

# Background

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## Fighting for Freedom in Rural Peru: “ALBA Houses” Threaten Democracy

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In Peru, hard-won economic and political freedom is in jeopardy from foreign interests bankrolled by Venezuela. Although Venezuela’s immense oil wealth should belong to all Venezuelans, their far left, neo-populist, and authoritarian President Hugo Chavez is siphoning off much of it to enhance his own political power and spread his toxic “21st Century Bolivarian Socialism” throughout the Andean region.<sup>1</sup> Chavez has been aided in this effort by Bolivian president and populist soul mate Evo Morales. Together, they are busy establishing “ALBA houses” (*Casas de ALBA*) in the poorest areas of rural Peru in an attempt to chip away at market-based democracy and destabilize the center-left government of Peruvian president Alan Garcia. The *Chavistas* hope to set the stage for a far-left victory in Peru in the 2011 presidential election.

ALBA is the Spanish acronym for Chavez’s vaguely defined “Bolivarian Alternative for the Americas” customs union scheme. It is the vehicle Chavez is using to try to undermine the globalized trading system that would be enhanced by the U.S.-led efforts to create a Free Trade Area of the Americas (FTAA). The ALBA houses are the Peruvian version of Chavez’s “Bolivarian Circles” in Venezuela and Morales’s “Militias” in Bolivia,<sup>2</sup> both of which were established to create potential parallel government-like structures that could be used to destabilize existing decentralized democratic mechanisms and construct new hierarchic and autocratic political regimes. Sandinista president Daniel Ortega, who returned to power in Nicaragua in 2006 with financial help from Chavez, is following suit in Nicaragua.<sup>3</sup>

### Talking Points

- Freedom is under attack in Peru by far-left authoritarian President Hugo Chavez of Venezuela with help from Bolivian president Evo Morales.
- Chavez is spreading his toxic “21st Century Bolivarian Socialism” through “ALBA houses” in Peru’s southern Andean highlands that are aimed at subverting market-based democracy and destabilizing Peru’s government.
- *Alba* (“dawn” in Spanish) could mark a return to the dark nights of the 1980s when Maoist and Communist guerilla groups terrorized the Peruvian countryside.
- The Chilean, Brazilian, and Colombian governments should affirm Peruvian democracy.
- The Bush Administration should counter anti-U.S. ALBA disinformation.
- The U.S. Congress must encourage economic progress and stability in Colombia, which would directly benefit Peruvian democracy, by approving the U.S.–Colombia Free Trade Agreement.

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*Alba* means “dawn” in Spanish, but the people of rural Peru are learning that, for them, it might mean a return to the dark nights of tyranny they experienced in the 1980s when guerilla groups such as the Maoist *Sendero Luminoso* (Shining Path) and the Communist Tupac Amaru Revolutionary Movement (MRTA) terrorized the Peruvian countryside.<sup>4</sup> The Bolivarians intend for ALBA houses to be the next generation of engines for revolutionary change in the 21st century. Unlike the FARC (Revolutionary Armed Forces of Colombia) guerillas of the 20th century, who have attacked the institutions of Colombia’s democracy from their bases in the mountains for the last 40 years, the ALBA houses are right in the middle of cities and towns. Their activists undermine democracy from within (as Chavez and Morales have already demonstrated) by taking power through democratic elections and then methodically changing laws to subvert it. ALBA houses are potentially even more destructive and dangerous than the FARC.

### Attack of the Carnivores

In their recent book, *The Return of the Idiot*,<sup>5</sup> Plinio Apuleyo Mendoza, Carlos Alberto Montaner, and Alvaro Vargas Llosa describe the backward slide to socialism in Venezuela, Bolivia, and other Latin American countries. They divide the new wave of leftists into two camps: “vegetarians” and “carnivores.” The vegetarians are democratic socialists such as Presidents Garcia, Michele Bachelet of Chile, and Luiz Inacio Lula da Silva of Brazil. These leaders have demonstrated through their policies and actions that they see the many benefits of capitalism and know that the best way to develop their countries economically is to take advantage of the global market system to create good and sustainable

private-sector jobs for their citizens. Although the vegetarians lean toward excessive regulation, rigid labor markets, and bloated bureaucracies, they do not pose a fundamental threat to market-based democracy or to the United States and its allies.

On the other hand, some Latin countries are now ruled (yet again) by despotic leftist and populist *caudillos* (strongmen). Totalitarian dictators Fidel and Raul Castro of Cuba and the resurgent Daniel Ortega have been joined by younger “carnivores,” such as Chavez and Morales, as well as former President Néstor Kirchner and his wife, current President Cristina Fernandez de Kirchner, of Argentina. All of these leaders (to varying degrees) oppose the “hegemonic” United States and appear determined to tear apart market-based democratic capitalism and anyone who stands in their way. In place of the “neo-liberalism” they despise, the carnivores would substitute “neo-communism” or “authoritarian fascism.”

