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Vice President Canseco Resigns

by LADB Staff

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Peru's first Vice President Raul Diez Canseco resigned "irrevocably" in the face of a scandal alleging he gave tax breaks to his girlfriend's father. Diez Canseco's resignation sunk President Alejandro Toledo's public approval to record single-digit depths, even as video proof emerged that former intelligence chief Vladimiro Montesinos was directing media smear campaigns against Toledo from the prisoner's dock.

Repeated scandals have wrecked Toledo's ability to govern, causing his party's ruling coalition to break apart and lose control of Congress. The tax-break scandal had forced Diez Canseco, 55, to step down from his position as foreign trade and tourism minister in November, but he kept his post as first vice president and thus first in the line of presidential succession (see NotiSur, 2003-12-12). He kept a low profile while Congress opened corruption investigations against him.

On Jan. 30, however, he announced, "I have decided irrevocably to resign." He said he would fight the accusations against him without the weight of the vice presidency. Diez Canseco had been taking over chief executive powers whenever Toledo left the country. Now second Vice President David Waisman will assume that role.

The scandal first broke when opposition tabloid newspaper Correo published a decree Diez Canseco signed in April that exempted restaurants in Lima's international airport from value-added tax. One of those restaurants is owned by the father of a 26-year-old woman that news media alleged Diez Canseco had been dating.

Local media also alleged that he found jobs for the woman and several of her relatives. In congressional testimony he gave in November, Diez Canseco, who is married, denied that he did anything wrong. A nephew of former President Fernando Belaunde Terry (1963-1968, 1980-1985), Diez Canseco was also a congressman in the early 1990s and ran for president in 1995. He was forced to leave Belaunde's Accion Popular (AP) party in 2001 after he joined Toledo's Cabinet.

President Toledo's political crisis intensifies

President Toledo has not yet found out how low the public's esteem for him can drop, but it can't be much further. His approval ratings sunk to a record low, according to a poll released Feb. 2. A survey by the polling firm Compania Peruana de Investigacion (CPI) showed that only 7.3% of 500 people surveyed in metropolitan Lima approved of the job Toledo was doing, a more than 4-point drop from the 11.8% rating he received at the end of 2003. CPI found that public disapproval of Toledo jumped from 83.1% to 90.1%. The poll had a margin of error of 4.5%.

A series of unrelated corruption scandals involving his Cabinet members and political allies have significantly diminished his popularity, as did his choice to dismiss popular former prime minister

Beatriz Merino (see NotiSur, 2004-01-09). Heralded as a champion of democracy when he took office in 2001 after the fall of the Alberto Fujimori regime (1990-2000), his approval rating plummeted from a high of 60% to its current abysmal condition. There had been high hopes for his administration, as he came from a poor background and was the nation's first chief executive of Indian descent.

Political parties and national organizations have gathered together to form the Acuerdo Nacional (AN) and, in the face of growing corruption scandals, reiterated their "commitment to the democratic regime." The AN has urged the government to "dictate measures that will permit [it] to overcome the current situation." The organization also declared itself to be in permanent session.

To get out of the crisis, some legislators have proposed that Toledo name a Cabinet of independents while others are calling for constitutional reforms that would allow the date of presidential elections to be moved up. CPI polls show that more than half of Peruvians believe Toledo will not be able to complete his term in office, which officially ends in July 2006. Lima newspaper El Comercio has called for Toledo to step aside and cede political control to his prime minister and an independent cabinet.

About the only good news Toledo has been getting as president has been the persistent, if slow, economic growth the country is experiencing. The value of exportation of Peruvian products grew 15.6% in 2003, to reach a record high of US\$8.9 billion. The country enjoyed a trade surplus of US \$432 million.

Minister of Foreign Commerce and Tourism Alfredo Ferrero announced the figures and said he hoped Peruvian exports would reach US\$10 billion in 2004. Ferrero said that the most dynamic export sectors of the past year were chemicals, with 23.3% of 2003's growth, textiles and clothing (21.6%), mining and petroleum (21.3%), iron and metallurgy (18.8%), and agriculture (10.5%). But this economic expansion has done little to help Toledo fulfill his campaign promise that he would create more jobs (see NotiSur 2004-01-09).

