Peace and Democratization in Peru:
Advances, Setbacks, and Reflections in the 2000 Elections

A report on a conference sponsored by the
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Introduction

On January 27, 2000, historic elections in Peru were just ten weeks away. Nearing the end of almost a decade in office, incumbent President Alberto Fujimori sought an unprecedented third term and led in the polls by a considerable margin. Assessment of the achievements and setbacks to conflict resolution and democracy in Peru during the decade, as well as the prospects for change after the elections, was timely. The premise of the conference was that significant strides had been taken towards the achievement of both "external peace" – peace with Peru's neighbors – and "internal peace" – the decimation of the revolutionary movements Sendero Luminoso (Shining Path) and Movimiento Revolucionario Túpac Amaru (Túpac Amaru Revolutionary Movement, MRTA) – but that the democratic process and democratic institution building in Peru had suffered serious reversals.

Towards the achievement of "external peace," Peru signed a landmark agreement with Ecuador in October 1998. The agreement formally ended a bitter conflict that spanned generations, spurred arms purchases, and erupted into war in 1995. The historic accord is putting a brake on military spending in each country and is intended to foster economic growth along the Peru-Ecuador border region. It also sends a strong signal to other South American countries engaged in border disputes, encouraging the peaceful resolution of such conflicts and discouraging further arms build-ups. The agreement, however, does not yet guarantee peace. Popular opposition to the accord remains considerable in some sectors, particularly around Iquitos, in the department of Loreto. Iquitos is the largest city in Peru's northern jungle region, and many inhabitants believe that Ecuador gained excessive rights to transportation and commerce on the Amazon River.

In 1992, the Peruvian government captured the leader of the Shining Path guerrilla movement, leading to the fall of other key leaders and the decimation of what had been the region's most notorious and brutal insurgency. Over the course of the conflict, the Shining Path was responsible for widespread human rights abuses, including the selective assassination of prominent individuals across the political spectrum. Already greatly reduced in size, the MRTA seized the residence of the Japanese Ambassador to Peru in December 1996 and held dozens of hostages,

but the MRTA leaders were killed (and almost all of the hostages were saved) in a daring raid by Peruvian commandos in April 1997.

With the near defeat of the two guerrilla groups, political violence declined dramatically; political killings that had averaged over 3,000 annually in the early 1990s dropped to only several hundred in recent years. Likewise, human rights violations by the Peruvian security forces declined sharply. In 1998, Peruvian human rights groups did not report a single case of disappearance by state agents and reported only two cases of extrajudicial execution.

As the crises of external and internal war ended, however, a new one emerged: the crisis of democracy. The quest for democracy in Peru has always been elusive; however, the setbacks to democratic institutions and the rule of law in Peru since the April 1992 autogolpe (or presidential coup) have been large. Polls show that by the late 1990s the Fujimori government was dubbed authoritarian by the bulk of the population. Power is concentrated in the executive branch with few checks and balances. Although the April 2000 elections should offer an important opportunity for change, the government's control over the media and politicization of the judiciary and the intelligence apparatus are among the many factors that have seriously skewed the electoral playing field.

The January 27, 2000 conference was the third all-day conference on Peru co-sponsored by the George Washington University (GWU) Andean Seminar and the Washington Office on Latin America (WOLA). The first was in 1990, some ten weeks before the first round of the elections of that year, and the second in 1993, shortly after the autogolpe. The January 2000 conference, like the previous ones, brought together political leaders from across Peru's political spectrum as well as premier scholars and diplomats. Despite the blizzard that had literally shut down Washington the two previous days and was still crippling the transportation system, attendance numbered about 250 persons or more, including representatives from U.S. congressional offices, the U.S. Department of State, the Organization of American States (OAS), multilateral development banks, human rights organizations, research centers, academia, and the media.

The conference was divided into four panels: External Peace: The Peru-Ecuador Agreement; Internal Peace: New Challenges in the Post-Sendero Era; The Year 2000 Elections: Perspectives from the Presidential Contenders; and Prospects for Democratization in Peru: North American Perspectives. Highlights included the presence of Foreign Minister Fernando de Trazegnies and Ambassador Luigi Einaudi, both key architects of the Peru-Ecuador accord, and the debate amongst the vice presidential candidates of the opposition political coalitions leading in the polls at the time.

Opening Remarks

The conference began with a warm welcome to the speakers and the audience from Cynthia McClintock, Professor of Political Science at GWU, and George Vickers, Executive Director of WOLA. Both applauded the participants for their presence despite the snow and transportation snafus.

McClintock's opening comments included questions about whether or not there was a relationship between the Fujimori government's steps forward toward external and internal peace but backwards away from democracy. Clearly, advocates of democracy would hope that this was not the case. McClintock asked whether or not the non-relationship could be demonstrated. She also inquired as to what can be done now and in the future so that governance in Peru is both effective and democratic at the same time.

In his opening remarks, Vickers pointed to WOLA's long track record in monitoring political developments and human rights in Peru. He suggested that the Fujimori government may be a new model for the region: One that is put forward as a model for resolving economic and political crises, yet represents a serious threat to regional democratization trends. The region's fragile

transition to democracy may increasingly be at risk, not of a return to military rule but rather to a new form of civilian authoritarianism, built on popular discontent with corrupt political elites and a strong dose of populism. He pointed to Peru's President Fujimori as the first of this new brand of authoritarian populist and noted that the forum would provide the opportunity for the assessment of the achievements and the problems of this model.

Panel One

External Peace: The Peru-Ecuador Agreement

The moderator for the panel was Cynthia McClintock,who judged the Peru-Ecuador settlement the most important achievement of the Fujimori government. The date of the conference was January 27, only two days before the January 29 anniversary of the signing of the 1942 Rio Protocol, precisely the time when in past years border tensions had mounted between the two nations that sometimes erupted into violence. She also pointed out that, in contrast to the government's initiatives against the guerrilla movements, President Fujimori was a clear architect of the accord, persuading civilian as well as military sectors opposed to the agreement that it was in Peru's best interest.

The first presentation, "The Negotiation of the Peru-Ecuador Settlement," was by Ambassador Luigi Einaudi, Visiting Fellow at the Inter-American Dialogue and U.S. Special Envoy for the peace talks. Einaudi began by emphasizing that the persons who should be most credited for the peace agreement were the two presidents, Peru's Alberto Fujimori and Ecuador's Jamil Mahuad. In both countries, presidential authority was essential to the forging of the agreement and to developing popular support for it. Given this popular support, Einaudi was confident that the downfall of Mahaud (which had occurred less than a week before the conference) would not jeopardize the agreement. Unfortunately, however, Ecuador's political instability had necessitated the postponement of the Consultative Group meeting to obtain funds for border development that had been scheduled in Europe for earlier in the week.

While Einaudi did not perceive a risk to the settlement in Peru or Ecuador, he did perceive a real risk in the lack of interest in the settlement in the United States and Europe. The moral and material support promised by the United States and Europe had yet to be delivered. The Peru-Ecuador agreement could become an "orphan agreement." Of particular concern, conflicts in Latin America have often erupted because of a lack of international concern and attention.

Through the crucible of his experiences as U.S. Special Envoy, Einaudi developed five guidelines for the achievement of closure for a peace accord:

1) The presidents must lead. Nothing can be done without the parties to the dispute themselves. The role of the guarantors was to respond and to help, not to lead.

2) Maintain unity among the guarantor powers (in this case, the United States, Brazil, Argentina, and Chile). Inevitably, guarantors are targets of manipulation, and this can be prevented only by close and continued coordination. Coordination was vital both within the U.S. government and between the U.S. government and the three other guarantor powers.