### Bolivarians of the World, Unite!

With the support of his Bolivarian network and flush with oil cash, Hugo Chavez aims to extend his influence in the Andean region. The main obstacles he faces are the democratic governments in Peru and Colombia, and it is upon them that he has targeted his rhetorical fire and propaganda efforts. Chavez is recruiting the most dangerous activists and fighters he can find in southern Peru and aims to use them and the ALBA houses to sabotage democratic institutions so that he can advance the idea that democracy in Peru is not working. Once this is accomplished, Chavez and his Bolivarians will try to bring the extremists to power through the ballot box.

Unlike his economic model, which has been a disaster for Venezuela, Chavez’s political strategy is

1. James M. Roberts, “If the Real Simón Bolívar Met Hugo Chávez, He’d See Red,” Heritage Foundation *Backgrounder* No. 2062, August 20, 2007, at <http://www.heritage.org/Research/LatinAmerica/bg2062.cfm>.
2. Martin Arostegui, “Peru Fears Bolivian Camps Harbor Rebels,” *The Washington Times*, April 28, 2008, at <http://www.washingtontimes.com/news/2008/apr/28/peru-fears-bolivian-camps-harbor-rebels/> (August 11, 2008).
3. James M. Roberts, “Nicaragua’s President Ortega: The Balancing Act After One Year,” Heritage Foundation *Backgrounder* No. 2097, January 11, 2008, at <http://www.heritage.org/Research/LatinAmerica/bg2097.cfm>.
4. U.S. Department of State, Bureau of Western Hemisphere Affairs, “Background Note: Peru,” March 2008, at <http://www.state.gov/r/pa/ei/bgn/35762.htm> (August 11, 2008).
5. Plinio Apuleyo Mendoza, Carlos Alberto Montaner, and Álvaro Vargas Llosa, *El Regreso del Idiota* (Buenos Aires, Argentina: Grijalbo, 2007).

already a proven winner. It is how the *Chavistas* succeeded in engineering the fall (through the “Gas Wars”) of the democratically elected governments of former Bolivian Presidents Gonzalo Sánchez de Lozada and Carlos Mesa<sup>6</sup> after inciting violent protests in what amounted to two *coups d'état* in 2003 and 2005 that paved the way for Evo Morales to win the election as president of Bolivia in December 2005.<sup>7</sup>

Chavez’s “Bolivarian” movement has followed a well-planned strategy with simple objectives. “PetroCaribe” was the first Bolivarian project, using official Venezuelan government “oil diplomacy” through discounted oil shipments to Caribbean and Central American countries to win friends and influence people.<sup>8</sup> Then he began a series of bond purchases (more than \$7 billion to date) to bail out his fellow populists—Peronist Presidents Nestor and Cristina Kirchner—as they face growing problems stemming from their mismanagement of the heavily indebted economy of Argentina.<sup>9</sup> Chavez has also supplied financial aid for energy projects in Ecuador and Nicaragua.<sup>10</sup>

Chavez enjoyed a quick political payoff from these “investments” (at least initially) during the March 2008 Colombia–Ecuador border crisis. The Colombian military attacked a FARC guerilla base just across Colombia’s border with Ecuador, result-

ing in the killing of the FARC’s No. 2 leader Raul Reyes and the seizure of valuable intelligence on three FARC laptops. They showed significant and ongoing connections and funding between the FARC and Hugo Chavez. At an emergency meeting of the Organization of American States (OAS) to resolve the crisis, however, the vast majority of democratically elected Latin American governments remained disappointingly silent rather than condemning Hugo Chavez’s support for the FARC’s efforts to defeat President Alvaro Uribe’s democratic government in Colombia.<sup>11</sup>

### The Peruvian Economy is Strong—at the Macro Level

President Alan Garcia’s first term as president in the 1980s ended in disaster for Peru’s economy when he pursued leftist and statist policies. Although the trade liberalization begun under President Alberto Fujimori (1990–2000) helped to reduce poverty, as of 2004, the World Bank estimated that half of all Peruvians remained poor and “20 percent were extremely poor.”<sup>12</sup> The “poorest departments [provinces] in Peru are [in the south]: Huancavelica (88.7 percent poverty rate), Ayacucho (78.4 percent), Puno (76.3 percent), Apurímac (74.8 percent), Huánuco (74.6 percent), Pasco (71.2 percent), Loreto (66.3 percent), and Cajamarca (63.8 percent).”<sup>13</sup>

