

Privatization Battle Crumbles Peru Govt.

by Sara Madueño

International Monetary Fund policies have doomed another government in Ibero-America. Peru's President Alejandro Toledo now looks like Argentina's Fernando De la Rúa, shortly before the latter had to resign in December 2001.

On June 14, the Toledo government in Peru went ahead with the privatization of Egasa and Egesur, state electricity providers to the department of Arequipa and southern Peru, respectively. The single bidder, the Belgian company Tractebel, bought the companies at the ridiculous price of \$167 million, despite technical assessments that the physical assets of the companies alone were worth \$350 million. With this decision, President Toledo opened the floodgates to an uncontrollable popular outrage. During the June 14 ceremony in Lima to concretize the sell-off of the companies, Apra party Congressman Arturo Valderrama spoiled the affair, by distributing a document which Toledo himself had signed in May 2001, at the height of his Presidential campaign in Arequipa, in which he had pledged *not* to privatize the companies.

The protests began in Arequipa, Peru's second city, led by Mayor Juan Manuel Guillén. The civic strikes rapidly spread across the south of the country. People in the cities of Cuzco, Tacna, Moquegua, Puño and Huacavelica joined Arequipa in striking, under the slogan, "Peru Cannot Be Sold." Sympathy demonstrations began in the North as well.

Toledo, who days earlier had declared that "I'm not interested in popularity" and that "my hand will not tremble," reaffirmed his plan to proceed with the privatization. His Interior Minister Fernando Rospigliosi called the protesters "a handful of violent malcontents," despite television shots of vast crowds demanding a reversal of the privatization and calling for "a new President." Similar mass protests began to break out across the South, while in Arequipa itself, 39 mayors joined with Guillén to begin an indefinite hunger strike. The universal demand? Roll back the privatizations, or Toledo resigns. Spirits ran so high, that the regional president of Cuzco declared Toledo's Belgian wife, Elaine Karp, *persona non grata*, in order to foil her plans to formalize her nationalization as a Peruvian citizen during Cuzco's famous "Inti Raimi" festival on June 24!

Policy Smashed by Reality

For the moment, Toledo has opted to retreat. In a 180 degree about-face, he sent a negotiating commission to Arequipa on June 19, which agreed to sign a "Declaration of

Arequipa" with the leaders of the Arequipa Patriotic Front heading up the protest. The government made four commitments: to suspend the privatization until a court rules on its legality; to submit the privatization policy to a national referendum; to suspend the 30-day state of emergency imposed on Arequipa by the government on June 16; and, lastly, to order his Interior Minister Rospigliosi and Justice Minister Fernando Olivera to publicly apologize to the people of Arequipa, for insulting them as a bunch of "vandals" and "malcontents."

Rospigliosi immediately resigned. Rumor has it that Olivera's advisers are suggesting he do the same. Economics Minister Pedro Pablo Kuczynski, the leading Wall Street agent in Toledo's cabinet, hasn't been heard from since June 17, when he cancelled a planned speech to announce a new economic austerity package.

Ironically, the government was forced to turn around as a result of its own policies. The Toledo government had been installed in power in 2000 by the U.S. State Department and drug legalizer George Soros, in order to carry out one primary assignment: that of denigrating and dismantling the Armed Forces, treating them as a bunch of killers, because they defeated two narco-terrorist insurgencies over the 1990s and restored peace to the country. This drive has gone so far, that the commandos who rescued the 72 hostages held by the narco-terrorist MRTA in the Japanese ambassador's residence in Lima in 1997, considered national heroes throughout Peru, have been charged with "genocide" because the narco-terrorist captors were killed in the rescue.

When the protests against Wall Street economic policies blew up in its face, however, the government ordered that same military to enforce its state of emergency in Arequipa! The Armed Forces refused. As one media commentator noted: "How could Toledo have imagined that the military were going to obey his orders to repress the Arequipa people, if they are now being accused of genocide for having liberated us from the terrorist plague?"

What happens next is completely undecided. Peru cannot even pretend to be able to pay its debts without pulling in cash from the sale of more state assets. But, imposing that policy upon the country is going to be harder, not easier, now. The leader of the Tacna protests declared that the rollback of the southern privatization is great, but they aren't going to stop mobilizing, until the government's entire economic policy is revoked—a spirit spreading across the country. The president of the Civic Front of Arequipa, Jorge del Carpio, declared at the signing of the Declaration of Arequipa, that "Arequipa has shown the country the way."

But as Argentines have discovered, bringing down a government these days is not the difficulty. The problem, requiring statecraft, is to build a viable alternative. In the current global economic collapse, that cannot be successfully accomplished in Peru or Argentina alone, but by the measures outlined in Lyndon LaRouche's Presidential campaign.