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## Cabinet Resignations Continue in Peru

by LADB Staff

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The deeply unpopular government of President Alejandro Toledo faced more Cabinet resignations and appointed a new prime minister for the second time in six months, finishing 2003 amid allegations of corruption. With his lowest approval ratings ever and less-than-stellar economic growth in Peru, Toledo enters the second half of his presidential term mired in a crisis of governability.

In mid-December Prime Minister Beatriz Merino, a 56-year-old Harvard-trained lawyer who was the first woman to hold the post, stepped down. A media smear campaign preceded her resignation, alleging that she was homosexual and had abused her earlier position as head of the government tax agency, the Superintendencia Nacional de Administracion Tributaria (SUNAT).

Merino took up the prime minister's post in July during a previous Cabinet reshuffle by Toledo. At that time he was facing violent strikes and nearly single-digit approval ratings (see NotiSur, 2003-07-04). Merino enjoyed popularity of more than 60% during her tenure, several times that of the president who appointed her, leading some analysts to say she became a victim of her own success.

Congressman Carlos Ferrero replaced Merino. A member of Toledo's Peru Posible (PP) party, the 62-year-old Ferrero headed the Congress from December 2000 until last July, and many see him as a political peacemaker. In a survey by polling firm Apoyo, 84% of respondents had hoped Merino's replacement would be a political independent like her.

Toledo has been criticized for staffing the Cabinet with more members of the PP. But analysts like Julio Carrion, a political science professor at the University of Delaware, say, "It is very clear that Ferrero is a person who can build bridges." Ferrero has called on the nation's political figures to look for ways to unite and overcome the political crisis threatening the governability of the nation.

### *More ministerial shuffling increases PP presence in Cabinet*

Along with Merino's withdrawal, the president initially demanded resignations from his entire Cabinet, but ultimately replaced only four ministers. The replacements raised the number of PP members in the Cabinet from four to six. The Cabinet ministry is staffed as follows:

Prime minister: Carlos Ferrero

Foreign relations: Manuel Rodriguez

Economy and finance: Jaime Quijandria

Agriculture: Jose Leon

Defense: Roberto Chiabra

Education: Carlos Malpica

Energy and mining: Hans Flury

Production: Javier Reatequi

Foreign commerce and tourism: Alfredo Ferrero

Interior: Fernando Rospigliosi

Justice: Fausto Alvarado

Labor and job promotion: Juan de Dios Ramirez

Women and social development: Ana Maria Romero-Lozada

Health: Alvaro Vidal

Transportation and communications: Eduardo Iriarte

Housing, construction and sanitation: Carlos Bruce

Toledo did not replace Economy Minister Jaime Quijandria, an ally of Merino, to the relief of foreign investors. Investors see Quijandria as a steady hand for the US\$60 billion Peruvian economy.

Quijandria recently announced that Peru's GDP grew 4% in 2003, saying that figure is well below the 7% growth necessary to fight poverty and advance development. He forecast that the GDP might rise to 4.5% in 2005 and 5% in 2006. Peru saw a loss of 40,000 jobs last year in a country where urban unemployment stands at 9.3% and poverty rates come up to 50%.

Corruption allegations lead to more resignations

### *Corruption allegations lead to more resignations*

Toledo's new minister of women and social development, Nidia Puelles, did not last a week in her new position before accusations of corruption forced her to resign. Her replacement was Ana Maria Romero, who had held the post until last June. A party colleague had accused Puelles of giving jobs to friends and taking from subordinates' salaries to fill PP coffers. Puelles denied all allegations, saying, "I am accused of false things."

Labor Minister Jesus Alvarado also resigned after the New Year, accused of placing more than a dozen of his relatives in state posts, among them brothers, children, and in-laws. Replacing Alvarado was former labor union official Juan de Dios Ramirez Canchari. The head of the labor organization Confederacion General de Trabajadores del Peru (CGTP) has expressed satisfaction with Canchari as labor minister, but Deputy Barbara Caballero of the conservative Unidad Nacional (UN) said the former metallurgical worker and legislator would create "a series of conflicts with the business community of Peru." She called Toledo a weak president who has "become a prisoner of Peru Posible, a puppet of interests created by his party."

Repeated corruption scandals, which earlier led Vice President Raul Diez Canseco to resign from his post as foreign trade and tourism minister (see NotiSur, 2003-12-12), have led the party to investigate its members and require them to report any contracting done with their relatives. The PP's National Executive Committee intends to purge 33 members from its ranks for committing grave infractions and betraying party statutes. Of those, 15 are said to have committed acts of corruption while fulfilling their roles as public administrators. The committee plans to submit the list of members to be purged to Toledo by the end of the first week of January.

### *The governability crisis deepens*

Prime Minister Ferrero recently cast aside speculations that the legislative alliance between the Frente Independiente Moralizador (FIM) and Peru Posible (PP) was in danger of breaking down. The breakdown of that alliance would disrupt the PP's ability to pass legislation.

Ernesto Toledo Bruckmann of the Los Angeles, California, Spanish-language newspaper La Opinion said that the recent series of resignations had "debilitated" Toledo's Cabinet, throwing Peru into a "political crisis that questions the ability of the chief executive to lead."

The foremost opposition party in Peru, the Alianza Popular Revolucionaria Americana (APRA), has met with national union and business associations, proposing to form a national front that could govern the nation. The leader of APRA, former Peruvian President and front-runner for the 2006 presidential race Alan Garcia (1985-1990), is trying to form a broad-based coalition built from different social, political, and economic groups.

In December, Garcia met with figures from the CGTP and the business group Confederacion Nacional de Instituciones Empresariales Privadas (Confiep). APRA and CGTP officials deny, however, that they are interested in pushing for presidential elections earlier than the end of Toledo's term in 2006. Toledo has now completed the first half of his five-year term as president and his low popularity is one of the most outstanding characteristics of that time in office. His Cabinet has seen high turnover and the nation has repeatedly weathered violent strikes and states of emergency (see NotiSur, 2002-06-21, 2003-06-06).

A recent poll by the Universidad de Lima found that Toledo had an approval rating of 10.3% and that opposition to him had reached 84.6% within the Peruvian population. Experts say the low estimation the public has of Toledo puts him "against the wall." Many are upset with his failure to

fulfill the promises he made to create jobs, strengthen institutions, overcome poverty, and stabilize the nation.

About the only place Toledo has been popular, reports The Independent of London, is as a New Year's Eve pinata. Shopkeepers said traditional holiday effigies made in the image of Toledo, which would be destroyed for good luck, were selling extremely well.

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