



Peru's hyper-volatile presidential elections

by Andrew Thompson

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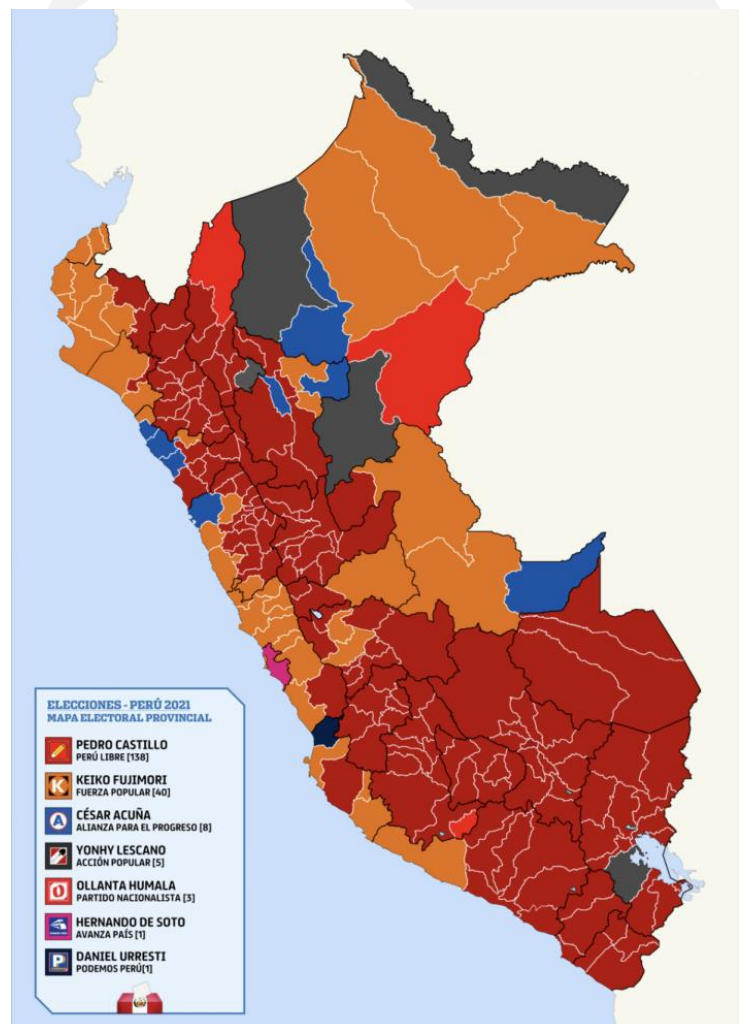
What happened?

Just about every polling agency and political expert was confounded by the results of Peru's first round presidential election last Sunday 11 April, with two almost completely unexpected candidates set to fight the second round. The implications for economic policy are uncertain.

The details

There were 18 candidates fighting the election and, according to opinion polls only around six looked set to get more than 5% support. It looked as if the front runner, with just over 10% of the expected vote, would be Yonhy Lescano of the centrist Acción Popular (AP) party, followed by a far-right businessman and a traditional left-winger. In the end absolutely none of them made the cut. A large number of undecided voters made for an extremely volatile outcome. With over 95% of the vote counted, victory went to far-left teachers' union leader Pedro Castillo (19.1% of the vote) followed by right winger Keiko Fujimori, former congresswoman and daughter of Alberto Fujimori who was President for a decade in 1990-2000. She received 13.4% of the votes.

Journalists are describing the second round, due on 6 June, as a contest



First round presidential election map by provinces

between the extreme left and the authoritarian right. Working out Peru's future economic policies is at this stage something of a wild guessing game. An important point is that none of the two will have a majority in Congress where the 130-seat single chamber will be divided among almost a dozen parties. This can be seen either as forcing sensible compromise or more negatively, as perpetuating a damaging partisan division.

Castillo is the big unknown as the opinion polls were giving him a minuscule 3% support. Before the poll he wasn't even in the top six. It seems he benefited from strong support in poor rural areas often overlooked by the polling agencies. A primary teacher and trade union leader from Cajamarca, he has called for "drastic changes" in the way Peru is governed. He wants a constituent assembly and wants to nationalise companies in key sectors such as mining, oil, hydroelectric power, and gas. If he becomes president, he proposes to continue receiving his teachers' wage. However, the founder of his party has been sentenced to nearly five years imprisonment for fraud, a sentence which he is appealing.

Keiko Fujimori is better known. She is closely identified with her father's pro-market but politically authoritarian policies. Alberto is still in prison, serving a 25-year sentence for corruption and human rights violations. Keiko herself was also briefly imprisoned for 13 months on corruption charges which she denies (an investigation is ongoing). Keiko promises to use mining income to boost economic growth, infrastructure, health and education. She vows to create 2 million new jobs and to get the economy growing again at an annual rate of 6%.

What does it mean?

Both candidates have begun to build cross-party coalitions for the second round. Some unlikely alliances may emerge. Rising metals prices hold out the prospect of a strong economic recovery later this year, but that will still depend on the country's complicated politics.

About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



These stories are also available on Andrew's blog site, [La Rambla Research](#).