

Humala beats Fujimori in Peru's presidential vote

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With nearly 90 percent of the vote counted in the presidential election held in Peru Sunday, the ex-army officer Ollanta Humala emerged as the clear winner.

According to Peru's national election office, Humala, the candidate of the Gana Peru electoral bloc, had received nearly 51.4 percent of the vote, enjoying better than a 2.7 percent lead over his rival, Keiko Fujimori from Fuerza 2011.

With most of the remaining ballots coming from poorer and more rural areas where Humala has enjoyed a strong lead, it was universally acknowledged Monday that Fujimori had no way to close the gap, and that Humala will take office as Peru's next president on July 28.

Humala won in 18 regions and Fujimori in eight. Only in one region, Madre de Dios in the Amazon basin, did the victor remain to be determined. In 10 regions, Humala won by a margin of more than 20 percent, and in some cases, 30 percent.

In Lima, Fujimori beat Humala by less than 15 percent. While this was her largest margin of victory anywhere in the country, her lead was significantly narrower than expected. Humala placed first in many of the lower middle class, working class and poor areas of the sprawling Peruvian capital.

The election results reflected a popular rejection of decades of neo-liberal economic policies and the opening up of Peru's natural resources to exploitation by transnational corporations. While the country has registered one of the strongest growth rates in the hemisphere—8.7 percent in 2010—for the majority of the population, the working class and the poor, conditions have only worsened amid chronic poverty, stagnant wages and rising food and fuel costs.

The Peruvian ruling class and foreign capital lost no time in expressing their concerns that Humala's victory would spell a change in the free market economic model implemented by the last three Peruvian presidents—Alberto Fujimori, father of defeated candidate Keiko Fujimori, Alejandro Toledo and Alan García—spanning a 20-year period.

Humala campaigned on the basis of vague promises that he would use the country's wealth to ameliorate social inequality, while Fujimori ran as the standard bearer of free-market policies and the defender of the legacy of her father, who is currently serving a 25-year jail sentence after being convicted for corruption and death squad murders during his decade-long reign.

The Peruvian stock market was shut down for two hours Monday after share prices fell by nearly 11 percent. The sell-off was led by mining stocks, based on fears that a Humala government will impose a windfall tax on the huge profits recorded by mining companies. It was the biggest one-day fall since the global financial crisis drove down world markets in October 2008.

The president of the Peruvian National Confederation of Private Institutions (Confederación Nacional de Instituciones Privadas del Perú), Humberto Speziani, told the Lima newspaper *Perú21* that it was "necessary to leave behind the electoral process and continue to work to

keep Peru moving in the direction of development."

Speziani added that the private sector has its "doors open" to work together with Humala. He asked Humala for a "sign" to reassure those sectors that might feel concerned.

"We have to reassure the markets," *Perú21* quoted Speziani, "and national and foreign investors ...he [Humala] has to maintain the same macroeconomic orientation and show calm; or else, Peru will suffer."

The concrete "sign" that the conservative media and the political establishment are demanding is the swift appointment of a finance minister and president of Peru's central bank who both enjoy the confidence of Peru's financial and business aristocracy and can be trusted to defend its interests.

In another indication of fears gripping Peru's political class, former presidential candidate and Wall Street banker, Pedro Pablo Kuczynski, universally known as PPK, urged his followers on the very eve of the election to vote for Keiko Fujimori.

In a letter posted on the PPK followers Facebook account, possibly violating the law that bars political propaganda 24 hours prior to election day, Kuczynski, a former minister of economy and finance, wrote "I know it hurts, feels uncomfortable and I do not like having to vote for Keiko, but understand what is the balance, I think we're playing with the future."

"Fujimori Higuchi represents the future and is surrounded by the best technicians, who will enable the development of the country, as opposed to Ollanta Humala, who represents the abuse and statist militarism that has failed in Venezuela, generating poverty and violence," Kuczynski wrote on Twitter.

The government of President Alan García declared that it was ready to confront an attack by foreign and national financial capital against the sol, the Peruvian currency, and the Lima stock market.

Minister of Economy and Finance Ismael Benavides said, "We have a contingency plan for the Central Bank to inject liquidity in the markets."

Benavides also asked Humala to "send precise signals to appease investors and brokers," recalling that "the market collapsed after Humala won the first electoral round on April 10." Benavides reminded readers of *El Comercio* that the Lima stock market capitalization dropped \$18 billion between April 8 and April 27.

The response of the Humala team, through his economic advisor Félix Jiménez, was to proclaim that Peru's national stability was secured, while calling on the Central Bank to intervene if needed. "In case of a speculative attack, I reiterate my call to the Central Bank to do its job. The Bank has instruments to stop the speculation," Jiménez said.

The international Spanish language press reported Humala's victory with a more sober tone, emphasizing his alliance with former president Alejandro Toledo and intellectuals led by Nobel Laureate Mario Vargas Llosa, and the failure of Keiko Fujimori to distance herself from the

crimes carried out under her father's authoritarian regime.

