

# Peruvian president wanted in Odebrecht corruption scandal

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2 March 2017

Last week, on February 24, Peru's right-wing President Pedro Pablo Kuczynski (PPK) became the first Latin American head of state to stage a state visit to the Trump White House.

The trip by Kuczynski, a Wall Street investment banker, specializing in private equity funds, received scant coverage in the US media. During a brief appearance before the White House media, Trump described Peru as a "fantastic neighbor" and referred to the US sale of military vehicles to the Peruvian armed forces, telling Kuczynski "use them well, use them well." There is no doubt that the main use of such equipment will be repressing struggles of Peruvian workers.

There was no mention in the public appearance of an ongoing judicial matter pending between the two countries, which Kuczynski afterwards said he and Trump discussed "for no more than a few seconds."

The issue at hand is the extradition of Peru's fugitive former President Alejandro Toledo (2001-2006), who is believed to be hiding on US territory. Earlier this month, Kuczynski asked Trump in a phone conversation to deport the former president instead of going through the legal process of arrest and extradition.

Toledo faces charges of bribery, money laundry and influence trafficking in pocketing US\$20 million in bribes paid by the Brazilian construction giant Odebrecht to secure contracts for building the expensive Transoceanic Highway.

In a parallel development, on February 18, SUNAT (The National Superintendence of Customs and Tax Administration) began seizing 260 million Peruvian soles (US\$80 million) from Brazilian construction companies associated with Odebrecht, which is deeply implicated in the "Lava Jato" (Car Wash) bribes-for-contracts scandal surrounding Brazil's state-run oil conglomerate Petrobras.

By Odebrecht's own account, it paid US\$788 million in

bribes in 12 countries other than Brazil; \$29 million for \$10 billion in contracts went to pay Peruvian high officials during three consecutive presidencies: Alejandro Toledo (2001-2006), Alan Garcia (2006-2011), and Ollanta Humala (2011-2016).

The current President Kuczynski (popularly known as PPK) is also facing investigation for having approved contracts with Odebrecht while he was Toledo's Minister of Economy and Finance in 2005.

Already a number of leading figures from major Peruvian bourgeois parties have been arrested. The continuing exposures of the ever-wider web of associations with the Odebrecht bribes has had serious repercussions for Kuczynski, who has seen his approval ratings drop to 29 percent.

The Odebrecht corruption scandal and resulting political crises extend throughout Latin America. In **Brazil** itself, the bribes for contracts operation is believed to have siphoned some US\$2 billion out of Petrobras. The company's billionaire CEO Marcelo Odebrecht and scores of others have been convicted on corruption charges and have agreed to cooperate with the Brazilian Justice Department to secure lighter sentences.

- In the **Dominican Republic**, where there have been mass protests over the corruption revelations, the company paid US\$92 million in bribes to secure a power plant contract.

- In **México**, *El Financiero* reported that between 2010 and 2014, under current President Enrique Peña Nieto of the corrupt Institutional Revolutionary Party (PRI), Odebrecht paid US\$10 million in bribes in exchange for a 300 percent return from public contracts.

- According to *La Prensa*, in **Panama**, Odebrecht spent US\$59 million in bribes to government officials and other individuals to win mega-construction projects. Former Panamanian President Ricardo Martinelli's family companies and his children's residences were raided as

part of the investigation into bribes by the Brazilian construction company.

- In **Venezuela**, *Noticias24* reported that the Public Ministry denounced Henrique Capriles, the right-wing governor of the Miranda State and the favored US favorite presidential candidate for regime change, for having received US\$3 million in bribes from Odebrecht.

- According to *El Tiempo*, in **Colombia**, between 2003 and 2006 Odebrecht paid US\$399 million in bribes and obtained US\$ 1.9 billion in contract overcharges.

- According to *Expreso*, in **Ecuador**, the Brazilian construction company paid out bribes “for 30 years on contracts with seven governments.” At least 18 politicians and officials have been charged with receiving bribes in secret bank accounts, while other money went to finance election campaigns. The total amount in Odebrecht bribes paid out in Ecuador is believed to be US\$33.5 million.

- *El Pais* reported last December that “In 2012, Odebrecht was one of the main public works contractors for the government of Cristina Fernández de Kirchner [**Argentina**]. At that time it contributed US\$35 million to intermediaries in Buenos Aires that allowed the [Brazilian company] to access contracts for ‘approximately US \$ 278 million,’ according to a document signed in a Federal court in Brooklyn, New York.”

- *Folha de Sao Paulo* reports that Odebrecht is ready to reach an agreement to collaborate in the investigation of bribes in Latin America. The proposal was made in Brasilia during the first week of February to prosecutors from Argentina, Colombia, Ecuador, México, Panamá, Perú, República Dominicana and Venezuela.

- But Odebrecht lawyers wanted to condition the agreement on the authorities of the various countries allowing the company to continue operations and reversing decisions to seize its assets.

- Toledo is emblematic of the corruption pervading all of these countries, which were proclaimed, in the wake of the dissolution of the Soviet Union in the early 1990s to constitute the “emerging market” and a source for huge profits for international finance capital. All of them pursued policies of wholesale privatization of state-run enterprises, in the course of which a layer of the bourgeoisie and bourgeois politicians of every stripe enriched themselves through bribes and outright theft.

Toledo won the elections in 2001 after posing as the anti-corruption candidate, opposing the seven-year dictatorship of Alberto Fujimori. His presidential campaign always enjoyed the support of Washington, and the CIA saw him as their man in Peru. His entire

economic program was based on the continuity of the free-market policies written into Fujimori’s constitution of 1993 and imposed through bloody repression. During his five-year presidency he favored privatizations of national resources and market liberalization.

Toledo may be the first to fall, but the Peruvian “Lava Jato” Congressional Commission has already called Alan Garcia to testify. The former *Aprista* president spent two days dodging questions before returning to Spain. He admitted that there were “rats” in his Apra party who are now in prison, but claimed he knew nothing about it.

In the end, Odebrecht’s bribes were paid for through over-charges on contracts that were passed on to the people of Peru and Latin America as a whole. For example, the construction of the Peruvian gas-pipeline—oleoducto, one of the most visible government investments—cost US\$1.7 billion more than the original \$7.5 billion deal signed with Odebrecht.

The issue of corruption has been seized upon by right-wing bourgeois parties and movements, beginning in Brazil with the campaign to oust the Workers Party (PT) government of President Dilma Rousseff, to pursue wholly reactionary political aims. In Ecuador, the failure of the ruling party’s candidate, Lenin Moreno, to defeat a right-wing challenger was largely bound up with public anger over the involvement of leading officials in the bribery scandal.

The reality is that all of these parties, from bourgeois “left” parties like the PT, Venezuela’s ruling PSUV and the Argentine Peronists, to right-wing parties ruling countries like Colombia and Panama, are steeped in corruption, reflecting the relation of the Latin American bourgeoisie to international finance capital. The solution to this problem will come not from court cases and prosecutions of individual state criminals, but only through an independent movement of the Latin American working class, in alliance with workers of North America and internationally, for the nationalization of the banks and basic industries and the socialist transformation of society.



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