

## Fujimori Bucks Wall Street, Tells Peru, 'People Come First'

by Gretchen Small

Inaugurated for his third term as Peru's President on July 28, Alberto Fujimori proposed to the nation that the next five years be dedicated to the progressive industrialization of the country. The task, he told Peruvians, is to bring infrastructure and development to the furthest corners of the national territory, and the state must play a role in directing the economy toward this end. "This government will promote industrial activities in the coast, in the *sierra* [mountainous regions], and in the jungle," he promised.

Fujimori invoked the spirit of optimism and decision which the country had rallied to defeat narco-terrorism in the 1990s, as the qualities now to be brought to bear on this great national task. He reminded Peruvians of how, when he was first inaugurated ten years ago, Peru was in the midst of its worst national crisis of the 20th century, and defeatism and pessimism dominated its political class. The majority of Peruvians, however, had not lost hope, and mobilized sufficient courage required to face the battle. "Peru demonstrated itself to be greater than its enormous problems," he reminded them.

So, today, Fujimori proposes that Peru turn the desire for progress of the poorest Peruvians into "a motor for the economy."

Fujimori's 40-minute inaugural speech, excerpted below, demonstrates the quality of leadership which the Wall Street and London financiers most fear in the President whom Peruvians chose to re-elect, despite threats of international blockade against the country, should they do so. Although there are weaknesses in the strategy Fujimori proposes to follow (such as a misguided emphasis on exporting into a collapsing world market), which will be exploited by Peru's foreign enemies, these are of lesser importance than the decision to focus the nation's energies on building its physical economy, and on the urgency of providing for Peru's people, as the issue which will decide whether the country will survive. The specifics of

how that can be accomplished, are matters that will be defined on the global battlefield over the coming months of international financial disintegration.

The international media's lies aside, President Fujimori is respected around the world for his firm and successful defense of Peru's national sovereignty during the 1990s, when the nation nearly fell to some of the most feared narco-terrorists which have ever operated anywhere. With his inaugural speech, Fujimori has announced that he intends to extend that battle for national sovereignty into the sphere of economics.

The change now occurring in Peru has been blacked out of the international media, by and large, out of fear that it could embolden others in other countries considering breaking from globalization's destruction. Instead, the international media have focussed its reports on puffing up the violence provoked on inauguration Day by Project Democracy's favored tool, defeated Presidential candidate Alejandro Toledo, as if that reflected some kind of powerful national opposition to Fujimori, rather than what it was: the opening of a campaign by desperate foreign financiers, to re-launch a terrorist war inside Peru. Toledo's Presidential bid was shamelessly backed by Madeleine Albright's State Department, and was run by a bunch of drug legalization activists working with speculator George Soros. But Peruvians defeated Toledo in the recent elections, and his support within Peru has been dropping precipitously ever since then.

### 'How Dare He!'

The recognition that neither President Fujimori nor Peru intends to capitulate to globalization's dictates, has produced a fearful hysteria within the ranks of Wall Street and London. Economic warfare has already begun against the country. Even before his inaugural address, the shark financial interests were up in arms over 11 "urgent" economic measures passed



*Peruvian President Alberto Fujimori, shown here inspecting the Japanese ambassador's residence in Lima in 1997, after the Peruvian Army's successful raid on the MRTA narco-terrorists who were holding hostages there.*

by Congress in the closing days of Fujimori's second term (see *EIR*, Aug. 4, 2000). A July 25 article in the London *Financial Times* urged investors to pull out of Peru, lying that these measures signalled that Fujimori had "turn[ed] his guns on international investors."

That statement is a flat-out lie. The measures are in no way "anti-foreign," but simply set out to limit the shameless looting of Peru by the foreign mining cartels, to channel some of the profits from national electricity production into shoring up Peru's pension program, and the like.

That alone, the *Financial Times* makes clear, is unacceptable under globalization. Fujimori's policies are unacceptable because they look like they may head toward "heavy state intervention in industry and unrestrained spending on the poor, . . . seeming to put" — oh, horror of horrors! — "domestic interests above foreign ones."

To mollify international financial critics, on the day after his inauguration Fujimori named Mont Pelerin Society advocate Carlos Boloña Behr as his Economics and Finance Minister, returning him to the post he held from 1991 to early 1993. That period of Fujimori's regime was marked by strict adherence to the International Monetary Fund's debt-and-paper-come-first policies, much favored by Boloña. Under what terms Boloña returns to the government, remains to be seen, as President Fujimori has already opened battle against the foreign powers to whom Boloña has always answered.

Nor is the issue simply one of President Fujimori alone. The war which Project Democracy and its financial sponsors launched against Peru during the Presidential election period

sparked an intense spirit of national defense which is spreading through much of Peru's national elite, and which is changing the way many think about the world. Exemplary was a homily given by the Roman Catholic Archbishop of Lima, Msgr. Juan Luis Cipriani, during the July 28 Independence Day mass, attended by the diplomatic corps, as well as by the country's civil, religious, and military leadership.

