

Peruvian crisis shifts Humala government to the right

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A week after its declaration of a state of emergency in Cajamarca, the replacement of Peru's prime minister by a retired army officer signals a sharp turn to the right by President Ollanta Humala's government.

Prime Minister Salomon Lerner, a businessman with extensive political connections who served as Humala's campaign manager and major financial backer, resigned after the Peruvian president imposed the state of emergency, reportedly without any prior consultation. Lerner had been involved in attempts to negotiate a deal with leaders of the popular upheavals against a massive \$4.8 billion gold mining project that poses serious threats to the ecosystem and life of the population in the northern Cajamarca region.

Under this state of emergency, the military has occupied four provinces in Cajamarca, where constitutional freedoms of assembly, travel and the inviolability of the home have been suspended for 60 days.

What triggered the crisis was an indefinite regional strike in Cajamarca against the exploitation of a new open pit mine, known as Conga, by the transnational Newmont—the world's largest gold producer headquartered in Colorado in the United States. The company is the owner of Yanacocha, the second largest gold mine in the world, also located in Cajamarca.

The population in the region has good reason to distrust the environmental studies and government promises that it will demand the creation of a large offshore fund to deal with any environmental destruction, like contamination of water sources.

Yanacocha has a horrible record of bullying and buying government officials, destroying ecosystems and distorting ecological studies in its favor. The mine receives a water supply of 900 liters per second. By contrast, Cajamarca, a city with 200,000 inhabitants, receives only 200 liters per second, which requires water rationing in the city to meet the needs of Yanacocha.

After winning the approval from Humala's government to go ahead with the Conga Mine, Newmont decided to suspend the project because of the social unrest.

Replacing Lerner as prime minister is retired Lt. Col. Oscar Valdes. As minister of the interior, Valdes had directed the government's increasingly hardline response to social protests. Humala, also a former army officer, first met his new prime minister as a cadet in the military academy where Valdes was his instructor.

In his resignation letter Lerner wrote: "In this context, our direct line has been dialogue and consensus-building among Peruvians, avoiding confrontation and reaffirming our democratic life." Lerner concluded that "the beginning of a new era of government work requires adjustments in the general conduct of government," and adds that he was resigning to let the president "in total freedom, make adjustments."

In other words, the new route chosen by Humala—five months into his

presidency—is to rely on the military in order to continue with the "free market" economic policies implemented over the last 20 years under Presidents Alberto Fujimori, Alejandro Toledo and Alan Garcia.

In addition to Valdes, a new cabinet was sworn in Sunday night, with eleven of the government's old ministers replaced, and only eight ministers retained. Included among those who lost their posts were ministers holding the key portfolios of defense, interior and mining. Retained was Finance Minister Luis Miguel Castilla, the right-wing, Harvard-educated former World Bank official who is seen as a guarantor of the Humala government's pro-market policies.

The Peruvian political establishment has greeted the shakeup with enthusiasm, declaring the new cabinet one of "technocrats".

Lerner was appointed prime minister to make a government headed by Humala—who had previously engaged in left-nationalist rhetoric and embraced the Venezuelan leader Hugo Chavez—acceptable to the national bourgeoisie and foreign investors. To mask the sharp contradictions between the interests of the big business sectors that backed Humala and the aspirations of voters who were attracted to his election promises about reviewing free trade agreements and contracts with foreign companies and raising taxes on mining super-profits, Lerner formed the group "Citizens for Change," consisting mainly of "left" intellectuals.

Any appeal to the aspirations of the poor, peasants and working class began to vanish early in Humala's presidency as it became apparent that his rhetoric about "social inclusion" was entirely subordinate to the policy of promoting foreign investment and expanding mining concessions.

This was symbolized with his approval of the Conga mine project—the largest foreign investment in the country's history.

As of last August, a month after Humala had assumed the presidency, the Ministry of Energy and Mines had approved 1,186 mining petitions covering over 280,000 hectares, which represent 67 percent of the basin headwaters in the northern Andean region.

As Humala's election promises of economic growth with social inclusion lost credibility, it led to a sharp increase in popular protests among sections of the population who had expected a change from the policies of his predecessors. It is estimated there are 200 social conflicts in the country, the majority related to mining. The political shift also saw the resignation of several government officials. In mid-November, unable to resolve the Conga mine conflict through dialogue, Carlos Tapia, Humala's advisor and former executive committee member of the Communist Party-led United Left electoral coalition, resigned.

Tapia's resignation letter sparked a crisis of confidence in the president's ability to govern. Tapia denounced Humala for keeping Luis Favre on as his adviser. An Argentine-born Brazilian political activist and former collaborator of the French revisionist Pierre Lambert, Favre has been linked to money laundering for Brazil's governing Workers Party. Originally sent to help Humala get elected, his continued involvement in

Peruvian affairs reflects the growing influence of Brazilian business interests in the country. Favre responded by dismissing Tapia as an “ultra-leftist”.

The emerging divisions are increasingly threatening a constitutional crisis. The “road map” that allowed Humala to win in the second round of the presidential election was designed to meet the demands of capital and the Peruvian bourgeoisie. But members of Congress from his party, Gana Peru, were elected in the first round under the banner of a more populist program.