3) Ensure military support for diplomacy. The creation of MOMEP (Military Observer Mission, Ecuador-Peru), first necessary to separate the combatants and then to monitor the demilitarized zone, gave the guarantor military forces a place at the table. Although this complicated coordination, it also created an essential additional channel for communication between the conflicting military institutions.

4) Use the law. The legal framework (the Rio Protocol and subsequently the Declaration of Itamarty and the MOMEP terms of reference) was a fundamental source of legitimacy and coherence for the peace process, militarily as well as diplomatically.

5) Keep sights high. With so much history and bloodshed over territories whose symbolic value is far greater than their material worth, everyone's attention had to be focused on the future. This was not easy. But the approach of the millennium encouraged efforts towards peace. How could a conflict born in colonial times and largely shaped in the nineteenth century be allowed to hold Peru and Ecuador back?

In conclusion, Ambassador Einaudi made several points. First, it is important to recognize not only actual sources of conflict but also potential sources for peace. Peruvian Foreign Minister Fernando de Trazegnies and his Ecuadorean counterpart greatly contributed to the peace process by maintaining the focus on the possible future accord. Second, why did the guarantor nations rather than the Ecuadorean and Peruvian governments arbiter the final outcome? Einaudi explained that the guarantors had assumed this responsibility because they had been asked to do so by the two countries. The guarantors were informed and knew from their contact with Peruvian and Ecuadorean government officials what might work. Finally, Einaudi pointed out that the settlement was a major example of military discipline; the civilians had led and the military had followed – as they should.

David Scott Palmer, Professor of Political Science at Boston University, provided the panel's second presentation, entitled "Prospects for Permanent Peace and the Role of Public Opinion." Palmer applauded the historic accord and attributed the credit broadly. Among the leaders deserving accolades were the Peruvian and Ecuadorean leaders as well as the representatives of the guarantor nations, especially Brazil and the United States. Ambassador Einaudi was the only one of the envoys whose full-time job was to promote the peace process and who provided consistent support from the beginning to the end. His role was fundamental.

Palmer highlighted an important irony in the aftermath of the announcement of the terms of the Peru-Ecuador agreement in the two nations. On the one hand, the stakes were higher for Ecuador than Peru, and also the ultimate terms were further away from Ecuador's original objectives than from Peru's. (Ecuador sought sovereign access to the Amazon and to disputed territory between the Cenepa and Coangos Rivers). However, serious demonstrations against the accord erupted in Iquitos, Peru – but not in Ecuador.

"Why?" Palmer asked. His answer was the different negotiating styles of the Ecuadorean and Peruvian leaderships. The negotiating style of the Ecuadorean government was deliberative – indeed, often maddeningly slow. Consultation among key actors was constant; political elites vigorously debated the issues. Accordingly, Ecuador's political actors were aware that their nation was unlikely to achieve the sovereign access that it had sought.

By contrast, the negotiating style of the Peruvian leadership was hermetic. Until the announcement of the accord, the Fujimori government's declared position was what the Peruvian government's had always been: the preservation of the Rio Protocol. Fujimori's political coalition enjoyed a majority in the legislature, and so it did not need to discuss the terms of the accord with legislators. Also, political polarization was increasing in Peru, and the political opposition did not want a Peru-Ecuador accord to be a triumph for President Fujimori that he could brandish in his upcoming electoral campaign. As a result, the Peruvian opposition did not analyze the issue objectively. The upshot was that the Peruvian public was not informed about the issues in the negotiations, not prepared for the possibility of any concessions, and for the most part unwilling to accept them when they were initially revealed.

However, despite the lack of preparedness for the concessions made by Peru in the accord, Peru's fundamental historical position – the legality and applicability of the Rio Protocol – was vindicated. As a result, Palmer was confident that Peruvian public opinion would stay behind it. It is, he said, "an agreement for the ages."

Next, the presentation, "A View from the Border," was given by Father Joaquín García Sánchez, Director of the Centro de Estudios Teológicos de la Amazonia in Iquitos, Peru. On October 24,

1998, after the stipulations of the accord affecting Iquitos had been publicized and the Minister of the Interior was visiting the city, protesters destroyed public buildings, burned official vehicles, and attacked the hotel that was accommodating the minister. Three people were killed and more were hurt. Violent protests continued the next day. Popular outrage had been galvanized by the Frente Patriótico de Loreto (Patriotic Front of Loreto, FPL), a regional organization that favors autonomy for the Loreto department. One month later, the FPL organized a two-day general strike; about 10,000 people participated in a peaceful march. Among the FPL's demands were the repudiation of the Peru-Ecuador accord, autonomy for Loreto, and the resignation of the Minister of the Interior. Father García lamented the turmoil in Iquitos.

For García, however, the origins of the events of October-November 1998 were not so much in the immediate political events surrounding the Peru-Ecuador accord, but rather in the long-standing abuse of Amazon peoples by the Peruvian state. Amazon peoples are frustrated and dissatisfied by the asymmetry of their relationship to the Peruvian state. This relationship is dichotomous – the center against the periphery – and is perceived from the center as civilization against barbarity, advancement against backwardness, thereby reducing the Amazon peoples and their resources to a marginal appendage in the culture and economy referred to as "national." "Modernization" has degraded soils, deforested woods, contaminated waters, and destroyed communities that had lived in harmony with nature.

García called for the establishment of a new national project for sustainable development in the Amazon region, founded on the principle of respect for indigenous peoples. The Amazon River is the longest, deepest, and widest of any river on earth; it is the world's final energy reserve and retains a spectacular bio-diversity. Development and environmental projects should be designed and implemented jointly with the participation of the indigenous peoples. The languages and history of the indigenous peoples should be recovered, and the value of their religious, scientific, medical, and economic practices recognized.

García's hope was that the mistrust and suspicion that has divided Peruvians for so long will be extinguished. The Amazon region has the capacity to generate innovative proposals for development. Among the peoples and realities of the Amazon are unimagined keys to the understanding of our cultural and scientific worlds.

The final presentation of the panel, "Peru and Its Neighbors: Negotiating Peace," was made by the Peruvian Minister of Foreign Relations, Fernando de Trazegnies. Minister de Trazegnies pointed out that boundary demarcation had represented a challenge to Peru for about 180 years, and that this challenge had now finally been overcome. "We could not and should not have remained bound to frontier disputes that compromised our legitimate hopes for development," said de Trazegnies. Peru's central objective was to find solutions that respected the existing legal framework and preserved Peru's territorial integrity, but that would permit economic and social development in the formerly disputed areas.

With respect to the border dispute with Ecuador, more than three years were necessary before conversations between the two nations' delegates began to bear fruit. Progress was made toward agreements on commerce and navigation on the Amazon River, bilateral free trade, mutual security confidence-building measures, and general integration and cooperation.

Still, in July 1998, the peace process halted over the issue of boundary demarcation. It was at this critical moment that the presidents of Peru and Ecuador decided to assume personal responsibility for the peace process. On October 8, 1998, they requested that the representatives of the guarantor nations develop a peace proposal. The representatives agreed, subject to the condition that the congresses of the two nations approve the guarantor nations' action, which an ample majority in both legislatures soon did. On October 23, the representatives submitted their proposal; on October 26, the Presidential Act of Brasilia was signed by the Peruvian and Ecuadorean presidents together with their foreign ministers, in the presence of the presidents of Argentina, Brazil, and Chile and the U.S. president's personal representative.

Peace, de Trazegnies continued, is not written in a treaty and archived. Rather, it is a living process, seen in simple acts such as sporting events. In this context, Peru believes that it is essential that the Binational Plan for the Development of the Frontier Region be implemented and that international support for this plan be shown at the next meeting of the Consultative Group. The plan includes an ambitious set of projects for the development of physical and social infrastructure in the formerly disputed areas.