6. Esther Pan, “What to Expect from the Summit of the Americas,” Council on Foreign Relations Backgrounder, November 2, 2005, at [http://www.cfr.org/publication/9141/what\\_to\\_expect\\_from\\_the\\_summit\\_of\\_the\\_americas.html](http://www.cfr.org/publication/9141/what_to_expect_from_the_summit_of_the_americas.html) (August 11, 2008).
7. Andrew Mueller, “Evo Morales: The Cuddly Crusader,” *The Independent (UK)*, May 7, 2006, at <http://www.independent.co.uk/news/people/evo-morales-the-cuddly-crusader-477119.html> (August 11, 2008).
8. Ministerio del Poder Popular, Petroleos de Venezuela, S.A., *Petrocaribe*, 2005, at [http://www.pdvsa.com/index.php?tpl=interface.sp/design/readmenuprinc.tpl.html&newsid\\_obj\\_id=174&newsid\\_temas=48](http://www.pdvsa.com/index.php?tpl=interface.sp/design/readmenuprinc.tpl.html&newsid_obj_id=174&newsid_temas=48) (August 11, 2008).
9. The Main Wire, “Argentina Sells \$1 Bln in Bonds to Venezuela at 14.87%,” *Market News International, Inc.*, August 6, 2008 (by online subscription only).
10. EFECOM News Service, “Venezuela Confirms Purchase of US\$500 Million of Argentine Debt,” (“Venezuela confirma compra de 500 millones de dólares de deuda argentina,”), *El Economista*, August 8, 2007, at <http://www.economista.es/empresas-finanzas/noticias/258618/08/07/Venezuela-confirma-compra-de-500-millones-de-dolares-de-deuda-argentina.html> (August 11, 2008).
11. Ray Walser, “Terrorism, Insurgency, and Drugs Still Threaten America’s Southern Flank,” Heritage Foundation Backgrounder No. 2152, June 30, 2008, at <http://www.heritage.org/Research/LatinAmerica/bg2152.cfm>.
12. World Bank, *Poverty Assessment*, “Peru—Opportunities for All—Poverty Assessment,” December 1, 2005, at [http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000012009\\_20060511144754&searchMenuPK=64187283&theSitePK=523679](http://www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&theSitePK=523679&entityID=000012009_20060511144754&searchMenuPK=64187283&theSitePK=523679) (August 11, 2008).
13. World Bank, “Peru Country Brief,” October 2007, at <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/PERUEXTN/0,,menuPK:343633~pagePK:141132~piPK:141107~theSitePK:343623,00.html> (August 11, 2008).

Sound economic management under former Peruvian President Alejandro Toledo (2001–2006) resulted in annual real economic growth of nearly 5 percent from 2002 to 2004. Garcia later saw the error of his ways, committed himself to market-based policies, and narrowly defeated *Chavista* Ollanta Humala to win a second five-year term in 2006.<sup>14</sup> He has continued most of Toledo's economic policies but, facing a congress dominated by the opposition populist party, has not deepened the reforms. Nevertheless, economic growth has been impressive in recent years, aided by the huge increase in commodity prices for Peru's rich mineral resources.

Peru's economy received a score of 63.5 in the 2008 *Index of Economic Freedom*, published by The Heritage Foundation and *The Wall Street Journal*, which ranks it the 55th freest economy out of 162 countries surveyed. Peru's score reflects improvements in 2007 under the Garcia administration in five of the 10 economic freedoms. Peru is ranked 13th out of 29 countries in the Americas, and its overall score is higher than the regional average.<sup>15</sup> Inflation is also low, and prices are not significantly influenced by the state. Privatization is moving forward, particularly in infrastructure.

President Garcia advocated successfully for ratification of the U.S.–Peru Free Trade Agreement (FTA) by both the Peruvian and U.S. congresses and has painted himself as the market-friendly alternative to Chavez in the Andes. Eric Farnsworth of the Council of the Americas has reported that, thanks to Peru's FTA with the United States, its sovereign debt has recently been upgraded to investment grade.<sup>16</sup> This will make it easier and less expensive for Peru to borrow from lenders in developed countries and

invest to upgrade its infrastructure. Foreign direct investment in Peru also rose with the FTA.

### Massive Improvements in Rural Peru's Infrastructure Needed—Fast

Peru continues to face significant economic challenges, particularly in labor freedom, property rights, and freedom from corruption. The Peruvian judicial system is slow, unpredictable, and vulnerable to fraud. Economic development is impeded by a restrictive labor market that regulates costly employee dismissal procedures and inflexible working hours.

