

W. R. Grace sabotaging Peru's industry: the effort to reconquer Paramonga

by Luis Vásquez

A Peruvian industrial city, Paramonga, was shaken in the middle of the night of Jan. 11 by the explosion of a bomb placed at the door of the Banco de Credito branch. The next day on the city's outskirts appeared a banner with this message: "We Disagree with the New Mayor." It was signed "Pukallacta," which means "red land" in the Quechua language spoken by Indians in Peru. Pukallacta is a section of the Sendero Luminoso (Shining Path) terrorist group and the name of one of their clandestine publications.

The threat was directed against the recently elected mayor, Cesáreo Pérez, a founder of the Peruvian chapter of the Club of Life, an international anti-Malthusian institution founded in Rome in 1981 by German political leader Helga Zepp-LaRouche. Mayor Pérez had just returned from a visit to the United States, sponsored by the Club of Life.

When the narco-terrorists of Sendero make a threat, Peruvians take it seriously. At the beginning of the year Sendero demanded that another recently elected mayor, Victor Espinoza Arevalo, in the town of Colcabamba, not take office. The day he was sworn in, his mother was tied to a chair and burned alive.

Sendero is nothing more than the tool of foreign interests seeking to wipe Western civilization off the face of Peru. The Paramonga case offers an example of the way in which the Rockefeller interests traditionally predominant in the region have deployed with KGB-primed terrorists against the national industrial development program put in place by the nationalist military government of Juan Velasco Alvarado.

Before Velasco nationalized it in 1969, Paramonga was run in feudal style by W. R. Grace & Company, which kept its sugar-cane workers under subhuman conditions. With the 1969 agrarian reform, 120,000 acres of Grace's cane lands were expropriated and made into a worker-managed cooperative. The government took control over the paper and chemical factories in 1970. After the nationalization, leftist groups run by the Jesuits and the KGB began a continuing stream of maneuvers to frustrate Paramonga's industrial development.

Sendero's deployment to Paramonga is the most recent of these operations. Its primary objective is to prevent the new mayor of Paramonga from carrying out a program based

on the ideas of *EIR* founder Lyndon H. LaRouche, as he promised during his electoral campaign. The Pérez victory has come to be an unexpected obstacle to the plans of Grace to reconquer Paramonga.

Rockefeller's men on the scene

It is not hard to explain Grace's desire to take Paramonga back. Paramonga is the largest chemical industrial complex on the Pacific coast of Ibero-America. The 12-factory complex produces refined sugar, alcohol, liquors, 60 types of paper, and various chemicals, including polyvinyl chloride.

To reconquer Paramonga, the old Grace interests bank on the complicity of Rockefeller's man in Peru, Manuel Ulloa. Ulloa became powerful as an official of Chase Manhattan before being inserted back into Peruvian politics. This chief of the ruling Acción Popular party is openly committed to the "reprivatization" and "denationalization" program imposed by the International Monetary Fund under which Paramonga would be given back to the same financier interests which were expropriated, and partially compensated.

In 1982, Ulloa, then finance minister for President Fernando Belaunde, looked the other way when the Paramonga industrial complex was to be sold to the Vollmer group of Venezuela. The deal would also benefit W. R. Grace and Ulloa himself. Ulloa and Vollmer had been part of Nelson Rockefeller's ADELA consortium, an operation designed to asset-strip capital-short Latin American private sector industries. The Paramonga complex was to be sold off to Vollmer at \$25 million, a tenth of its real value.

Paramonga would have complemented the paper industries Vollmer has in Colombia. The deal was worked out by one Ismael Benavidez Ferreyros, a Friedmanite who was manager of the government's industrial holding company, COFIDE (Financial Development Corporation).

Just before the contracts were to be signed, a scandal erupted over a similar operation, the so-called "Irrigación Chimbote" fraud. The Vollmer group had bought an irrigation company in the North of Peru at a price far below its value. Prime Minister Ulloa had also been the godfather of this operation. When the scandal hit the press and the Congress, the sale of Paramonga had to be suspended.

