

Comment

What happened in Peru? They were to elect a new President, and there seemed no doubt that the winner would be the famous writer, Mario Vargas Llosa. Then out of nowhere came a Japanese-Peruvian, Alberto Fujimori and whizzed past Vargas to win the election, stunning all the prophets and pundits.

Peru's problems were as high as the Andes. The economy was a wreck - the cocaine industry was the only one booming. The Maoist "Shining Path" guerrillas kept the country in chaos. A mounting foreign debt, an annual inflation of 2000%, and falling wages, added to Peru's woes.

Came Mr. Vargas and proposed free market measures along the route of Reaganism/Thatcherism - a "shock" austerity program, cuts in spending, privatization and massive lay-offs of workers. Centrist and rightist parties backed him.

Came Mr. Fujimori and proposed that there is a way out of Peru's problems other than "biting the bullet." It was not detailed outside of "honesty, hard work and efficiency." He rejected dealing with guerrillas and drug lords, he renounced foreign troops and advisers. He is perceived as a friend of the poor, the dispossessed, the marginal workers, the struggling Andeans. His message of hope was enough to put him over the top.

The result illustrates the good points, also the limitations of libertarianism, which shows what not to do, what are the false remedies - but does not have enough positive measures except to say to the people at the bottom, "Just wait, you'll get some trickle-down benefits." That's not enough. There are tempor-

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ary good effects from a libertarian program, but sooner or later it will run into its failure to solve the basic economic problem of distribution. The Reagan years produced prosperity at the top and increased poverty at the bottom. The Thatcher years have wound up with higher land values and the shambles of the Poll Tax.

Attracted by the free market ideas of Vargas, Georgists contacted him with their message, and his response was courteous but non-committal. Fujimori is still an unknown. As a friend has said, "This man is either a Georgist or a fool." We hope he can be persuaded to move toward the Georgist path. If he is a fool, Peru will be worse off than before. R.C.
