

Foreign Policy In Focus



Volume 2, Number 50
November 1997

Peru

By Susana Cárdenas and Peter Zirnite

The foundation of Peruvian democracy was crumbling when political neophyte Alberto Fujimori, a former university professor of Japanese descent, was elected president in 1990. The national economy was near total collapse: Inflation was running at more than 60% a month, the treasury was bankrupt from years of mismanagement, and foreign investment and international credit were nonexistent. Moreover, the level of political violence was the highest in Latin America, with guerrillas from both the Maoist Shining Path and the Cuban-inspired Tupac Amaru Revolutionary Movement (MRTA) as well as soldiers from the Peruvian armed forces killing political opponents with virtual impunity.

Key Points

- Fujimori's autocratic methods were accepted as necessary to deal with an increasingly violent guerrilla insurgency and a faltering economy.
- Revelations of government domestic espionage, torture, and harassment of critics, as well as an economic downturn, have caused Fujimori's popularity to plummet.
- Fujimori's strength comes from the alliance he forged with the country's military and intelligence service.

Today, Peru—the one-time pariah of the international financial community—is touted widely as a model for neoliberal economic reform and for dealing a near-fatal blow to its guerrilla movements. Democracy, however, remains under attack, and the greatest threat is being posed by the nation's supposed savior, Fujimori.

When Fujimori began governing by executive decrees soon after taking office, the majority of Peruvians willingly accepted his nondemocratic methods as necessary to deal with a national

emergency. When he dissolved Congress and seized control of the judiciary during his April 1992 *autogolpe* (self coup), most people agreed with the president that these institutions were corrupt and ineffective. International pressure forced new congressional elections, helping to ease the political crisis. Peruvians are now demanding that his government reopen democratic space, strengthen civil institutions, and address long-neglected human rights concerns. Fujimori's decision to continue moving in the opposite direction has sent him plummeting in public opinion polls.

The seizure of the Japanese ambassador's residence by MRTA guerrillas in December 1996 set the stage for a temporary rebound. After he ordered the military on April 22, 1997 to storm the residence, which had been

monitored using CIA-supplied equipment, Fujimori's domestic support soared to its highest level ever.

Since the raid, in which one of the 72 hostages, two commandos, and all 14 guerrillas were killed, new revelations of government domestic espionage, torture, and harassment of opponents have eroded support for Fujimori. Economic growth also declined sharply, from 13.9% in 1994 to 2% in 1996 according to UN statistics. Fujimori consequently has lost support among business leaders, his one-time staunchest allies, who now fear that Fujimori's autocratic methods will scare off foreign investors and international creditors.

Despite the precipitous plunge in support, there is no indication that Fujimori is losing his grip on power. In fact, the abuses of power that fueled popular protest, as well as the resignations of five cabinet members in mid-1997, appear to have strengthened his hand, which remains clenched in an iron fist with the leaders of the military and the National Intelligence Service (SIN).

Fujimori's alliance with the military and SIN was first forged to put an end to the bloody guerrilla conflict (in which more than 30,000 Peruvians had died) and to help Fujimori consolidate his power after coming to office without the support of Peru's traditional political parties. Security forces were then unleashed against suspected subversives without being held accountable for their actions. Once the guerrilla movements were crippled, the security forces were enlisted (at Washington's insistence) to combat drug trafficking.

The impact of Fujimori's consolidation of power became evident when the Constitutional Tribunal ruled that he could not run for a third five-year term in the year 2000. In May 1997, the reconstituted Congress, dominated by the government, fired the three judges who made the ruling. Further evidence of autocracy came when the courts reaffirmed the government's July 1997 decision to revoke the citizenship of an Israeli-born TV executive and to seize control of his station after it exposed government wrongdoing. It is not surprising, then, that more than three-quarters of Peruvians (according to an August 1997 survey) believe their government is a dictatorship.

The Fujimori government's chokehold on democracy has caught Washington's attention, but U.S. policy toward Peru is driven not by the need to loosen this deadly grip but rather by the desire to combat drug trafficking and resolve the longstanding border dispute between Peru and Ecuador, a vital step for advancing the U.S. regional free trade agenda. By giving precedence to these objectives, the Clinton administration has strengthened its ties with the same antidemocratic forces that Fujimori depends on to maintain his power, the military and SIN.

Washington's approach has placed it in the untenable position of condemning repressive actions by the Peruvian government but maintaining cozy relations with the forces carrying out those acts. This helps foster uncertainty among Peruvians about who has the strongest grip on power: the president, his intelligence adviser Vladimiro Montesinos (the "Rasputin of Peru," who is widely believed to be on the CIA payroll) or Gen. Nicolás de Bari Hermoza Ríos, chairman of the Joint Chiefs of Staff.

