

Humala packs Peruvian cabinet with pro-business figures

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Sworn in as president on July 28, Ollanta Humala, who won the Peruvian election on the basis of appeals to nationalism and resentment over social inequality, has filled key posts in his cabinet with representatives of the ruling elite.

The inauguration ceremony itself became the subject of heated controversy after Humala insisted on swearing the oath of office in the name of the Peruvian Constitution of 1979, a gesture that infuriated his opponents in the Fujimori camp and led to expressions of concern in the bourgeois media.

The action prompted Martha Chávez, a congresswoman in the Fujimori opposition, to rise in the middle of the ceremony with the Constitution of 1993 in her hands and scream her opposition to the inauguration.

The 1979 constitution was produced by a Constituent Assembly held under the dictatorship of General Morales-Bermúdez. Both the assembly and the constitution were the means through which the military dictatorship paved the way to the restoration of a civilian bourgeois regime.

The 1993 constitution was the political instrument used to legalize the dictatorial measures imposed by the government of Alberto Fujimori, including the perpetuation of his rule and the closing of parliament.

Humala's invocation of the previous constitution—which itself legalized authoritarian measures—was a demagogic gesture that did little to conceal the real character of his government, which has emerged over the past weeks. A series of appointments have made it clear that it is a regime committed to continuity with the policies of Fujimori and his successors and prostrate before the demands of big capital.

The announcement of Humala's appointments to major ministerial positions represents, on the one hand, a message of reassurance and subservience to the most important business sections in the country, and, on the other, a few sops to the pseudo-left layers that supported him, along with the trade union bureaucracy.

Three of the most important posts went to individuals identified with the business sector or to members of the previous government.

The first to be announced, the approval of Luis Velarde for another five years as president of the Central Reserve Bank, was celebrated by the major big business bodies such as the Confederation of Private Business Institutions (CONFIEP) and the Association of Exporters (ADEX), as well as by the Peruvian right in general.

"Ollanta makes concession to employers," read the headline of *La República*, an anti-Fujimorist newspaper that offered support to Humala during his presidential campaign.

Velarde, an ex-official of the World Bank and the Inter-American Development Bank and a member of the right-wing Popular Christian Party, has declared his opposition to the principal election promises of Humala: an increase in wages and a tax on the super-profits of the mining industry (mining is the principal economic activity in Peru).

In an interview, Humala declared the economic measures of his government will be aimed at guaranteeing "economy growth" and "not scaring away investment." This type of rhetoric differs little from that of his predecessor in the presidential palace, Alan Garcia.

Despite this, the appointment that has done the most to boost "confidence" abroad is that of Luis Miguel Castilla. A former consultant for the World Bank for North Africa and the Middle East, Castilla served as an assistant minister of finance in the Garcia government, where he carried out budget cuts. Both the appointment of Velarde and that of the "orthodox neo-liberal" Castilla have been greeted by the ruling elite as a sign that Humala's former left-nationalist posture was nothing more than electoral rhetoric.

In an attempt to mask the significance of these appointments, the political analyst Antonio Zapata, formerly known as a leftist, declared that what Humala was attempting to create was a "neo-liberalism with a human face."

For his part, the president of ADEX, Juan Varillas, indicated that these nominations would "calm the waters and guarantee that the investments keep flowing," while the daily *El Comercio* predicted that they would promote confidence among the public and exporters alike.

Both appointments provoked criticism from Humala's "left" supporters, such as the veteran of the now extinct petty-bourgeois nationalist organization, Vanguardia Revolucionaria, Javier Diez Canseco, who is now a congressman in Humala's Gana Perú, and the Stalinist leader of the CGTP (General Confederation of Peruvian Workers), Mario Huamán.

The choice of Salomón Lerner Ghitis, the head of Humala's campaign and a major financial backer, as head of the new cabinet has been well received within ruling circles and described as a "wise" choice. Lerner Ghitis is a figure with a long political history demonstrating his ability to adapt to the most varied types of regimes. He began his career as student leader of the APRA party, then becoming a supporter of the military regime of General Juan Velasco.

Later, in the 1980, he was involved in an influential group of businessmen with direct access to the APRA government of President Alan Garcia. He held posts in the management of a television channel that sold its editorial line to the corrupt and dictatorial regime of Fujimori and his sinister chief of intelligence Vladimiro Montesinos (both of whom are serving long sentences for their leadership roles in the killings carried out by the Colina death squad). More recently, he participated in the government of President Alejandro Toledo.

Aside from these three most important posts, a long list of ministers—interior, health, agriculture, trade, transport—has been selected from the ranks of the most important Peruvian business organizations.

Appointed as minister of labor was Rudecindo Vega, who comes out of the ranks of the Perú Posible electoral front of former president Alejandro Toledo. He held a variety of posts in Toledo's administration dealing with housing, food supplies and decentralization. He is also president of a business, Consultora Perú Descentralizado-Corporación Vega Carreazo &

Asociados SCRL.

In an attempt to offset these patently right-wing appointments to the most important positions in his cabinet, Humala decided to grant the post of deputy minister of labor to Pablo Checa, the former secretary of the CGTP, the main Peruvian union federation.

Far from representing any action in support of Peruvian workers, Checa made it clear in his own words that his appointment would “assure the maintenance of an equilibrium in labor relations. That is, that the two sides of the scale—capital and labor—are balanced.”

Interviewed by the right-wing daily *El Comercio*, he “assured that from the ministry he would promote dialogue with the aim of arriving at effective agreements and diminishing conflict.”

In other words, Checa will utilize the machinery of the Ministry of Labor to see that workers’ struggles are ended as quickly as possible based on agreements reached at whatever cost to them.

