

Wall Street's candidate wins elections in Peru with support from pseudo-left

By Armando Cruz
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In what became the tightest election in Peru's history, 77-year-old economist Pedro Pablo Kuczynski (widely known as "PPK") defeated right-wing populist candidate Keiko Fujimori by just 41,438 votes.

The result was unexpected, as Fujimori, the daughter of Peru's former authoritarian president Alberto Fujimori—now jailed for his part in death squad massacres, repression and corruption—was leading the polls for more than a year. A drug-related scandal and massive protests against the return of *fujimorismo* undermined Fujimori's campaign in the last weeks.

However, the biggest boost for PPK in political terms came from the Broad Front of the Left (Frente Amplio de la Izquierda, FA), a coalition of the pseudo left, which decided to unconditionally support Kuczynski in order to defeat Fujimori.

While Kuczynski managed to get elected, his party Peruanos Por el Kambio—a personalist political vehicle and not a real party—won only 18 seats in Congress. In comparison, Fujimori's party, Fuerza Popular, has overwhelming power over the legislative branch, with 73 of their candidates elected to the 130-member legislature.

Born in Lima in 1938 to a German-Polish father and French mother (French filmmaker Jean Luc Godard is his first cousin), Kuczynski had a privileged education both in Peru and abroad. He received a scholarship to attend Oxford University and then another to study at Princeton's Woodrow Wilson School of Public and International Affairs, where he got a doctorate in economics at the age of 22. Back in Peru in 1966, he started his public career in the National Reserve Bank (NRB) under the auspices of Carlos Rodríguez Pastor, who belonged to one of the country's richest families.

In 1968 the military, under the command of Gen. Juan Velasco Alvarado, launched a coup against the right-wing government of Fernando Belaúnde Terry and implemented nationalist measures, including expropriations of foreign businesses such as the International Petroleum Company, owned by Standard Oil.

Velasco's government accused Kuczynski and his colleagues of stealing US\$115 million from the NRB in order to give it to Standard Oil as compensation for the expropriation. Kuczynski escaped to Ecuador hidden in the trunk of a Volkswagen.

Exiled in the US, Kuczynski was rewarded with senior posts in the World Bank and IMF and obtained US citizenship. Starting from this period, his resume shows the avaricious rise of an ambitious businessman. He became chairman, partner and founder of various banks (including First Boston), private equity firms, companies and multinationals. According to opensecrets.org, he has made donations to both Republicans and Democrats.

He returned to Peru after the collapse of the military dictatorship (1968-1980) and became minister of energy under Belaúnde's second government, imposing what became known as "Kuczynski's law," under which large foreign oil companies were handed tax breaks worth US\$500 million.

In 2001, after the collapse of the dictatorial government of Alberto Fujimori (Keiko's father) he entered the government of his successor, Alejandro Toledo, which—like all those that have come to power since the fall of Fujimori—continued and deepened the US-backed free market measures that Fujimori introduced in the 1990s.

Under Toledo, Kuczynski was instrumental in renegotiating a deal that would divert natural gas for export rather than needed domestic consumption. The company that benefited the most from the deal was Hunt Oil, for which he would later work. A WikiLeaks cable from August 2005 defined him as an "influential government ally."

In 2006, Kuczynski showed his own personal racism, declaring before an annual gathering of major businessmen: "This thing of changing [economic] rules, changing contracts, to nationalize [property] its more or less an idea of [the people of] the Andes, a place where the altitude obstructs the oxygen from reaching to the brain, this is fatal and terrible."

Kuczynski ran for president for the first time in 2011. He was the favorite of the business class. When the run-off became one between Keiko Fujimori and current president Ollanta Humala, he threw his support to Fujimori.