The Spanish newspaper *ABC* stressed the importance of the support of Mario Vargas Llosa for the Humala's victory. "The support in the second round of Mario Vargas Llosa, who led a common front of intellectuals and former President Alejandro Toledo, meant for him (Humala) a major boost," said *ABC*.

In Chile, *La Tercera* reported, "Peruvian analysts said it was virtually impossible for Keiko to reverse the trend. Experts noted that the undecided finally finished handing their votes to Humala. The case of forced sterilization during the Fujimori government must have influenced [the voters]. The issue led to widespread rejection by female voters and hurt the daughter of Alberto Fujimori."

The novelist Vargas Llosa—who initially had described the run-off between Humala and Keiko as a contest between "AIDS and terminal cancer"—dismissed fears within the financial elite over Humala. Speaking from Spain, where he remained during the election, the right-wing writer said, "Humala's victory, contrary to what his adversaries say, does not put economic development in danger. I believe he has given enough proof, above all in the second round, that he will respect political democracy, the market economy and private property."

Nonetheless, there were indications that the election results had sparked expectations of change among broad layers of the population. Spontaneous street celebrations took place in downtown Lima, the poor neighborhoods surrounding the capital and in major regional cities.

Thousands took to the streets dancing and singing in Iquitos, a river port city on the shores of the Amazon River, as well as in Arequipa, Puno and Cusco, the largest cities in the southern Andean region, a Humala stronghold.

In Lima, hundreds of Humala supporters met at the Plaza Dos de Mayo—the traditional site for demonstrations by the working class—to celebrate the victory and to demand that Humala meet his promise to help the poor.

In contrast, the wealthy neighborhoods of Lima—La Molina, San Isidro, Monterrico and areas of Miraflores—remained silent.

To judge by the euphoria and optimism showed by those interviewed on national television, many are under the illusion that Humala will deliver a more just distribution of wealth. Having seen a small elite take the lion's share of Peru's 60 percent growth over the last decade, they voted for change.

They will, however, find themselves sorely disappointed sooner than later. Humala's promises of "social inclusion" and a "more just Peru" are outweighed by his pledges to the ruling elite to maintain a balanced budget, protect foreign and domestic capitalist investors and uphold the free trade pacts implemented by his predecessors.

In the run-up to Sunday's vote, Humala published an open letter to the Peruvian people in which he promised to uphold the capitalist market economy and defend private property. The document was virtually a reprint of a similar letter issued by Brazil's Luiz Inacio Lula da Silva, then the candidate of the Brazilian Workers Party, in the run-up to his first presidential election victory in 2002.

Just as Lula managed to win the confidence of a section of the Brazilian financial elite after being defeated in two previous election bids, Humala hoped to overcome his narrow defeat in the 2006 election, won by current President Alan García, by executing a deliberate turn to the right.

The nature of this turn was revealed in part by confidential diplomatic cables from the US embassy in Lima released earlier this year by WikiLeaks. The classified documents detailed visits to the embassy by Humala in the wake of his election defeat, in which he insisted that he was not a leftist or anti-American, but rather a "pragmatist," who could save the country from "radicals opposed to the system."

While in 2006, Humala had identified himself closely with Venezuelan President Hugo Chávez with whom he enjoyed a similar history (both had

led abortive coups as military officers and then run for president as nationalists), in the current election, he claimed allegiance to the pro-capitalist policies of Lula in Brazil.

This was more than a matter of election rhetoric. Senior functionaries in Lula's Workers Party were sent to act as top advisors to the Humala campaign, in which Lula also took a personal interest.

There is a firm economic foundation for this orientation, as Brazilian companies are pouring billions of dollars into Peruvian mining and energy projects, with direct foreign investment from Brazil expected to top \$30 billion over the next decade.

With a recent uprising by the Aymara native ethnic population in Puno Aymara fresh in their minds (see Aymara protesters seize Peruvian city of Puno, <http://wsws.org/articles/2011/jun2011/Perú-j04.shtml>), Peruvian television commentators and political analysts are already calling for a political truce, admitting that the country has been polarized by the election process.

In the words of Hernando de Soto—the internationally renowned right-wing economist and advisor to Keiko Fujimori, as well as to ruthless dictators like Mubarak in Egypt, Gaddafi in Libya and Suharto in Indonesia before her—Humala will face a difficult internal situation.

In Puno, for example, de Soto said in a televised interview following the elections, Humala will have to choose between the mining companies and the peasants.

At the presidential debate held one week before the elections, Humala warned that social conflicts are costly to investors. In a rare reference to the Puno events, he asked the [Puno] workers to clear stones thrown during their protest from the streets and to go to the polls.

Humala said that his government would favor "dialogue" and "consensus building" to prevent social conflicts from exploding. Given the extreme social polarization that has developed in Peru, such a perspective can only mean subordinating the rights of the workers, peasants and the poor to the profit interests of domestic and foreign capital.

It is worth noting that the 17,000 Aymaras who decided to withdraw from the occupied city of Puno so that the presidential election could take place, vowed that they will resume their struggle by next Tuesday at midnight if their demands are not met.



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