

## Andean Report by Valerie Rush

### Terrorists hit Peru's industry

*The international financial institutions would point Peru down the "Shining Path" of chaos, terror, and destruction.*

On Jan. 15, Peru's Shining Path (*Sendero Luminoso*) terrorists launched one of their most violent assaults to date, simultaneously hitting the electricity networks of more than six Peruvian departments, two of the country's largest textile factories, banks, television stations, and commercial establishments. As one of the terrorists later bragged to his captors, Shining Path's objective is "to turn Lima into a second Beirut, demolish the national productive apparatus, and paralyze national industry."

The blind terror and destruction flung by the Shining Path against the government of President Alan García thus represents clear coordination of the terrorists' campaign with the foreign financial interests stung by García's economic policy. As such, Shining Path offers a bloody counterpoint to the economic warfare with which the international financial community hopes to undermine and ultimately bring down the García government.

It was, perhaps, not accidental that one day before the synchronized terrorist attacks were launched, World Bank President Barber Conable declared that García's bold economic development program "is not likely to work . . . because it does not let them service their debts." Conable and the Shining Path terrorists ultimately answer to the same boss—the oligarchic elites who view the successes of the García economic experiment with growing dread of "contagion" throughout the developing-sector na-

tions. In particular, they are watching with apprehension the historic Jan. 26 visit of President García to India, at the invitation of Prime Minister Rajiv Gandhi, at which major South-South development initiatives are expected to be taken.

The Shining Path's targeting of the two largest textile plants in Peru—and possibly in the Andean region—was intended as a message to García that his economic program would not be tolerated. At the Celanese rayon plant, 20 terrorists—led by 4 dressed as policemen—rode through the gates on a Celanese company bus, subdued the guards, placed incendiary devices throughout the plant, and burned it to the ground. Another state-owned plant on the outskirts of Lima was bombed to smithereens.

Significantly, textiles is the industrial sector which has had the highest growth rate, thanks to García's policy of raising the real wage levels of Peruvians, and thus real productivity as well. Now operating at close to installed capacity for the first time in a decade, the textile industry is a priority sector for reinvestment and expansion under García's plan.

Growth in textiles is but the leading edge of an economic success story unique on the continent. Output from manufacturing last year was up 14.8%, and Peru's overall growth rate was 8.5%, the highest in Ibero-America. The country is building, as shown by the 22.2% increase in construction activity.

There are a number of remarkable things about García's accomplishments thus far. Peru's recovery shows a marked contrast with what has taken place in the United States, where most new jobs have been in non-productive services. Industrial employment in Lima last year was up 8.8%, while services increased only 2%, showing that García did not put people back to work by padding the government payroll.

While García is often accused of "statism," the facts show the contrary. The profits received by the private sector were up by 35%, after inflation is taken into account. Government revenues were up 27% and the minimum wage was up 22%. While all sectors benefited, the private sector got the most. García's success in encouraging those profits to be reinvested in new factories may be badly set back by Shining Path's declaration of economic warfare.

García also plans to capitalize and modernize agriculture. On Jan. 15, the same day as the Shining Path offensive, he worked with his advisers on how to increase food production through improved technology. During 1987, said the President, the plan is to put more tractors in the fields, even if it means taking obsolete out-of-service machines from the United States and Europe, fixing them up, and putting them to work in Peru.

García also emphasized that modern irrigation systems would be installed widely to make maximum use of the scarce water on Peru's desert coast. In 1986, he said, agricultural production grew by 4% and the amount of land under cultivation by 6%. While agriculture has given the slowest response of any economic sector, these figures show a turnaround from 20 years of continuous decline. Peruvians will be paid better, eat better, and produce more during 1987.