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Peru's Multidimensional Challenge – Part 1: The Political Crisis

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With the beginning of November 2020, Peru's Congress AMERICANS returned from a week of recess and member consultation with constituencies and voted to deliberate on removing President Martin Vizcarra over corruption charges, to the full body. In the coming weeks, in a process not unlike impeachment in the United States, Peru's Congress will summon the president to respond to corruption

charges, and in the unlikely case that it achieves the required 2/3 majority (87 votes), could remove him from office. The process will be the second time in little more than two months that Congress has attempted to remove Vizcarra—albeit on two completely separate charges—and the culmination of a very bad year for the president and the nation.

If President Vizcarra, after leaving office, is formally charged for one or more of the serious crimes for which he is currently being investigated, he would be the sixth Peruvian president since 2000 to suffer that fate. Even as Peru's political crisis plays out, the country, which is strategically important for its political and economic weight, geographic position as a gateway to Asia, and as a source of both narcotics and illegal mining products, is also suffering unprecedented health and socioeconomic stress from the COVID-19 pandemic. It is also undergoing important transformations in its criminal economy, and facing a potentially significant expansion of the economic footprint and associated influence of the People's Republic of China (PRC).

This article is the first in a three-part series examining the multidimensional and mutually reinforcing challenges facing Peru. The present article examines the political crisis and prospects for the 2021 elections. The second will examine Peru's security challenges and the response of its government. The third will examine the advance of the PRC and its implications for the country and the region.

Background

President Vizcarra's current predicament is ironic given his path to office and his high popularity just a year ago. He was widely perceived as an honest leader, valiantly and stubbornly struggling against vested interests in Peruvian politics.

Vizcarra became president in March 2018 when his predecessor, Pedro Pablo Kuczynski, <u>resigned</u> over corruption allegations. When the politically fractured Peruvian

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Congress—seen as beholden to special interests—tried to block consideration of reforms he was proposing, Vizcarra exercised his (then

<u>uncertain</u>) constitutional right to dissolve Congress and call for new elections. President Vizcarra's frontal challenge to a congress seen as representing the worst of corruption and special interests in Peruvian politics, made him one of the most positively viewed presidents in the region, reaching an unprecedented <u>82 percent popular approval</u> in October 2019.

With a favorable ruling by Peru's constitutional court and the tacit backing of the military Vizcarra prevailed. In January 2020, Peru elected a new (even more fragmented) congress, none of whose members had participated in the prior, and in which the previously most powerful block, *Fuerza Popular*, tied to exiled Peruvian President Alberto Fujimori and his presidential candidate daughter Keiko, were greatly reduced.

Then COVID-19 hit.

Vizcarra's response to the pandemic through an <u>early</u>, stringent lockdown of the country, coupled with a significant assistance package to help the most vulnerable, was <u>heralded as good leadership at the time</u>, yet didn't work. Peru's economic and social structure, with public markets and a large informal sector centered on close human interaction, undercut government efforts to limit the spread of the virus. The contagion was compounded by the government's costly commitment to purchase USD <u>\$267 million in</u> "quick tests" from <u>Orient Gene Biotech</u> and other Chinese companies. The high rate of false negative results of the tests, <u>many of</u> which were not even certified by the Chinese government, led many who had contracted the virus to believe otherwise, allowing them to unknowingly contaminate others.

Weaknesses in Peru's healthcare system, compounded by delays in acquiring needed medical equipment, such as ventilators from China,

contributed to the nation having the world's highest per capita COVID-19 fatality rate, 105.35 deaths/100,000 people.

Contributing to the appearance of management, in July 2020, in the middle of the pandemic, President Vizcarra was forced to reshuffle his cabinet. As the virus continued to spread despite the lockdown, President Vizcarra's measures to control it caused the adverse health impacts of the disease to be compounded by severe economic contraction and particular hardship among small businesses and in the informal sector, 71 percent of the Peruvian economy. By November 2020, Peru had over <u>890,000 cases</u> of COVID-19 and more than <u>34,000 deaths</u> from the virus, plus a GDP that contracted <u>30.2 percent</u> in the second quarter—among the worst in the region, although the situation currently appears to be improving.

In the context of discontent over President Vizcarra's handling of the pandemic, the emergence of allegations of corruption against him <u>in</u> <u>September 2020</u> substantially undercut his public image as an "<u>honest</u> <u>politician</u>," one of his core pillars of support among a population weary from the effects of COVID-19, as well as the <u>seemingly ubiquitous</u> corruption and dysfunctionality elsewhere in Peruvian politics.

In September 2020, audio recordings became public capturing President Vizcarra in a conversation with the <u>Secretary of the Presidency Karem</u> <u>Roca</u> and the <u>Administrator of the Presidential Palace Mirian Morales</u> over how to handle an investigation by the Attorney General's office regarding his role in the hiring of his friend, a relatively unknown singer named Richard "Swing" Cisneros, by the Ministry of Culture for a series of motivational talks for which Cisneros was paid USD \$44,000. The Peruvian Congress voted to conduct a process calling the President Vizcarra before the body to answer for his actions. An attempt by the President of Congress, Manuel Merino Lama, to <u>coordinate with the Peruvian military</u> on that case generated a negative reaction both within the public, and within the military, which in the Peruvian system is oriented to see the president as its Commander in Chief. Reciprocally, the <u>appearance of senior Peruvian military officials</u> in photos with the president during the scandal, were perceived in some quarters as tacit military support for the president's position.

