

# Peru's Toledo: No To Infrastructure Demands

by Luis Vásquez Medina

The first hundred days of President Alejandro Toledo's administration in Peru have come and gone, and already, the entire country is overrun with protests against a government which, far from meeting its many and varied electoral promises, is apparently more interested in continuing to celebrate its electoral victory than to do anything about the crisis facing the nation.

According to pollsters, including those most closely tied to the regime, approval ratings of the Toledo government have fallen nearly 20 percentage points in these 100 days. Indeed, it's quite possible that, given its economic policy—dictated by the International Monetary Fund and international creditor banks—the Toledo government has entered into a process of accelerated decline which could lead to its early replacement.

Despite the fact that Finance Minister Pedro Pablo Kuczinski (known simply as “PPK”) has had to admit that the international financial crisis is of “cosmic proportions,” all decisions that the Toledo government has taken on the economy have nonetheless been based on the wishful illusion that the world economy is doing just fine. Although the recent budget law for 2002 will be wildly off-base in its projections, PPK remains adamant in maintaining an ostrich-like position with respect to the worst world financial crisis of the past five centuries.

Minister Kuczinski's ideological blindness, and his unshakable belief in the “magic of the marketplace,” was demonstrated for all to see at a recent press conference. Asked to comment on President Franklin D. Roosevelt's emergency measures taken during the Great Depression of the 1940s, PPK said that such measures were simply inapplicable in Peru. He argued that Peru's problem is one of economic growth, and not a matter of generating employment. Thus, “we have to make very difficult decisions, since populist and demagogic measures [a reference to FDR's dirigistic approach] will not contribute to economic growth, since they scare off investment, and without investment there is no growth.”

## Popular Demonstrations Demand New Roads

With this ingrained hostility to governmental action on the economic front, the Toledo government has rejected demands

from all sides of Peru's political spectrum that the government should build a highway that would complete an inter-oceanic link between Peru and Brazil, by building the final stretch from Acre, Brazil (near its far western border with Peru) to Peru's Pacific coast. In mid-September, southern Peru was shaken by dozens of protest meetings and regional strikes, all demanding that the government build the road to join Iñapari, on the border with Brazil, with Peru's Pacific coast, crossing through the southern provinces of Cuzco, Puno, and Arequipa.

These were the first mass demonstrations Peru has seen in many years, in favor of constructing urgently needed infrastructure.

The government's response could not have been more disheartening, and took the form of a statement from Transportation Minister Luis Chang, that such highways were not the government's priority. He dismissed the idea “that the construction of a highway would bring development to the country.”

Instead, he urged, “we must work very hard to be able to enter into the process of leasing ports” from neighboring countries—i.e., no new infrastructure is to be built. Chang indicated that he intends to dedicate himself primarily to encouraging privatization of existing state assets, instead of building new infrastructure.

Chang added that many loans for highway construction in the country had been approved, but that they were not going to be used, “and so it is preferable to cancel them rather than have to have to pay a commission to have them available. . . . Given the ceiling on macro-economic indebtedness, and the limited availability of required matching funds inside Peru, we believe that, so long as there are no new resources, we will even have to reschedule existing credits to be utilized, not in five years, but in six or seven years.”

## Fujimori At Brasilia

The Toledo government's small-minded, pathetic approach to the construction of urgently needed national and regional infrastructure, contrasts sharply with the views expounded by the previous administration of Alberto Fujimori—overthrown in late 2000 by the combined efforts of Wall Street and the U.S. State Department, over precisely this issue.

Speaking on Sept. 1, 2000 at the summit of South American heads of state held in Brasilia, Brazil, Fujimori had stated:

“Seen from a satellite, the South American subcontinent is enormous, more than 20 million square kilometers which contain resources which make us, united, the number-one mining, fishing, oil, and forestry power in the world.” The Peruvian President called for the integration of South America, saying that that summit was “an extraordinary occasion to begin to realistically move toward a development strategy from a shared perspective.”