

Andean Report by Carlos Méndez

Washington's man in Lima

The U.S. State Department is financially and politically backing Hernando de Soto, Peru's "informal President."

Serious charges that he is an agent of the U.S. government have been leveled against Hernando de Soto, head of the Institute for Liberty and Democracy (ILD) in Peru and the man who has become known as the "Rasputin" of the Alberto Fujimori administration. According to the March 11 issue of the Peruvian magazine *Oiga*, "among the contributors to the ILD is the U.S. State Department, through its Agency for International Development (AID). Given the size of its donations—much larger than that of private U.S. organizations and foundations—the State Department has great decision-making influence inside the ILD, which practically makes Hernando de Soto an official of the United States government."

Oiga reports that Sen. Javier Alva Orlandini is demanding that a congressional committee be formed to investigate the source of ILD funds, since "if it isn't financed by Peru, and it is financed by American agencies, and it has been participating in government decisions and in negotiations such as the anti-drug agreement, the country's sovereignty will have been damaged."

De Soto is universally acknowledged as the power behind the throne in Peru, a power which has pursued two deadly policies:

- 1) the legalization of the cocaine trade, by legalizing Peru's coca farmers; and

- 2) the elimination of the constitutional institutions of government through a "popular consultation" mechanism which would be run by De

Soto's ILD, and which would funnel all political decision-making directly to the President.

As *Oiga* wrote on Feb. 18, "In competition with the Shining Path" narco-terrorists President Fujimori "and his favorite, Don Hernando de Soto," assault "all institutionality. . . . The Fujimori regime, like Shining Path, wants to destroy everything in order to build a new state from the ashes of the ruins."

This is the project the U.S. State Department is financing.

Oiga revealed on March 11 that in a document sent in 1985 to Peru's Economics Ministry, the ILD "acknowledges having received three donations: one of \$500,000 from AID, another of \$240,000 from the Center for International Private Enterprise (CIPE), and a third of \$30,000 from the Smith Richardson Foundation, Inc." CIPE is a wholly owned subsidiary of Project Democracy, and the Smith Richardson Foundation is linked to the CIA.

Oiga also mentions the Heritage Foundation as "one of the private institutions which has done the most to help De Soto in his negotiations toward the signing of the anti-drug pact" with the United States. The anti-drug proposal, considered De Soto's personal creation, maintains that the drug trade should *not* be repressed, but that coca crops should be "substituted, little by little," while creating "business zones where economic activities are going to be unregulated" or "informal."

Oiga goes further: "That the hand

of the State Department is behind the drafting of this pact can be seen in the fact that the Peruvian government admits in it that the causes of the drug trade lie in coca cultivation and the trade of cocaine paste in Peru. This new posture, which tosses out the principle of co-responsibility which the governments of Fernando Belaúnde and Alan García put forward in their time . . . is very dangerous for our sovereignty."

Oiga notes that the text of the anti-drug agreement with the United States repeats the arguments of Coletta Youngers and John Walsh, which are included in the book *Coca, Cocaína y Narcotráfico: Laberinto en los Andes*, (*Coca, Cocaine and the Drug Traffic: Labyrinth in the Andes*), edited by the Andean Commission of Jurists. Youngers and Walsh maintain that, "generally, [U.S.] government officials argue that coca cultivation is the most vulnerable link in the production of narcotics and in the trafficking chain," and that it is easier to find and destroy coca crops than laboratories or smuggling routes.

The U.S.-Peru agreement explicitly states that "it is easier to locate, identify, and strike a deal with 100 or 200,000 persons grouped in communal organizations from the supply side, than to try to confront the problem from the demand side, where millions of people are involved."

The point, concludes *Oiga*, is that the United States is now proceeding on the false assumption that without drug production, there will be no consumption. Secretary of State James Baker told Americans in November 1988 that the drug trade is a national security threat. Keeping this in mind, and also George Bush's bloody adventure in the Persian Gulf, says *Oiga*, "nothing is preventing Bush from invading the coca-producing Andean countries."