De Trazegnies concluded his discussion of the Peru-Ecuador accord by underlining that it would not have been possible without the active participation of the guarantor nations. De Trazegnies singled out the leadership role of the United States, first for its establishment of MOMEP and second for its active involvement in the diplomatic process. President Clinton gave high priority to the peace process, and Ambassador Einaudi, according to de Trazegnies, performed brilliantly.

Turning his attention to Chile, de Trazegnies said that issues from the Lima Treaty of 1929 and its Complementary Protocol had remained pending for more than seven decades. This treaty, which had reincorporated Tacna into Peru but definitively annexed Arica to Chile, had included a series of rights and obligations for Peru that had not been implemented. Thanks to the political will and vision of the high-ranking authorities of both governments, Peru and Chile began a process of conversations and negotiations that culminated on November 13, 1999 with the signing of the Act of Execution. As a result of this act, on February 13, 2000, Peru will receive a dock, a customs office, and a terminal for the Tacna-Arica railroad. President Fujimori traveled to Chile – the first-ever state visit by a Peruvian president to this country – and Chilean President Frei was to make a state visit to Peru in early February 2000.

In conclusion, de Trazegnies pointed out that both the Peru-Ecuador and Peru-Chile agreements are transcendent. The accords strengthen the ongoing process of Andean integration and make possible other processes of sub-regional integration such as MERCOSUR. Said de Trazegnies: "Peru has entered into the twenty-first century having definitively ended its border problems, enabling concentration of its efforts on development and social welfare.

A variety of questions were posed, several of which prompted the speakers to reaffirm key points in their presentations. Ambassador Einaudi regretted the recent political instability in Ecuador, but was pleased that a measure of constitutionality had been retained and was confident that the new government would continue implementation of the accord. Professor Palmer emphasized that, if the Fujimori government had entered into more discussion with different sectors of Peruvian society about the terms of the accord, the explosion in Iquitos would not have occurred. Father García called for further efforts for dialogue between the government and the Amazon peoples and for sustainable development in the region. Foreign Minister de Trazegnies said that Andean integration was a clear government project that includes, for example, plans for a new road linking Peru and Bolivia.

Panel Two

Internal Peace: New Challenges in the Post-Sendero Era

GWU Professor Marie Price moderated the second panel. As numerous participants in the conference noted, the panel provided the opportunity for dialogue between opposition analysts and a top government official – an extremely welcome opportunity that has not been available within Peru itself. Their hope was that a similar opportunity would be forthcoming soon within Peru.

Opening the panel was Carlos Iván Degregori, distinguished anthropologist and Senior Fellow at the Instituto de Estudios Peruanos, who spoke on the topic "The Legacy of Violence and the Implications for Peruvian Politics." Degregori's thesis is that Peruvian politics today is a sequel to and outcome of the era of internal war. He noted that in cases related to external peace – the

peace accord with Ecuador and the recent agreement with Chile – Peru had effectively moved into the twenty-first century. However, in other areas related to internal peace, Peru remains trapped in the times of war and has been unable to move into a stage of democratic consolidation, as is occurring in the Southern Cone and even in Bolivia. Peru remains in an unending "pacification" of the country, and hence has not made the transition to military reform and societal reconciliation. Although the Shining Path no longer represents a challenge to state authority, the state maintains the institutions and tactics of war. Politics is annihilation of the enemy; pacts and compromises are obscene words for some sectors of the Fujimori government.

The power and privileges of the institutions of war continue. The political role of the military is greatly exaggerated. For example, enormous signs with Fujimori's political coalition's name, Perú 2000, have been carved into the sand dunes on military property surrounding Lima. The budget and personnel of the National Intelligence Service (SIN) are excessive and blatantly at odds with the norms of a country at peace. Vladimiro Montesinos, the de facto head of the SIN and Fujimori's top national security adviser, is honored by the military and untouchable by the justice sector. Although his salary is reported to be more than $2 million a year, the Peruvian Congress has not investigated the source of his earnings, and a judicial inquiry was shelved earlier this year for lack of evidence.

The trauma of the guerrilla violence of the 1980s and early 1990s could have been overcome, Degregori believes, but the Fujimori government has re-enacted the trauma for the purpose of its own continuation in power. In the government's re-enactment of the political violence of this period, it has tried to rewrite history and distort memory. The 25,000 victims of political violence are converted into 25,000 victims of terrorism. Fujimori and Montesinos are the central architects of the defeat of the guerrillas, with the support of the armed forces; the role of civil society is virtually omitted from the government's accounting of past events. Accounts of the defeat that are first and foremost advertisements for the Fujimori government are now televised as if they were documentaries.

Military tactics are also applied to politics. One such tactic is ambush: President Fujimori himself advised his former economics minister, Carlos Boloña, to "act first and consult later." "Midnight laws," passed in the middle of the night bypassing normal congressional procedures, are common. The violence that has come to characterize political discourse is especially important because of its impact on the media. The president's affirmations during Peru's withdrawal from the OAS's Inter-American Court of Human Rights is one example; the president said that Peru's civil judges "urinated with fear" and criticized those who sought relief in the Court as "tattletales." In Peru's influential and widely read prensa chicha (yellow press or tabloids) which are displayed daily in thousands of kiosks throughout the country – one of these tabloids is the second most read newspaper in the country – the rule is demolition of the opposition candidates. They are accused not only of being populists (which is valid), but homosexuals (inappropriately put forward as a negative trait) and allies of terrorism. As in war, the adversary is feminized and the government is "macho."

According to Degregori, the Fujimori government is authoritarian. Power is excessively concentrated in the hands of the president. The congress, the judiciary, and the electoral commissions are subordinated to the executive branch. Human rights organizations are excoriated; calumny of these organizations is a virtual official doctrine. In the 2000 electoral campaign, the government severely restricts political debate. Opposition candidates' positions and events are not broadcast on the television news. Requests to purchase advertising time by opposition presidential contenders are denied by the national television channels.

How can Peruvians exit this trap? Degregori advanced several recommendations. First, given that Fujimori will not acknowledge that his candidacy is unconstitutional and withdraw, all presidential candidates should agree that if elected they will not run for re-election in 2005. Second, civil-military relations should be transformed; the armed forces and the SIN should be reorganized and returned to their traditional functions, and Vladimiro Montesinos should resign

from his unofficial position. Third, Channel 2 should be returned to its rightful owner, Baruch Ivcher1; official propaganda should be removed from broadcast "talk" shows; and coercion of journalists should cease. Peru should return to the jurisdiction of the Inter-American Court and restore constitutional guarantees.

Degregori concluded that Peru is a polity still at war; real pacification has not been achieved. Democracy has been consolidated in Bolivia; why not in Peru? The persistence of an authoritarian government in Peru is dangerous and could prove explosive over the medium-term.

Next, Sofía Macher, Executive Director of the Coordinadora Nacional de Derechos Humanos, addressed the topic "Human Rights and the Rule of Law." Macher began by pointing out that the Coordinadora is an umbrella organization of 61 groups that work for human rights in all parts of Peru. Macher's theme was the destruction of democratic institutions and the rule of law in Peru, a process that has been ongoing for almost ten years. Over that time, different state institutions have been virtually dismantled and a tangle of laws totally distorts the independence of powers; a series of constitutional rights has been lost.

Macher began with the issue of judicial insecurity and the lack of legal recourse that affects Peruvians' political and civil rights today. She posed the question: "Where can we turn for recourse against a violation of human rights?" The answer that emerged was "nowhere" for the following reasons:

1) The Public Ministry (the prosecutors' office, roughly the equivalent of the office of the U.S. Attorney General) has been subordinated to an Executive Commission named by the president since 1996.

