

Andean Report by Andrea Olivieri

Will Peru revamp its economic policy?

Fujimori is becoming painfully aware of the link between economic policy and military success or failure.

Peruvian Finance Minister Carlos Boloña returned from an early August fundraising trip to Washington with empty pockets and with his mandate to enforce the austerity dictates of the creditor banks consequently severely weakened. During his absence, President Alberto Fujimori had secretly met with the commanders of Peru's five military regions, where financing a full-scale war against the Shining Path (Sendero Luminoso) narco-terrorists was prominently on the agenda.

The Peruvian Armed Forces have repeatedly locked horns with Boloña over the question of expanding the military budget, with the minister insisting that "fiscal discipline" as demanded by the banks forbids increasing the military's pathetic allocation of 1.5% of the Gross National Product. Peru's Armed Forces are in such dire straits that they were recently forced to purchase several Soviet-made, obsolete helicopters from Nicaragua; the U.S. has cut off all military assistance.

That President Fujimori is perhaps waking up to this reality is suggested by a series of interviews recently published by the business magazine *Gestión* with former Prime Minister Carlos Torres y Torres Lara, who is strongly urging a "reorientation" of government economic policy "for and from within, and not for and from abroad." Torres y Torres is an intimate of President Fujimori's, and his statements are viewed as a "trial balloon" for the eventual abandonment of policies run by—and for—the international banks.

The demands of a full-scale internal war against Shining Path's rampages, says Torres y Torres, will necessarily cause further impoverishment of the already desperately poor nation. Therefore, economic policies are required "that directly support the population, not only in consumption but also in production." Vast quantities of government-generated credit for this purpose, says Torres y Torres, might prove inflationary, "but death is worse than inflation. The other option would be a war economy."

Whether, and how soon, Fujimori decides to take his friend's advice remains to be seen. Upon his return from Washington, Boloña was obliged to announce plans for releasing additional funds for "internal defense," but has not agreed to increase wages for the nation's impoverished troops. It is no accident that in recent weeks, several prominent members of the "pro-democracy" front against Fujimori have exploited tensions over the military wage question by issuing calls—some veiled and others explicit—for an "institutional coup" by the Armed Forces. Among these are former President Fernando Belaunde Terry and former Senate president Máximo San Román.

Given Shining Path's brutality and far-flung international support apparatus, Fujimori cannot win the war on narco-terrorism with starving and desperate soldiers. That point was driven home by Luis Arce Borja, Shining Path's leading propagandist abroad and editor of its newspaper *El Diario*, based in Brussels. Arce Borja recently

gave an interview to the German weekly *Der Spiegel*, in which he warned, "We will never reach power if we worry about how many will die. We know that many innocents are dying, but history is written in blood. . . . The price is high," says this lunatic, "but without blood and violence there is no revolution. Our goal is seizing power. Only then will the killing end."

Shining Path has also sent a loud and clear message to the military that not even its elites are safe. On Aug. 3, terrorist commandos gunned down Col. Edmundo Obregón Valverde, the director of the Army's elite anti-terrorist training school, and seriously wounded members of his family. Colonel Obregón had been active in anti-subversive operations in Lima, as well as in various regions of the country, such as Ayacucho, where Shining Path has a significant presence.

Shining Path is selectively targeting Peruvian military personnel; but the populations of neighboring countries are also not safe, as the narco-terrorists spread their operations throughout the Andes. An interview with a Bolivian undersecretary of the interior, appearing in a mid-July edition of the Lima daily *La República*, details Shining Path's infiltration of that country; through such fronts as the Support Committee for the Peruvian Revolution and the "religious" sect Followers of Abimael. A large cache of Chinese-made weapons was recently discovered in Santa Cruz, reportedly destined for Shining Path's Peruvian operations.

It is worth noting that a November 1991 edition of *El Diario* rhapsodizes over how Shining Path chieftain Abimael Guzmán's ideas "radiate a guiding light to the world, while expanding to neighboring countries such as Chile, Ecuador, Bolivia, and Colombia."