These problems are magnified in the less densely populated, poorer regions of Peru, mainly in the high Andes and the southeast, where the majority of people (if employed at all) work in the informal sector. The structural flaws in the Peruvian economy are especially aggravated by the need for extensive development in rural areas. Some facts about current infrastructure needs in Peru illustrate this point:

- 78 percent of cities, towns, and villages in Peru currently have at least some electricity. That figure includes the 208 rural towns that have been electrified since President Garcia took office in 2006. Garcia's goal is to deliver electricity to 6,000 more rural towns and villages by the end of his term in 2011, thus providing access to electricity to more than 90 percent of Peruvians.<sup>17</sup>
- Across Peru, 68 percent of children from ages three to five are in school, and nearly all children are in primary school. However, by the time they reach secondary school age the rate drops to 72 percent.<sup>18</sup> The literacy rate of the whole population is 87.7 percent;<sup>19</sup> among youth it is 97.8

14. Patrick McDonnell, "In Peru's High Plains, Chavez Is Exalted," *Los Angeles Times*, March 9, 2008, at <http://articles.latimes.com/2008/mar/09/world/fg-puno9> (August 11, 2008).

15. Kim R. Holmes, Edwin J. Feulner, and Mary Anastasia O'Grady, 2008 *Index of Economic Freedom* (Washington, D.C.: The Heritage Foundation and Dow Jones & Company, Inc., 2008), pp. 311–312, at <http://www.heritage.org/research/features/index/countries.cfm>.

16. Eric Farnsworth, "Branding a Nation," *Poder*, Council of the Americas, April 2008, at <http://www.americas-society.org/article.php?id=966> (August 11, 2008).

17. ANDINA News Service, "President Garcia Reports That More Than 700 Towns Have Been Electrified, Benefitting More Than 450,000 Peruvians" ("Mil 700 poblados han sido electrificados en beneficio de más de 450 mil peruanos, destaca presidente García") *Andina: Agencia Peruana de Noticias*, June 11, 2008, at <http://www.andina.com.pe/Espanol/Noticia.aspx?id=TLdG97138> (August 11, 2008).



percent.<sup>20</sup> Girls are educated at the same rate as boys,<sup>21</sup> but female literacy trails behind.<sup>22</sup> Historically, decisions by the government on where to construct new education facilities have been strongly skewed toward Lima and a few other large cities, so it is likely that literacy statistics for rural Peru are far lower than the national average.

- According to U.N. and World Bank statistics, in 2004 only 13 percent of Peru's roads were paved.<sup>23</sup> President Garcia is devoting 90 percent of the budget of the Ministry of Transport and Communication in 2008 to road construction. Every day, an additional 2.8 kilometers are paved.<sup>24</sup>
- Among Peru's population of 28.2 million people, about 70 percent live in urban areas and 30 percent in rural areas.<sup>25</sup> Nationwide, 83 percent of the population has access to potable water; sewerage coverage is 63 percent. In the rural areas, however, potable water coverage is only about 62 percent and less than one in three rural Peruvians

has access to sewerage.<sup>26</sup> According to the World Bank, "Peru's famously high levels of infant mortality are concentrated among the poor...two-thirds of infant deaths occur in the 40 percent poorest households."<sup>27</sup>

- In Peru there is approximately one doctor for every 1,200 people and there are just 5,768 obstetricians in the entire country to serve more than 11 million women. The United States has 2.4 doctors per 1,000 persons and the training U.S. health professionals receive is significantly more extensive.<sup>28</sup> There is only one dentist for every 10,000 Peruvians versus 16 per 10,000 in the U.S.<sup>29</sup>
- Peru has 1.8 hospital beds per 1,000 citizens<sup>30</sup> (3.6 per 1,000 people in the U.S.),<sup>31</sup> 1,448 health care centers, and 5,548 smaller health care clinics. Availability of health care professionals and health care facilities is strongly skewed toward Lima and a few other large cities,

18. UNESCO Institute for Statistics, "UIS Statistics in Brief: Education in Peru," 1991 to 2006, at [http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF\\_Language=eng&BR\\_Country=6040](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=121&IF_Language=eng&BR_Country=6040) (July 29, 2008).

19. Central Intelligence Agency, *The World Factbook*, "Peru," July 24, 2008, at <https://www.cia.gov/library/publications/the-world-factbook/geos/pe.html#People> (August 11, 2008).

20. UNESCO Institute for Statistics, *UIS Statistics in Brief: Education in Peru*.

21. *Ibid.*

22. Central Intelligence Agency, *The World Factbook*, "Peru."

23. Food and Agriculture Organization of the United Nations, *Peru: Seguridad Alimentaria y Indicadores Estadísticos Indicadores obtenidos de bases de datos internacionales*, 1990 to 2004, at [http://www.fao.org/unfao/govbodies/cfs/country\\_files/Peru\\_S.xls](http://www.fao.org/unfao/govbodies/cfs/country_files/Peru_S.xls) (August 11, 2008).