2) The judicial sector has been subordinated to an Executive Commission named by the president since 1995. Between 70 and 80 percent of prosecutors and judges are "provisional." (Their appointments are temporary, subject to regular review by the executive branch, and their decisions are monitored by it. They can be dismissed, transferred to another post, or moved across the country at whim.) The executive branch has many tactics to secure the judicial decisions that it wants; for example, if it learns that a judge is about to make a ruling that it does not favor, it changes the judge.

3) The Jurado Nacional de Elecciones (JNE, or National Elections Commission) raised the number of votes necessary for a decision from three of the five members to four; as a result, the JNE can rarely muster a response to tachas (formal complaints). Also, provisional judges and prosecutors may now be appointed to regional election commissions.

4) The Constitutional Tribunal (equivalent to the U.S. Supreme Court) has only three of its mandated seven members (three were removed and one resigned in protest). It cannot rule on the constitutionality of laws without a quorum.

5) The congress is dominated by the governing party's majority. It does not serve as a recourse for addressing concerns and has abdicated its responsibility to investigate allegations of government wrongdoing.

6) What is left and does serve as an important recourse is the Defensoría del Pueblo (Office of the Human Rights Ombudsman). However, the role of the Defensoría is limited to making recommendations, which have been routinely ignored by the congress and the executive branch since its creation in 1996.

7) Given the lack of legal remedies available in-country, international tribunals and bodies take on even more importance. However, Peru has now withdrawn from the OAS's Inter-American Court of Human Rights.

8) Finally, citizens' rights are further limited by restrictions imposed by congress on the ability to carry out a popular referendum, which now requires 48 congressional votes to move forward.

Macher then turned to the problem of "exceptionality," or legislation by decree or other extraordinary measures, as a form of government. The executive branch presents exceptionality as a strategy for efficiency. Laws of exception were first justified as a means for combating terrorism – and Macher pointed out that the Peruvian human rights community does not deny Fujimori's achievements against terrorism. However, these exceptional mechanisms remain in place despite the dramatic decline in the levels of political violence. Military courts established to try civilians for acts of terrorism, for example, remain in place and have become internalized as the norm. What is viewed elsewhere as unacceptable is now viewed in Peru as perfectly normal.
Macher affirmed the importance of several points previously mentioned by Degregori. First, she agreed that the power of the SIN is exaggerated, and that impunity for human rights violations continues. Macher also agreed that the Fujimori government is exploiting the terrorism theme for political purposes. Television broadcasts personal testimonies from persons who were orphaned due to terrorism seventeen years ago. The government recently announced that now – years later – it is setting up a fund for these orphans, now adults. The day after four-hundred civil society institutions announced their opposition to the withdrawal from the Inter-American Court, a full-page advertisement apparently sponsored by the government – which must have cost more than $100,000 – appeared in all the newspapers demanding to know what the Coordinadora Nacional de Derechos Humanos was doing during the years of conflict. Though a total of 25,000 people died during the war, it claimed to be on behalf of the 40,000 widows left by terrorist violence.

What can be done? Various steps could be taken immediately and swiftly. First, Macher recommended the immediate restoration of the three judges to the Constitutional Tribunal and of the functions of the National Council of Magistrates. She also suggested restoring the rules for the appointment of judges and the termination of the two Executive Commissions that have taken control of the Public Ministry and the judiciary. Finally, as another outcome of the war, hundreds of innocent persons remain imprisoned on terrorism charges, and thousands more are on military lists to be detained for alleged involvement with the guerrillas. The innocent people in jail should be released, the military lists abolished, and the crime of subversion should be re-integrated into the penal code and governed by the rules of due process.

Macher also perceived a larger, longer-term task: the dismantling of all of the unconstitutional laws and the establishment of a truth commission. Such a commission could end the suffering of the many relatives of the disappeared who continue to hope for an explanation. Concluded Macher: "It is absolutely necessary to tell them the truth."

The final presentation of the panel was made by Alberto Bustamante, President of the Peruvian Council of Ministers and Minister of Justice, who spoke on "Peruvian Government Initiatives." Bustamante began by recalling the political violence and social and economic chaos that ravaged Peru in the 1980s and early 1990s. More than 25,000 Peruvians were killed, much of the transportation and production infrastructure was destroyed, and large sectors of the population were forced to migrate. The very viability of the Peruvian nation was at stake.

However, ten years after President Fujimori's inauguration, Peru is a different country: There is peace, stability, hope for the future, and integration with the global community. Between 1993 and 1998, Peru grew at an average annual rate of 6.2 percent, inflation declined to international standards, reserves increased to fourteen months' worth of imports, and foreign investment grew to more than $13 billion. In 1999, despite an international economic recession, Peru's GDP growth rate was more than 3 percent, one of the highest in the region. How did Peru achieve such a dramatic turn-around in only a few years? The prime minister highlighted four points.

1) Leadership and political will. The gravity of the national emergency required that someone take command of the counterinsurgency strategy. The national reality had to be understood and drastic measures taken. The president assumed this leadership role directly and decisively.

2) The implementation of an intelligent security strategy. Existing laws made the conviction and imprisonment of terrorists extremely difficult. Beginning in 1992, the government introduced measures that facilitated the conviction of terrorists. Also, a military-peasant alliance was formed; with military support, peasants organized Self-Defense Committees (rondas campesinas) against the Shining Path. Then, reconstruction of the country's physical infrastructure was begun.

3) National unity around shared goals. The solution of any national crisis requires clear objectives and broad support among all social sectors.

4) Reforms for economic stability and growth. In the 1980s, the Peruvian economy collapsed. Hyperinflation raged, international reserves declined, and the country was devoid of national and international investment. National security goes hand-in-hand with economic stability and the reinsertion of Peru into the international financial community. To this end, the government managed public finance austerely and responsibly, restructured the external debt, and developed a solid economic and legal framework for the opening of the economy to private investment.

Despite these important achievements, enormous challenges remain. One is the fight against poverty – an ethical and moral imperative that is also necessary if free-market economic policies are to prove to be sustainable. The government is intensely committed to generating employment and reducing extreme poverty and adheres to the human development approach promoted by the United Nations: the expansion of economic opportunities. Towards this goal, 45 percent of the government's budget for 2000 (as for other recent years) is allocated for social expenditure, including the health, education, and anti-poverty sectors. Over the last decade, the government has invested more than $8 billion in transportation, communication, sanitation, energy, education, and health across the nation, and more than $3 billion in direct poverty reduction programs. Thanks to this enormous effort, extreme poverty has declined in Peru from 26.8 percent in 1991 to 14.7 percent in 1997.

The second enormous challenge, said Bustamante, is the struggle against narcotics trafficking. The illicit drug trade is a natural ally of terrorism and a threat to regional stability. As the U.S. Department of State and the Director of the Office of National Drug Control Policy have acknowledged, Peru has worked hard to eradicate illegal coca cultivation. Over the last five years, coca cultivation has declined from 115,000 hectares to 38,700 hectares – in other words, to one-third of the previous level. Eradication has gone hand-in-hand with alternative development.

In conclusion, Bustamante anticipated a broad spectrum of new possibilities in post-Sendero, or pacified, Peru. Joint effort among the public sector, private sector, and civil society will permit the generation of wealth and employment; Peru enjoys, for example, evident comparative advantages in tourism and agriculture. Also, the government, according to Bustamante, is firmly committed to holding free and transparent elections. In contrast to the times of terror, when the act of voting risked the voter's life, the current electoral context is calm. On election day, not one part of the national territory will be under state-of-emergency laws. Only citizens' votes will determine the ultimate outcome of the elections.

