

Peru: Kuczynski takes office along with right wing pro-business cabinet

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Right-wing businessman Pedro Pablo Kuczynski (popularly known as PPK) has formally taken office as president of Peru after narrowly defeating the right-wing populist candidate Keiko Fujimori in the June 6 elections. At 77, he is Peru's oldest-ever head of state.

Between election day and the official takeover on July 28 (Peru's Independence Day), the incoming president and his team engaged in negotiations for the selection of ministers and other key figures in his administration. Like Kuczynski himself, those selected for his administration come from the higher echelons of Peruvian and international big business, with the bourgeois media forced to admit that the political background of most of Kuczynski's cabinet is not "quite political."

Topping the slate in the new government is prime minister Fernando Zavala, former vice minister of economy when the ministry was chaired by Kuczynski himself under former president Alejandro Toledo's right-wing pro-US government. In the interval between leaving and returning to a high state post, Zavala occupied seats on the boards of directors of six major corporations, including the brewery Backus and Johnston (where Kuczynski was on the board as well and had shares), which belongs to the multinational SABMiller.

Prior to becoming president, Kuczynski publicly resigned from the directorates of the assorted corporations over which he presided. However, a report states that he is still on the boards of several foreign companies, including one that is listed in the fiscal paradise of the British Virgin Islands, Dorado Asset Management.

Heading the Ministry of Economy is the free market economist Alfredo Thorne, formerly of JP Morgan Chase, the World Bank and the Inter-American

Development Bank. The Ministry of Commerce and Tourism will be chaired by Eduardo Ferreyros Krupps, a pro-free market manager who also chaired Comex, the main private association of foreign trade businesses. The Ministry of Mining and Energy and the Ministry of Production will be chaired by former business advisors Gonzalo Tamayo and Bruno Giuffra, respectively. The Ministry of Development and Social Inclusion will be chaired by Cayetana Aljovín, a notorious lobbyist who was accused, along with her husband, of using public money to bail out a bankrupt bank in the 1990s.

It was reported that Thorne held a private reunion with the most powerful association of Peruvian businessmen, in which he laid out the regime's first proposals, among them the loosening of restrictions on business investment. It has been reported that the president might ask the Congress for a "fast track," that is, special powers to eliminate such restrictions and accelerate all permissions on investments and business projects.

Peru's principal economic activity is the export of minerals, and it was one of the countries that benefited most from the so-called commodities boom. The enormous demand for minerals from China and other countries fueled a growth of GDP which reached almost 6 percent annually.

Now, with the end of the commodities boom, the IMF has called attention in a recent report to the fact that Peru has not found another important source of income: "With the end of the commodities super cycle, Peru needs a new growth machine." The report also points to indications that corporations like BHP Billiton, Rio Tinto, Freeport-McMoran and Glencore will reduce their investments in Peru in the coming years.

Behind the backs of the Peruvian people, Kuczynski has developed proposals which have only been

presented to the foreign financial markets, such as the floating of \$8 billion worth of bonds.

The appointments made by the new president have been hailed by the bourgeois media. Nonetheless, the reality is that the new Kuczynski administration is possibly the weakest government in the country's history. It is headed by a successful businessman with no real political base, who won the election by less than 50,000 votes and is neither supported nor even well known in large parts of the country.

A clear sign of the government's weakness and isolation is the rejection it has suffered at the hands of Fuerza Popular, the party of Kuczynski's electoral rival Keiko Fujimori, which has an overwhelming majority in the congress, with 73 seats. It has been reported that the *fujimoristas* plan to block and oppose the proposals of Kuczynski and his ministers, unless he indicates his intention to pardon their candidate's father, ex-president Alberto Fujimori. He is presently jailed for his role in massacres and other human rights crimes, political repression and corruption during his decade of quasi-dictatorial power that ended in 2000.

Kuczynski has signaled his willingness to appease the *fujimoristas*. He has said that he would grant Fujimori house arrest if the congress passes a law granting this benefit to all those over the age of 75. He has also refused to meet with the main youth group that organized mass marches against the return of *fujimorismo*, despite the fact that he signed a pledge to them that he would not in any way free Fujimori (the father).

The country's main union federation, the CGTP, issued a statement expressing "concern" over Kuczynski's choice of ministers. "I do not remember any cabinet so committed to big business as this one," said CGTP official Juan José Gorriti.

Nonetheless, the CGTP, like the Peruvian "left," supported Kuczynski against Fujimori in the elections, supposedly to prevent the return of the "*fujimorista* dictatorship." It never occurred to the CGTP bureaucracy, it seems, that supporting a multimillionaire businessman could lead to the creation of a cabinet in his image and likeness.

In reality, the mission of the whole Peruvian pseudo-left was to channel the growing opposition amongst the youth and working class against Fujimori towards the Wall Street candidate and, in the case of the CGTP,

curry some favor with the new government.

The CGTP also lent its support in 2011 to the election of President Ollanta Humala (who is leaving with a less than 30 percent approval rating), hailing his supposedly pro-working class program. When Humala predictably ditched all his promises and sided with the bosses and transnational mining companies, the CGTP blamed other forces inside his government that "obstructed" the government's "real" program.

More significant is the silence of the Frente Amplio de Izquierda (Broad Front of the Left, FAI), the coalition of "left" parties, whose leader Verónica Mendoza released a video making an unconditional call for a vote for Kuczynski in order to avoid a return of *fujimorismo*.

Now that the cabinet's formation has revealed the disastrous consequences of this support to Kuczynski, Mendoza has made some slight criticism. She declared, however, that the FAI will meet with premier Zavala to consider their "coincidences" in policies. It is also reported that the FAI's economy team has met with minister Thorne to see if they can offer economic proposals.

Workers and youth will never gain anything by following pseudo-left coalitions such as the FAI or the treacherous union bureaucracy of the CGTP, except disasters like Kuczynski's big business government. These organizations are completely integrated into the capitalist state machine and will not hesitate to support Kuczynski's government when it enters into open clashes with the working class.



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