Cipriani had played an important role in defending Peru during the anti-terror war, taking an uncompromising stance against terrorism when he was Bishop of Ayacucho, in the heart of the narco-terrorist Shining Path's territory. But, long close to Opus Dei networks in the church, his outlook on economics had favored British liberal free trade economics. Here, however, Monsignor Cipriani put Peru first. In his homily, he called upon foreign powers to "not threaten Peru with economic sanctions."

"Neither the old path of colonialism, nor the phantom of globalization is correct, because they use economic risk as a means to attempt to bend the right which a sovereign people has to forge its own future," he said.

"Development must be the new name for peace, and the state must assume the collective responsibility of promoting development," he argued, suggesting that the social doctrine of the Catholic Church provide a new perspective on the proper role of the state. If "private" is defined as synonymous with individualistic egoism, then the principle of the common good is pushed aside. "The state should participate, directly and indirectly, as long as it does so seeking the common good," he argued.

## George Soros, the New Enemy-Image

There are many within Peru's national elite, also, who have come to realize that globalization is synonymous with the drug trade and its narco-terrorist armies which Peru so successfully defeated in the 1990s battle with terrorism. A half-hour special broadcast on national television Channel Two's most-watched Sunday program, *Contrapunto*, on July 2, gives the flavor of the profound disgust with which many nationalists in Peru now view those international interests who launched the campaign to overthrow Fujimori during the run-up to the final round of the Presidential elections on May 28.

The show, titled "George Soros and the Legalization of Drugs," was centered upon the Open Letter to UN Secretary General Kofi Annan, published in the *New York Times* on June 8, 1998, and signed by 600 world figures, which called for an end to any war against the drug trade. The letter had been organized and paid for by George Soros. Twenty-three Peruvians signed that letter, and most of them played leading roles in the effort to install Toledo as Peru's President.

*Contrapunto* scrolled through the letter—and the list of Peruvian signers. With a large picture of Soros in the background, the narrator explained:

"In other words, they ask for legal trade in drugs. In effect, the promoter of this letter, the financier and number-one world speculator, advocate of drug legalization, is he the same man, who, today, thanks to his money, is also passing himself off around the world as the great standard-bearer of democracy?"

"It would be a good idea for the politicians who signed this letter to give the country an explanation," the narrator suggested. "Peru is not Holland, where you can buy marijuana and hashish in a supermarket. They surely want to sell cocaine in the supermarkets of Lima in the future. . . . The only thing left, is for Soros to buy up a whole country with all the money he has, where he could test how speculation is compatible with democracy." To conclude their section, *Contrapunto* displayed a picture of Soros and Toledo, together on the podium of the U.S. State Department's June 25-27 conference, "Towards a Community of Democracies" in Warsaw, Poland.

But in the lexicon of Toledo and Soros, "democracy" equals terrorism. Even as Fujimori was delivering his inaugural address, a mob of vandals participating in Toledo's protest march, rampaged through the center of Lima, breaking windows and setting public buildings afire, as they advanced upon the Government Palace and the Congress, intent on physically blocking Fujimori's inauguration. The violence was well-organized, systematic, and professional. Incendiary bombs were thrown so as to cause maximum damage. Passage of the fire engines and rescue squads attempting to reach the blazes were then blocked, for as long as two hours, until the fires had gutted their targets. Six people died, and 420 were wounded in the havoc.

But within Peru, support for Toledo has plummeted, as his promotion of violence is reminding Peruvians of the inhuman terror war they had suffered for more than a decade.

Toledo has become so discredited that, when the new Congress met on July 26, eighteen Congressman who had been elected on opposition tickets, threw their support behind Fujimori's team. Likewise, Federico Salas, the opposition Presidential candidate who came in third behind Fujimori and Toledo, has joined Fujimori's government, serving as Prime Minister.

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## Documentation

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# Fujimori Promises To Industrialize Peru

*Here are excerpts from President Alberto Fujimori's July 28 inaugural speech. Subheads have been added.*

Exactly ten years ago, here in this same location, I inaugurated a government in the midst of the worst national crisis of this century.

At the time, only defeatism and pessimism reigned within the political realm. Of course, there were no lack of apocalyptic predictions.

But outside of that environment, among the masses of the people, hope survived, and with it, sufficient courage to confront the dramatic situation in which we lived.

Having led that popular force—men and women, who, with courage and perseverance, turned Peru around—is for me a source of pride. In its actions, Peru proved itself to be greater than its enormous problems. . . .