A lively and sometimes tense question and answer session ensued. Various Peruvians in attendance expressed their belief that Bustamante's presentation was more appropriate for the mid-1990s, when the internal conflict had just subsided, than for the year 2000. While Degregori and Macher believe that the era of terrorism has passed and that it is time to move on, Bustamante focused on what terrorism has meant to the country. Several members of the audience raised questions about the government's muffling of the media, its treatment of journalists who had criticized the government and then been charged with crimes, and about the

Baruch Ivcher case. The issues of the military tribunals, harsh prison conditions and the Lori Berenson case were raised. In responding to some of these questions, Macher expressed concern that the government is "legalizing illegality," by approving and acting upon unconstitutional laws. Bustamante defended the Peruvian government's positions on these issues, reiterating the points made in his presentation.

Panel Three

The Year 2000 Elections: Perspectives from the Presidential Contenders

Welcoming the vice presidential candidates for Somos Perú and Solidaridad Nacional, panel moderator Coletta Youngers applauded the rise of two able women to Peru's highest political ranks. Both Beatriz Merino and Graciela Fernández Baca were speaking as representatives of their respective political coalitions and responding to the conference coordinators' request to lay out their respective government plans, or platforms.2 In a large field of presidential candidates, Somos Perú, led by Lima Mayor Alberto Andrade, and Solidaridad Nacional, led by the former director of the social security agency, Luis Castañeda Lossio, were running close for second place. Alejandro Toledo, director of a business school, was fourth but well behind. Father Felipe McGregor, member of the Executive Council of Transparencia and one of Peru's most distinguished educators and theologians, also participated on the panel, commenting on Transparencia's role in the electoral process. Transparencia is a non-governmental organization led by prominent Peruvians that brings together citizens to engage in independent election monitoring and education.

Beatriz Merino of Somos Perú first noted the critical importance of the April 9, 2000 elections for Peru's future: "We Peruvians will decide between consolidating an authoritarian and anti-democratic government that maintains the population in poverty, or advancing democracy and achieving better economic conditions for the country and Peruvian families."

Among the key proposals in the Somos Perú platform, Merino began by discussing the party's objectives for economic policy. According to all public opinion surveys and the available data, the lack of adequate employment is Peru's most important current problem. To increase employment, Somos Perú would maintain economic stabilization policies but adopt the following measures:

- Tax policy: Increase the tax base so that numerous taxes – including taxes on sales, income, profit reinvestment, and especially payroll (discouraging the hiring of workers) – can be reduced.
- Monetary policy: Increase private and public savings, both internally and externally, and also reduce the real interest rate. The reduction in the interest rate is especially important for investment in construction, which has a multiplier effect on employment.
- Sectoral policy: Eliminate obstacles to hiring workers. Stimulate labor-intensive sectors,such as small and medium businesses, handicrafts, and agro-industry. Reduce tariffs on machinery and inputs.

Next, Merino described Somos Perú's position on agricultural policy. She pointed out that the incidence of poverty is greater in Peru's rural areas where agriculture is the principal occupation and where approximately 30 percent of the work force is employed. A particular concern is that, in the wake of the elimination of the Agrarian Bank, agricultural credit has declined to almost nothing while credit for food imports has increased. Food imports totaled more than $7 billion in the 1990s. Somos Perú would re-establish a bank for the rural sector, reduce tariffs for agricultural machinery and inputs to zero, and create specialized information services for farmers.

Merino then turned to anti-drug policy, which Somos Perú considers of great importance both for Peru and its relations with its neighbors and the United States. Somos Perú would be committed to four key goals: 1) achieving a greater state presence in coca-growing areas; 2) stimulating alternative development in these areas; 3) raising popular consciousness about the social and

personal costs of the illicit drug trade; and 4) ensuring that the state apparatus and financial institutions are free of corruption by drug traffickers. Merino pointed out that formal complaints about links between high officials and drug traffickers have not been investigated under the current government.

Somos Perú's proposals for democracy and human rights were the final part of the coalition's platform described by Merino. She emphasized that during the last decade Peru has suffered serious reversals in this area, and reiterated many of the concerns voiced previously by Degregori and Macher. In contrast to the present government, Somos Perú would protect Peruvians' rights and restore the autonomy and impartiality of Peru's political institutions. Said Merino: "The terrorism of the Shining Path was defeated; now state terrorism must be."

Merino then turned to an analysis of the current electoral process in Peru. She highlighted the illegality of Fujimori's candidacy and the extremely unequal electoral playing field. In particular, she pointed to the recent increase in government expenditure for public works as well as for state advertising. (Advertising bills were more than $62 million from January to November 1999, twice the 1997 amount.) Especially egregious is the government control of the broadcast media. Transparencia has documented that 80 percent of television news coverage of the presidential candidates is allocated to the current president, versus 6 or 7 percent to the major opposition candidates.

Merino raised the question: "Under the circumstances of a fraudulent electoral process, why do the opposition political parties continue?" Merino's answer was: "In a period of strategic defense… the democratic opposition cannot yield even one space in the struggle. Electoral confrontation is fundamental to demonstrate the government's reprehensible conduct and show to voters the necessity and possibility of change..." She also pointed to the need for an agreement among all the political groups to place voting-table monitors representing the political parties and coalitions (personeros) at polling sites throughout the country.

In conclusion, Merino warned that Somos Perú does not accept the legality of Fujimori's third consecutive presidential bid and would not recognize him as president if he were to win. Her hope, however, was that, with the support of democratic forces everywhere, Peru would have a new opportunity for the democracy it deserves.

Graciela Fernández Baca of Solidaridad Nacional was the second vice presidential candidate to address the conference. She first described her political coalition's platform and then analyzed Peru's current electoral process. Among numerous lines of action identified by Solidaridad Nacional, for reasons of time Fernández Baca described the most important in six areas:

1) *Employment generation*. The state and institutions such as the business sector, universities, and churches should work together. Sustainable growth in all areas of the economy is necessary. Decentralization should be encouraged and support for small and medium businesses provided. Worker training should help the unemployed to find work.

2) *Sustainable economic growth with equity.* The essential principles of a "social market economy" would be implemented. Debt obligations would be met, although debt relief would be sought. The current policy of privatization would be continued. Some taxes would be reduced, but the tax base would be broadened, tax evasion fought, and personal income taxes made more progressive. Investment incentives would be increased. Solidaridad Nacional expects that Peru's GDP would grow at an annual rate of 7 percent.

3) *Agricultural development.* Recognizing the essential role of agriculture, Solidaridad Nacional would prioritize technical assistance and credit for the farmer; private-sector investment in small and medium-scale irrigation systems and other infrastructure; associations for small farmers; effective coordination of marketing systems; efficient water use; sustainable development of forest resources; and a national plan for livestock development.

4) *Alternative development in coca-growing areas*. Solidaridad Nacional would coordinate with the international community to promote income-yielding economic activities in the coca-growing areas.

5) *Environmental conservation.* Solidaridad Nacional would stimulate national awareness of the need for environmental conservation, strengthen state capacity on the issue, and work with the international community for debt-for-nature swaps.

6) *Rule of law.* Respect for the autonomy of state institutions and the restoration of the power of the state institutions for constitutional supervision and judicial appointments are essential. The legislative capacities of the congress would be restored and an electoral system of multiple districts reinstated. The authority of the Inter-American Court of Human Rights would be respected.

The second part of Fernández Baca's presentation focused on the electoral process. Fernández Baca considered the process to have been maliciously manipulated by the government. She highlighted five indicators:

1) Laws incorrectly approved by the government's majority in the congress, such as the law restricting citizens' rights for a referendum.

