

# Odebrecht-related bribe revelations threaten to wipe out Peruvian political establishment

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A political earthquake was let loose early this month in Peru when the main business representative of the Brazilian construction giant Odebrecht, Jorge Barata, testified to Brazilian and Peruvian prosecutors that the multinational had paid out bribes in the form of campaign contributions—amounting to several million dollars—to the main political figures who have ruled the country from the beginning of the last decade up to the current president, Pedro Pablo Kuczynski (PPK).

Barata's testimony—part of a guilty plea in the Brazilian Lava Jato investigation into corruption—not only implicates all the presidents who ruled Peru since the collapse of the autocratic, corrupt government of Alberto Fujimori (1990-2000), but also Lima's former "left" mayor, Susana Villarán (2011-2014), and the main big business federation CONFIEP. The corruption seeped down to all of these figures' main subordinates in the state apparatus as well as their associated political parties.

These revelations have led many to question the political future of all the figures involved, the most visible faces of the Peruvian political class for over a generation. Many commentators are arguing that all of them should withdraw from political life (if they manage to avoid jail) and that a new political class rise to fill the vacuum.

This follows the previous testimony that the former CEO of the Brazilian multinational that bears his name, Marcelo Odebrecht, gave in another guilty plea last year, detailing the bribes paid to officials of different Peruvian governments to secure giant construction and infrastructure contracts.

Odebrecht's detailing of the multinational's bribery machine in Peru had already shaken the establishment: former president Alejandro Toledo (2001-2006) fled to the US last November after an arrest warrant was

issued and currently resides in San Francisco, under the apparent protection of US authorities; while former president Ollanta Humala (2011-2016) has been detained since July, along with his wife, Nadine Heredia, in a "preventive prison," awaiting their day in court.

PPK himself was implicated in the revelations, as he had been prime minister and economy minister under Toledo's administration and had a main role in awarding the contract for the construction of the "Interoceanic Highway" to Odebrecht in 2005. He denied having received any bribe from the Brazilian company, but eventually Odebrecht himself detailed that they made cash contributions to two companies set up by PPK. The president was then forced to admit that he, in fact, received "some money" from Odebrecht for working as a "consultant" for the company after leaving the Toledo administration.

This set into motion impeachment proceedings by Congress. The *fujimorista* Fuerza Popular (FP)—which holds an absolute majority in Congress—was the main promoter of the impeachment after the corruption investigation was threatening to extend to the party's leader, Keiko Fujimori, daughter of the jailed former president. But the motion was supported by all other parties in Congress, which apparently concluded that the immensely unpopular PPK had become a problem for the stability of the country.

The impeachment unexpectedly failed, after Kenji Fujimori—brother of Keiko—led a group of dissident FP congressmen to vote no and the pseudo-left Nuevo Peru (NP) caucus (of former "left" presidential candidate Veronika Mendoza) abstained after claiming that the impeachment was a *fujimorista* plot to undermine the government and take power.

It was then revealed that the president himself had

been negotiating with Kenji to pardon his father in exchange for the votes to defeat impeachment. Alberto Fujimori was released at the end of last year after serving 8 years of a 25-year prison sentence imposed in 2009 after his conviction on human rights and corruption charges.

The pardon politically backfired for the government, leading to dozens of protests—mostly by young activists—and the loss of the support from the “left.” While the NP and Frente Amplio (the pseudo-left coalition of which NP was once a part) had publicly called for a vote for PPK in order to defeat Keiko Fujimori during the last elections, the pardon made it no longer tenable for them to continue promoting him as the “lesser evil.”

Since the pardon, PPK’s government has sunk further in the polls, reaching an abysmal 17 percent.

In his testimony, Barata detailed how much was paid to every candidate, and who was the receiver in each case, prompting virtually everyone involved to deny their guilt.

PPK’s Odebrecht receiver and fundraiser for his failed 2011 campaign was Susana de la Puente (who was handed US\$300,000). Like the president himself, she spent most of her professional life as a Wall Street predator banker specializing in exploiting the Latina American people.

During the decade of Fujimori’s rule, de la Puente, a figure of the Peruvian aristocracy, got along very well with the autocratic government, which helped her expand the influence of J.P. Morgan in Peru and the rest of Latin America. PPK recently come out in her defense, dismissing calls for her removal as ambassador to Great Britain.

In recent days, a new drive has begun to secure the impeachment of PPK. This time however, as a result of the Odebrecht scandal ensnaring Keiko Fujimori as well, of the 30 legislators backing a motion to initiate proceedings, only five come from the FP. The leading role has been assumed by the bourgeois “left” parties, with 10 congress members from Nuevo Peru and 10 from Frente Amplio backing the measure.

These parties, whose principal role is to divert the struggles of the Peruvian working class back under the domination of bourgeois politics and the capitalist state, are sensitive to the growing popular anger provoked by the combination of rampant corruption at the top and

the decline of living standards and basic rights for the masses of working people. Their sense is that PPK must be removed in order to prevent the eruption of social upheavals.

There are growing calls for the first vice-president, Martin Vizcarra, to assume the presidency. But, for the working class, Vizcarra and PPK are of the same lot.

When PPK took office in July 2016, Martin Vizcarra took the position of minister of transport and communication. In May 2017, he resigned his post after announcing the cancellation of a public-private contract to build a long-awaited new international airport in Chinchero, in the Cusco region. The cancellation was due to the similarities between the Chinchero contract and the corrupt deals signed with Odebrecht.

Meanwhile, the impasse between the executive and legislative branches continues to affect the economic future of the country. According to Claudia Cooper, minister of economy and finance, there are 252 projects, investments worth US\$9.23 billion and 53,000 jobs, in danger if Congress does not pass the necessary laws replacing Emergency Decree 003, which was imposed in response to the corruption scandals and will soon expire.



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