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FEATURED Q&A

Would Proposed Reforms Improve Peru's Democracy?

Q Peruvian Prime Minister Ana Jara earlier this month said a proposed seven-point political reform would help strengthen the country's democracy. The reforms include banning candidates from running for office if they have committed offenses against the government and expelling members from Congress if they are convicted for crimes such as drug trafficking or money laundering. Would the proposals improve Peru's political institutions and democracy? Does the country need other political reforms that are not currently being considered? What is the likelihood that the reforms will become law?

A Gino Costa, president of Ciudad Nuestra in Lima and former interior minister of Peru: "As part of the latest round of the national dialogue convened by the government of President Humala, Prime Minister Ana Jara proposed a package of electoral reforms to improve the quality of political representation. They include the elimination of the preferential vote, through which voters choose two candidates for Congress from within a preferred list; restriction of the recall (power to request the early end of terms of regional governors and mayors); prohibition of immediate re-election for both; penalties for legislators' abandonment of the parliamentary group under which they were elected; punishment, with the loss of a parliamentary seat, for those convicted of a felony and for the party they

belong to; a prohibition on nominating those with pending civil reparations who have committed offenses against the state or those with parties linked to terrorism; and the requirement to submit more detailed affidavits than the current ones. Among analysts, there is consensus that the majority of the reforms are positive, except for the prohibition on re-election of mayors and regional governors, which unfortunately was the first to be approved. There is also consensus that the reforms are insufficient, since, with the exception of eliminat-

Continued on page 3



OAS Elects Uruguay's Almagro New Secretary General

Member nations of the Organization of American States on Wednesday elected Luis Almagro as the organization's new secretary general. Almagro, who ran unopposed, vowed to preside over a renovation of the OAS. See story on page 2.

Photo: OAS.

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NEWS BRIEFS

Chile Fines Pan Pacific's Caserones Copper Mine

The Caserones copper mine in northern Chile, which is owned by Japan's top copper smelter, **Pan Pacific Copper**, has been fined \$11.9 million for multiple violations of environmental laws, Chile's environmental regulator said Wednesday, Reuters reported. The SMA regulator said the mine violated rules in 17 items, eight of which were serious, including failing to implement measures to prevent groundwater contamination and constructing unauthorized transmission lines. The fine is the second highest levied by SMA since it was set up in 2012.

Peruvian Exports to Brazil Increase 55.2 Percent in January

Peruvian exports to Brazil increased 55.2 percent in January, Foreign Trade Minister Magali Silva said this week, state-run news agency Andina reported Tuesday. The increase was mostly due to growth in metal-mechanical and nonmetallic mining products, which increased by 200 and 279.1 percent respectively. Chemicals, textiles, oil and agricultural products also showed strong growth, which the minister attributed to successful efforts from the country's trade and export promotion agencies.

Mexico's Cemex Planning to Cut Debt by \$1 Billion

Mexico-based cement producer **Cemex** is planning to reduce its debt by \$1 billion this year, CemNet.com reported Wednesday. Cemex is anticipating the refinancing of \$2.9 billion in bonds this year at a coupon of approximately 9 percent, the company said in a presentation to investors. At the end of last year, Cemex's total debt stood at \$16.29 billion.

Political News**Uruguay's Almagro Elected Secretary General of OAS**

Former Uruguayan Foreign Minister Luis Almagro was elected Wednesday as secretary general of the Organization of American States and pledged to lead the organization's renovation, rather than just being an administrator during crises. Almagro ran unopposed after the two

Almagro is to succeed Chilean José Miguel Insulza on May 25.

other candidates, former Guatemalan Vice President Eduardo Stein and former Peruvian Justice and Foreign Affairs Minister Diego García-Sayán, withdrew their candidacies in recent months. Almagro will serve a five-year term starting on May 25, succeeding Chilean José Miguel Insulza who has been OAS secretary general for nearly a decade, the Associated Press reported. In his acceptance speech at OAS headquarters in Washington, Almagro said he hoped to give the organization, which has been criticized as ineffective, a "push of realism," Agence France-Presse reported. "The days of a discursive, bureaucratic OAS, removed from the concerns of the American peoples, anchored in the paradigms of the last century, is definitely giving way to an OAS of the 21st century," said Almagro. He added that he wants to prioritize issues such as citizens' security, prevention of social conflict, improved education and protection from natural disasters, the AP reported. Almagro added that he wants to bring Cuba, which was suspended from the OAS in 1962, back into the organization. The OAS annulled the Caribbean island nation's suspension in 2009, but Cuba has not made a move to rejoin it. Cuba will participate in next month's Summit of the Americas for the first time. U.S. President Barack Obama

