

Asparagus and aspirations

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Many commentators wrote that the outcome of Perú's presidential elections in July would establish the real state of Latin America's political climate. Perú's previous president, Alan García, once said that he became president for the first time in one world in 1985 and then became president for the second time in a different one. During his first presidency he was seen as an ardent young leftist who defaulted on foreign debt and attempted to nationalise the banking system but by the time he started his second term he had become older and with it wiser (Pizarro's Quest, Issue 212).

There are similar concerns about the military background of Ollanta Humala, Perú's new president, despite his assurances that he worships at the altar of Brazil's economic policies fashioned by Luiz Inácio Lula da Silva (known as Lula), Brazil's former president. President Humala is not the only Lula apostle: El Salvador, Paraguay and Uruguay are following a similar path, all of them eschewing the "Bolivarian revolution" for what perhaps some may describe as the "Bolivarian evolution". It is also true to say, however, that Perú in particular is becoming more reliant on Brazil and so Lima's alliance with its neighbour is advantageous.

As a military man, President Humala once led a failed military coup and in 2005 he openly supported an armed uprising by one of his brothers against Alejandro Toledo, the country's democratic president. Then in 2007 he ran for president as an enthusiastic supporter of Hugo Chávez, handing victory to the more moderate Alan García, whereas today the 48-year old is espousing the politics of the pragmatist rather than the populist. Even so, when his win was announced the Lima stock exchange fell 12% and people are hoping that his remark concerning his political persuasion: "I am not from the political left or the right, but below" does not turn out to be a reference to a place more readily identified with Dante Alighieri.

The contrast between Perú and Venezuela, home of the president's former close ally, could not be greater, both politically (if the pro-Brazilian card continues to be played) and economically. Perú's economy, in fact, is a shining light against Venezuela's darkness and so President Humala has everything to gain and, of course, everything to lose.

An enthusiastic and buoyant new Peruvian president presides over a robust economy whereas a frail Venezuelan president battles with a troubled one. Perú's economy is growing at nearly 10% a year (despite a short recession in 2009) and debt is running at 24% of gross domestic product; in Venezuela debt has been increasing apace for several years and is expected to hit 40% this year (the International Monetary Fund projects that the figure could rise above 42% in 2012). Venezuela is also fighting an inflation rate that reached 23.6% in June compared with Perú's core inflation of less than 2% (it is also sitting on international reserves of around USD45 billion versus some USD30 billion in Venezuela). Not only that, Hugo Chávez, in power now for 12 years, is struggling with his health following cancer surgery and faces presidential elections next year.

Will Ollanta Humala prove to be another Alan García, discarding the clothes of radicalism? Economists have already breathed a deep sigh of relief to learn that the new president has no plans to replace Perú's successful central bank president, Julio Velarde. The central bank, despite its board being renewed every five years with each new government, has been able – up to now – to maintain a comfortable degree of autonomy from the government treasury. Sound macroeconomic policies under three previous governments (even though each one has represented different political parties) have reaped a bounteous financial harvest. Between 1992 and last year, Perú's own economic growth has exceeded the world's by about 40%. Contrast that with the 1970s and 1980s when the country grew

at perhaps 40% less, not more, than the global average.

But danger lurks behind the optimism because emerging economies right around the globe are, in varying degrees, showing signs of overheating. This is important to watch because not only do they make up more than half of global Gross Domestic Product (GDP) (when measured at purchasing-power parity), they produced over four-fifths of global real GDP during the past five years. Which ones are sizzling most in Latin America? Top of the list has to be Argentina with Brazil a close second; in both countries credit is outpacing GDP by a very worrying margin. Mexico is, at most, room temperature but Chile and Colombia, followed by Venezuela, may soon need to turn on the air conditioning; Perú's economy is increasingly showing signs of overheating too.

Not just Napoleón Bonaparte understood the vital role that luck can play. While Lula's past success is a credit to him it should be borne in mind that like his Peruvian acolyte, he inherited a sound economy; in Brazil's case it was thanks to the Herculean efforts of Fernando Henrique Cardoso. The luck, of course, was that just as Lula became president, China joined the global economy and pushed commodity prices into outer space and as for Perú, along with hyperinflation, the terrorism that was the Maoist Shining Path movement has been defeated.

While many Peruvians might be wondering if the right choice has been made, his opponent in the elections, Keiko Fujimori, is the daughter of jailed former president, Alberto Fujimori. He was convicted of corruption as well as human rights abuses in the 1990s war between the army and the Shining Path guerrilla group which he successfully defeated but which left up to 70,000 people dead. If, however, their politics differ (although both are seen as populists) the former presidential candidates have political baggage. Ollanta Humala's brother, Antauro, who launched that military coup back in 2005, is also in jail and, like former President Alberto Fujimori, is serving a 25 year jail sentence; the new president is suffering additional embarrassment due to the extreme left-wing views of his father as well as his other brother, Alexis, who went to university in Russia.

Ollanta Humala was endorsed by Mario Vargas Llosa, Perú's first, and the region's only sixth, novelist to have been awarded the Swedish Academy's Nobel Prize in Literature. Early on in his career he was a supporter of left-wing regimes like Fidel Castro's in Cuba, although his enthusiasm waned as he became aware of Cuban human rights abuses. He even ran for Perú's presidency in 1990 but was soundly defeated by Alberto Fujimori, later to become his *bête noire*. He is known as a serious thinker who battles the opponents of democracy and supports both the market economy and individual liberty. The novelist was, in truth, not comfortable with either candidate but in the end threw his lot in with the former nationalist military officer.

One thing that the current presidents of Perú and Venezuela have in common is the prevailing sense of future political uncertainty. Will President Humala stick to his avowed new course or reverse engines? Will President Chávez survive to run in the 2012 elections and, if so, will he be fit enough to stand a chance of winning? Not just the west wants to know. In Cuba all eyes are on Caracas because memories of the former Soviet Union's volte-face, the island's former benefactor, remain, especially the economic decline which followed. It is estimated that Venezuelan aid is worth USD3.5 billion a year which has, crucially for Cuba's government, enabled it to deal with economic reforms at its own chosen speed. The relationship has been close: it was Fidel Castro who informed Hugo Chávez about his cancer. Should the Venezuelan president not survive during the next several months the anticipated power vacuum created could be troubling because the current vice-president (who would take over in the interim) and his predecessor are bitter opponents, with the latter having close ties with the army.

Besides cocaine, Perú is also the world's leading exporter of asparagus and in order to grow it you should dig your ditch three years before. Care and patience can result in asparagus plants having up to thirty years of productive life and there's every possibility now that provided Perú practices both qualities in equal measure its economic fortunes will endure well beyond three decades.

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