Just as the business sector and the right celebrated the other appointments, the trade union bureaucracy hailed Checa’s nomination. *La Primera*, a newspaper that openly backed Humala and speaks for the ex-left sectors that revolve around the union bureaucracy, praised the decision and lent its pages to a profile of Checa as a beloved unionist who had “marched in the streets and received beatings and teargas.”

Nonetheless, in an editorial, the paper made it clear what Checa’s real function would be: “No economy can be successful if its essential components include low wages and the elimination of workers’ rights, as these hardships foment social unrest and impede ... civilized coexistence and peace, the pillars of democracy.”

These lines confirm the role of *La Primera* as the advocate of stamping out “social unrest” in the interest of “labor equilibrium” to which Checa himself alludes.

Vega, Checa’s newly appointed boss, explained in an interview with *El Comercio* that “the minister has to be the means of a dialogue between employers and workers”. He also promised that by the end of the year he would implement a new General Labor Law.

What is interesting about this promise is that the employers’ association, CONFIEP, has also been calling for the approval of such a law. Its president revealed that in a meeting with Vega he indicated that a commission of experts would review international legislation to assure that the new law would not affect the country’s “competitiveness.”

The Ministry of Foreign Relations has been assigned to the sociologist Rafael Roncagliolo. While the Peruvian press has speculated over how he will handle differences between Peru and Chile over maritime borders, there is another important aspect to Roncagliolo’s appointment.

In an interview with the Venezuelan television network Telesur, Roncagliolo praised the work of the South American Union of Nations (UNASUR), which he said should aim at “turning itself into a real South American fortress and positioning itself as a world power with one voice and an important presence within the international community.”

These statements are not merely diplomatic rhetoric.

“In some sense, UNASUR is an expression of Brazilian power to the extent that it seeks a form of coordination that approximates what the European Union is for Germany,” explained Sergio Berensztein, political science professor at the University of North Carolina. “UNASUR is a means of ratifying or building a regional role for Brazil as a power in the subcontinent.”

Brazilian capital has played an ever-increasing role in the Peruvian economy. Brasilia is also seeking an outlet on the Pacific to make a direct connection with China, one of its principal export markets. Three inter-oceanic highways are planned that would cross the Peruvian Amazon to connect the Latin American giant with Asia.

Moreover, Brazilian capital has investments in five major hydroelectric

projects in the Peruvian Amazon, which reportedly pose social and environmental risks that would face legal challenges in Brazil itself. The energy from these projects would be directed not to Peru, but to Brazil.

Two of the new government’s ministries went to Peru Posible, the electoral front of ex-president Alejandro Toledo, whose support for Humala in the second round of the elections played an important role in assuring his victory over the candidate of Fuerza 2011, Keiko Fujimori.

Toledo’s apparent intention was to create a kind of coalition government between Gana Peru and Peru Posible. To this end, it is reported that Toledo presented Humala with lists of candidates for the president-elect to choose from for members of his cabinet.

However, political analysts close to both parties said that Humala chose no one from these lists, passing them over for second-ranking figures in Peru Posible with the clear aim of warding off Toledo’s design for a coalition.

This maneuver was carried out under conditions in which Peru Posible confronted a major internal crisis, with the resignation of its general secretary, Javier Reátegui, and the expulsion of its top candidate for congress, Carlos Bruce.

Political sources reported that the person who convinced Humala to carry out his maneuver with Peru Posible was Luis Favre, a figure with a lengthy history in the Latin American and European left.

Favre is one of the political advisers sent by Brazil’s ruling Workers Party (PT) at the end of 2010 to help create a new image for Ollanta Humala as a pragmatic politician

who had left behind his former radicalism and backing for Venezuela’s Hugo Chavez, which characterized his first run for the presidency in 2006. Instead, in 2010 he emulated the path taken by Brazil’s Luiz Inacio Lula da Silva, the PT president who became the favorite of Brazilian finance capital.

Who is Luis Favre? Born in Argentina with the name Felipe Belisario Wermus, he is the brother of Jorge Altamira, the leader of the centrist Partido Obrero movement in Argentina.

In his student years, Favre joined the Argentine left. In 1970 he fled to exile in France, where he remained for the next 33 years.

There he joined the OCI (International Communist Organization) led by Pierre Lambert and became active in its international department. In that capacity, he came to Peru at the beginning of the 1970s, supporting Lambert’s faction in its split with the International Committee of the Fourth International.

Later he would break with Lambert and leave the OCI, traveling to Brazil, where he forged relations with the Lambertist OSI-Libelu (International Socialist Organization-Liberty and Struggle) organization, which went into the Brazilian Workers Party (PT).

One of those involved in Libelu was Antonio Palocci, who as finance minister under Lula was forced to resign over corruption scandals. Tapped as chief of cabinet under Lula’s successor, Dilma Rousseff, he was forced to resign once again this year over another corruption scandal involving his work as a consultant to companies seeking government contracts.

According to *Folha de Sao Paulo*, “In 2000, Favre participated in the election campaign of Marta Suplicy, a member of the high bourgeois Paulista family, the Smith de Vasconcelos. Three years later, Favre and Marta, who had become mayor of Sao Paulo, were married. Lula and the first lady, Marisa Leticia, officiated at the wedding.”

Then, in 2002, Favre acted as the link between the PT and the public relations firm that ran the campaign that won the presidency for Lula. It was this record that made Favre the choice for planning Humala’s electoral campaign and his dispatch to Peru last year.

His role represents, in the first place, the growing influence of the Brazilian bourgeoisie and its economic power in Peru and throughout the region.

Favre's role is also in line with that played by a whole layer of "ex-lefts," including some who even called themselves Trotskyists, who have transformed themselves into advisers and functionaries in the governments of the Latin American bourgeoisie.



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