

Peru: Shady Marmalade

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Peru's politics is self-imploding once again as the President Martin Vizcarra has dissolved Congress in order to further an anti-corruption push, but is himself facing accusations of becoming a dictator. When Congress voted to remove him from office and install a more amenable premier, the government itself declared this void as Congress had already been suspended. Is it possible for a united front to emerge and can Peru avoid being seen as anything other than a disaster on the international stage?



This barely scratches the surface of Peru's problems. The last three sitting Presidents are embroiled in the Odebrecht bribery & graft scandal (by which the Brazilian mining contractor paid vast amounts in order to secure preferential contracts), the opposition party to the current President is in the majority, and the country's top court hosts six out of seven nominees with links to suspected criminality. This is a full-blown political and constitutional crisis, and one that does not seem to have a quick end. Legal cases are never swift.

President Vizcarra seems genuine in wanting to root out corruption and has firmly laid the blame at the door of the opposition for stymying his attempts to do this. They in their turn consider him to be amassing the powers of a dictator and of dissolving a body well placed to scrutinise not just the lawmakers but the office of the President itself. While the Peruvian people appear to back Vizcarra, as does the military, business is swinging its weight behind opposition of Mercedes Araoz. This is setting up a binary political and economic conflict, one where it is hard to see a resolution being amenable to both sides. It is an existential issue of politics, and both sides will claim it strikes at the very heart of what it means to be a free Peruvian citizen.

Part of the issue is that Peru is incredibly reliant on mining. It possesses, among others, 22% of global silver and 13% of copper reserves, and while the industry has forged the economy into one of the world's fastest-growing, there is still a wealth disconnect (particularly between the megacorps and the indigenous peoples), and – of course – the corruption that follows any 'crutch' industry like a shadow.

Not only is there the Odebrecht scandal to contend with, which at any moment threatens to swallow Peru's political credibility practically whole, but the aforementioned issues with the judges, the train of key business and legal figures being caught making underhand deals, and what Transparency International has referred to as a 'worrying lack of political integrity', speak of present and difficult problems. The country's outlook is still broadly positive, but could be much better than it is, if corrupt practices and entities were not dragging projects down at every turn for their own reward.

The added uncertainty thus adds to the question mark hanging over Peru. The longer there is no solution, the likelihood of civil unrest will increase and confidence in the economy and business environment will erode extremely fast. It promises to be an interesting month ahead... even if that is the one thing on which all sides can agree.

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