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Sinister presence in Peru

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Although Washington's preoccupation with Central America may imply otherwise, the Western Hemisphere does not come to an abrupt halt at the Isthmus of Panama.

And while South America has produced no recent foreign-policy problems of great moment, the chances are it is about to. The stirrings involve Peru — a major nation with deep problems compounded by anomalies troubling no other Latin American country, including the bloodiest insurgency and the largest Soviet presence in Latin America, after Cuba.

Peru recently made headlines with an election which brought to power a young, left-of-center politician who promises change and a better tomorrow.

Clearly the Peruvian electorate wanted change. No other political fact can be read from its massive repudiation of the incumbent party of retiring President Fernando Belaunde Terry. But the repudiation runs deeper than a single party or leader. It reflects the frustration of Peruvian voters who have sensed no positive social or political changes in several decades. Patience has not worn thin, it has been exhausted. Peruvians want change — radical change — and they want it fast.

Contrary to the usual analysis, that change won't necessarily result from adopting leftist shibboleths. Indeed, those very shibboleths are largely responsible for the present mess.

But should Peru head in the wrong direction — from our standpoint — the Soviets stand to benefit, and they are already well-placed to do so.

That is why Peru is such an anomaly. It alone in South America has a long-standing Russian diplomatic, military, and intelligence presence. Peru's military remains heavily influenced by leftist — even Marxist

— thinking. The Soviet military personnel there have cultivated relations with Peru's officer corps for nearly two decades.

The U.S. Congress, having cut back military assistance in the region, has left us with only a handful of military attaches at our embassy to counteract the Soviet effort. Since the Peruvian military establishment is the most secretive in South America, U.S. intelligence cannot even estimate the degree of Moscow's penetration accurately, but it is believed to be deep.

Yet Peru's recent election can be rightly called a celebration of democracy. Turnout was high, the competition keen, and the Communist guerrillas, the most savage in the hemisphere, failed in their attempt to disrupt the voting.

Some loose ends remain, but the certain winner is 35-year-old, left-of-center charismatic politician Alan Garcia. He is from the third generation of leadership of a party which never before had managed to put an elected president into power, but one which has drifted from hard, doctrinaire, combative leftism to a more flexible and moderate social democratic style.

So much for the relatively good news. The problems are weightier.

Peru is a major South American nation in serious economic and social trouble. Unemployment is running at more than 30 percent, while inflation has pushed well past the 100 percent mark and is climbing. In addition, burdened by an economy that has made little or no progress in two decades, Peru must try to cope with a foreign debt of nearly \$14 billion.

Its economic situation worsened despite, not because of, the previous government of President Belaunde Terry. With the exquisite vision permitted by hindsight, the retiring

president commonly is derided as a man of the past, a man with a talent for mediocrity, one who made no dent in the nation's problems.

Such an assessment neglects several facts. First, Mr. Belaunde successfully guided Peru through its five years after military rule, and for the first time in 40 years, power is being transferred to an elected successor.

Second, it considerably underestimates the enormity of Peru's economic and social problems — a seemingly intractable combination of limited and unbalanced development compounded by the horrible mistakes made by a clique of left-wing military officers who in the late 1960s and early 1970s promised a third way and delivered a particularly inefficient and corrupt form of statism that set Peru back decades.

Moreover, while President Belaunde struggled with that, plus a negative international economic environment, he did so with a team of political and economic advisers that even critics acknowledge were among the best and brightest that Peru, indeed all of Latin America, could offer.

Now it's Alan Garcia's turn. He is half the age of his predecessor. He is called charismatic and energetic. He has shorn from his party, the American Popular Revolutionary Alliance, much of the mythology and symbolism of the past which previously had polarized Peruvian politics.

Moreover, he has a mandate and his party controls both houses of the Congress. Few incoming presidents begin with such advantages.

On top of that, he is no doctrinaire leftist. But some of his early pronouncements are not only unpromising, they are alarming. IMF and foreign-creditor bashing aside, Mr. Garcia's belief that more state intervention in the economy and increased tariffs along with the robust defense by a senior adviser of Decision 24, the anti-foreign-investment protocol of the Andean Common Market, are all in the wrong direction.

