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President Toledo's Image Tarnished

by Guest

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Although his country's economy is among the most robust in Latin America, Peruvian President Alejandro Toledo's approval rating has plunged to below 20% amid questions about his credibility and fallout from the corruption cases that brought down the government of former President Alberto Fujimori (1990-2000). The political storm centered on the Congressional Oversight Commission, which on April 29 voted to ask the Public Ministry to investigate Jose Ugaz, the former special prosecutor for corruption cases, and shelved a case in which Toledo was accused of pressuring a television station to give his administration more favorable coverage.

Fujimori appointed Ugaz in October 2000 after opposition politicians publicized secret videotapes of public figures receiving bribes from Vladimiro Montesinos, the president's shadowy national security chief. Shortly after the appointment, a presidential aide delivered to Ugaz's office an envelope containing US\$29,000 to cover operating expenses for the special prosecutor's office. Ugaz deposited the money in a bank account and entered it into the office's books. The case was investigated by the Justice Ministry during the administration of President Valentin Paniagua (2000-2001), and it was determined that Ugaz had committed no wrongdoing.

The congressional commission, however, asked the Public Ministry to investigate Ugaz for the crime of receiving money from an illicit source, on the grounds that the US\$29,000 could have come from kickbacks or other illegal activities of the Fujimori administration. At first, the commission's vote appeared to be a reprisal by committee member Jorge Mufarech, a member of Toledo's Peru Posible party who was once Fujimori's minister of labor, and whom Ugaz accused of tax evasion and other irregularities. But Ugaz and his successor, Special Prosecutor Luis Vargas Valdivia whose name was also on the bank account, and who has said he expects to be the next target of investigation said that the revival of the case is part of a campaign to discredit their work and hinted that Montesinos, who is currently in prison, is behind the effort.

Francisco Soberon, executive secretary of the Coordinadora Nacional de Derechos Humanos (CNDDHH), a national umbrella group of human rights organizations, said the effort could be aimed at reducing the charges pending against scores of public figures who were videotaped receiving bribes from Montesinos. The reduction of charges from corruption to simply receiving money from an illicit source would result in far lighter sanctions, he said. "It's an effort to confuse the issue and evade responsibility," he said. "The argument is that in a world in which anyone might be corrupt, why should these people be the subject of investigation. They are attempting to discredit the work of the prosecutors and the judges who are investigating the cases." The congressional commission's vote split Toledo's Peru Posible party.

On May 4, the party reprimanded Mufarech and expelled Victor Valdez, another party member who was an outspoken advocate of sending the Ugaz case to the Public Ministry for further investigation. Charges of media manipulation taint Toledo government The Oversight Commission's action in the Ugaz case contrasted sharply with its decision on the same day to throw out a case that implicated Toledo.

Pedro Arbulu, former president of the board of directors of Panamericana Television, had testified before the commission about conversations in December and January in which he claimed that Toledo pressured him to be more supportive of the government and even offered to buy the channel. Telephone records leaked to the press show a series of phone calls between the Presidential Palace and Panamericana Television in December and January.

On April 16, Toledo admitted that he had met with Arbulu as he would with any media owner, he said but denied having offered to purchase the channel or change its editorial position. At the time of the conversations, Panamericana Television was in the hands of Ernesto Schutz, who appears in one of the infamous "Vladivideos" accepting a bribe from Montesinos.

New questions about Toledo's relationship with the media arose on May 4, when Canal N, a cable channel owned by the newspaper El Comercio, aired a tape of a conversation that took place between a Toledo associate and Moises and Alex Wolfenson, owners of two tabloid newspapers linked to Montesinos, before the second round of presidential elections in 2001. The parties appear to be attempting to negotiate a solution to a legal case involving the newspaper owners in exchange for favorable coverage of Toledo. That tape, combined with Arbulu's accusations, raised questions about the credibility of the president who positioned himself as the champion of anti-corruption forces during the 2000 and 2001 campaigns.

"The lack of transparency in the relationship between the president and the media in this period is disturbing," Soberon said. "This is also a factor that creates distrust and contributes to a general sense of discouragement" about efforts to fight corruption process. Still unanswered are questions about the origin of the tape recording. Vargas Valdivia, the special prosecutor for corruption cases, told a television interviewer on May 5 that investigators believe Montesinos' collection of videotapes is still intact and that the tapes are being used to blackmail political figures and businesspeople.

"We are sure that Montesinos has access to the videos and that extortion campaigns are going on," Vargas Valdivia said. He added that he hoped some of the people who apparently are being pressured would take advantage of a law that provides for more lenient sanctions in exchange for information about corruption cases.