2) Partisan interference in institutions that should guarantee the rule of law.
3) Threats and blackmail targeting opposition leaders.

4) Harassment of opposition leaders.

5) Threats against the independent press.

Fernández Baca warned: "Fraud is not only the manipulation of votes on election day; it is also the distortion of electoral rules and the use of tactics prohibited by the international community." In the context of a dubious electoral process, Peruvians' most important challenge is to reflect and assume their democratic right to informed election of the next president of Peru.
Brief comments were offered by Father Felipe MacGregor, representing Transparencia. First, MacGregor highlighted the achievements of the Fujimori government in the defeat of the Shining Path and in economic development. However, MacGregor expressed concern about the current political process. The traditional political parties have virtually collapsed, and in part for this reason an organization such as Transparencia is necessary.

Transparencia's role is multi-dimensional. The organization seeks not only to monitor the Peruvian electoral process, reporting problems and seeking solutions, but also to educate and teach the Peruvian people about their rights. Said MacGregor: "We Peruvians must stand up and affirm that the electoral process must be clean. We must sacrifice our short-term interests for the good of the country." And indeed, Transparencia has had resonance in Peru, especially among young people who voluntarily travel to remote areas as election monitors.

The question and answer session was spirited. Various questions were posed to the candidates about their strategies and prospects. Merino emphasized Andrade's political skills and experience as the two-term mayor of Miraflores and Lima. For his part, Castañeda Lossio was widely considered an excellent director of the Peruvian social security agency from 1990 to 1996, a position that enabled him to build connections at the grassroots level in many regions of the country. Asked about the lack of unity among the opposition, Merino pointed to the opposition candidates' expectation that the first electoral round would serve as a kind of primary. Both vice presidential candidates agreed that the recruitment of sufficient numbers of personeros is a crucial and urgent task.

Questions were also posed about specific initiatives that would be taken up by the opposition parties if elected to the presidency. Merino and Fernández Baca agreed that Vladimiro Montesinos's role and finances would be investigated and the SIN reorganized; that the single electoral congressional district would be replaced by multiple districts; and that the quotas for women on electoral slates would be maintained. Both candidates also said that their parties would not only maintain but also increase the state's commitment to education and other social programs.

Panel Four

Prospects for Democratization in Peru: North American Perspectives

The moderator for the panel was GWU Professor Peter Klarén.3 First, Catherine Conaghan, Professor at Queen's University, addressed "The Political Context." Conaghan began by posing a series of questions: Is Peruvian democracy better off now than it was five years ago? Is the constitutional system of checks and balances that was framed in the 1993 constitution operative? Have civil liberties and the rule of law been extended and strengthened? Are the opinions of the Peruvian public taken into consideration by decision makers and has the government made significant strides in becoming responsive and accountable? In short, have the last five years produced significant advances in democratization? In response to those questions, Conaghan highlighted the consensus expressed by almost all independent analysts – including in the halls of the U.S. Congress as well as on the pages of The Washington Post – that Peruvian democracy is worse off now than five years ago.

Fundamental to the democratic reversal is Fujimori's decision to pursue a third consecutive term, notwithstanding what appears to be a constitutional prohibition. The re-election project has exacted a heavy price on Peru's democratic development. The Constitutional Tribunal was an institutional casualty of this pursuit. Moreover, the re-election pursuit has intensely polarized the government and opposition, while meanness has become the standard mode of public behavior. To support the re-election project, media outlets (particularly national television and the tabloids) distort political information and defame critics of the government.

The upshot is public cynicism and lack of confidence in the electoral process. For example, in a December 1999 poll by Apoyo, 56 percent of the respondents said that they expected an adulteration of the results; 58 percent expected government spending would be used in favor of the government candidate; 54 percent expected opposition candidates would be harassed; 52 percent expected opposition candidates would be denied media access; and 69 percent expected the government candidate would be actively supported by the armed forces. In a February 2000 poll by Imasen, 53 percent of the respondents concluded that the guarantees necessary to ensure a free and fair election were not in place.

At every critical juncture, the Peruvian government has pursued the re-election project in blatant disregard of public opinion – a sad reflection on Peruvian politics today. A majority of Peruvians opposed the law of "authentic interpretation" of the constitution passed by congress in 1996, the impeachment of the Constitutional Tribunal judges in 1997, and the rejection by the congress of the initiative for a referendum on the re-election in 1998. The will and capacity of the Fujimori government to consistently disengage from the normal give-and-take with the public places it outside the democratic mainstream.

However, given that "we are where we are in this process" – in other words, that President Fujimori is a candidate, that the opposition has decided to participate, and that international observers have agreed to observe – what should be done now? Transparencia and the Defensoría del Pueblo have advanced numerous proposals that could be acted on immediately. Inequalities in media access and the treatment of opposition candidates could be remedied. Public funding could be made available to enable opposition groups to purchase media time. Presidential and vice presidential debates could be scheduled. President Fujimori and other

officials could speak out against the defamation of opposition candidates in the media. Concluded Conaghan: "It's not too late, if there's a will."

Next, Carol Graham, Senior Fellow at the Brookings Institution, analyzed "The Economic Context." She described Peru's economic trajectory during the 1990s as positive. In the early 1990s, the Fujimori government reversed downward economic trends. More recently, during the economic crises in Asia and Brazil, it has managed the economy well. Peru and Mexico have been the only Latin American nations not to undergo a recession in recent years.

The positive trends are evident in various statistics. Between 1990 and 1997, Peru's GDP grew at an average annual rate of 4.2 percent, above the regional average of 3.1 percent. Although unemployment has remained at about the same levels between 1985 and 1997, the poverty rate has declined dramatically. In particular, the government has decreased extreme poverty, which is most common in rural areas.

However, further steps are necessary. The government should address the inequities in education. The Gini index of inequality was very high in 1985, and has not improved in the 1990s. The banking system should be reformed, regulatory systems enhanced, and privatization continued more consistently.

Graham then turned to a discussion of her recent research on income mobility in Peru, which illustrates a considerable amount of both upward and downward mobility. Among five income quintiles, 59 percent of the poorest quintile moved upward between 1991 and 1997, including 11 percent who moved into the fourth, "middle class," quintile. However, 41 percent of the wealthiest quintile moved downward over the same period and 11 percent of the fourth "middle class" quintile descended into the poorest – in other words, from riches to rags. The upshot, especially in a national context of severe income inequality, is widespread uncertainty and insecurity about one's economic prospects. Ironically, individuals who have fared the best economically are often among the most critical of government actions

The third speaker was Michael Shifter, Senior Fellow at the Inter-American Dialogue, who described "The International Context." Shifter first pointed out that, in the eyes of Washington D.C. policy-makers, political problems in Colombia, Venezuela, and Ecuador are now more important than Peru's.

Shifter underlined that the international context has changed considerably from the early 1990s to the present. At the beginning of the decade, hopes were high for what the Inter-American Dialogue called hemispheric "community and convergence." However, many of Latin America's democratic governments are now perceived to have performed poorly, and the international community is less engaged in support for democracy, as was the case the previous week when the Ecuadorean military attempted the first traditional-style coup in the region since 1976.

The U.S. government is unlikely to vigorously monitor the 2000 elections in Peru. The U.S. government prodded President Fujimori towards democracy after the 1992 autogolpe and was pleased that free and fair presidential elections were held in 1995. Now, however, the U.S. government is weary of this effort. Moreover, it favors President Fujimori's economic and drug policies and lacks confidence in the abilities of Peru's political opposition. Accordingly, although there is uneasiness about the 2000 elections both in Washington and on Wall Street – and about the Baruch Ivcher case and the media in particular – there is neither the will nor the confidence to act strongly.

