

# Will Peru Become the Next Venezuela?

A Chavez-style socialist is the leading contender to become the nation's next president.



(ALONSO CHERO/El Comercio de PERU/Newscom)

---

Pedro Castillo, a self-described Marxist-Leninist heading the Peru Libre (“Free Peru”) ticket, has secured a spot in the country’s June 6 presidential runoff election. The only person standing between him and power is Keiko Fujimori, the daughter of a former president who assumed dictatorial control in the 1990s and the leader of Fuerza Popular (“Popular Force”), a right-wing populist political party. If Castillo wins, he threatens to impose the same sort of ruinous policies that have decimated Venezuela.

Peru Libre’s platform calls for an economic transformation that would include nationalization of the mining, gas, oil, hydro-energy, and communications industries; agrarian reform which will include land expropriation and might involve land redistribution; elimination of private pensions; voiding contracts with

the companies that are currently in charge of managing airports, railways, ports, and highways, and transferring these functions to regional governments and municipalities, and reviewing all trade agreements with an eye toward abrogating at least some of them.

Some of these measures were tried unsuccessfully by the military government of left-wing General Velasco Alvarado (1968-1975). During the so-called agrarian reform carried out by that regime, some 15,000 properties (totaling nine million hectares) were taken by force from private owners for which they received inadequate compensation. The lands were mismanaged by the new owners who lacked the training required to successfully oversee large farms.

The Peru Libre platform is reminiscent of that of Venezuelan socialist Hugo Chavez. For example, Chavez nationalized Venezuela's oil industry in 2005. Not only did state mismanagement prove fatal, but the lack of private investment also contributed to the demise of the once-mighty Venezuelan industry. Castillo's plans to nationalize Peru's powerhouse copper industry will lead to similarly tragic results. If Castillo wins, expect both government mismanagement and an output collapse that will cripple the nation's copper production.

Venezuela's economic collapse under Chavez also triggered a vast outmigration to Peru and other South American countries. Of the roughly five million people who have fled Venezuela, about one million moved to Peru, which is second only to Colombia as a destination for emigrants from the Bolivarian Republic. With Venezuelans accounting for about 3 percent of the country's resident population, Peruvian citizens are frequently confronted by the results of socialist transformation. Many Peruvians complain that the Venezuelan influx has created more competition for certain jobs, driving down wages. Given this palpable result of Chavismo, it may seem odd that a domestic advocate of this failed ideology would win a plurality of presidential votes.

Although Castillo is an educator and holds a graduate degree in educational psychology, he appears to have a weak grasp on policy issues. Asked about antitrust in a recent interview, the candidate identified a leading supermarket chain and a major department store as monopolies, despite the fact that they both have robust domestic competition.

Apparently, Castillo is not the brains behind Peru Libre. Mirko Vidal, a Peruvian

libertarian who offers political commentary on YouTube, has pointed out that the party's thought leadership comes from Vladimir Cerrón, a former provincial governor. Cerrón was removed from office after being convicted for corruption and abuse of power in awarding a sanitation contract in his prior role as mayor of La Oroya. His 2019 conviction came with a 56-month prison sentence and a civil penalty of PEN 850,000 (roughly equivalent to \$234,000).

The ideology that Cerrón and Castillo are promoting will be distressingly familiar to older Peruvians, who will remember the depredations of Sendero Luminoso (known in English as the Shining Path). This Maoist terrorist organization occupied huge swaths of the nation's interior during the late 20th century, and the conflict it caused is believed to have resulted in almost 70,000 deaths.

Peru Libre's ideology more closely matches that of a rival Marxist terrorist group, the Túpac Amaru Revolutionary Movement (whose Spanish acronym is MRTA). Both Peru Libre and MRTA were inspired by the work of José Carlos Mariátegui, an influential Peruvian Marxist theorist active in the 1920s. Mariátegui reoriented Marxism to Peruvian realities, by, for example, arguing that a revolution could be led by indigenous peasants rather than factory workers and that a fully developed capitalist system was not a necessary precondition as Karl Marx had originally argued.

Mariátegui's reformulation resonated with Peru's indigenous people who were marginalized and excluded from political power ever since Spain supplanted the Incas. He also jettisoned Marxian atheism, recognizing the importance of Catholicism to the indigenous population.

Among MRTA's members was the American socialist Lori Berenson, who returned to the U.S. in 2015 after serving a 20-year prison sentence. In 1997, MRTA staged a four-month-long takeover of the Japanese Embassy in Lima, holding hundreds hostage. The standoff ended when the Peruvian military assaulted the building, freeing most of the diplomatic hostages while killing or capturing most of the MRTA operatives. By 2001, the revolutionary movement was defunct, to be replaced a few years later by a political party guided by similar principles.

The fact that Castillo polled at the top of the presidential field may be explained by both the number of viable candidates dividing the overall vote and the popular revulsion at Peru's political status quo. Castillo topped a field of 18 other

candidates, including 9 who garnered significant vote totals (of over 700,000 or 5 percent each). Hernando de Soto, an economist with libertarian leanings, placed fourth with over 1.6 million votes. A full 18 percent of voters returned blank or spoiled presidential ballots.

Voters appear to have become dismayed by Peru's political chaos and poor governance. After the nation's last elected president, Pedro Pablo Kuczynski (PPK), was obliged to step down in 2018 due to an impeachment threat, the nation has rapidly cycled through three unelected presidents to complete what would have been PPK's five-year term.

The nation has also suffered horrendously during the COVID-19 pandemic. Despite an extremely strict lockdown, the country has experienced a COVID death rate of over 0.17 percent, which is worse than neighboring Chile and Colombia, and not far behind the United States. Although the lockdown failed to prevent widespread mortality, it dealt a severe blow to the nation's economy, which contracted 11 percent in 2020.

The only barrier to a Castillo victory is second-place finisher Keiko Fujimori, a perennial presidential candidate who has reached the runoff stage in the last two presidential elections, only to be defeated by a more popular rival. Although Keiko (who normally uses her first name) appeared to have a historic ceiling of just under 50 percent of the popular vote, it is likely much lower now due to her machinations and those of her party since 2016.

Keiko's father, Alberto Fujimori, is credited with vanquishing Sendero Luminoso and MRTA, but he did so at the cost of dissolving Congress and engaging in massive corruption. After fleeing the country, he was extradited from Chile and now sits in prison. Keiko and her party played a pivotal role in unseating PPK, thus giving rise to the country's recent instability. She was also temporarily jailed for her own alleged corruption offenses.

Popular revulsion against this current member of a prospective Fujimori dynasty may be enough for the socialist Castillo to win the presidency in June. If that occurs, expect mass emigration, economic calamity, and social unrest to follow.

---

Maria Iberico Gioia was born and raised in Peru, studied political science at U.C.

Berkeley, and currently works as an office manager at a Bay Area venture capital firm.

MARC JOFFE is a Senior Policy Analyst at Reason Foundation.

---

Source: <https://reason.com/2021/04/22/will-peru-become-the-next-venezuela/>

[Disclaimer]