, while limiting further damage to the depressed economy. He refused to apply the shock devaluation that the financial community demands, opting instead for measures which range from severe austerity in government spending, to an attempt to relieve the debt burden of Peruvian industry and agriculture.