will also be among the leaders in attendance for the summit in Panama, which comes four months after the United States and Cuba announced they would move toward normalizing relations for the first time in five decades. Almagro said he views the Summit of the Americas as "a historical opportunity to advance towards a hemisphere without exclusions, since Cuba will be present in the inter-American milieu for the first time in decades," EFE reported. [Editor's note: See [Q&A](#) in Wednesday's *Advisor* on the challenges facing the OAS' next leader.]

Brazil's Rousseff Announces New Anti-Corruption Measures

Embattled Brazilian President Dilma Rousseff on Wednesday announced several new measures that she said will help fight corruption in the wake of a major corruption case at state-run oil company **Petrobras**, the Associated Press reported. Rousseff's announcement came the same

day that a **Datafolha** poll showed her popularity rating at a new low and just days after massive protests on Sunday in which demonstrators called for the president's impeachment due to the scandal. "We have the duty and obligation to fight impunity and corruption," Rousseff said Wednesday in a televised speech, the AP reported. Rousseff announced anti-corruption measures including the outlawing of the use of slush funds to finance political campaigns, the confiscation of assets of people convicted of corruption and the barring of convicted criminals from holding political office. "This is a decisive step to expand the government's capacity and power to prevent and combat corruption and impunity," said Rousseff. In the Petrobras scandal, prosecutors have said construction and engineering companies paid at least \$800 million in bribes to company executives in exchange for inflated contracts, with money being funneled to the campaigns of politicians from the



Rousseff

File Photo: Brazilian Government.

ruling Workers' Party and its allies. Rouseff, who chaired Petrobras during the scheme, has not been implicated and has repeatedly denied any wrongdoing or knowledge of the scheme. However, several people have been charged, arrested or investigated in connection with the scheme. On Monday, the Workers' Party treasurer, João Vaccari, was among those charged with corruption in the case. He has denied any wrongdoing. In the presidential popularity poll released Wednesday by Datafolha, 62 percent of respondents called Rouseff's government "bad" or "terrible." That compares to 44 percent a month ago. In the latest survey, 13 percent of respondents said Rouseff's government was "great" or "good." In the poll, Datafolha surveyed 2,842 people from March 16-17. The poll has a margin of error of 2 percentage points.

Economic News

Colombia Forecasts 60 Percent Drop in Oil Revenue as Compared to 2013

Colombia's government forecasts receiving 9.5 trillion pesos (\$3.5 billion) in oil revenue this year, Finance Minister Mauricio Cárdenas said Wednesday, Reuters reported. The figure represents a 60 percent drop from 2013 as the fall in oil prices, which have lost around half of their value since June last year, has cut into tax and royalty payments. The minister added that the government's oil revenue could fall to as low as 6 trillion pesos, but did not give a timeline for that. Colombia is Latin America's fourth largest crude producer, and crude oil is its largest export and contributes about 20 percent of government revenue. "Even though oil is only 5 percent of [gross domestic product], the income from oil is very important to our fiscal accounts," Cárdenas said. The government has already cut this year's budget by 6 trillion pesos and passed a tax reform to extend previously expiring duties in an effort to maintain revenue. Every \$1 drop in the price of oil corresponds to lost government revenue of \$120 million, and tax revenue so far this year is down 3 percent, the government has said.

Featured Q&A

Continued from page 1

ing the preferential vote, they don't attack the main weaknesses of the electoral system, such as the insufficient oversight of political parties by electoral bodies, the comptroller and the penal system; the absence of public financing for the parties (provided for by law, but non-existent in practice); the existence of a single chamber; and compulsory voting, among others."

