

# Peru's Ulloa tried to ban *Narcotráfico, SA*

by Lucia Méndez and Cynthia Rush

Seven months after intimate friends of the Rockefellers succeeded in banning *Narcotráfico, SA* in Venezuela, oligarchs of a similar pedigree tried to do the same thing in Peru. Claiming that he had been slandered, Peruvian social democrat Manuel Ulloa, who had been the grey eminence in the government of President Fernando Belaúnde Terry in the early 1980s, tried to halt the circulation of both *Narcotráfico, SA* and the magazine of the Peruvian Anti-Drug Coalition (ADC), *Guerra a las Drogas*. Fortunately, Peruvian authorities showed greater respect for their Constitution than did their Venezuelan counterparts, and didn't cave in to political pressures. The best-selling book continued to circulate freely.

On Aug. 31, 1985, former finance minister and premier Manuel Ulloa filed suit for slander against ADC President Luis Vásquez Medina, requesting that the court fine Vásquez no less than 1 billion soles (approximately \$700,000) to be paid to the orphans of Ayacucho, if found guilty. According to Ulloa, the slander appeared in an article authored by Vásquez, published in the January-March 1985 edition of *Guerra a las Drogas*, which charged that Ulloa and his economic team were responsible for the policy which transformed Peru into the world's largest cocaine producer. *Narcotráfico, SA* made a similar charge.

What most concerned Ulloa was that the Peruvian press were beginning to print excerpts from *Narcotráfico, SA*, and that the government of Alan García (1985-89) began an all-out war against the drug trade. During the first few months of the García government, authorities destroyed more drugs than during the entirety of the four-year administration of Belaúnde Terry.

On Sept. 6, 1985, Luis Vásquez gave sworn testimony in which he defended the Anti-Drug Coalition as a vehicle through which citizens could exercise their responsibility for fighting drugs. He further emphasized that the ADC, and *Executive Intelligence Review*—editor of *Narcotráfico, SA*—had identified Ulloa as responsible for the economic policies which led to the expansion of the drug trade, during his tenure as finance minister and prime minister in the Belaúnde government. The ADC, Vásquez said, would continue to denounce any pro-drug policy.

In the documentation presented to the court, Vásquez included evidence that during Ulloa's term in office, productive agriculture and manufacturing collapsed, while coca pro-

duction increased. He showed that Ulloa had openly stated his support for International Monetary Fund (IMF) policies, which had caused the collapse of the productive economy and an increase in drug-trafficking in other countries around the world.

## The court rules

On Oct. 14, 1985, Judge Sergio Armas Castro of Criminal Court No. 31 in Lima, ruled that the book *Narcotráfico, SA* was indeed authored by *Executive Intelligence Review* and published in Peru by the National Anti-Drug Coalition, and confirmed that both it and the magazine *Guerra a las Drogas* mention Manuel Ulloa. The judge also confirmed Vásquez's role in authoring the mentioned article, and did so "consciously and voluntarily, since as an association and a citizen he has the obligation to fight against the terrible [drug] scourge which attacks society." The judge indicated that, after objectively analyzing the many publications which led to legal action, he could find no clear defamatory statements, nor could he identify any intention on the part of the accused to defame, since the publications in question aimed in a generic fashion to adduce the effects of the economic policy set by Manuel Ulloa during his time in public office. The judge acquitted the defendant.

On March 10, 1986 Ulloa's lawyer Alfonso Rubio Arena argued before the Sixth Correctional Court to appeal the decision of the 31st Court. He argued that rather than judging Ulloa's economic policies, the court should find Vásquez guilty of slander. Rubio charged that Vásquez had intended to damage Ulloa's public "image" when the ADC circulated an *EIR* article alleging that Ulloa had "broad connections with international financial networks involved in drug-money laundering." This accusation took on greater significance, Rubio continued, because it was made in August 1985, when the public was already shocked by the notorious Villa Coca drug case, which revealed that some \$800 million to \$1 billion in drug monies were being laundered in Peru. Vásquez, Rubio insisted, must be found guilty.

In response, Vásquez presented copies of Law No. 23556, passed while Ulloa was finance minister, which prohibited any investigation or prosecution for laundering drug monies through the country's financial system.

On March 21, 1986, three judges of the Sixth Correctional Court ruled that the spirit of the publications in question was coherent and convincing and constituted criticisms of Ulloa's economic policy during his term in public office. The magistrates concluded that since freedom of speech, without prior censorship or restraint, as well as the "right to criticize" all public officials existed in Peru, that the cited publications had not violated the norms of morality and the law. The court upheld the decision of the lower court, and absolved Vásquez of charges of slander. On Feb. 24, 1987 the First Criminal Court of the Supreme Court also upheld the appellate court's decision.