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## Perez Inaugurated in Peru

by LADB Staff

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Former president of Peru Alan Garcia Perez (1985-1990) returned to office on July 28. Among his first acts as president were declaring austerity in public spending, reducing his own salary, and calling for the death penalty for child molesters. In the Congress, Mercedes Cabanillas, a member of Garcia's Alianza Popular Revolucionaria Americana (APRA), won the presidency of the 120-member legislative body.

### *Pledges austerity*

The 57-year-old Garcia, sworn in as president 16 years after his first five-year term ended in a debt default, hyperinflation, and food shortages, said his new government would provide jobs, housing, and health care while seeking to avoid excessive spending. Garcia attacked waste in the administration of outgoing President Alejandro Toledo, a Stanford University economics graduate and Peru's first democratically elected leader of indigenous descent.

Speaking at the nation's Congress after receiving the presidential sash, Garcia said he would seek to renegotiate natural-gas contracts to lower local prices and force employers to accept an eight-hour day with overtime pay for all workers. "Peru can grow and advance much more," Garcia said in his inaugural speech. "But it must be growth with a stable currency and prices." Garcia said he would close six embassies and cut the president's salary and that of other officials by executive order to help fund some of his proposals. Garcia said that in the first 17 months of his new administration he plans to spend US\$1.6 billion to build roads, schools, and health clinics in rural areas where poverty is most severe. He said the program would be funded with loans from international lenders like the Inter-American Development Bank (IDB), voluntary contributions from mining companies, and savings from austerity measures.

Peru's overall budget is nearly US\$16 billion. He said he would restore the agricultural loans offered to peasant farmers during his first administration, a program that was widely criticized as wasteful and subject to political patronage. Garcia said he was lowering the annual presidential salary from US\$144,000 to US\$60,000. Toledo originally set his salary at US\$216,000, the highest of any Latin American president, but later reduced it under intense public pressure. Garcia also said he was lowering the pay of 17,000 high-ranking officials.

Other austerity measures include halving the Government Palace's US\$6 million annual budget and directing the savings to a rural irrigation project that Garcia said would benefit 15,000 people. "We are here to serve the people," he said, drawing strong applause. "Millions of Peruvians are without jobs but they pay for our salaries." Garcia won the presidency in a June 4 runoff against Ollanta Humala of the Union Por el Peru (UPP) coalition. Humala's party became the largest opposition force in the Congress, but the nationalist leader has so far not managed to maintain unity among his congressional bloc (see NotiSur, 2006-06-16).

Garcia has 50% popularity going into office. While his spending initiatives have garnered support from international lending institutions and foreign investors, Garcia enjoys less support from the Peruvian electorate. Polls show Garcia has 50% support nationwide, in contrast to 1985 when his popularity topped 90%. His support is strongest in urban areas; many in the rural hinterlands question his commitment to the poor.

"Alan Garcia is not a good man. He really favors the rich," said Apolinar Apaza Huillca, a 35-year-old Quechua-speaking farmer dressed in worn clothing and sandals in Cuzco, the ancient capital of the Inca Empire. "I don't believe in the Apristas," he said, referring to members of Garcia's party. "They made us suffer hunger. During their time there was no rice, sugar, or other things." The economic effects of Peru's bilateral trade agreement with the US will likely be one of the most important elements of Garcia's tenure, if and when the US Congress ratifies it.

On June 28, Peru's Congress ratified the US-Peru Trade Promotion Act (PTPA), which proponents in the Toledo administration have said will create growth in Peru, while opponents of the deal argue that US competition will demolish key sectors within the Peruvian economy (see NotiSur, 2006-07-21). A repeated problem during the Toledo administration was the failure of continuous, steady economic growth to make a serious dent in Peru's widespread poverty and unemployment.

*Toledo leaves behind solid economic growth 6.5% last year but poverty figures have barely budged, with more than half of Peruvians surviving on less than US\$2 a day. During Garcia's campaign, he pledged to extend the benefits of Peru's longest unbroken stretch of growth to the Andean nation's 13 million impoverished people while maintaining a near-zero deficit.*

### *Garcia calls for reinstating death penalty*

One of Garcia's more attention-grabbing proposals after entering office was his call to instate the death penalty for individuals convicted of raping minors that they then killed. "Criminals need much more severe penalties and, in the face of the horrendous crime of rape followed by murder of underage kids, I believe these people have no right to live," Garcia told reporters in August. "Society must defend itself from them, reinstating the death penalty."

A number of prominent officials immediately rejected Garcia's proposal, including former conservative presidential candidate Lourdes Flores, Attorney General Adelaida Bolvar, and experts who said the legal change would force Peru to leave the Pact of San Jose and inter-American human rights system, since capital punishment is incompatible with the Organization of American States (OAS) convention. Bolivar recalled that the Congress had recently decided that courts would impose life sentences to rapists of children less than seven years old, when before prison sentences were set at no less than 25 years. Heads of the Corte Suprema de Justicia (CSJ) and the Tribunal Constitucional (TC), the nation's top courts, also rejected the proposal.

CSJ president Walter Vasquez Vejarano and TC President Victor Garcia Toma agreed that the death penalty is not a deterrent for violent criminals. Six women and six APRA members in Cabinet On July 27, Garcia fulfilled a pledge to draw talent from across the political spectrum in his 16-member Cabinet by appointing six women, including Peru's first female justice and interior minister. Garcia also named former Central Bank director Luis Carranza, a hard-line fiscal conservative, finance minister. Jorge del Castillo, secretary-general of Garcia's APRA, was named Cabinet chief.

"There are six women leading six ministries, six registered APRA party militants, and there are nine independent technocrat professionals," Garcia told reporters. Dr. Pilar Mazzetti, a neurologist who is Peru's current health minister, was named interior minister, putting her in charge of Peru's police, customs, and immigration agencies. Maria Zavala, chief of Lima's Superior Court, will lead the Justice Ministry, while Allan Wagner, foreign minister in Garcia's first administration, will become minister of defense. Veteran diplomat Jose Garcia Belaunde was chosen foreign minister.

APRA Deputy Mercedes Cabanillas heads Congress Garcia's APRA party gained control of the country's Congress for the first year of his five-year term when lawmakers chose one of his fellow party members as president. The 120-member Congress elected Mercedes Cabanillas, 59, a former education minister and presidential candidate, by 102 votes with eight abstentions in balloting broadcast by state television TNP.

Opposition parties did not field candidates. "This Congress demands, now more than ever, agreement among all Peruvians," said Cabanillas, a Congress member since 1985. "The election campaign raised the alarm about our inability to solve the country's problems."

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