But Paramonga is now the target of another effort. Javier Alva Orlandini, now president of the Peruvian Congress and well known for his links with the narcotics mafia in his home region of Cajamarca, has just proposed the total elimination of the tariff protection which permits the paper industry to survive in Peru. Free imports of paper would result in the closing of the Paramonga paper factory, and condemn the city to destruction. The recommendation of Senator Alva, a member of Manuel Ulloa's Acción Popular, is the first step on the path to the bankrupted company going back into the hands of Grace and Rockefeller, for a song. This maneuver fits into the way in which the Peruvian economy as a whole is being worked over by Economics Minister Carlos Rodríguez Pastor. Peru's product declined by over 13 percent last year—by official admission—under the management of Rodríguez Pastor on behalf of Peru's creditors and the International Monetary Fund (IMF).

Paramonga has been brought to the edge of bankruptcy by high tariffs, credit reductions, tax increases, and the elimination of fiscal incentives imposed on Peru by the IMF. The polyvinyl chloride plant was just closed down; out of a total population of 30,000, there are 10,000 unemployed. The IMF policies have also caused 11 projects planned under the Velasco regime to expand and diversify economic activity to be abandoned.

In tandem with these policies have appeared a string of leftist operations to stop the advancement of development plans based on an alliance between the workers and the state. Ever since Paramonga was expropriated 15 years ago, the KGB, through its local tools and with the approval and support of the networks Grace left in place among the workers, began to torpedo the nationalist plan.

Completely artificial splits between leftist unionists and unionists influenced by the AFL-CIO's American Institute of Free Labor Development—the latter funded and presided over by company chairman Peter Grace himself—have prevented the agricultural and industrial functions of the complex being run by a single administration. The sugar-growing operation is run by a worker-managed cooperative, while the industrial aspects are under state management. Grace operates through its agents left among the workers and engineers to take advantage of the artificial rivalry between the sugar cooperative and the industrial entity by spreading the line that things would be better if the old boss came back.

The terrorist threat

Ever since the nationalization, leftist groups lead by Maoists and Jesuits have fought tooth and nail against any modernization of production processes. Pérez's victory in the mayoral election on the ticket of the moderate APRA party was a big defeat for Sendero Luminoso, who had ordered that everyone in the city abstain from voting. According to reports from Paramonga, Sendero uses the city as a safehouse and acts in tight coordination with the drug traf-

fickers who have flourished as never before in the last two years. From time to time members of the Pukallacta section of Sendero roam through the city demanding food and money for the Sendero guerrilla terrorists locked up in the jails of Lima.

As stated in its sinister communiqué, Sendero Luminoso—its masters, that is—"we disagree with the new mayor." They are telling the truth, because Pérez is committed to carrying out a program to rescue the people of Paramonga from the cultural pessimism and enforced backwardness in which they have been drowning.

The new mayor, a physics instructor and member of the Club of Life, carried out an electoral campaign in which he promised to raise the educational level of the population. "What I have in mind," said Cesáreo Pérez during his campaign, "is a plan to organize a center to spread science and technology for the benefit of the youth. . . . We are going to throw out the Aristotelian methods which are being used in schools throughout the world. Instead, we will reformulate education following a neo-Platonic methodology, basing ourselves on the contributions of Gottfried Leibniz and Bernhard Riemann."

He also announced that his educational program would be directed especially toward the children from the poorest parts of the city. After announcing the results of the elections which he had won, thanks especially to the fervor of the youth on his behalf, Cesáreo Pérez said that he would dedicate all his energies to carrying out his cultural plan based on the ideas of LaRouche, and with it rescue from drugs and terrorism a youth already disillusioned by the terrible economic crisis hitting Paramonga and all of Peru, in order to achieve the kind of society outlined by Plato in his *Republic*.

Cesáreo Pérez announced that the first phase of his educational campaign would be to set up a Pedagogical Museum in Paramonga in March. For this he is counting on the professionals of the Peruvian chapter of the Club of Life. In such a museum the most advanced concepts of Platonic method and the science of Cusa, Riemann, Karl Gauss, and LaRouche are demonstrated in a thoroughly palpable way. The opening of the museum will go along with a series of seminars on the polytechnic curriculum developed by Wilhelm von Humboldt which made German's schools the best in the world in the 19th century. These seminars will be directed towards the teachers of the region, who are poorly prepared by any standards. Pérez announced that in March there will also begin an open discussion among the citizens to prepare a program of alternative industries and productive employment potentials to ameliorate the economic decline Paramonga is now suffering.

Therefore, it is hardly surprising that two days after Pérez returned to Paramonga to take office, Sendero began its terrorist actions there. To a certain degree, the immediate future of the Peruvian nation will be defined by what happens in Paramonga.