

Andean Report by Ricardo Martín and Carlos Méndez

Peruvian tanks roll on banks

The efforts of the narco-bankers and their Communist trade unionists to hold on to financial institutions are failing.

While Peruvian bank owners continued to “sleep in” at their banks Oct. 9, President Alan García signed the long-awaited law providing for state ownership of all Peruvian banks, finance companies, and insurance companies. The law went into effect one minute after midnight Oct. 12.

Hours later, the general manager of Peru’s largest private bank, Banco de Crédito, Juan Francisco Ruffo, announced a desperate ploy to preserve “the owners of Peru.” He said the bankers had “sold” 50.57% of the bank’s stocks to 4,297 of the bank’s employees. He said his finance company subsidiary, La Financiera de Crédito, had loaned each employee \$2,000 to buy the stock. They hoped to waltz through a loophole in the law which exempts from expropriation the “little guy” who owns less than 1% of a bank’s shares.

Some newspapers claimed the bankers were thus showing solidarity with their former employees; others suggested that Trotskyist former Constituent Assembly member Magda Benavides, who controls the bank workers union local, had fooled the bankers. What really happened is that the union communists provided a cover for the bankers, while condemning President García for “defrauding the people’s expectations” for not having nationalized Peru’s other industries.

The leader of the leftist faction of García’s own APRA party, party secretary Armando Villanueva, gave credibility to the swindle, saying, “I don’t think it was a ruse or a maneuver by the bankers to prevent the law from

fulfilling its social purpose.” He said the bank workers had shown why a “Worker’s Bank” should be created. Perhaps he was thinking of the Workers’ Bank in Colombia, which laundered dollars for the narcotics traffickers.

The finance ministry, however, issued a communiqué Oct. 12 saying the bankers had “mocked the country.” The bank owners had given unsecured loans to their employees with collateral of shares, “despite their not having been paid for.” The bank workers were really being used as a facade for their ex-bosses, who would retain control of the banks. It is worth recalling that, as documented in *EIR*’s Aug. 21 issue, Banco de Crédito laundered large quantities of dollars for Peru’s cocaine traffickers.

The Ministry of Economy and Finances’ communiqué states that the maneuver “seeks to create juridical confusion whose sole objective is to pay the bankers—with the deposits of savers in the bank and finance company—a high price for their shares, simulating a sale.”

The bank owners irrefutably proved the point which Alan García has been trying to make since he announced the nationalization of the banking system July 28: The bank owners irresponsibly used the savings of the public and the trust deposited in them for their own selfish advantage. They proved García was right that the state would have to manage the banking system to assure Peru’s scarce capital were used to finance capitalists who wanted to build industries, rather

than for speculation.

The government simply declared that it would only recognize as stockholders those on record “Friday, the ninth, the last business day at the stock market” before the law went into effect. It forbade any further bank stock sales and then closed the stock market entirely.

The battle of words concluded on the afternoon of Oct. 14, when an armored personnel carrier smashed through a side door of the Banco de Crédito headquarters in Lima. Hundreds of heavily armed police entered and rapidly cleared the building of bank employees who had barricaded themselves on the ninth floor. Designated government intervenors then entered; the bank’s nationalization was accomplished.

By the time the afternoon was over, the Peruvian government had taken the Financiera de Crédito and Peru’s number-two private bank, Banco Wiese. Interior Minister Abel Salinas that night declared, “The intervention was made necessary by the artifice by which all the savings and deposits in the Financiera de Crédito were used to pay the large stockholders of the Banco de Crédito. . . . The bank stockholders paid themselves off, using the savings in one of their entities without having set a just price for their shares.” The next day, 16 more financial institutions were seized.

The bankers will now fight using judges corrupted by Banco de Crédito’s lawyer, Juan Lengua Balbi, who himself was the judge of the Sixth Court of Lima until expelled in 1976 with his clerk, Aerovisto Chávez, after they were found guilty of illicit acts. In some cases, they had stolen pensions. In one, they had brought a dead man legally “back to life.” They have a \$2 million slush fund to try to do the same with their former banks.