24. Peruvian Government, Ministry of Transportation and Communications (Ministerio de Transportes y Comunicaciones), October 2007, at [http://www.mtc.gob.pe/portal/mapa\\_provias.html](http://www.mtc.gob.pe/portal/mapa_provias.html) (August 12, 2008).

25. Peruvian Government, National Institute of Statistics and Information (Instituto Nacional de Estadística e Información, INEI), June 2008, at <http://censos.inei.gob.pe/censos2007> (July 29, 2008).

26. WHO and UNICEF, *Joint Monitoring Programme for Water Supply and Sanitation Coverage Estimates: Peru*, June 2006, at [http://www.wssinfo.org/pdf/country/PER\\_wat.pdf](http://www.wssinfo.org/pdf/country/PER_wat.pdf) (August 11, 2008).

27. Daniel Cotlear, "Peru: Reforming Health Care for the Poor," Human Development Department, LCSHD Paper Series No. 57, Latin America and the Caribbean Regional Office, The World Bank, March 2000, at <http://siteresources.worldbank.org/INTPAH/Resources/Publications/Seminars/peru.pdf> (August 12, 2008).

28. OECD, "Health Data 2007: How Does the United States Compare," at <http://www.oecd.org/dataoecd/54/44/39092204.pdf> (August 11, 2008).

29. World Health Organization, WHO Statistical Information System, at [http://www.who.int/whosis/data/Search.jsp?countries=\[Location\].Members](http://www.who.int/whosis/data/Search.jsp?countries=[Location].Members) (August 12, 2008).

30. Centro de Información y Documentación Empresarial Sobre Iberoamérica, *Información de los países*, "Perú: Perfil demográfico y social," 1999, at <http://www.cideiber.com/infopaises/Peru/Peru-02-03.html> (July 22, 2008).

31. NationMaster, *Health Statistics: Hospital Beds Data Series*, at [http://www.nationmaster.com/graph/hea\\_hos\\_bed-health-hospital-beds](http://www.nationmaster.com/graph/hea_hos_bed-health-hospital-beds) (August 11, 2008).

indicating that statistics for rural Peru are far worse. Annual spending in Peru on health care equals 4.4 percent of gross domestic product (GDP)<sup>32</sup> (15.3 percent of GDP in the U.S.).<sup>33</sup>

Unless these problems are addressed, and quickly, poorer Peruvians (particularly in the south) may be tempted by the false promises of 21st-century Bolivarian Socialism.

### ALBA Houses: Breeding Ground for 21st-Century Caudillos?

The latest front opened in Chavez's Bolivarian struggle against democratic capitalism is the establishment of the ALBA houses. On the surface, they appear to be simply benevolent local associations offering literacy programs and delivering health care with Chavez-paid, Castro-supplied Cuban doctors. Local Peruvian *Chavistas* who operate the ALBA houses claim that they are merely engaged in charity work and point to the 5,000 impoverished Peruvians they have sent to Venezuela for eye surgery.<sup>34</sup>

What the ALBA house landlords fail to mention is that, at the same time, they are indoctrinating poor, mostly young Peruvians in the ideology of the extreme left and terrorism. The Cuban doctors frequently operate as Cuban intelligence officers. Although the Chavez government insists that it is not supporting the ALBA houses, Peruvian officials have said that Chavez's financial support for the houses is being funneled through Bolivia. In the Bolivian capital of La Paz, Chavistas are building a large "Bolivarian Common Embassy." There they

### Comparing Peru to Bolivia

	Peru	Bolivia
Current Population	27.6 million	9.4 million
Gross Domestic Product, Purchasing Power Parity (current international dollars)	\$195.7 billion	\$36.8 billion
GDP, Purchasing Power Parity, Per Capita (units)	7,091.9	3,937.2
Gross Domestic Product Growth 2006 (annual percentage change, constant price)	7.6%	4.6%
5-Year Gross Domestic Product Growth (compound annual percentage change, constant price)	5.7%	3.6%
Literacy Rate (age 15 and over who can read and write)	87.7%	86.7%
Infant Mortality Rate (deaths per 1,000 live births)	29.5	49.1

Sources: World Bank, *World Development Indicators Online*, June 2008 at <http://publications.worldbank.org/WDI/> (by subscription only); International Monetary Fund, *World Economic Outlook Database*, April 2008 at <http://www.imf.org/external/pubs/ft/weo/2008/01/weodata/index.aspx>; and Central Intelligence Agency, *The World Factbook 2008*, at <http://www.cia.gov/library/publications/the-world-factbook/geos/pe.html>.