Congress deliberated and voted on removing President Vizcarra for "moral incapacity," a charge normally reserved for situations such as insanity. Debate arose over whether the charge could be used to remove a president over corruption, and "how corrupt" a president had to be for the statute to apply (e.g. could a president be removed for marital infidelity). In the end, key blocks in Congress, including *Fuerza Popular*, whose maneuverings against the president backfired in 2019, chose not to vote against him, and the motion failed to achieve the 2/3 majority required for impeachment.

The second set of corruption charges to emerge against President Vizcarra, which came to light in October, are more serious. They include first-hand testimony from persons alleging that they personally gave the president USD\$280,000 in bribes in order to win construction contracts while he was governor of the Department of Moquegua from 2013-2014. Further allegations emerged that Vizcarra had also accepted bribes as Minister of Construction from 2016-2017.

The case quickly became complicated by apparent political maneuverings by multiple institutions. Publications of <u>recorded conversations</u> between jailed radical Peruvian politician Antaruo Humala and members of his party (which has supported Vizcarra's impeachment) gave the impression that the party could use its vote against Vizcarra to <u>pressure for Humala's</u> <u>release</u> (not unlike *Fuerza Popular's* use of its prior position against the president to press for the pardon of Alberto Fujimori). Reciprocally, for some, the government's plans to move Humala <u>to a colder, less accessible</u> jail, suggested reciprocity for his party's support of the investigation.

Creating even more political tension, Peru's cabinet chief and retired General Walter Matos generated controversy when he suggested that the Armed Forces would not tolerate improper congressional action to remove the president. The comment tied into sensitivities over a perceived support by the Armed Forces for the president, prompting <u>a motion and</u> <u>calls</u> in the Congress to bring the Matos before the body to account for his statements.

Finally, the decision by Prosecutor General Daniel Soria not to assign investigation of the cases to <u>anti-corruption prosecutor Amado Enco</u>, but instead to Silvana Carrión, prompted Enco's resignation, giving the impression that the Vizcarra government was attempting to shape the outcome of the case.

With widespread discontent over the president's handling of COVID-19, and the corruption scandals seriously undercutting his image as an honest politician, by November 2020 President Vizcarra's approval rating had fallen to 22 percent.

Prospects for the Current Crisis

Vizcarra's survival until the end of his term in July 2021 has less to do with the substance of the constitutional and criminal challenges raised against him, than whether Congress believes the stability and well-being of the country—and their respective parties' political interests—are better served by keeping him in office whilst navigating the pandemic. Besides, elections to choose his successor are just five months away.

Political parties, such as Fuerza Popular, are calculating whether their support for removing the president will be seen as opportunistic, and hurt

them at the polls, or as a matter of principle, and help them.

Parties who believe they will do well in the upcoming elections, fear that ousting Vizcarra and elevating parliamentary head Mario Merino Lama to the presidency, would set the stage to allow him to postpone elections until the pandemic is brought under control giving himself a full, four-year term in office. Indeed, the current congress has already proposed returning the body to a two house structure, (despite the public's rejection in a 2018 referendum). The change would circumvent the prohibition against running for reelection since the congress would then technically be seeking a term in a different legislative body.

Assuming the first round of Peru's national elections go forward in April 2021 as scheduled, virtually anything could happen as the parties and their "pre-candidates" formally define their positions this month. Although there has been wide variation across polling organizations, as of November 2020 there were <u>33</u> "precandidatos" for the presidency. None had consistent support from more than 15 percent of the population suggesting that the presidential election will go to an unpredictable second round runoff in June.

Respected Peruvian economist Hernando de Soto is <u>an early favorite</u>, yet his choice to run as candidate of <u>Avanza Pais</u>, which is aligned with the radical nationalist <u>Union por el Peru</u> party <u>of Antaruo Humala</u>, and a meeting with Jorge Paredes, a former congressman affiliated with the Sendero Luminoso (terrorist) affiliated social movement has raised questions about his judgement.

Leftist leader Veronika Mendoza, who almost made it to the final round of balloting in the prior presidential election, is the <u>leading contender among</u> <u>leftist candidates</u>, although others such as Marco Arana, pre-candidate of <u>Frente Amplio</u>, divide the left vote. Former presidential contender Keiko Fujimori is another <u>potentially</u> <u>significant candidate</u>, and has declared her intention to be back in Peruvian politics <u>"100 percent."</u> However, she is currently under investigation by the Peruvian Attorney General's office, and under Peruvian law, she will be excluded from the race <u>if she is formally charged</u> with wrongdoing.

Georges Forsythe, the young mayor of La Victoria, has emerged as a <u>dark</u> <u>horse candidate. His</u> charisma and effective use of social media has even <u>dominated some polls</u>. However, he appears to be losing momentum as his inexperience on the national stage has become evident in public engagements.

Daniel Urresti, a former Army General who served as Interior Minister under Peruvian President Ollanta Humala, and who ran unsuccessfully for president in 2016, is another leading figure. He has charisma, name recognition, and his focus on security resonates among Peruvians at a time of unprecedented difficulty, political chaos, and criminal activity. However, his own past is clouded by accusations of serious human rights violations and it is unclear whether he can attract a broad enough support base which hampered his 2016 candidacy.

If there is a saving grace for Peruvian political stability, it is that the fragmentation of the Peruvian left, and weak connection between its parties and the people, decrease the likelihood of mass mobilizations, which have generated political instability in Ecuador, Chile and Colombia. Even with the enormous suffering and economic contraction produced by the pandemic, and constitutionally questionable moves by the Peruvian government mass demonstrations appear unlikely.

In the context of such an undefined political panorama, the next Peruvian president will face unprecedented, mutually reinforcing challenges from

transnational organized crime and the socioeconomic effects of COVID-19.

The next article in this series will examine those growing challenges and the government's response to date.

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