Humala’s main ally in Congress, Peru Possible, led by former President Alejandro Toledo, warned that Lerner’s departure would generate a polarization that will lead to “a real crisis of governance.” Toledo announced that his party will not participate in the new cabinet. “I am profoundly concerned about the militarization of a government that was democratically elected,” Mr. Toledo said.

Statements by members of Congress of several parties, including some of his original allies, sharply limit the president ability to govern democratically, with an Executive and Legislative power at odds with each other.

It was Salomon Lerner, not Humala, who created confidence in the new government within ruling circles.

Thus, Victor Andres Garcia Belaunde of Parliamentary Alliance said Lerner’s resignation “creates a feeling of instability and poor governance.”

Similar statements were made by the former top advisor to President Alejandro Toledo, Carlos Bruce of Parliamentary Coalition, and former Prime Minister Javier Velásquez Quesquén of APRA, who said that Lerner had brought “wisdom” and “rationality” to Humala’s cabinet.

Humala’s cabinet shakeup has also been criticized by his own supporters. Fredy Otárola of Gana Peru voiced the view that Lerner’s resignation was a loss because “he was a minister who managed to bring together all sectors.”

There is talk that the situation is beginning to resemble the crisis that Alberto Fujimori faced early in his first government that led to the “auto golpe” (self coup) and the closing Congress in April 1992.

“Alberto Fujimori put aside his own party to rely on the military. We could be seeing the beginning of that, an Oscar Valdés who will make decisions relying on the Peruvian army with a diminished presence of Humala’s party Gana Peru,” said a spokesman for Peru Possible.

Furthermore, a former army officer, Adrian Villafuerte, is the president personal advisor and responsible for maintaining strong links with high ranking officers in the military. The immediate thought was that Villafuerte was becoming a new Vladimiro Montesinos (Fujimori’s sinister intelligence chief). Villafuerte was one of the officers who signed the “Acta de Sujeción” opposing all investigation into Montesinos’s violations of human rights.

The government has moved unmistakably to the right and will be forced to rest on political forces that it previously counted as enemies. “Peru’s paradox is that those who insulted and attacked Humala are now happily in power, and the left that supported him has been sidelined in an ugly way,” Juan Sheput, a leader of the Peru Posible party, told the Reuters news agency.

On Sunday night the well known political analyst Cesar Hildebrand said on national TV that in his opinion it was necessary for Humala to make a deal with his right-wing opponent in the presidential election, Keiko Fujimori of Fuerza 2011 in order to cobble together a working majority in Congress. Hildebrand said it was highly probable that Humala will pardon Keiko’s father, Alberto Fujimori, who is currently imprisoned for

his role in death squad murders and rampant corruption under his presidency.

Such an alliance would please the political establishment and foreign capital, as it would forge a new right-wing government and avoid a military regime, which could be detrimental to foreign investment.

Peru is being promoted on financial markets as one of the 10 best countries to invest in. It plays a critical role in global capitalist relations as a major provider of raw materials.

IMF Managing Director Christine Lagarde visited Mexico, Peru and Brazil in the last week of November.

After meeting with Humala in the midst of the conflict in Cajamarca she said “...this combination of economic and social policies that provide standards creates a stable environment with social inclusion, which is essential for developing countries like Peru.” A week later, Humala declared the state of emergency in Cajamarca.

The request for stability in Peru, as a supplier of raw materials must be understood in the context of Lagarde’s objectives in visiting the region.

She indicated that both Mexico and Brazil should be prepared to contribute to the bailout fund to alleviate the economic crisis in Europe. In regards to Peru, Lagarde’s interest is that the mining sector accounts for 40 percent of exports and 60 percent of income to the Peruvian state. In her view, the Peruvian government’s mission is to maintain stability and continue exporting minerals.

The role played by the trade unions and ex-lefts of the 1960s and 70s, such as Javier Diez Canseco, Carlos Tapia and others, has been thoroughly exposed by the crisis. They worked to provide a “progressive” facade to the Humala government, stressing its promises of “dialogue” and “social inclusion”, which have now been proven a sham.

However, they continue to promote illusions in Humala, even as he is weighing his options of a military solution or a possible alliance with Fujimori’s rightist Fuerza 2011.

Thus, the president of the Confederation of Workers of Peru (CUT), Julio Cesar Bazan, asked the government to lift the state of emergency in Cajamarca, calling it “a mistake” and reminding Humala of his electoral promise of “social inclusion”.

Diez Canseco, for his part, said, “It seems to me that Lerner worked very hard against the possibility of a state of emergency.” Describing the new Prime Minister as a “fair” man, Diez Canseco expressed hope that there would be no turn to authoritarianism, but rather negotiation and dialogue to address the social convulsions.

The government’s inability to smooth over intense class contradictions in Peru with “inclusion” has brought to the surface the weaknesses inherent in the opportunist alliance between Gana Peru—itsself a conglomerate of nationalist groups—and the old petty bourgeois left of the 1960s and 1970s and the unfeasibility of achieving even a modicum of social justice within the framework of a nationalist program based on capitalism.

The shift from Humala the “radical” candidate, to Humala the “center-left” president and now Humala the openly right-wing guardian of big business stands as testimony that the policies pursued by Peru’s government are determined not by the democratic will of the Peruvian people, but rather by the interests and demands of international capital and the transnational mining corporations.



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