

Amid political and COVID crises, social inequality rises sharply in Peru

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With Peru still gripped by a political crisis stemming from the month-long delay in announcing the winner of the June 6 second round of the presidential election, the masses of working people are confronting increasingly desperate conditions driven by the handling of the COVID-19 pandemic by the Peruvian and international ruling classes.

While Peruvian workers have seen their living standards devastated, the bourgeoisie has been untouched by the same crisis or has, as in all other capitalist countries of the world, even increased its wealth.

The country is facing what has been described as a slow-motion coup, as the *fujimorista* Fuerza Popular (FP) party continues its bid to annul the recent presidential elections in which the candidate of FP, Keiko Fujimori, lost to Pedro Castillo of Peru Libre by a slim margin of 44,058 out of a total of 25,287,954 votes cast.

Whichever of the two candidates is sworn in as president on July 28, the crisis facing the working class will only deepen. In the final analysis, the two candidates offer the Peruvian ruling establishment alternative means of suppressing an eruption of social unrest in response to intolerable economic conditions. Fujimori represents the politics of authoritarianism and iron-fist repression; while Castillo offers a means of diverting the struggles of the working class by means of populist and reformist promises that he and his circle know he will not fulfill as they scramble to reassure Peruvian and foreign capital that they will defend their profit interests.

Economic inequality had been growing since 2014, when a 12-year run of sustained growth in the national GDP driven by a mining boom came to an end. The pandemic has dramatically worsened an already precarious economic situation for the working class.

Amid growing unemployment and poverty, the Peruvian bourgeoisie and the transnational mining corporations are determined to restart the process of extracting surplus value from the working class, regardless of the continuing sickness and death caused by the COVID-19 pandemic. Peru has by far the highest per capita COVID-19 death toll in the world.

Even while demanding an economic reopening, companies and individuals are hedging their bets, transferring the enormous sum of US\$ 17 billion abroad, fearing that a government headed by Pedro Castillo will prove incapable of disciplining the working class.

Living standards are being eroded by inflation, with consumer prices jumping by 3.2 percent compared to a year ago. The increase in prices mainly affects the “basic food basket” upon which working class families depend. According to the state statistics agency INEI: the price of butter has soared by 100 percent; flour, 30 percent; yeast, 20 percent; sugar, 115 percent, and salt, 25 percent. Also from INEI, the retail price of chicken increased by 9.7 percent from June 2020 to June 2021, but the wholesale price of chicken rose 122 percent in the same period.

As Peru produces only 9.5 percent of the wheat it consumes—the rest is imported from Canada, the US, Argentina and Russia—the rise in international prices has caused demand to fall by 50 percent. Thirty percent of bakeries that only sell bread are at risk of closing, and another 500 are expected to close by the end of the year.

The most telling figure in terms of escalating social inequality is that of the exponential growth of poverty. According to the INEI, the number of families declared poor in Peru has risen from 20 percent to 30 percent of the population. This figure means that poverty reduction over the past decade has been wiped out in a single year.

The real scope of poverty is far greater, given the shameful metrics employed by the government. According to the INEI, a family of five people is considered poor if its income is no more than 810 soles per month (US\$210 per month), or US\$2,520 annually. The depth of poverty in Peru is tied to the domination of the informal sector in terms of employment, which today accounts for 77 percent, up from 74 percent before the economic paralysis associated with the pandemic.

Meanwhile, according to the economic daily *Gestión*, 31 percent of companies say they will reach pre-COVID production levels by the end of 2022, but 30 percent say they

will never return to the employment levels of 2019.

The WSWS spoke with two single mothers who explain how the pandemic has affected them economically.

A young woman who lives in the working-class and lower-middle-class neighborhood of Los Olivos, and who gave birth last May, said:

“A few months ago I lost my job because I was pregnant. It is a worker’s right to have maternity leave, but my boss is not interested in my rights. This is how informality works in Peru.

“In the end, I decided not to sue him. Justice in Peru is very precarious, especially when it comes to health and social issues. It has gotten worse given the political environment we live in.

“Food is very expensive due to the rise in the dollar. So I have no choice but to eat rice and eggs. I have no support from anyone, and the money I had saved to pay for college has gone to buy diapers.

“With my newborn baby and jobless, I have no choice but to leave my apartment in Los Olivos. I’m going to live with my sister in the hills of Ancón, which is very far away. There is no water or drainage, the hill is covered with sand, but I will have peace.

“Peru is very rich. There shouldn’t be so many poor people.”

Another woman, who lives in San Juan de Miraflores in a southern *cono*—underdeveloped areas on the periphery of the capital—and who was recently widowed after her husband died of COVID-19, said:

“I am a mother of two children and I have not had a steady source of income since my husband died of COVID-19 more than a year ago, in the first wave.

“The rise in the dollar is affecting us all. Luckily my rent is in soles. But my landlord is shrewd. He says he understands my situation, but he doesn’t lower my rent. I have to borrow from my sisters so they don’t throw me out on the street.”

While these conditions are shared by millions of workers and poor, reports tell a very different story in terms of how the bourgeoisie and the well-to-do sections of the middle class have coped with the pandemic.

For example:

- Online and credit card transactions, reserved mostly for the wealthier layers of the population, have grown considerably.
- Supermarkets, which low-income people do not go to because they buy their goods in popular markets, have seen their sales grow by 13 percent.
- Demand for apartment improvements, decorative items and home repairs rose 39 percent annually, in part due to people with the highest-paying jobs working from home and

setting up rooms as offices.

The desperation of working people left without incomes has been expressed in the land invasions that have occurred in the poorest neighborhoods in southern Lima. Involved are both families that lost their homes, and people who have moved to the periphery of Lima in a desperate search for jobs. More than 10,000 families have been evicted from the informal settlements created in these land invasions in police operations that, in many cases, have resorted to violence, using tear gas against defenseless families, including women and children.

According to Wood McKenzie, foreign investment in Peru’s mining sector, the main economic activity in the country, is expected to total US\$34 billion over the next decade. Despite the international price of copper rising by 94 percent from May 2020 to May 2021, however, mining every day employs fewer personnel due to increasing automation in the mining sector. Currently, mining is not one of the main engines of employment growth.

The high international price of copper is generating super-profits. It is not surprising, then, that mining billionaires, such as the president of the Buena Ventura mining company, Roque Benavides, who is also the president of the association of the most powerful businessmen, CONFIEP, has stated his acceptance of president-elect Castillo’s proposal for a minor increase in taxes on mining. The thinking within at least a layer of Peru’s big business circles is that a small share of excess profits can be used in an attempt to assuage the growing unrest in the working class as well as the peasantry, which has seen agricultural and livestock lands devastated by large-scale mining.

Whatever measures are taken by a Castillo government committed to the defense of capitalist interests will prove too little, too late. The abrupt fall in living standards, combined with political instability and the corruption of the bourgeois state, have created the conditions for an explosive eruption of the class struggle in Peru.



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