At the same time, the decision to downplay democratic institution building has done little to advance U.S. policy priorities in Peru. Washington's Peruvian drug war allies have shown that they are less concerned with halting the flow of cocaine than with harassing and abusing government opponents. This is not surprising given that top officials in both the armed forces and the intelligence service have been implicated in drug trafficking. Montesinos, the de facto SIN chief, has, according to a top Peruvian drug trafficker, earned hundreds of thousands of dollars protecting traffickers.

Fujimori took office just months after the Bush administration launched its Andean Initiative, aimed at attacking drugs at their source. The Clinton administration, eager to show results from the hundreds of millions of dollars Washington has spent on the source-country approach, chose Peru as its success story, despite limited evidence to back such a claim. Though the White House routinely hails the 18% decline in Peruvian coca production in 1996, it has chosen to ignore evidence that coca production, once confined to the Upper Huallaga Valley, has now spread to other regions of the country.

One indisputable achievement of U.S. drug policy has been the strengthening of the forces of repression in Peru, in particular, SIN. In October 1996, Montesinos, who as a private attorney had represented top Peruvian and Colombian drug lords, made his first public appearance during a meeting in Lima between Fujimori and Gen. Barry McCaffrey, head of the U.S. Office of National Drug Control Policy. Since then, Montesinos and SIN staff have met publicly with U.S. Ambassador Dennis Jett, who also praises their antinarcotics efforts. Such public approbation, as one Peruvian human rights magazine noted, shows that "the United States accepts [Montesinos] and considers him an interlocutor worthy of sitting down at the same table." The same can be said of McCaffrey's enthusiastic proclamations about his friendship with armed forces chief Gen. Hermoza Ríos,

who has failed to act on allegations of drug trafficking and human rights abuses involving high-level military officers.

From FY 1992 through FY 1996, the U.S. Congress banned direct military assistance to Peru on human rights grounds. Although aid to the Peruvian armed forces was never halted completely, the congressional ban did reduce the flow to a trickle. In 1996, however, the White House opened the spigot wider by releasing eleven A-37 planes—used to intercept drug traffickers' aircraft—that had been held up since 1991 and by providing \$13.75 million in surplus U.S. Defense Department articles for Peru's antinarcotics programs, including boats, surveillance aircraft, and communications equipment. In FY 1997, U.S. counternarcotics aid to Peru increased by more than 60%, with more than half of the \$25 million total going to support the police, air force, and navy efforts. Washington, however, continues to refuse to send aid to the army because of concerns about its record of abuse.

When the Clinton administration is not focused on drug trafficking or seeking a settlement of the Peru-Ecuador border dispute (which has erupted into a shooting war numerous times since the 19th century), it has been blinded to Fujimori's dictatorial style by his success in slashing government spending, eliminating subsidies, privatizing public companies, and implementing other neoliberal economic reforms. These moves have tamed hyperinflation, attracted foreign investment, and stabilized currency reserves. But they have provided few benefits for most Peruvians, 48% of whom currently live in absolute poverty, according to the UN.

"Prospects are bright," declared Thomas McLarty during a June 1997 visit to Lima. Clinton's special envoy to the Americas praised Fujimori's "steadfast approach to the economy" and held it out as the model other nations in the region must follow if a Free Trade Area of the Americas—"our highest priority"—is to be established by 2005.

McLarty also claimed that Peru, where "human rights are increasingly respected," is "fairly bursting with hope for a better tomorrow." Within days of these remarks, which came barely a week after the Peruvian Congress sacked three members of the Constitutional Tribunal, reports surfaced that linked the Fujimori government to the wire-tapping of nearly 200 opponents.

Washington's failure to respond vehemently and consistently to Fujimori's crackdown on opponents and other undemocratic actions offers Peruvians little hope that the U.S. is serious about promoting "a better tomorrow."

Key Problems

- The Clinton administration's continued support for SIN helps to tighten Fujimori's stranglehold on Peruvian democracy.
- Through the war on drugs, Washington has allied itself with the most repressive forces in Peru—the military and intelligence service—who themselves have been linked to the drug trade.
- When not myopically focused on the drug war or the Peru-Ecuador border dispute, the U.S. has been blinded to Fujimori's dictatorial excesses by his relative success in implementing neoliberal economic reforms.

McLarty's "prospects are bright" assessment of the present situation in Peru is inaccurate to the point of absurdity. But, in his address to the American Chamber of Commerce in Lima, the White House special envoy did offer sage advice for the future: "We cannot allow the promise of democracy to wither by refusing to take the next steps in political and economic reform." While McLarty offered no specifics, the critical first step is obvious if one looks back at the history of U.S. relations with the Fujimori administration.