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have assembled a group of young Peruvians from the main cities in the south (Cuzco, Puno, and Tacna) to receive indoctrination and military training. They have made no secret of it: Its address is 107–109 Costanerita Avenue in the Obraje neighborhood of La Paz.<sup>35</sup>

The unimaginative and retrograde collectivist socialist models aggressively peddled by Chavez, Morales, and others are proven failures, but getting the positive message of prosperity through market-based democracy to the poor in rural Peru is increasingly difficult when that message is drowned out by the well-funded ALBA houses. In order to counter ALBA propaganda, the question is: How can the gains that Peru has realized (mainly in Lima and the other large cities) be translated into better living standards and infrastructure improvements that poor people in rural Peru can see and experience?

32. World Health Organization, "Peru," at <http://www.who.int/countries/per/es> (in English at <http://www.who.int/countries/en/>) (August 11, 2008).

33. OECD, "Health Data 2007: How Does the United States Compare."

34. Andres Oppenheimer, "Alan García, Chávez y las casas del ALBA," *El Comercio*, March 18, 2008, at <http://www.elcomercio.com.pe/edicionimpresa/html/2008-03-18/alan-garcia-chavez-y-casas-alba.html> (August 11, 2008).

35. Wire Services in La Paz and Santa Cruz, "New Venezuelan Embassy Raises Suspicions" ("Susceptibilidad por la legación venezolana"), *El Deber*, March 20, 2008, at <http://www.eldeber.com.bo/2008/2008-03-20/vernotanacional.php?id=080319214751> (July 29, 2008).

President Garcia says that there are 200 ALBA houses operating in Peru, most of which are located in the mountainous southern highlands region where the majority of the population is indigenous.<sup>36</sup> The Peruvian congress is currently conducting an investigation to determine the extent of political interference coming from ALBA, but personnel at Andes Libres (a conservative think tank based in the highland town of Cuzco near Machu Pichu) do not need the congress to tell them how much trouble ALBA is causing; they live with it every day.

### The View from Cuzco

There are numerous ALBA houses operating in Cuzco. Mimicking the *modus operandi* of the FARC's "boy soldiers" in Colombia,<sup>37</sup> ALBA houses recruit and subsequently exploit "poor, uneducated children and young adults,"<sup>38</sup> recruiting them for ideological indoctrination. To offset the inroads being made among these poor citizens, the Peruvian government and supporters of market-based democracy must take the ideological fight to the same people being recruited by ALBA. This is a war of ideas, and groups such as Andes Libres are engaged in the battle on the ground every day—promoting free trade and free market principles among the rural population.

To reach the young people targeted by ALBA, Andes Libres and other conservative groups in Peru conduct programs to offset leftist indoctrination and teach local high school and university students through courses in economics, political science, law, health care systems, education policy, and environmental

### Peruvian Provinces with High Concentrations of ALBA Houses



**Source:** Patrick McDonnell, "In Peru's High Plains, Chavez is Exalted," *Los Angeles Times*, March 9, 2008, at <http://articles.latimes.com/2008/mar/09/world/fg-puno9> (August 14, 2008); Lucien Chauvin, "Peru Sees Shadowy Hand of Chávez—Everywhere," *Christian Science Monitor*, April 3, 2008, at <http://www.csmonitor.com/2008/0403/p04s02-woam.html> (August 14, 2008); Joseph Poliszuk, "Peru: The Cold War of ALBA," *El Universal*, July 9, 2008, at <http://www.worldpress.org/Americas/3195.cfm> (August 14, 2008); Martin Arostegui, "Peru Fears Bolivian Camps Harbor Rebels," *The Washington Times*, April 28, 2008, at <http://www.washingtontimes.com/news/2008/apr/28/peru-fears-bolivian-camps-harbor-rebels> (August 14, 2008).