This is happening in a nation already so overwhelmed by statist red tape that it has developed the world's largest underground economy — yes, even larger than Italy's.

Rosy rhetoric about the Third World and about re-establishing ties with the Cubans is not good news, either. Nor is Mr. Garcia's praise for Nicaragua as a democracy or his

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criticism of the Reagan administration's Central American policy. Moreover, this is a man who has recently been to North Korea — twice — and was impressed by it. (But, of course, this is a Peruvian politician who also visited Taiwan and was impressed by the Republic of China.)

Peruvian leaders have said and done all this before — as senior officers in Lima's quite professional foreign ministry can attest — and have gotten nothing for it. Also, most observers acknowledge that there is a streak of pragmatism in Mr. Garcia and a willingness to learn from mistakes. Besides, his generation of *Apristas* are the most moderate in the party's 60-year history.

The president-elect's anti-Americanism is not set in concrete — he has admitted that he does not know the United States well and has expressed an interest in knowing it better.

But hard truths remain. Charisma won't turn Peru's economy around. It won't move mountains in the world arena. The new president will have to shed his statist economic advisers fast, and embark on a serious and realistic path back to recovery, working with, not against, the western world. With luck and a lot of patience and attention from the

United States and, for once, other western nations, Peru might make it.

Even then it won't be easy.

If the Garcia administration fails, the fact that the runner-up in this past election is a Marxist leading a revitalized coalition of far-left parties is the stuff of which nightmares are made. In five years, we could be presented an Allende-style government in Peru — elected to be sure, but one utterly uninterested in preserving democracy.

And this time, the Soviets will be there in much greater strength than they had in Chile — poised to exploit the situation.

Meanwhile, Peru's guerrillas, the *Sendero Luminoso*, can be expected to continue terrorist operations to undermine the confidence in the nation of Peruvians and foreigners alike.

As for the Soviets, they are already deeply entrenched. Welcomed in by the left-wing military government of Gen. Juan Velasco Alvarado in 1967, Moscow has a 200-officer embassy, and 150 military advisers — roughly double the size of the official U.S. presence.

The Peruvian air force flies MiGs and Sukhois, not F-5s. The army runs on Soviet trucks, not Dodges, and its firepower is Soviet-built T-54s and artillery.

Both the KGB and the GRU are in

Peru in considerable numbers. In fact, the GRU has in Lima its largest station in the Western Hemisphere. And from the Peruvian capital, its officers fan out over all of South America conducting intelligence operations.

The Peruvian Communist Party, wholly under the control of Moscow, though small in numbers is disciplined and active. It controls a major labor confederation, and exercises influence on the left-wing coalition, the United Left, well beyond its numbers. It also runs two newspapers, and influences several others. Even this is only a partial listing of the Soviet presence, which is pervasive and there for the long haul.

Moreover, there is not much chance of that changing. Although Mr. Garcia and his party are not congenitally pro-Soviet, circumstances make it unlikely they will do much to change the status quo. His predecessor, far clearer in his antipathies toward the Soviet bloc, could not.

And Mr. Garcia will be pushed hard within his own party by an archrival who would like to see APRA move to a much harder left-wing stance.

The United States has not been able to do much, either. While it has managed to scrape together the largest aid program in South America for Peru, it has failed to wean the Peruvian military away from Soviet

hardware, largely because it has nothing to replace it with, owing to a mountain of congressional restrictions, despite some recent indications that Lima's officer corps would like to move to Western suppliers.

Even a plan for us to supply the spare parts for Soviet equipment went nowhere because of the red tape.

Congress as yet shows no sign of knowing what is at stake. It has already eliminated a first-ever \$18 million in military assistance from this year's budget and no one expects it to be restored.

With this in mind, the best policy this country can follow is first to raise Peru in priority — a difficult task in a town where Latin America still makes eyes glaze.

The United States must keep the door open to the new government while remaining candid in its assessment of the consequences of more statism for Peru's ailing economy.

In keeping the channels open, the administration should also be prepared to fight hard for the resources from the Congress to make the serious effort required for at least the mid-term.

The task is formidable and with the Soviets and its Peruvian allies holding more good cards than they should have, we may in a few years wonder why we weren't told earlier.

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