At the beginning of the latest elections, there was no reason to suspect that Kuczynski would advance from the third or fourth position to which he had been relegated in the polls. However, things began to change after the National Jury of Elections—the state organ that oversees the electoral process—barred both Julio Guzmán and César Acuña from the

ballot. Both candidates, in different ways, fit the electorate's desire for options outside of traditional politics and had, at different times, occupied second place in the polls. Kuczynski's standing began to increase by default, along with that of Verónica Mendoza, the FA's candidate, who managed to achieve third place.

Kuczynski has won the election through a series of fortunate events, and political analysts have unanimously warned that his government will have a weak and isolated character unless he establishes alliances with *fujimorismo*, the foremost power in the legislative branch. As the Peruvian daily *El Comercio* put it: "The new president has been left with a minimum representation and without significant allies in a Congress dominated by his adversary as well as without a real party organization and with no real representation whatsoever in the country's regions."

It is probable that Kuczynski will carry out an earlier campaign pledge to pardon Alberto Fujimori (or grant him house arrest) as a gesture aimed at gaining the support of Fuerza Popular.

Neither Kuczynski's past as a Wall Street banker nor any of the corrupt measures he backed under former administrations was a deterrent to the FA's endorsement of him as the "lesser of two evils."

On a video seen by 2 million people on Facebook, FA presidential candidate Verónica Mendoza looked into the camera and declared: "I don't want for my children a country of corruption, drugs and violence [in reference to Fujimori and a drug-related scandal that damaged her campaign] or where to kill, lie and steal becomes the norm; because of that I am going to vote against Mrs. Fujimori. [...] The only thing left is to vote for PPK." Mendoza added that casting null or blank ballots in protest against the two right-wing candidates would only strengthen Fujimori in the final vote count.

The FA's decision to support Kuczynski is, in fact, an extension of the main objective of its own campaign: sustaining Peruvian capitalism by tying workers and youth to bourgeois politics and suppressing any independent movement of the working class.

Mendoza and her colleagues in FA will bear political responsibility for the inevitable attacks on the working class that are to come under Kuczynski, whose victory was hailed as "more good news from Latin America" in a *Wall Street Journal* editorial titled, "Peru Keeps Driving Right."

Kuczynski's spokesmen declared the incoming government's interest in establishing alliances even with the "left" FA, which has 20 seats in Congress. Pedro Francke, one of the FA's leaders, declared that they would evaluate participation with his government and that they would support any "good" policy it proposes.

The country's main union federation, CGTP, and the teachers' main union, SUTEP, also threw their support to Kuczynski after he signed a list of vacuous promises such as

respecting certain labor benefits and increasing the meager salaries of teachers. This, from a man who personally reaped millions from the destruction of workers' living standards on an international scale.

With Mendoza's support, Kuczynski "was able to enter in Lima's poorest neighborhoods and in the country's south where he wouldn't have any strength by himself. First data shows that he won in Lima and in the south, precisely thanks to Mendoza's votes," stated a report by the Spanish daily *El País*.

Right-wing novelist and former Peruvian presidential candidate (who lost to Fujimori's father in 1990) Mario Vargas Llosa praised the FA's decision in his weekly *El País* column. "The Peruvian left, acting in a responsible way, saved democracy and has assured the continuation of a policy that has given the country a remarkable economic progress," he wrote.

Vargas Llosa's column has long served as a vehicle for sanctifying right-wing governments that cooperate with the Western powers and financial institutions, while demonizing others that defy them even minimally. All of this all wrapped up in a self-righteous "intellectual" pose. In his latest columns he congratulates right-wing president Mauricio Macri of Argentina for his "brave" (i.e., unpopular) economic measures attacking the working class.

With the China-led "commodities boom" severely weakened and the disappearance of big foreign investments in Peru, ruling circles are pushing for the next government to impose even more deregulation for big business, to make it easier to fire workers and accelerate the privatizations of water and oil that have already begun, in order to make the country more "friendly" to the multinationals and foreign investors.

This will be the focus of Kuczynski's agenda, which will inevitably trigger an upsurge in the class struggle in Peru.

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