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issues from a pro-democracy and free-market viewpoint. They also organize workshops, seminars, and forums to develop future leaders who are already in the workforce. The groups also seek to strengthen the financial systems of the local governments by advocating for more local control of tax revenues and they track the positions taken by local officials and politicians on local issues so that they can inform the citizenry to widen the public policy debate.<sup>39</sup>

### Political Opponents on the Ground

With their free-market, pro-democracy message, Andes Libres and the other center-right groups in Peru encounter strong opposition from the *Chavistas*, particularly when they have an especially popular program. The ALBA houses are just one of the very visible parts of the international leftist network, known as the “Sao Paulo Forum,”<sup>40</sup> that opposes market-based development in Peru and the entire Andean region. These leftist groups are supported not only by the Venezuelan government, but also by powerful international non-governmental organizations (NGOs), a fact that was underscored by the recent rescue of FARC hostages in Colombia. As Mary Anastasia O’Grady of *The Wall Street Journal* has noted, when Colombian military personnel posed as representatives of a fictitious leftist NGO in order to trick the FARC into releasing their hostages, FARC guerillas had not been the least bit suspicious. That indicates that the FARC has had friendly dealings with international leftist NGOs in the past.<sup>41</sup>

ALBA houses and leftist NGOs organize many protests against the government, private corporations (especially international mining companies hoping to extract Peru’s rich mineral resources), and other potential foreign investors. Their advertisements for protests appear in local newspapers, TV and radio programs, and through news reports of leftist politicians spreading outright lies and exhorting people to oppose Peru’s democratic system.<sup>42</sup>

In many poor communities throughout rural Peru, the radio is the only means of receiving information and is, therefore, an important resource for reaching the poorest Peruvians in the battle of ideas. Hernan Fuentes, the leftist governor of Puno province on the border with Bolivia, “gained prominence locally... [through a radio show where his] on-air perorations feature[d] anti-U.S. tirades and bouquets for Chavez and Morales.”<sup>43</sup> To reach the poor, the broadcasts must be presented in Quechua (the indigenous language). Conservative think tanks and NGOs working in those communities could do broadcasts in Quechua if they received additional funding.

### More Protests and Disruptions Planned

In addition to local protests, the left also organizes protests nationwide. The next big national protest is set for November 2008 when the Peruvian government will host the annual summit meeting of member nations of the Asia–Pacific Economic Cooperation (APEC) Forum. To “staff-up” for the APEC demonstrations and the planned national protests in 2009, the *Chavistas* aim to establish additional ALBA

36. Andres Oppenheimer, “Alan García, Chávez y las casas del ALBA,” *El Nuevo Herald*, Spanish version of *The Miami Herald*, March 16, 2008.

37. Russell Gold, “Freed Hostages Describe Harsh Treatment by FARC,” *The Wall Street Journal*, July 8, 2008, at <http://online.wsj.com/article/SB121547675257834269.html> (July 30, 2008).

38. Peter Bernard, “Rescued Colombian Hostages Talk About Returning to U.S. Soil,” *Tampa Bay Online*, July 7, 2008, at <http://www2.tbo.com/content/2008/jul/07/3-rescued-colombian-rebels-talk-about-returning-us> (August 12, 2008).

39. See the Andes Libres Web site for more information (in Spanish) at <http://andeslibres.com/nosotros.html> (August 12, 2008).

40. Carlos Albert Montaner, “Latin America: Fragmentation and Forecasts,” Heritage Foundation Lecture No. 883, June 2, 2005, at <http://www.heritage.org/Research/LatinAmerica/hl883.cfm>.

41. Mary Anastasia O’Grady, “FARC’s ‘Human Rights’ Friends,” *The Wall Street Journal*, July 7, 2008, at <http://online.wsj.com/article/SB121538827377131117.html?mod=The+Americas> (August 11, 2008).

42. Rolando Sousa, “‘Alba’ en manos del Pleno,” address delivered at Comision de Relaciones Exteriores, Lima, Peru, May 2008, at [http://agenciaperu.tv/view\\_video.php?viewkey=9d0cd2256a219de0fe0fe&category=&section=12](http://agenciaperu.tv/view_video.php?viewkey=9d0cd2256a219de0fe0fe&category=&section=12) (July 29, 2008).

43. McDonnell, “In Peru’s High Plains, Chavez Is Exalted.”



houses. “They [the ALBA houses] are beachheads for ideological indoctrination of people of low incomes, driving the message that their situation has not improved despite recent economic growth,” says Peruvian Defense Minister Antero Florez.<sup>44</sup>

At least five of the principal Peruvian *Chavista* leaders who are affiliated with leftist groups in Peru and are planning future national protests traveled to Bolivia in 2007 and 2008. Miguel Palacin, a top official at the Cordinadora Indigena de Naciones Andinas (CAOI—a leftist group that purports to speak for poor indigenous Peruvians) and former president of the anti-mining NGO “Conacami,” traveled to Bolivia three times in the last 12 months. Mario Palacios, current president of Conacami, was also in Bolivia three times in the first four months of 2008. Antolin Huascar, president of the Agricultural National Confederation, was in Bolivia in January 2008 and also visited Venezuela (August 6, 2007) and Cuba (April 10, 2008). Alberto Pizango, an official with the Interethnic Association of Development of the Peruvian Jungle, arrived in Bolivia on August 20, 2008, where he stayed three days. Melchor Lima, General Secretary of the Peasant Confederation of Peru, also made the pilgrimage to Bolivia.<sup>45</sup> All of these leftist Peruvian officials are closely identified with the ALBA houses network.<sup>46</sup>

