

## Andean Report by Gretchen Small

### Banks initiate 'informal' coup

*Lima's Institute for Liberty and Democracy promises to unleash its shock troops if it is not handed absolute power.*

On March 4, spokesmen for the Institute for Liberty and Democracy (ILD) called a press conference to announce that the institute and its guru Hernando de Soto, had "broken relations" with the Peruvian government of President Alberto Fujimori, because the cabinet had dared modify a decree drawn up by the ILD on "democratization" which was to determine government functioning.

The press conference was a real piece of theater. ILD Research Director Alberto Bustamante Belaunde insulted Fujimori's cabinet as "feudal lords . . . [who] opted for authoritarianism," and insinuated that the cabinet had been corrupted by "drug-trafficking interests." Unless the government agrees to accept ILD's "democratization" program in every detail, the ILD will not collaborate with its anti-drug program either, he added.

The "democratization" plan is a straight Nazi program, designed to place the government in the hands of foreign-run private, financial interests operating in the name of the *Volk*. Under the ILD proposal, all government decisions would be determined through "popular consultation," but that consultation would be run by an "autonomous" body, the Democratization Support Commission, or CAD. The CAD would centralize "popular demands," and select which ones should be adopted, or not, by the government.

Thus the appointed CAD would de facto replace the elected Parliament and Executive in determining policy. The ILD left no doubt that it planned

to control the "autonomous" body.

The government accepted most of the program, but attempted to limit the CAD's powers to that of receiving "popular demands," and passing them on to the relevant cabinet ministers to act upon them or not.

All or nothing, was the ILD response. The Swiss-Peruvian businessman who heads up the institute, De Soto, announced that he intends to defeat the cabinet's opposition to his rule within six weeks, by taking "to the streets" to mobilize support for his "democratization" program.

Maoist congressmen praised the ILD for taking on "authoritarianism." APRA party trade union leader Sen. Luis Negreiros, however, denounced the "dictatorial background, bordering on Hitlerian fascism" of De Soto's project, in an interview with *La República* March 5.

De Soto's foreign sponsors then weighed in. The London *Financial Times*, two days after Bustamante's press conference, made clear that Anglo-American finance considers De Soto's rule over Peru a condition for financial aid. The split between De Soto and the Fujimori government "is likely to damage the international financial community's image of Peru," it wrote. His enemies in Lima may call him "the Rasputin of Lima," the paper added, but De Soto played a key role in "establishing contacts to normalize Peru's international financial relations." Unless Fujimori makes up with him, the "estrangement" will create "serious" problems in U.S.-Peruvian relations as well.

The Fujimori government was already having problems with the White House. On March 1, the U.S. had announced that it would withhold aid for Peru until it officializes the presence of U.S. special forces in the country's anti-drug program. That makes it doubly hard for the Fujimori government to buck the ILD, since its narcotics program depends entirely on De Soto, who designed the program, and was to be its "czar."

In any case, ILD is virtually an arm of the U.S. government. The congressionally mandated National Endowment for Democracy provides its primary funding. According to Assistant Secretary of State for Inter-American Affairs Bernard Aronson, the Bush administration backs De Soto as an "authentic Latin American revolutionary"!

That's what Aronson told a conference ILD organized in Washington, on Jan. 28. The U.S. government considers the ILD's anti-state, anti-business, organizing an "authentic perestroika" in Latin America appropriate for Bush's Enterprise for the Americas Initiative, Aronson said. De Soto's anti-drug strategy "is exactly what we believe in," he added. "When the history of this time is written . . . people like Hernando de Soto will be remembered as the true revolutionaries who began the authentic liberation of this hemisphere." The conference, dedicated to "institutional reform" such as what is being promoted in Peru, was attended by 200 senior officials from the World Bank, U.S. State, Treasury, and Human Services Departments, the Agency for International Development, IMF, and Inter-American Development Bank, and U.S. congressmen. AID and World Bank officials told the conference that the ILD's "bottom-up development" program is being integrated into their "structural adjustment programs."