An audio recording was also the downfall of Cesar Almeyda, head of the Consejo Nacional de Inteligencia (CNI), who resigned on April 25 after a taped telephone conversation involving Congressman Mufarech was made public. Almeyda denied that the CNI, successor to the Servicio de Inteligencia Nacional (SIN) that was controlled by Montesinos during the Fujimori administration, had taped the conversation, but acknowledged that the CNI might have purchased the recording from a source. When the Fujimori government collapsed in November 2000, the SIN's electronic eavesdropping equipment disappeared.

Few Peruvians believed the claims of several former SIN agents who said the equipment had been thrown into the Rimac River, which runs through Lima. Government agents recently found a mobile eavesdropping station, apparently dating from the Fujimori era, in a low-income neighborhood in Lima. It is unclear whether the CNI, which has had three directors since Toledo took office and has been widely criticized as inefficient, has similar equipment.

Economic figures do not translate into political capital

Toledo has been unable to calm the troubled political waters even though Peru's economy grew by about 4% last year, more than that of any other Latin American country. Direct foreign investment exceeded US\$1.9 billion, an 83% increase over the previous year, while the region as a whole saw a decrease of 31%. The Economic Commission for Latin America and the Caribbean (ECLAC) is predicting 4% growth in Peru's GDP again this year, compared to between 1.5% and 2% for the region as a whole. Peru's country-risk rating dropped to 368 points in early May, a historical low. While macroeconomic indicators are positive, however, most ordinary Peruvians are not feeling the benefits.

The Instituto Nacional de Estadísticas e Informática (INEI) reports that, while employment in metropolitan Lima increased by 5.6% in the first quarter of this year compared to the first quarter of 2002 and unemployment dropped slightly, from 10.6% to 10%, average income also went down slightly. Workers' average monthly income over the past 12 months was 773 nuevos soles (US\$220), compared to 780 nuevos soles (US\$223) in the previous 12-month period. Women's income dropped even more, from an average of US\$171 to an average of US\$167. The workday exceeds eight hours for 69.8% of workers in the capital, with 40.1% working more than 10 hours a day. Most of Lima's workers are in the sales and service sectors, and about 70% work in the informal economy, without set work hours or benefits, according to a report by the International Labor Organization (ILO) released just before May 1, International Labor Day.

President's popularity back to last year's low

In a poll released on May 2 by the University of Lima's Grupo de Opinión Pública, only 17.2% of respondents approved of Toledo's administration. The president's approval rating had dropped to that level by September 2002, but his popularity rallied during the next several months, especially after he settled a long-standing paternity suit by recognizing Zarai Toledo as his daughter. In the University of Lima survey, 75.1% of respondents disapproved of Toledo's administration and 7.7% did not respond. When given a list of political figures and asked which they favored, Toledo, favored by 5.6% of the respondents, ranked just ahead of Fujimori, with 4.5%. Pollsters say a significant factor in Toledo's low popularity is a public perception that he has failed to fulfill his campaign promises.

On April 25, Toledo's Cabinet chief Luis Solari attempted to change that perception at a press conference at which he presented a summary of the administration's accomplishments since Toledo took office in July 2001. One of the government's most successful programs has been A Trabajar, a job-creation scheme that has provided temporary employment to 125,000 urban and 75,650 rural

workers since it began more than a year ago. Solari also said that more than 19,000 housing units have been built or are under construction as part of two low-cost housing programs, Mi Vivienda and Techo Propio.

Other results, however, are more tenuous. The highly publicized Plan Huascarán, which aimed to bring high technology to Peru's underfunded educational system, has provided 2,356 computers to 1,103 schools an average of one for every 594 students. The respondents who gave Toledo such low marks in the University of Lima opinion poll were slightly more optimistic about the new mayor of Lima, Luis Castaneda Lossio, the former head of Peru's social security system, who was an early contender in the run-up to Peru's fraud-plagued 2000 national elections. But the mayor, who took office in January, unleashed a storm of debate on April 25 when he ordered the statue of Spanish conquistador Francisco Pizarro removed from the city's main plaza. The peripatetic statue, which originally stood just outside the doors of the cathedral, was later moved to a corner of the plaza beside the presidential palace during a wave of nationalism. Castaneda Lossio's announcement that it would be replaced with the flag of Tahuantinsuyo, the multicolored symbol of the empire that preceded the Incas, received mixed reviews. Meanwhile, as a flatbed truck hauled the statue away to a warehouse, the mayor of Piura offered to give it a new home in that northern city.

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