

# Peru: What Will be the Nature of a Pedro Castillo Government?

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Global Research, June 13, 2021

Region: [Latin America & Caribbean](#)  
Theme: [Global Economy](#)

*As we go to press, June 11, 2021, the results published by Peru's National Electoral Processes Office (ONPE) point in favor of Perú Libre's candidate **José Pedro Castillo Terrones** against Fuerza Popular's **Keiko Fujimori**.*

*Right wing candidate Keiko and daughter of former president **Alberto Fujimori** (who is currently serving a jail term), has claimed fraud and has requested "to annul around 200,000 votes".*

*Uncertainty prevails. The election observation mission of the Organization of American States (OAS) which constitutes a de facto mouthpiece of the US administration has "called on authorities to wait until challenges to the vote had been resolved before calling a winner".*

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*Exacerbated by the Covid crisis and the lockdown, Peru is currently in a state of mass unemployment, extreme poverty and despair which is beyond description.*

*Pedro Castillo is a progressive trade-union leader and former school teacher from the Northern Andean region of Cajamarca. He is committed to poverty alleviation and the implementation of an extensive program of job creation.*

*The country is in a neoliberal straight-jacket.*

*[The World Bank so-called estimates of poverty in Peru](#) are "fake" (27 % of the country's population below the poverty line). Independent analysis suggests that at least 70% of Peru's population is below the poverty line, and extreme poverty is of the order 35% to 50%.*

*Will Castillo be in a position to reverse the tide of corrupt US sponsored politics which goes back to the presidency of **Alberto Fujimori** (1990-2000)? Will he be able to implement a progressive economic and social project?*

*What will be the nature of a Castillo government? Will Castillo gain the support of the Biden-Harris administration?*

*What is important is to assess **José Pedro Castillo's** political entourage. He has already made a number of commitments. His advisory team [equipo tecnico] has already been chosen. This is standard procedure in Latin American elections.*

Pressured by Washington, there are indications that a Castillo government would adopt what might be described as a “progressive” neoliberal agenda, with the support of the Left, as well as the tacit endorsement of the Biden Administration with certain pre-conditions, prior to his inauguration on July 28, 2021

It is worth noting that the OAS has overseen the election process (on behalf of Washington) and has not reported any “irregularities” in favor of Castillo.

If Washington had been opposed to socialist candidate Pedro Castillo, the US State Department would have instructed the OAS to question the legitimacy of the election results as they did in Bolivia in November 2019, resulting in a de facto US sponsored coup d'état which compelled President Evo Morales to resign and leave the country.

### **Political Alliances and Advisory Teams**

Pedro Castillo is supported by **Veronika Mendoza**, the leader of Nuevo Perú ([Bloomberg](#), June 9, 2021). What is at stake is a strategic political alliance between Castillo's **Perú Libre** and Mendoza's **Nuevo Perú**.

Mendoza is a progressive figure in Peruvian politics. Her party is backing Castillo. An agreement was signed between the two parties. Mendoza has appointed a “**team of professionals**” to draft a government plan (See [Bloomberg](#), June 9, 2021, emphasis added)

What this suggests is that Castillo has already accepted an advisory team, appointed by Mendoza, who is slated to play a central role in the Castillo government. During the second round election campaign, Castillo's chief economic adviser is **Pedro Franke**, a former World Bank economist.

Leading up to the second round, Pedro Franke has largely been involved in public relations statements in support of Castillo's candidacy.

While Franke has a populist rhetoric, he is nonetheless committed to mainstream “free market” economics. The question is whether a Pedro Castillo government would conform to “The Washington Consensus”.

The country is already in the hands of foreign creditors. The latter are also providing “financial assistance” in relation to the covid crisis.

Continuity: A de facto and ongoing neoliberal package of economic and social interventions (under the auspices of the World Bank, the IMF and the Inter-American Development Bank (ADB))?

### **Neoliberalism with a Human Face**

Pedro Franke has already put forth a [people's market economy](#) on behalf of Pedro Castillo whom he compares to **Luis Ignacio da Silva**.

While he endorses Castillo's program of mass employment creation, he is committed to “fiscal prudence and inflation-targeting, and is opposed to nationalization of companies”.

“Fiscal Prudence”? What this suggests is that a Castillo government will not be able to create employment without the endorsement of Peru’s external creditors:

“We don’t want to nationalize the mining and oil industries, or other sectors, said Franke.

We don’t want generalized price controls or a dual foreign-exchange rate or to impose currency controls like Chavez did.”

These statements suggest that the Castillo government would not confront the foreign mining conglomerates, it would also abide by IMF-World Bank conditionalities.

The issue of price controls is of course crucial. Recall the adoption by **Alberto Fujimori** of the IMF shock treatment economic agenda in August 1990. The retail price of gasoline increased 30 times overnight.

IMF “economic medicine” invariably triggers increases in the prices of essential consumer goods, while freezing wages. Under present conditions (covid crisis) this would precipitate a large sector of the Peruvian population into extreme poverty and despair.

In a press Conference on June 2, 2021. [Pedro Franke stated:](#)

“The three essential measures are:

A broad program of credit at low interest rates that reaches agriculture.”

Second, a public investment program that will generate direct and indirect employment.

Another measure that will be taken will be to “defend and promote local production.”

“We insist that the potato –a national product- must be promoted, (as well as) the national production of rice. ...

The industrialization of the country is essential, as well as the support for entrepreneurs and innovation ”, he said. ...

Franke dispels the possibility of creating employment through monetary policy: “Our proposal is responsible with a **responsible fiscal and monetary policy**. Our proposal includes a **fiscal balance** ... ” namely “austerity measures”.

[See his TV interview in Spanish](#)

The foregoing statement confirms that foreign creditors rather than the government will call the shots on employment creation. In an interview on June 8, Pedro Castillo confirmed that:

“he would respect the central bank’s authority and that he was not planning nationalizations or expropriations, but added a tax overhaul on mining was needed to help pay for planned healthcare and education reforms.” ([Reuters](#), June 8, 2021)

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