U.S. Ambassador Jett lambasted the Fujimori government for its mid-1997 crackdown on opponents, but his rebuke is undermined by his failure to denounce SIN, which is most responsible for carrying out these repressive acts. His mixed message indicates that Washington is standing by Fujimori, an impression strengthened by the fact that Jett's criticisms are not echoed by top officials in the White House and State Department. As the successful efforts to force Fujimori to hold new elections after the 1992 *autogolpe* illustrate, Washington must speak out forcefully and consistently to achieve progress on democracy and human rights issues.

Key Recommendations

- U.S. reaction to Fujimori's 1992 *autogolpe* shows that Washington must publicly apply sustained pressure to achieve progress on democracy and human rights.
- The U.S. must discontinue its support for SIN and its de facto chief, Montesinos.
- Washington should seek to promote the rule of law as its policy priority in the region and take diplomatic steps to help strengthen democratic civilian institutions in Peru.

The White House could begin bringing consistency to its Peruvian policy by speaking out against Fujimori's manipulation of the judiciary. As long as the intelligence services and the military serve as the foundation for civilian rule, there is little hope that Fujimori or his successor will be any less authoritarian.

The U.S. should abandon its dependence on corrupt and unaccountable armed forces to carry out counternarcotics activities. Washington should redirect its assistance to the national antinarcotics police, while calling for the

investigation of drug-related corruption within the armed forces.

Washington has been reluctant to criticize the military, for either corruption or human rights abuses, ostensibly because it believes such action would hurt its efforts to reach a definitive settlement of the border dispute

between Peru and Ecuador. Any accord that is reached will, however, now be undermined by Clinton's August 1997 decision to lift the 20-year ban on the transfer of high-tech weapons to Latin America. The White House should reimpose the U.S. region-wide weapons moratorium, or at the very least block the sale of high-tech U.S. aircraft to Peru and Ecuador.

As for reining in Peru's intelligence service, Washington must disprove the popular perception that it supports Montesinos by calling for investigations of his alleged ties to drug traffickers and paramilitary death squads, by releasing files documenting what the U.S. relationship with him has been, and by severing all ties that exist between him and the CIA. The White House should also initiate a thorough review of relations between the CIA and SIN and should cut covert assistance to Peru.

Washington can contribute to a better balance of power in Peru by continuing U.S. Agency for International Development funding and other support for judicial reform in order to help create judicial independence. At present, nearly three-quarters of Peru's judges are either temporary appointees or substitutes, serving at the whim of the executive. The International Commission of Jurists has already made recommendations for improved judicial independence. The U.S. should help to implement these recommendations and should provide more money to nongovernmental organizations working to promote judicial reform and independence.

In terms of economics, the White House must move beyond the use of macroeconomic indicators such as the levels of foreign investment and currency reserves to measure policy success. Although Fujimori's economic reforms have brought a dramatic improvement in these indicators, they have done little to alleviate the crushing poverty and growing inequality that give rise to social unrest. Without addressing these issues, democratic reform will not take root in Peru.

Susana Cárdenas is an associate with the Washington Office on Latin America. Peter Zirnite is a Washington, D.C.-based investigative reporter, researcher, and editor specializing in Latin American and Caribbean affairs.



Visit the Internet Gateway to Foreign Policy Information



<http://www.zianet.com/infocus>

Foreign Policy in Focus is a joint project of the Interhemispheric Resource Center (IRC) and the Institute for Policy Studies (IPS). The project depends on sales and subscription income, individual donors, and grants from The John D. and Catherine T. MacArthur Foundation, General Service Foundation, and various church organizations. *In Focus* internships are available.

Editors
Martha Honey (IPS)
Tom Barry (IRC)

Production
Grant Moser

Communications Director
Erik Leaver (IRC)

Orders and subscription information:

Mail: PO Box 4506
Albuquerque, New Mexico 87196-4506
Phone: (505) 842-8288
Fax: (505) 246-1601
Email: resourcectr@igc.apc.org

Editorial inquiries and information:

IRC Editor
Phone: (505) 388-0208
Fax: (505) 388-0619
Email: resourcectr@igc.apc.org

IPS Editor
Phone: (202) 234-9382/3 ext. 232
Fax: (202) 387-7915
Email: ipsps@igc.apc.org

Website: <http://www.zianet.com/infocus>

Sources for More Information

Organizations

Amnesty International

322 8th Ave.
New York, NY 10001
Voice: (212) 633-4200
Fax: (212) 463-9193
Email: aimembers-l-request@lists.best.com

