

Corruption crisis engulfs all major parties in Peru

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A political crisis of rule is rapidly developing in Peru involving all of the major parties. It stretches from the internal fissures within the extreme right-wing parties, like the ruling Partido por el Cambio of President Pedro Pablo Kuczynski (PPK) and the fujimorista Fuerza Popular, all the way to the pseudo-left Frente Amplio.

Kuczynski's first year has been generally assessed within the media as somewhere between disappointing and near catastrophic. His performance has been characterized by continuous cabinet shakeups, inability to deal with the Fuerza Popular-controlled Congress and the mega-scandal related to kickbacks by the Brazilian construction giant Odebrecht, which is having strong negative repercussions for the nation's economic growth.

The government has blamed the fall of the economy during the first part of this year on the devastation produced by the so-called "Niño costero," affecting most of the country, especially the northern region with heavy rain and widespread flooding. While it is true that the floods in the north damaged agricultural production and distribution, the government's response to this catastrophe has been to ensure that private companies profit from the "reconstruction" to come with a fund of 25.7 billion soles (US\$7.7 billion) to invest in the damaged areas.

Though metal prices are experiencing an upswing in the world commodities markets, it may come too late to reactivate the Peruvian economy, which has been slowing down for almost two years.

But, as in many other countries facing problems in the growth of the real economy, the Peruvian stock exchange has increased 13.7 percent so far in 2017.

According to *Gestión*, the only growth this year has been in "informal" jobs; those which are kept off the books, paying no taxes to the central government, nor benefits to workers. 332,600 informal jobs were created in the past 12 months.

The—which Odebrecht bounandal up massive Lava Jato bribes and kickbacks operation surrounding Brazil's state-run energy conglomerate Petrobras—is threatening to put two other former presidents behind bars: Alejandro Toledo (2001-2006), accused of having received US\$20 million from the Brazilian company, and Alan Garcia (2006-2011).

Former president Toledo is living comfortably in the San Francisco Bay Area, employed by Stanford University. But in recent days, prosecutors have been preparing a dossier for Washington, which has signaled that it will extradite Toledo if proof of his misdeeds is presented by the Peruvian government.

Toledo's position was weakened when his longtime associate, Israeli multimillionaire Josef Maiman, agreed to collaborate with prosecutors. Maiman revealed that he was part of a transaction of US\$3 million in the "Ecoveta" case; a scandal involving a multi-million-dollar acquisition of real estate in Lima by Eva Fernenbug, mother of Toledo's wife Elaine Karp. Other collaborators have indicated they will testify about other schemes used by Toledo to hide US\$20 million in kickbacks requested from Odebrecht.

Among the several mega-construction projects that Odebrecht bid for and won through bribes, the most significant was for the construction of the southern portion of the Interoceanic Highway, an ambitious plan to create an overland link between the Atlantic and Pacific Oceans.

During recent years, in addition to multi-billion-dollar mining projects, Peru's fortunes have relied heavily on construction, an industry that Odebrecht dominated. As a result of the bribery scandal, many major projects are now paralyzed.

The dilemma of PPK's government is that it is forced to pretend that it is battling corruption, but bringing Toledo before the Peruvian courts would jeopardize the political

future of Kuczynski himself, who was prime minister under Toledo. Toledo has declared that PPK was a participant in the meeting that approved contracting Odebrecht to construct the Interoceanic Highway.

PPK's approval rating is deteriorating rapidly, from 40 percent in the last week of August to a meager 19 percent today. No president in Peruvian history has suffered such a collapse in popularity during his first year in office. Recently, a government prosecutor announced that he will question PPK over his involvement in the Odebrecht scandal.

PPK is not the only high profile figure the prosecutors are after. The leader of Fuerza Popular, Keiko Fujimori, has been accused of receiving presidential campaign contributions from Odebrecht. Thus, Keiko—the daughter of Peru's jailed former dictatorial president Alberto Fujimori sentenced to 25 years in prison for crimes against humanity in the 1990s—might end up serving an 18-month term of preventive imprisonment.

Former president Ollanta Humala and his wife Nadine Heredia have been in jail since July 2017 under a similar preventive detention order. In its September 7 edition, *La Republica*, reported that "*Human Rights Watch* submitted a report stating that there is new evidence that the former president [Humala] was involved in atrocities committed during the armed conflict" in the 1990s.

Alongside the corruption allegations, Fuerza Popular, which controls Congress, is suffering divisions within its ranks conditioned by a political struggle between Keiko and her brother Kenji.

The courts are also preparing to interrogate and present evidence against the last two mayors of Lima: the pseudo-left-backed Susana Villaran; and the current mayor, Luis Castañeda Lossio, known for the corrupt deals that characterized his first term as mayor (2003–2010).

Then there is the pseudo-left coalition Frente Amplio, which has been split between those aligned with Marco Arana of the Tierra y Libertad party, and those backing former "left" presidential candidate Veronika Mendoza, who is building her own party in preparation for the next presidential elections. Each faction has 10 representatives in Congress.

Lately there have been rumors about the possibility of declaring a *vacancia presidencial* for Kuczynski, a constitutional measure that Congress can employ to force a democratically elected president to resign the presidency. Though such an extreme measure is normally reserved for only extraordinary circumstances, such as when a president is physically incapacitated, some

factions of the ruling class clearly fear that having an extremely unpopular president under conditions of a stagnant economy and the wholesale discrediting of the political establishment by corruption scandals is creating a dangerous and unacceptable situation for bourgeois rule.

These fears are well-founded. Over the course of this year, Peru has seen a growing wave of working class and peasant struggles. Beginning on June 15, 400,000 public school teachers went on a national strike—alongside strikes in the public health sector and the mines along with 24 or 48-hour regional stoppages.

From mid-July onwards, in the combative southern region, teachers adopted the tactics traditionally used by miners and peasants, blocking roads with stones and burning tires and holding massive marches in all the major cities, followed by bloody confrontations with the police. More than 15,000 teachers, students and parents, coming from all corners of the country, congregated in Plaza San Martin in the capital, Lima.

The teachers have valiantly resisted the government's repression and its provocative accusations that they are "terrorists," staging protests near the government headquarters every single day until the end of August.

On August 4, the government announced an agreement on some of the issues raised in the strike and called upon teachers to return to classes. According to *Telesur*, "the government will raise the basic salary of teachers to US\$ 617 per month by December 2017. Teachers' leaders agreed to resume activities in all schools across the country beginning August 7. Regional governments also promised to allocate 70 percent of their budgets to the education sector by 2018."

The strike has also seen the major teachers' trade union, SUTEP, for decades under the control of the Maoist movement Patria Roja, gradually lose control over the majority of teachers to a new movement led by members opposed to the SUTEP bureaucracy, which collaborated with the government, even joining it in accusing the strikers of "terrorism." Across the country, teachers have created "Defense Committees" independent of the union.



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