

THE OPPENHEIMER REPORT

Peru's next leader vows to support free trade

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LIMA -- Judging from what President-elect Alan García told me in a one-hour interview last week, he will not be the radical leftist populist he was during his first term in the late '80s: On the contrary, he says he wants to go ahead with a free-trade deal with the United States and follow Chile's example in actively seeking new investments.

Before we get into whether García's assurances are sincere -- or empty promises of an erratic populist -- let's go into the most significant things he said in a wide-ranging interview at his office.

Sitting at his desk and smoking a cigarette, García denied media reports that he would demand a renegotiation of Peru's recently signed free-trade agreement with the United States, which is up for ratification in Peru's Congress. Reports that García will seek a "revision" of the treaty before supporting it in Congress sent shock waves through local business circles.

García, who was elected June 4, blamed such reports on "the typical alarmism of journalists." The free-trade agreement, as signed, allows for any of its parties to ask for a renegotiation a few years down the road, but that would only happen "post-free-trade agreement," if Peru felt in the future that the deal does it more harm than good, he said.

"The current trend in the [García-led APRA] party is to support the treaty, and at the same time to internally provide as much protection as possible to the agricultural and pharmaceutical" industries that could be hurt, he said. "The worst thing in the world is to reject something without even giving it a try."

ON FOREIGN POLICY

Asked about his foreign policy plans, he said that "Peru's foreign policy has not been the most misguided part of [President Alejandro] Toledo's government. So we must continue with [current policies] in issues such as opening up to the world market and drawing investments in a framework of democracy."

He added, "My concern is about domestic policies. In other words, how to translate all of that into an encouragement for domestic investments, since that is what is going to go to remote areas and create jobs."

García said he will seek a free-trade deal with Brazil and described Chile as "a great example of political intelligence" having the "capacity to draw foreign investment."

CONFRONTING CHAVEZ

On Venezuela, which he publicly accused of interfering in his country's domestic affairs by supporting his rival Ollanta Humala during the campaign, García rejected speculation that he would lead a bloc of countries to oppose Venezuelan President Hugo Chávez.

"The crazy one won't be me," García said. "I won't pretend to be the Messiah of democracy within Venezuela. I think the Venezuelan people have reached enough maturity to find a leader who will be able to face Mr. Chávez democratically."

Will García be a responsible, modern and democratic leader? Skeptics say he will have to take populist measures to appease his leftist supporters and win over the 47 percent of Peruvians -- mostly Indians and peasants -- who voted for Chávez-backed Humala. In addition, Humala supporters -- with Venezuelan help -- could paralyze the country if he doesn't veer to the left, much like what happened in neighboring Bolivia, they say.

Asked about that, García told me, "I'm convinced that Chávez is enough of a pragmatist to know how far he can go. Neighborhood bullies always have a limit when they run into somebody who puts them in their place."

THE BOTTOM LINE

And García supporters say the president-elect has learned from his disastrous first term from 1985 to 1990, and that his goal now is to go down in history as a good president.

My conclusion: I like García's tacit recognition that there have been some achievements by the Toledo government, which leaves office having put the country's economy back on its feet. One of Latin America's biggest problems is having too many messianic leaders who undo everything -- good and bad -- their predecessors did. That changes the rules of the game with every new government, discourages investment and increases poverty.

If García becomes a responsible leader, it would be great news for all of Latin America. Peru would follow the steps of Chile, Brazil and Uruguay in proving that Latin America can have a responsible, globalized left.