

produce a blowout at the IMF directors' meeting April 16. The IMF had given Peru an ultimatum that it pay up \$72 million in arrears to the agency by April 14 or be declared "ineligible" for further lending. The IMF cut off the García government from the beginning, but the declaration by the world's credit dictators is expected to cause the World Bank and other agencies influenced by the Reagan administration to cut off lending to Peru.

García responded to that threat during his mid-March visit to Argentina, when he asserted, "If being eligible means we have to subordinate ourselves to the dictates of an anti-national policy, we have chosen the road to being ineligible."

Peru is playing its chess game with the IMF with consummate care. It is putting the lie to a falsehood which will appear in the world press around April 15, that "Peru broke off relations with the IMF." While showing a refreshing contempt for the IMF's incompetence as an economic adviser, Peru is obeying the IMF rulebook to the letter. It is offering to make a token "good faith" payment of \$5 or \$10 million on its arrears to the IMF, according to a finance ministry spokesman.

And Peru has found that the IMF charter does not require that even the annual "inspection" of member countries be made on site. Finance Minister Alva Castro declared April 1, "We do not accept any kind of financial commissaries. The President of Peru has said that if the IMF wants information, we are going to give it, but this government, which speaks with the truth out front, is not going to let anybody cast doubt on the truth of its accounts . . . nor for anyone to rule its internal affairs."

But García's running circles around what he calls "IMF colonialism" undercuts that agency's ability to intimidate debtor nations, its police power. "It is bad enough for Peru not to pay, but it is intolerable that they are boasting about it," a leading banker commented.

Details on the biggest cocaine bust in history are incredibly sparse. None of the major U.S. East Coast Establishment media covered it the following day. The press blackout extended even to Peru, where only the government-owned *La Crónica* and one television network covered the event. One editor told *EIR*, "It is not news; such things happen every day." The first part of the argument is a cover-up, but it is true that the García government has made its war on drugs into an everyday affair.

When Peru was run by Belaunde, Ulloa, and the IMF, it provided about half of the world's cocaine, but only about one ton a year was captured in perfunctory raids required by the U.S. State Department. During the five months of last year in which García ruled, his "Operation Condor" found over seven tons and broke up the country's major cocaine-refining centers in the area where Peru borders Colombia and Brazil.

Despite scant publicity, García's war on drugs has constantly escalated. During the first three months of this year, police captured 25.5 tons of basic cocaine paste in liquid form, 730 kilos of paste in solid form, and 3.1 tons in the

## Ulloa's slander charges rebuked by court decision

Manuel Ulloa first brought his charges of slander against Luis Vásquez of the Peruvian Anti-Drug Coalition in August 1985, when a nationwide ADC campaign to expose Ulloa's drug-pushing policies was undercutting Ulloa's efforts to infiltrate his own agents into the new García government. With little choice but to sue in self-defense, or flee the country in ignominy, Ulloa tried the former—only to watch the well-publicized trial of Vásquez turn into a forum of indictment against himself.

The first ruling, on Oct. 17, 1985, which absolved Vásquez of all charges, gave de facto juridical legitimacy to the public's widely held but unspoken belief that Ulloa was "the Godfather" of the Peruvian drug trade. Ulloa's appeal for a reversal of that ruling convinced no one, much less the superior court judges, who were forced to consider such pathetic arguments as Ulloa's claim that he could not be held responsible for the drug trade in Peru since it preceded his term in office!

Their verdict, delivered March 21, is revealing:

"Having seen and heard the oral testimony and the arguments of the sentence which was appealed, and having considered that the spirit of the [ADC] publications in question, clarified by the defendant's declarations, whose coherence makes them convincing, [this] is criticism of the economic policy which the plaintiff executed during his service as a public official, as a politician and as former prime minister of the post of economy and finances, and which he described as 'superliberal' [and] whose policy permitted the proliferation not only of the drug trade, but also of bingo, finance companies, [and] real estate, which are interconnected and which make up the 'illicit economies'; and since there exists freedom of expression, information, and thought through both the written and spoken word, without prior authorization, censure, or any impediment whatsoever, so long as honor and good reputation are respected; and given that it is also true that every public official is by the nature of his activities subject to the 'right of criticism,' within the limits set by the law and by morality; and since, in this case, the terms contained in the [ADC] publications which serve as the basis for the . . . suit have not transgressed said norms; and since the conduct of the defendant has not at any moment been that of *animus difamandi*. . . .

"For these reasons and under the auspices of article 2.4 and article 5 of the political constitution, we confirm the sentence under appeal . . . absolving Luis Ernesto Vásquez Medina of the charges formulated against him for the crime of defamation by means of press and of offense against Manuel Ulloa Elías and everything else contained therein."