Peru’s President Toledo Discusses Progress, Challenges for Latin America’s Economic Development

CLAI and Embassy of Peru sign agreement creating “Peru at GW” Program

Alejandro Toledo, President of Peru, addressed an audience of hundreds at GW on Tuesday, September 21. In an event organized by GW’s Center for Latin American Issues (CLAI), the Council of the Americas, and the Embassy of Peru, President Toledo discussed Peru’s economic environment and its integration into the global economy.

President Toledo and GW President Stephen Joel Trachtenberg witnessed the signing of an agreement between CLAI and the Embassy of Peru that will greatly expand GW programs and activities focused on Peru. Opening the program, Dr. James Ferrer, Jr., Director of CLAI, reported said that the new program’s objectives are to:

* Help disseminate knowledge of Peru;
* Engage Washington-based decision-makers on issues affecting Peru and its people;
* Stimulate research and study of Peru and Peru-centered subjects;
* Promote closer ties between the peoples of Peru and the United States, and between their respective economic, political, academic and civil society institutions.

Peru at GW, as CLAI has dubbed the program, builds on the traditionally strong ties between the University and the Andean nation. GW has several faculty members whose academic careers have focused largely on analyzing and writing about Peruvian culture, history and politics. Fernando Belaúnde Terry served as a professor at GW from 1973 to 1976 and gave an address at GW during his second term as president of Peru in the early 1980s. Alejandro Toledo spoke at GW when he was a candidate for president in 2000. President Trachtenberg noted the clear connection between President Toledo’s decision to visit GW and his ensuing political success.

President Trachtenberg honored President Toledo with the University’s President’s Medal. The President’s Medal is awarded to individuals with extraordinary achievements with whom the University has a special relationship. Past Medal recipients include Vaclav Havel; Romanian President Ion Iliescu; Mikhail Gorbachev; Georgian President Mikheil Saakashvili; Walter Cronkite; and Abba Eban.

During his speech, President Toledo spoke of his goals of integrating Peru more fully into the global economy and reducing poverty in his
country. He spoke at length about the fundamental challenge faced by many Latin American leaders who seek both to implement sound economic policies and to maintain popular political support.

During President Toledo’s administration, Peru’s economic indicators have been among the strongest in the hemisphere. In the past three years, Peru has enjoyed 4% annual growth in GDP; at $10 billion per year, its exports are at an all-time high; and its country risk rating is below the Latin American average. In spite of these positive economic indicators, President Toledo’s public approval rating has been consistently low. He noted, “In the last month, my approval has increased 100%, and it’s still low!”

President Toledo explained that his approach has been to sacrifice short-term political support in favor of economic policies that he hopes will produce medium- and long-term benefits for the nation. In a nation where 54 percent of the population lives below the poverty line, and 23 percent live in extreme poverty, the trickle-down approach to economic development does not satisfy the vast majority. He said that, in meetings planned with the IMF and World Bank, he will urge the international financial institutions to encourage creativity and innovation in finding ways to increase political leaders’ freedom to invest in public development projects, especially health care and education.

While international organizations and developed countries must be flexible and supportive of underdeveloped nations’ desire to invest in social development projects, Latin American leaders have a vital role to play as well. In particular, President Toledo mentioned that presidents in the region must decrease military spending, spending which unnecessarily reduces public resources available for more important tasks of development. He proclaimed, “The enemy is poverty and it cannot be fought with military hardware.” President Toledo’s administration has reduced military spending by 22 percent.

Successfully meeting the development needs of the nation has wider implications than the success of his own political career, President Toledo said. He praised Peru’s efforts to recuperate democracy after the collapse of the Fujimori administration. But progress toward consolidating democracy and democratic institutions is not guaranteed, he warned: “If we don’t increase public investment, democracy in the Latin American

GW president Trachtenberg and other GW participants gather with President Toledo for a group photo
region is at risk...We must listen to the people in the streets of Buenos Aires, La Paz, Bogotá, Quito, Caracas and Lima,” referring to the protesters in those Latin American capitals.

President Toledo noted the importance of Peru’s relationship with the United States, and commented that he hoped to return to Washington, D.C. early next year to sign a free trade agreement with the U.S. He said that both the U.S. and Peru would benefit considerably from a free trade agreement. He also hopes to sign free trade agreements with the European Union and with China.

President Toledo pointed out that 1.1 billion people worldwide live in extreme poverty. The most effective role the state can play in helping people rise out poverty with respect, he said, is to increase investment in health and education. “The is no better investment than investing in the minds of your people.” Upon receiving the President’s Medal, President Toledo he said he accepted the honor from GW “as a symbol of the importance of education in the development of Peru.”