A **Julio Carrión, associate professor of political science and international relations at the University of Delaware:**

"Peruvian representative institutions are in such a state of disarray that these proposed reforms are unlikely to do much good. The two reforms that could actually have some positive impact—the elimination of the preferential vote (a practice that has undermined political parties) and the return of the bicameral Congress—are unlikely to pass as they face stiff opposition in the current legislature. The one reform that has already been signed into law is the banning of the immediate re-election of mayors and regional presidents (who are henceforth renamed as regional governors). As it has been noted in the press, the re-election of local and regional authorities is an infrequent occurrence, and so this reform looks like the solution to a non-existent problem. Citizens exhibit high distrust in parties and representative institutions, and institutional reforms are needed to address this issue that weakens Peru's democracy. Two sets of concerns require urgent attention. The first is related to the growing scourge of corruption affecting local and national offices. The process of political decentralization initiated by President Alejandro Toledo has had the perverse effect of decentralizing corruption. The creation and enforcement of mechanisms to eradicate state corruption are necessary first steps to restore the credibility of Peru's political institutions. But they are not enough. Deep institutional and electoral reforms are required to address the serious frag-

mentation and low quality of political representation in Peru. This fragmentation is the result of a highly proportional electoral system with a preferential

“Deep institutional and electoral reforms are required to address the serious fragmentation and low quality of political representation in Peru.”

— *Julio Carrión*

vote. Perhaps a mixed system that combines single-member districts with multi-member constituencies, like the one employed in Bolivia, could help increase the quality of representation and foster the creation of solid political parties. Other options could be explored. What is clear is that the current electoral system is not working."

A **David Scott Palmer, professor of international relations and political science and emeritus founding director of Latin American Studies in the Pardee School of Global Studies at Boston University:**

"Peru has developed an extremely fragmented and personalized political system since the systematic undermining of political parties during the presidencies of Alberto Fujimori (1990-2000). Literally hundreds of 'political groups' participate in provincial and local elections, only to disappear as soon as the votes are counted. And in the most recent presidential and congressional elections in 2011, the symbols of three of the leading party organizations were completely personalized: 'O' for Ollanta Humala's Alianza Gana Peru, 'K' for Keiko Fujimori and her Fuerza 2011 and 'T' for former President Alejandro

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Featured Q&A*Continued from page 3*

Toledo's Alianza Perú Posible. Even Peru's one significant remaining ideologically-based party, APRA, virtually self-destructed over the ambition of its leader, Alan García (1985-90; 2006-11), required for the sanctions to take effect, and the judicial process tends to prolong such a final determination for many years. Yet they would send a message, which might have some deterrent effect.

“What the reforms would not change ... is the underlying institutional weakness of the legislative branch and the party system itself.”

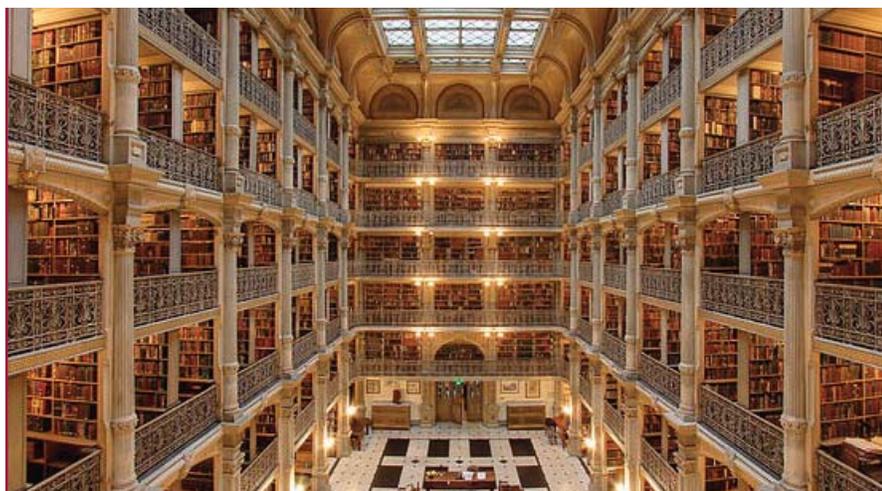
— *David Scott Palmer*

to run for yet another term in 2016. The weakness of the party system is further reflected in a regular and ongoing pattern of party jumping (transfuguismo) by members of Congress. Such shifting political alliances have significantly limited the ability of President Humala to accomplish his political agenda. The reforms proposed, if actually enacted, would at least address another serious issue bedeviling contemporary Peruvian politics—corruption. Their basic weakness, however, is that convictions are

What the reforms would not change, however, is the underlying institutional weakness of the legislative branch and the party system itself. Until this changes, Peru's democracy will remain weak and unable to take full advantage of years of favorable developments."

The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.

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