

Andean Report by Liliana Pazos

Industrial development plans in Peru

Peruvian industry leaders demonstrate that Peru is still a country with a future.

Peruvian industrialists have taken it upon themselves to step into an economic policy vacuum in their country, and not a moment too soon.

On November 21-24, the Institute of Peruvian Executives hosted "Cade 84," an annual forum of business and financial executives, at which Peru's entire panoply of presidential candidates presented their draft programs for the government, with all concluding that Peru could and should continue to adhere to the same International Monetary Fund (IMF) austerity conditionalities driving that country's economy through the floor.

On Dec. 3-6, the National Society of Industrialists (SNI) held their fifth annual congress entitled "Industrial Development 1985-1990," attended by some 200 prominent political leaders, trade unionists, government officials, diplomats, and businessmen of all trades. In what proved to be virtually a response to the Cade '84 presentations, former SNI president Ernesto Lanata Piaggio told the illustrious gathering that despite the fact that Peru was undergoing the worst crisis in its history, there still remained a basis for optimism and a way out from between the Scylla of the IMF and the Charibdis of rampant narco-terrorism.

The development program that Dr. Lanata presented was based on the econometric analysis conducted by *Executive Intelligence Review* together with the Institute for Economic and Social Studies of the SNI. The ambitious program he elaborated was made

up of five key points, with a central proposal for the priority modernization of Peru's agricultural sector and the creation of brand new transandean agro-industrial cities in the upper Huallaga province.

Dr. Lanata emphasized the construction of vast infrastructure projects as "development poles," among them the creation of giant electrical energy projects in the Amazon basin, the laying down of three or four great transandean highways to intersect an extended railroad network, and the building of four new coastal ports.

A third aspect of Lanata's programmatic recommendations was the creation of capital-goods industries and expansion of the automobile industry based on application of high technology in elaborating such minerals as copper and zinc.

Finally, he emphasized the urgency of creating new science and technology research institutions in the fields of agronomy, mining, bio-technology and medicine.

That which made the greatest impression on the audience was Lanata's projection of the devastating effect that the IMF's austerity policies will have on the Peruvian economy over the next five years if emergency measures aren't immediately adopted to reverse those policies. Lanata also stressed that the sorry state of the Peruvian economy today is primarily the result of Peru's abdication of its sovereign decision-making authority to multilateral financial institutions

"which only know how to impose recessive prescriptions."

Noting that hunger and malnutrition was starting to affect the middle classes, Lanata stated: "It is necessary for the country to be able to produce at least the minimal amounts of food required for its own subsistence. Otherwise we will be raising malnourished children with predictable repercussions on the future of our country's labor force."

Lanata noted that in the United States a mere 2% of the productively active population produced all the food required by the entire U.S. population. He commented, "The human resource, instead of being viewed as useless rubble, is a principal motor force of the economy." Lanata also emphasized that the most modern possible methods of production should be adopted, such as drip and dispersion irrigation of the countryside. "We must forget the methods of our ancestors. What we need is the intensive use of capital."

Lanata ended his presentation citing Pope Paul VI: "Development is the new name of peace."

Useful debate on how to finance such a program followed Lanata's presentation, which necessarily brought up the question of dealing with the unpayable foreign debt. Lanata urged that "all steps necessary be taken to strengthen our negotiating position outside the context of the political egos of each country."

One final question raised was how Lanata expected to implement such an ambitious program if he was not a candidate for the presidency. Lanata expressed his readiness to present his program to all the political parties and in all forums available to him. On Dec. 7, the leading daily *El Comercio* editorially endorsed Lanata's five-point program by name.