Coordinadora Nacional de Derechos Humanos

Jr. Túpac Amara 2467 - Lince
Lima 14, Peru
Voice: (+51-1) 422-4827
Fax: (+51-1) 441-1533
Email: postmast@cnddhh.org.pe

Human Rights Watch/Americas

1522 K St. NW, Ste. 910
Washington, DC 20005-1201
Voice (202) 371-6592
Fax: (202) 371-0124
Email: hrwdc@hrw.org

Latin American Working Group

110 Maryland Ave. NE, Box 15
Washington, DC 20002
Voice: (202) 546-7010
Fax: (202) 543-7647
Email: lawg@igc.apc.org

Peru Peace Network

PO Box 1433
Jefferson City, MO 65102
Voice/Fax: (314) 636-8979
Email: perupeace@igc.apc.org

Peru Solidarity Forum

Apartado Postal 18-1655
Lima 18, Peru
Voice/Fax: (+51-1) 455-7705
Email: postmaster@psf.org.pe

Washington Office on Latin America (WOLA)

400 C St. NE
Washington, DC 20002
Voice: (202) 544-8045
Fax: (202) 546-5288
Email: wola@igc.apc.org

Publications

Maxwell A. Cameron and Philip Mauceri, eds., *The Peruvian Labyrinth. Polity, Society, Economy* (University Park, PA: Pennsylvania State University Press, 1997).

Carlos Ivan Degregori, Robin Kirk and Orin Starn, eds., *The Peru Reader* (Durham, NC: Duke University Press, 1995).

Washington Office on Latin America, *WOLA Brief: Update on Human Rights and Democracy-Related Issues in Peru*, (WOLA, November 25, 1996).

World Wide Web

Amnesty International

<http://www.igc.apc.org/amnesty/>

Human Rights Watch/Americas

<http://www.hrw.org>

Latin American Working Group

<http://www.igc.apc.org/lawg>

Peru Solidarity Forum

<http://www.alter.pe/psf/>

Peru Home Page (provides links to major media)

<http://ekeko.rcp.net.pe/>

Washington Office on Latin America

<http://www.wola.org>

Now Available

Global Focus: A New Foreign Policy Agenda 1997-1998

Fifty sections examine the spectrum of U.S. foreign policy, "succeeding where others fail in honestly dealing with our policy shortcomings."

-Rep. John Conners, (D-MI)



Edited by Tom Barry (IRC) and Martha Honey (IPS)

\$15.95

(plus #3.00 shipping and handling)

To order *Global Focus*, contact the IRC.

Back Issues of *Foreign Policy In Focus*

(\$2.50 each, postpaid. Bulk orders: \$12 for 10 copies of the same issue.)

Afghanistan	Congo/Zaire	International Trade	OPIC
Africa Economic Policy	Controlling the TNCs	Investment/Competitiveness	Overseas Drug Control
Africa Overview	Costs of NATO Expansion	Investment Funds	Overseas Rural Development
Africa Peace and Security	Dangers of NATO Expansion	Iran	Panama
Albania	Defense Conversion	Iraq	Peacekeeping and the UN
APEC	Eritrea	Islamic Movements	Restructuring Transitional States
Arms Trade	Export Import Bank	Israel	Russia
Asia/Pacific Overview	Export Promotion Programs	Japan	Somalia
Asia/Pacific Security	Foreign Agricultural Policy	Mexico	South Africa
Burma	Foreign Economic Aid	Middle East Oil	Sudan
Burundi	Former Yugoslavia	Middle East Strategy	Trade and Environment
Cambodia	Free Trade Area of Americas	Military Modernization	Trade and Labor
Central America Peace and Security	Haiti	Military Strategy	USIA
Chemical/Biological Weapons	G-7 Summit	Multilateral Agreement on Investment	U.S. Military Training for Latin America
Child Labor	Human Rights	Multilateral Debt	U.S.-U.N. Relations
China	Immigration Debate	NAFTA	Warfare vs Welfare
CIA, Drugs, and Crack	Indochina	Nicaragua	World Trade Organization
Colombia	Indonesia	Nigeria	
	Intelligence Apparatus	North Korea	
	Int'l Financial Institutions	Nuclear Nonproliferation	

To subscribe to *Foreign Policy In Focus*, or to order back issues, contact the IRC at:

PO Box 4506 ♦ Albuquerque, NM ♦ 87196-4506

Phone: (505) 842-8288 ♦ Fax: (505) 246-1601 ♦ Email: resourcectr@igc.apc.org ♦ Website: <http://www.zianet.com/infocus>