Over the past decade, solving our worst problems demanded exceptional efforts, among these, the normalization of Peru's relations with the international financial community. Later, solving the pressing problem of relocating and modernizing war matériel in the face of imminent foreign conflict. . . .

This new government has an historic destiny, which is to finish the job, to consolidate the people's conquests of this last decade.

## Two Priority Objectives

Therefore, there are two priority objectives in this five-year term now before us: strengthening the democratic institutions, and generating employment and the common welfare. . . .

Over the past decade, there has been a tendency for our productive apparatus to return toward an emphasis on primary products.

This was the direct result of our need to recover macroeconomic stability.

In this stage, we will direct our economy, without chang-

ing our path, toward a model which will lead us to a progressive industrialization of the country, in accordance with our competitive advantages.

We need to take advantage of so-called globalization so that we are not merely a producer of raw materials, but a modern economy oriented to export, and whose expansion would raise the living standards of all Peruvians.

I haven't the slightest doubt that industrial activity, in its various branches, requires promotion by the state, with the goal of orienting it toward export. . . .

This doesn't mean a change in the rules of the game, but rather, a pragmatic fine-tuning, which adapts to the new national and international economic conditions.

I should repeat, most emphatically, that private enterprise must continue to play the preponderant role in production, in the process of national development.

When the state has to intervene outside its purview, it will do so only temporarily and for the purpose of guaranteeing the universal spread of the market and of development. Of this, there should not be the slightest doubt.

An example of this is the upcoming licensing of the phosphate deposits of Bayovar. We do not want to simply extract phosphate rock. We want the private investor to install an industrial plant for processing this phosphate rock, by means of which a pole of regional development in the north will be created.

As the promoter of private investment, the state orients toward the industrialization of the country and the encouragement of exports.

[The large natural gas project] Camisea will become a reality in this five-year period. This means our own energy resources, competitive prices for electricity and gas, and not just the raw material but also a resource for the petrochemical industry of Peru's south.

The severe recession of the past two years, the result of severe external shocks, the El Niño phenomenon, and the international crisis, has had its impact on our financial system. By temporarily losing their lines of credit abroad and accumulating non-performing debt, the banks have aggravated our situation.

This fact, obviously, restricts credit to the private sector. To deal with this situation, several banks have merged or been liquidated, and the majority need significant capital infusions.

Given this difficult situation, which still exists, banks, companies, and the government will coordinate to come up with a realistic solution.

The banks should continue to make adjustments, applying market solutions, primarily mergers, private capitalization, strengthening of risk management, and internal controls. Companies will be given the opportunity for capitalization and restructuring. . . .

In sum, we need to resolve the rupture in the chain of payments, which has meant less availability and more expensive credit for the productive sectors. In this way, we will make possible a reestablishment of that chain of payments, the

flow of credit to companies, and the recovery of the productive sector. And, most importantly: to increase the number of available jobs. . . .

## Technology Is the Key

Technology is the key not only to increasing exports, but for national development and growth. Therefore, we propose as a priority, an intense program of technology transfer to foster the modernization of our economy.

In-house plumbing and the supply of potable water reached 40% of housing in 1990. In 2000, it reaches more than 60%. Sewage service grew from 30% in 1990 to nearly 50% this year, and electricity, which reached less than 50% in 1990, now reaches nearly 75% today.

During this coming five years, our goal is that more people, more families, will have water, light, and sewage services.

The desire for progress among the poorest of our people constitutes a motor for the economy. We will work to improve the *pueblos jóvenes* [shantytowns], for example, with such basic investments as asphalt pavement, which will transform the shantytowns into popular urban zones. . . .

## Education and Health

We will continue to work intensively on education. We will not pursue the traditional approach of discussions in forum after forum. We want to build 3,000 more schools across the country during this five-year term, and publish 6 million school texts per year, free books in Spanish and also bilingual, in all varieties of Quecha, Aymara, and the languages of the Amazon.

We will further improve Free Student Insurance, a model of health care in Latin America. And by this same route, we will undertake a pilot plan for school lunches similar to that for school breakfasts.

This means applying a concept of support for education through the important aspect of nutrition.

In sum, we will make a revolution in the classrooms, complementing our conquests by providing a computer, Internet connection, and virtual libraries to each school. Access to this indispensable technology will become a right for every child and youth in Peru. . . .

Peru must be a country of healthy children, children attended by professionals from their birth, with hygiene and preventive methods that are standard in advanced countries. . . . Healthy and better educated children: That is modernization and that is the future. . . .

An important contingent of citizens does not agree with our proposals: That is predictable in the democratic way of things. However, while respecting these discordant opinions, we have to admit that there is no democracy in the world in which the minorities rule, however respectable they may be. Even less so do the non-elected rule, or those congressional candidates who have obtained a minimum number of votes. That does not exist anywhere in the world, much less in Peru.