### Neighboring Governments Should Support President Garcia

While watching from the sidelines as the Venezuelan government interferes in domestic Peruvian politics, Brazil and Chile have inexcusably maintained impartiality to avoid conflict with Chavez and to stay close to the principles of Chilean and Brazilian leftist parties that see Hugo Chavez as a member of their ideological family. These govern-

ments, however, have a higher responsibility to promote democratic institutions and should come to the aid of Peru.

In addition to the threat they pose to the stability of Peru and the Andean region, the ALBA houses and the Bolivarian movements are also, in the widest sense, part of a campaign by the *Chavistas* to reduce U.S. influence in Latin America. In Ayacucho—one of the poorest cities in Peru—the U.S. government is helping to build health care facilities. But ALBA and other leftist groups are spreading lies about the project, claiming that the facilities are not really being built with U.S. funding, but instead with ALBA money. They are also propagating other lies (e.g., that the U.S. is trying to take the water from the poor “to fight global warming”).<sup>47</sup> This agitprop is reminiscent of the old Soviet disinformation “baby parts” rumor-mongering<sup>48</sup> scare tactics that the international left has used in the past against U.S. interests in Central America and other parts of the world. The U.S. government should redouble its efforts to counter these ongoing leftist propaganda attacks.

### What Should Be Done?

How can the poorest Peruvians recognize the benefits of continued strong economic growth in Peru? How can they be taught to appreciate the value of market-based democracy? How can they begin to see it working for them?

In order to confront the challenges posed by the ALBA houses and to reduce the appeal of *Chavista* demagoguery, the Peruvian government should:

- Ramp up efforts to reach the rural poor in isolated highland areas by focusing funding on road construction, health care, and education facilities, as well as improving other infra-

44. Arostegui, “Peru Fears Bolivian Camps Harbor Rebels.”

45. Oscar Libon, “Why Go to Bolivia?” (“¿Para qué van a Bolivia?”), *Diario Correo*, July 4, 2008, at [http://www.correoperu.com.pe/paginas\\_notas.php?nota\\_id=71103&seccion\\_notas=1](http://www.correoperu.com.pe/paginas_notas.php?nota_id=71103&seccion_notas=1) (July 29, 2008).

46. Bolivarian Alternative for the Américas (ALBA), *Peru: Pueblos Indígenas y Comunidades Campesinas del Peru Rechazan Proyecto de Ley General de Pueblos Originario*, at <http://www.alternativabolivariana.org> (July 29, 2008).

47. Juan Carlos Tafur, host of the television program *Prensa Libre*, América Televisión (a Peruvian television network), reported this story on the air on June 10, 2008 (from author’s notes).

48. United States Information Agency, “The ‘Baby Parts’ Myth: The Anatomy of a Rumor,” May 1996, at [http://usinfo.state.gov/media/Archive\\_Index/The\\_Baby\\_Parts\\_Myth.html](http://usinfo.state.gov/media/Archive_Index/The_Baby_Parts_Myth.html) (August 11, 2008).

structure in those areas to draw the people of southern Peru into the formal economy and democratic systems.

- Unleash the entrepreneurial spirit in poor communities by reforming and making transparent procedures to assure property rights and land titling as well as reforming rigid labor laws in order that small and medium-sized companies can become more competitive.
- Continue governmental public relations efforts to establish in the public's mind the link between the ongoing anti-democratic protests and the *Chavista* ALBA houses and leftist NGOs (as President Uribe has carried out in Colombia). The Peruvian foreign ministry should denounce the interventionism in domestic Peruvian affairs by the governments of Bolivia and Venezuela.
- Prosecute offenders to the fullest extent of the law if the current investigation by the Peruvian Congress proves a connection between the Chavez/Morales-funded ALBA houses and potentially violent protests in Peru.

The international community of pro-market democracies should also come to the aid of Peru. Specifically,

- The Chilean, Brazilian, and Colombian governments should publicly and clearly affirm Peruvian democracy and expand their countries' trade links with Peru.
- The Bush Administration, through the U.S. embassy in Lima, should aggressively counter ALBA propaganda and disinformation, as well as expand other public diplomacy efforts to complement ongoing U.S. development assistance projects in Peru.
- To encourage continued economic progress and stability in Colombia, which would directly benefit Peru, the U.S. Congress must approve the U.S.–Colombia Free Trade Agreement (FTA).

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