

EIR Feature

President García of Peru: the Lincoln of the South?

by Mark Sonnenblick

A revolution may be made with the most absolute and unlimited freedom of the press. A revolution is not an act of resentment or vengeance or hatred. It is an act of construction, of prudence, and of greatness. A revolution can be made by utilizing and promoting the initiative of private property. . . .

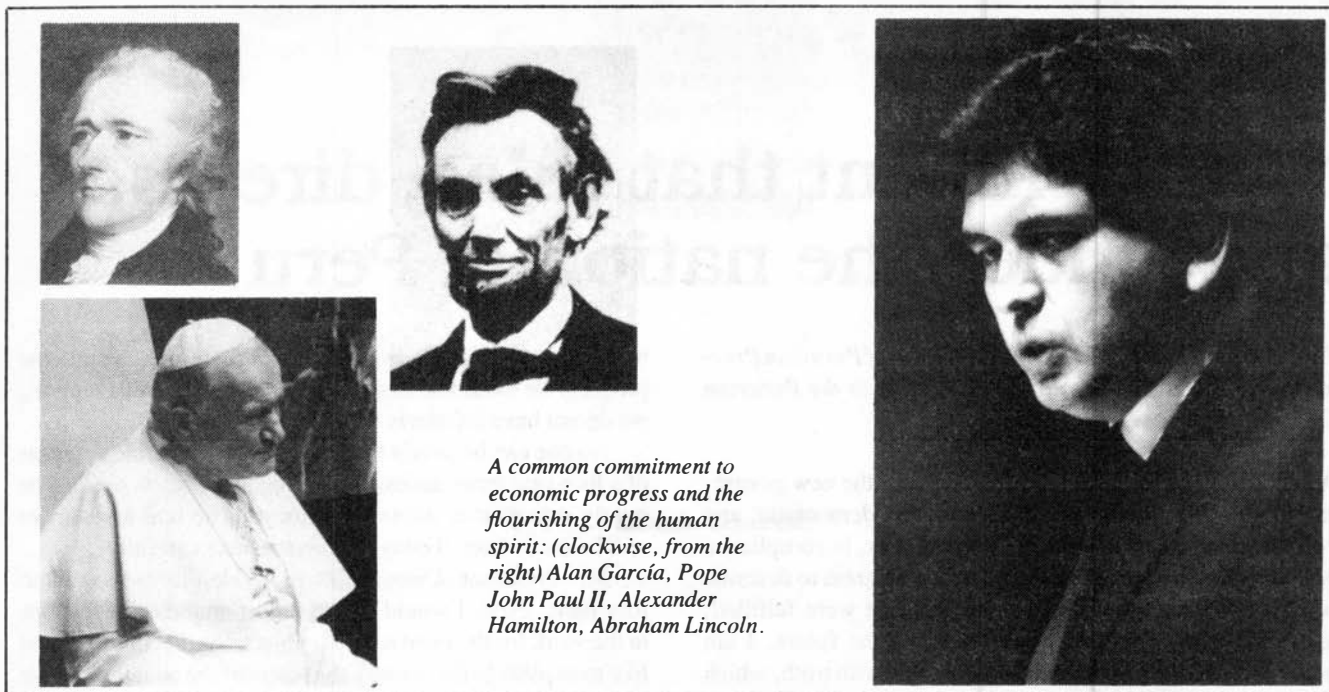
—Alan García, July 28, 1986

Peruvian President Alan García's July 28 message to the nation on the first anniversary of his taking office (major portions of which follow) knocked over more than one hornets' nest. Peru's communist unions vowed to "triple" their strike activity and raved that García had "sold out" to capitalism by not nationalizing food processing, banks, and everything else. Equally absurd cries of "statist totalitarianism" erupted from Gen. Francisco Morales Bermúdez, the President (1975-80) who put Peru under the dictatorship of Dope, Inc. and the International Monetary Fund (IMF).