There should have been a more vigorous international reaction against Peru's withdrawal from the OAS's Inter-American Court of Human Rights. Peru's action was a serious blow to international democratic norms. However, the U.S. government was unable to criticize Peru's action forcefully because the United States itself has not signed the covenant that establishes the Court.

Among the two commentators on the panel, the first was William Brownfield, Deputy Assistant Secretary of State for the Bureau of Western Hemisphere Affairs at the U.S. Department of State. Brownfield began with a quote from Secretary of State Madeleine Albright's speech on democracy at the Johns Hopkins School of Advanced International Studies on January 18: "True democracy is never achieved, it is always a pursuit."

In recent years, Peru has a "mixed report card," Brownfield said. On the one hand, Peru's fight against narcotics production and trafficking is a model for the hemisphere. Its achievements in opening up its economy and reducing extreme poverty are excellent. Peace between Ecuador and Peru has been established and border issues between Chile and Peru resolved. The scourge of terrorism within Peru's borders has been essentially defeated

Nonetheless, Brownfield cautioned, challenges remain; foremost among these is the deepening of Peru's democratic process and the institutionalization of reforms to ensure the perpetuity of the hard-won achievements. Support for democracy is a central feature of U.S. foreign policy the world over. Brownfield elaborated: "When we speak of supporting democracy we mean to find effective ways of encouraging the promotion of competitive and transparent electoral processes, respect for human rights, a vigorous free press and effective, independent legislative and judicial branches." In the U.S. Congress, Democrats and Republicans alike strongly back this aspect of U.S. policy, as witnessed by last year's House and Senate resolutions on democratic freedoms in Peru.

Democracy's components include open markets and economic opportunity, due process, legal structures that provide justice, a press corps that is free to pursue the facts and publish the truth, and free and fair elections. Peru's April 9 national elections will be closely watched by the international community, including investors. It is critical that this be a free, fair and transparent process. Brownfield declared: "We have stated our neutrality on the electoral outcome, but we are not neutral on the process." Therefore, the U.S. government has allocated a total of $2.4 million over fiscal years 1999 and 2000 to fund programs focused on electoral activities in Peru.

The first is a series of three pre-electoral observation missions by the National Democratic Institute (NDI) and the Carter Center. Their first report identified various concerns, including vacancies on the Constitutional Tribunal, withdrawal from the Inter-American Court, and harassment and media bias against opposition candidates – concerns that the U.S. government shares. The Peruvian government received these findings in a positive and open manner, and, Brownfield said, "we encourage it to take the necessary corrective measures." He added, "We are particularly concerned about reports of harassment of opposition candidates, media, and others critical of the Fujimori government…we hope that all candidates will be able to exercise their right to campaign without interference, and that all voters have full access to objective information about the candidates."

The U.S. government is also funding local observation and voter education programs through Transparencia. The U.S. government has invested in Transparencia because it believes in the inherent value of local observers, who know their country well and can build citizen participation and democracy in the country over the longer term. Also, Transparencia has an excellent reputation in electoral observation, in particular for the 1998 municipal elections. It is unfortunate that Transparencia and its personnel have recently become the victims of ad hominem attacks from some sectors of the Peruvian media.

The U.S. government is also providing resources for several local Peruvian organizations to promote voter education and turnout, especially in rural areas; to increase political participation among women and young people; and to promote debate on democratic reforms.

"Much has been accomplished in Peru; much remains to be done," concluded Brownfield. "We view Peru as an important partner in the Andean region and in the hemisphere, and will continue our efforts to work towards our mutual goals of stability, democracy, and prosperity."

The second commentator on the panel was John Youle, President of the American Chamber of Commerce of Peru and of the consulting firm Consultandes, S.A. Youle described international investors' concerns, and emphasized that these concerns include not only the economic potential of a project but also secure "rules of the game." He pointed out that "investors learned the importance of operating in a genuine, stable democratic environment more than forty years ago in Cuba, more than twenty years ago in Iran, two years ago in Indonesia and in between in a host of other countries." The economic environment is a necessary, but not sufficient condition for the direct foreign investor. Such investors will also look at a long list of other concerns, including: rigorous democratic institutions, a balance of powers between the branches of government, the existence of broad-based political parties and the prospects for their alternation in power, the independence and effectiveness of the judiciary, the efficiency of any pertinent regulatory bodies and the presence of an independent media. Youle concluded this point by reiterating that if investors are to be eager, "the government has to respect the rules of the game."

Peru's rating in terms of this long list of factors and concerns is better in 2000 than it was in 1990, when, according to The Wall Street Journal, it had the highest level of political risk in the hemisphere. However, Youle graded Peru today as 6 out of 10. He estimated that Conaghan would rate Peru as only 2 out of 10 – and both of these grades would be "barely passing." Progress towards respect for the rules was made between 1994 and 1995, but since 1996 the trend has not been encouraging. Fujimori's second re-election is increasingly seen as a factor of instability, not stability, and this instability is an additional cost calculated by the private investor.

Youle listed numerous investment projects that have not gone forward, in part as a result of the political risk involved. For example, investment capital for Altamina, a large mining project, was long delayed despite its very attractive profit potential. Likewise, the government was still waiting for bidders to come forward for the Camisea gas pipeline project. The government had counted on revenues from these investments to meet its balance of payments projections.

Youle emphasized that competition for investment capital today is global. The investor has good options in many regions of the world – Eastern Europe, Africa, and Asia are also courting foreign investors. Peru needs approximately $6-7 billion per year of new investment if it is to grow economically, and most of this sum will have to come from abroad. Without a better record regarding respect for human rights and democracy, it will be difficult for Peru to obtain the level of investment that it needs.

In the ensuing discussion, Brownfield was pressed on the question of whether sufficient problems were not now evident in Peru's electoral process that they warranted clear U.S. criticism. Brownfield emphasized that "reasonable minds will differ on the bottom line for free and fair" elections and that the U.S. Department of State is "looking at the electoral process as it is unfolding." Youle underlined his concern that "Peruvian economic prospects are not bright," and that "the country needs a golpe de confianza, or a shot of confidence, to get its economy moving again."

Closing Remarks

Coletta Youngers, one of the principal conference organizers, gave closing remarks. She again noted the importance of the exchange between the representatives of the Peruvian government, particularly Minister Bustamante and opposition analysts in the conference's second panel – one of the rare opportunities for such an exchange. She also highlighted the stimulating exchange between the two vice presidential candidates, emphasizing both the concrete government plans put forward and the very real concerns regarding the lack of a level playing field for the April 2000 elections. Finally, Youngers expressed the hope that if GWU and WOLA organize a pre-electoral

conference in 2005, not the vice presidential candidates but the presidential candidates will be women. As another presidential inauguration looms on the horizon, the views and ideas debated in the conference provide insights for understanding Peru today, assessing the strengths and weaknesses of the Fujimori government over the last decade, and mapping out a blueprint for democratic advancement in the future.

Endnotes

1 In a case that has received widespread international attention, Israeli-born Baruch Ivcher was stripped of both his Peruvian citizenship and his television station following reports aired on Channel 2 implicating government officials in human rights abuses and corruption.

2 Both presidential candidates, Alberto Andrade and Luis Castañeda Lossio, had originally accepted WOLA-GWU invitations to the conference, but had stepped aside in favor of their vice presidential candidates. Also, to the conference coordinators' regret, neither former President of the Council of Ministers Víctor Joy Way nor the Perú 2000 vice presidential candidate Francisco Tudela accepted invitations. Although a letter was sent to President Fujimori requesting that he choose a Perú 2000 representative for the panel, a response was not received.

