

Andean Report by Mark Sonnenblick

IMF liberalism loses ground in Peru

George Bush's candidate, Mario Vargas Llosa, is no longer a shoo-in for the Peruvian presidency.

Until a few weeks ago, even the candidates running for President in Peru's April 8 elections against pornographic novelist Mario Vargas Llosa conceded that he would easily win the majority needed to avoid a runoff. On March 18, Vargas Llosa admitted he expected to have to face either President Alan García's first finance minister, Luis Alva Castro, or one of the two leftist candidates in a second round. His backers now fear that he will lose the May runoff.

The waning of Vargas Llosa's star is primarily due to widespread revulsion against his economic "shock" policies in a Peru already plunging into the hell of biological holocaust and narco-terrorism. An official of one Lima working-class district told *EIR* his job is to pick up dead bodies from the streets. In the first week of March, he was shocked to find cadavers of 15 people who died from hunger and diseases they could not afford to treat. Vargas Llosa's "anti-inflation" program would wipe out the last vestiges of food and medicine price subsidies and leave services such as cadaver recovery to "the free market."

His "shock" also calls for raising taxes, auctioning off 200 government-owned enterprises, dismissing as many as half (500,000) of the state employees, removing restrictions on foreign investment, and allowing the cartels which dominate the "free market" to set all wages, prices, and exchange rates.

Such "economic liberalism" is demanded by Washington and Peru's creditor banks. Until recently, many

conservatives in the Democratic Front (Fredemo) coalition running Vargas Llosa saw no alternative. The intervention of Lyndon LaRouche's co-thinkers has, however, shifted the terms of economic debate. The 100 congressional candidates of the independent Solidaridad Movement, did so by circulating hundreds of thousands of copies of their "Mercantilist Manifesto for an Industrialized Peru." Mercantilism entails the state's promoting technological progress by stimulating entrepreneurial industrial capitalism. It was used by Alexander Hamilton 200 years ago to turn a bankrupt United States into the world's industrial leader.

Vargas Llosa, in a March 9 speech to a gathering of Thatcherite ideologues in Lima, recognized mercantilism as his adversary. "Mercantilism has been one of the principal causes of our underdevelopment, and also of our society's discrimination and injustice against the poor," he said. He evoked the miserable street hustlers who clog Lima's streets as "authentic popular capitalism," which should be Peru's future. "Mercantilism, collectivism, and statism are different expressions of the same phenomenon which chokes individual initiative," he intoned.

"Approval from the International Monetary Fund is always needed to get out of poverty," Vargas Llosa insisted March 14. He said that only "shock therapy . . . applying the program without any kind of gradualisms," will put Peru back in favor with the IMF bankers.

Solidaridad candidates have been

exposing the poison of liberalism. Dr. Jorge Luis Fernández Cuadros, a senatorial candidate, spoke at a March 6 programmatic forum in the city of Arequipa. The biochemist contended, "At a time when communist tyranny is being destroyed, we cannot fall into the trap of liberalism, because our country does not need the capitalism of scavengers, but mercantilist dirigism." Solidaridad has focused attention on the holocausts this liberalization has brought countries such as Argentina and Bolivia.

Vargas Llosa's major party opponents are smashing him with Solidaridad's polemics, although they themselves have no programmatic solutions to offer. His gaudy campaign extravaganzas amidst Peru's grinding poverty are provoking outrage among voters. Peasants and members of agricultural cooperatives fear he will give the lands they won in the 1969 land reform back to former landlords.

Even were Vargas Llosa were to win the presidency, traditional conservatives in the coalition running him could help block his liberal insanity in Congress. Sen. Felipe Osterling of the conservative Popular Christian Party reminded him March 5 that his radical "market model" violated the "social economy" mandated by the Peruvian Constitution and the Christian doctrine of social responsibility his own party professes. Vargas Llosa aides responded by calling for changing the Constitution.

The program for rapid industrial and agro-industrial development offered by Solidaridad is attracting support from people as diverse as wine producers, military officers, and copper miners. The Federation of Miners and Metallurgical Workers, Peru's most powerful non-communist union, formally endorsed Luis Vásquez, Solidaridad's lead candidate, for Senate on March 15.