From Washington, New York, and Chicago came scarcely veiled calls for the narco-linked factions of Peru's military to overthrow García. Why? Because "García keeps stomping all over our shoes," in the words of one "senior U.S. official" quoted by Reuters July 31. The IMF revealed it would blacklist Peru on Aug. 15 because of García's refusal to sacrifice development by using all its export earnings to service its foreign debt.

García rejected both "bureaucratic statism" of the communist system and the "inhuman liberalism" of British colonial policies, now called "monetarism" or "free enterprise." Instead, he applied to Peru the "harmony of interests" concept in which capital, labor, and government collaborate to seek the advancement of the productive and creative powers of the human beings who make up the society. That theory, as applied by Alexander Hamilton, Abraham Lincoln, and the "American System" economists, brought the flourishing of American industry. It, and García's experiment, also have deep Catholic historical roots and the support of Pope John Paul II.

García's outline of how Peru would develop amidst economic and political



A common commitment to economic progress and the flourishing of the human spirit: (clockwise, from the right) Alan García, Pope John Paul II, Alexander Hamilton, Abraham Lincoln.

adversity evoked a strikingly positive response from Peruvian patriots. The owner of several Lima food-processing factories, Guillermo Arteaga Ralston, wrote the President that the speech had moved him to invest in building a flour mill at Huancayo, high in the Andes. Arteaga explained that by doing so, the peasants in Peru's central highlands would have a secure market for all the wheat they could grow on their plots, and would sow more. That would help Peru break the stranglehold of the international grain cartels which supply 90% of Peru's consumption with imported wheat, and "would have a multiplier effect in the region."

Arteaga knew that businessmen in Huancayo are leaving town, as the Shining Path terrorists who long plagued its hinterlands have begun burning down the city. But he also knew that the abandonment of productive investment, since Morales Bermúdez seized power with the backing of Henry Kissinger and the Cubans in 1975, made conditions ripe for the terrorists.

His response shows that there are capitalists in Peru who are willing to take up García's call for them to use their initiative, intelligence, and courage to make the investments needed for the country to develop. The risks of investing are substantial, but the risk of not resuming productive investment is greater.

The *New York Times* ranted in a Nov. 5 editorial that García's problem was his "demagogy," and that he would be overthrown for "failing to fulfill the people's expectations." Yet, García's regime, despite facing more adverse circumstances than any government in the hemisphere, turned around his country's economic collapse.

None of García's multifarious critics challenged the picture he painted of Peru's economic progress during his first

year in office. For the first time since the Morales Bermúdez coup of 1975, industrial output grew, plants were taken out of mothballs, and jobs were created. Contrary to the trend in Peru and in other "underdeveloping" countries, productive employment in industry and agriculture rose much faster than non-productive jobs in trade and services. While gnashing their teeth, even the Communist Party labor thugs accepted his report that real wages have increased.

Inflation was cut radically, from 250% a year ago to 68% since. The value of the currency was secured by ending devaluations, and by stashing \$700 million of gold in Peru's own vaults, out of the creditors' grasp. Reliance on the dollar was broken.

As García admitted, "more difficult days are to come." Peru would require "an economy of national defense." Peru's economic crisis is by no means solved, but he has gotten a handle on it. Like Abraham Lincoln, he has chosen to preserve his country in the midst of war, by bold initiatives to change it forever.

García has no intent of spending the next four years managing one crisis after another. Nor does he see politics the way almost every other world leader does, as the art of balancing competing pressures to reach a pragmatic compromise. That art, which has brought mediocrity to American political life, would be suicide in Peru. What compromise is possible between Peru's terrorists, their "dirty-war" adversaries in the military, and foreign creditors, other than the dissolution of the nation-state?

García set his own agenda, despite an upsurge of left and right terror designed to trap him in its vise. He stressed that political leadership involves educating a population, and that "teachers must teach optimism."