3 Originally scheduled to moderate panel two, Klarén replaced Jennifer McCoy, Director of the Latin America Program at the Carter Center, who had been unable to travel to Washington due to illness.

Annex I: Conference Agenda

January 27, 2000

George Washington University Marvin Center Ballroom

800 21st Street, NW, Third Floor, Washington, DC

8:30 Registration and Coffee

8:45 Opening Remarks:

Cynthia McClintock, Professor, George Washington University (GWU)

George Vickers, Director, Washington Office on Latin America (WOLA)

9:00 Panel I: External Peace: The Peru-Ecuador Agreement

The Negotiation of the Peru-Ecuador Settlement

Ambassador Luigi Einaudi, Former U.S. Ambassador to the OAS and

U.S. Special Envoy for the Peru-Ecuador Accords
Prospects for Permanent Peace and the Role of Public Opinion
David Scott Palmer, Professor, Boston University

A View from the Border

P. Joaquín Garcia Sánchez, Director, Centro de Estudios Teologicos de la Amazonia

Peru and Its Neighbors: Negotiating Peace

Fernando de Trazegnies, Peruvian Minister of Foreign Relations

Moderator: Cynthia McClintock, Professor, GWU

10:45 Coffee Break

11:00 Panel II: Internal Peace: New Challenges in the Post-Sendero Era

The Legacy of Violence and the Implications for Peruvian Politics

Carlos Ivan Degregori, Senior Fellow, Instituto de Estudios Peruanos

Human Rights and the Rule of Law

Sofia Macher, Executive Director, Coordinadora Nacional de Derechos Humanos

Peruvian Government Initiatives

Alberto Bustamante, President of the Peruvian Council of Ministers and Minister of Justice
Moderator: Marie Price, Director of Latin American Studies, GWU
12:30 Lunch Break

2:00 Panel III: The Year 2000 Elections: Perspectives from the Presidential Contenders

Beatriz Merino, Vice Presidential Candidate, Somos Perú

Graciela Fernández Baca, Vice Presidential Candidate, Solidaridad Nacional

Commentator:

Father Felipe MacGregor, Director of the Executive Council, Transparencia

Moderator: Coletta Youngers, Senior Associate, WOLA

3:45 Coffee Break

4:00 Panel IV: Prospects for Democratization in Peru: North American Perspectives

The Political Context

Catherine Conaghan, Professor, Queen's University

The Economic Context

Carol Graham, Senior Fellow, The Brookings Institution

The International Context

Michael Shifter, Senior Fellow, Inter-American Dialogue

Commentators:

William Brownfield, Deputy Assistant Secretary of State for the Bureau of Western Hemisphere Affairs

John Youle, President of the American Chamber of Commerce of Peru and President, Consultandes, S.A.

Moderator: Peter Klaren, Professor, GWU

6:00 Closing Remarks:

Cynthia McClintock, Professor, GWU

Coletta Youngers, Senior Associate, WOLA

Annex II: Conference Participants

Graciela Fernández Baca, vice presidential candidate for Solidaridad Nacional. Trained as an economist and public accountant, she is a director of the research institution Cuánto and a co-author of its annual publication, Perú en Números. In 1995, she was the vice presidential candidate on the defeated Unión por el Perú ticket, but was elected to congress. She has participated in many delegations to international conferences, including the UN Conference on Population and the UN Conference on the Decade for Women.

William Brownfield, Deputy Assistant Secretary of State for the Bureau of Western Hemisphere Affairs. Brownfield is responsible for U.S. relations with the nations of the Andes, the Caribbean and Cuba. Brownfield joined the State Department in 1979 and has worked in international narcotics control programs as well as civilian policing in international peacekeeping operations. He has served overseas in Venezuela, El Salvador, Argentina, and Switzerland.

Alberto Bustamante, President of the Peruvian Council of Ministers and Minister of Justice. Before his current appointment, Minister Bustamante served as a litigation lawyer and consultant for several government ministries and was a member of the commission charged with defending Peru's human rights position before the OAS. From 1972 to 1997 he worked as a researcher at the Center for Development Studies and Promotion (DESCO) and at the Institute for Liberty and Democracy, where he headed the Institutional Research Department for nine years.

Catherine Conaghan, Professor of Political Science at Queen's University and Associate Director at the Centre for the Study of Democracy. Conaghan has written extensively on democracy and politics in the Andes region, focusing on Peru and Ecuador. Recently, she has explored the role of the press in Peruvian politics. Her upcoming book is entitled The Public Sphere and the Political Experiment of Alberto Fujimori. She is the editor of a website covering the latest developments in the Peruvian presidential elections: http://csd.queensu.ca/peru2000.

Carlos Iván Degregori, Professor of Anthropology at the University of San Marcos and Researcher at the Instituto de Estudios Peruanos. In the United States, he has been Visiting Professor at Columbia University and a Fellow at the Inter-American Dialogue. He is a former member of the Executive Council of the Latin American Studies Association and a former Director of the Instituto de Estudios Peruanos. Degregori is widely published in English and Spanish; among his many books is El Nacimiento de Sendero Luminoso: Ayacucho 1969-1979.

Luigi Einaudi, Visiting Fellow at the Inter-American Dialogue. He was the U.S. Special Envoy in peace talks that led to a comprehensive settlement to the Ecuador-Peru border conflict, and was decorated by the presidents of both Peru and Ecuador for his work on the agreement. As U.S. Ambassador to the OAS, Dr. Einaudi developed initiatives to support democracy and to increase trade. In addition to twenty-four years of service at the U.S. Department of State, he has taught at

several prominent universities and has lectured widely in the United States, Latin America and Europe.

Father Joaquín García, Director of the Centro de Estudios Teológicos de la Amazonia and advisor on the Commission on Treaty of Navigation and Commerce with Ecuador. Father García served also as an advisor on the Peruvian Border Integration Committee on Peace Negotiations with Ecuador. He has taught post-graduate courses in ecology and the history of the Amazon. Among his many honors is the Gran Cruz de Isabel la Católica from the King of Spain.

Carol Lee Graham, Senior Fellow of Economic Studies at The Brookings Institution. Graham specializes in the political economy of market transitions in Latin America, Africa, and Eastern Europe. She teaches at Johns Hopkins University and has written extensively on economic reform efforts, including her most recent book New Markets, New Opportunities: Economic and Social Mobility in a Changing World (1999).

Peter F. Klarén, Professor of History and International Affairs at George Washington University. Former Director of the Latin American Studies Program, Klarén is a specialist on the 20th century history of Latin America, particularly the Andean nations, and has written extensively on the region's political and social dynamics. His most recent book is Peru: Society and Nationhood in the Andes, published in January

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Beatriz Merino, vice presidential candidate for Somos Perú. Elected in 1995 to the Peruvian congress on the slate of the Frente Independiente Moralizador, Merino has been active in promoting women's rights and education. She is president of the board of the Organization of Women in International Trade (OWIT) and senior partner at the law firm Merino, Van Hasselt, and Morales. As a member of the Libertad movement within the FREDEMO coalition, she also served in the 1990-1992 Peruvian Senate.

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Fernando de Trazegnies, Peruvian Minister of Foreign Relations. Beginning in October 1998, he led the Peruvian delegation in discussions to solve the border conflict with Ecuador. Minister de Trazegnies is the founder and senior partner of the Trazegnies and Uria law firm. A former Dean and Professor of the Law School of the Catholic University of Peru, Minister de Trazegnies is the author of numerous works not only in the field of law but also on society and culture, as well as fiction.

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