Strikes and work stoppages continue in Peru, having previously led Toledo to declare states of emergency twice (see NotiSur, 2003-06-06). Public-transportation workers staged two 24-hour work stoppages in the last week of January and first week of February, resulting in 236 arrests. Nearly 57,000 people who earn their living fishing announced that they would be conducting a 48-hour stoppage on Feb. 16.

Possible loss of congressional control

Plagued by incessant scandal, Toledo's government has lost its congressional majority. His Peru Posible (PP) party had counted on 51% of the votes in the 120-member Congress thanks to an alliance with the Frente Independiente Moralizador (FIM). But after a wave of resignations and a breakup between the FIM and PP, the PP now only has 39 legislators on its side.

FIM Deputy Heriberto Benitez had been defending the work of Toledo's government until the first week of February, but now says he feels "frustrated and deceived." "Toledo is indefensible,"

said Benitez as he called on party members to distance themselves from the government with the objective of filing a call for an investigation against Toledo. The PP has also been experiencing resignations as various legislators have jumped from Toledo's sinking ship.

Deputy Walter Alejos presented his resignation from the PP bench on Jan. 27, citing "political and pragmatic" differences. Alejos' decision was criticized by PP stalwarts as "destabilizing," but he joined others like Luis Guerrero, Jorge Chavez Sibina, Ronnie Jurado, and Edgar Villanueva, who formed the parliamentary group Peru Ahora.

The FIM, immediately prior to breaking its coalition with the PP, lost Deputy Alcides Chamorro. Chamorro complained about the party's continued alliance with "a government that is at the edge of the abyss." His resignation left the FIM's parliamentary group with nine members.

Ruling-party coalition leader investigated

Corruption scandals continually dog the upper echelon of Peruvian politics, whether they come from the FIM or the PP. Along with a host of other high political figures in hot water, the ambassador to Spain and chief of the FIM, Fernando Olivera Vega, faced strong scrutiny before Congress in February. Revelations of a taped phone call of former Toledo adviser Cesar Almeyda making deals with disgraced ex-Gen. Oscar Villanueva led congressional inspectors to allege Olivera was part of a plot against Villanueva (see NotiSur, 2004-01-30). Villanueva, who acted as treasurer for former intelligence chief Montesinos, killed himself after Montesinos and Fujimori fell.

The Peruvian Congress agreed to lift the secrecy from Olivera's bank accounts to investigate allegations that Almeyda and Olivera were attempting to blackmail Villanueva for US\$4.5 million. Olivera has denounced the allegations against him as a "conspiracy planned to overthrow the democratic regime."

Montesinos recorded directing smear campaign

The president asserts that, even from his prison cell at the El Callao Naval Base, Montesinos has been able to wreak havoc against the Toledo government. Television cameras captured on tape the ex-spy-master writing out editorial instructions to the head of an opposition newspaper on Feb. 5. During one of his numerous trials for corruption, Canal 4 America Television showed Montesinos writing in his notebook to newspaper head Moises Wolfenson, seated next to him. "Tomorrow bring up the theme of consumption," read the note, which Wolfenson read out of the corner of his eye.

The next day Wolfenson's family owned tabloid La Razon ran a headline reading, "Another shameful audio tape! Fujimori and Montesinos talk about the consumption of drugs by Toledo." Wolfenson, formerly a Fujimori-allied congressman, was put under house arrest for supposedly receiving funds from Montesinos with the goal of attacking enemies of the Fujimori government. The sensationalist press was one of Montesinos' most important pawns during his time in power, allowing him to defame political rivals.

Cocaine use was a frequent accusation against Toledo in the pages of such papers during his presidential campaign against Fujimori. The video evidence of manipulation led eight journalists to resign from La Razon and renewed condemnations of the "chicha," or yellow, press, much of which is alleged to have received funds from Montesinos' Servicio de Inteligencia Nacional (SIN) during the Fujimori regime.

The television report led Toledo to claim that the attacks against him are coordinated by opponents and members of the Fujimori-Montesinos mafia. "I told you," said Toledo to members of the press, "the mafia continues." He blames this group for mounting a smear campaign against him and seeking impunity, saying the network involves 1,400 people, of whom only 100 are currently imprisoned.

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