Op-Ed

The Outsider as an Effect of the System:
Peru’s Ollanta Humala

Maxwell A. Cameron

Does support for outsider candidate Ollanta Humala indicate that some Peruvian voters are, once again, poised to shake up the political system? From August 2005 to mid-January 2006, Humala’s popularity grew from 7 to 28% in the polls, but by late January it dropped to 22%. With an 8-10% lead, Lourdes Flores Nano, leader of the National Unity (UN) alliance, seems likely to win first place in the April 9 election. If she does not capture 50% plus one vote, however, she must enter a second round.

Like Hugo Chávez of Venezuela and Lucio Gutiérrez of Ecuador, Humala launched his political career by leading an unsuccessful military rebellion. That earned him *bona fide* anti-system status. Yet Humala’s candidacy is, in some respects, a predictable effect of the way the Peruvian political system rewards political amateurs who pose as strongmen.

The formula for winning power in Peru is to capture enough votes to occupy the presidential palace, and then use executive power to bully the congress and courts into submission. The public not only tolerates but expects the executive to act like a legislator; members of congress, operating at the behest of the executive, or as its mortal enemies, routinely act like judges; and the judiciary itself is the grand prize of the whole political struggle because control over judges permits corruption and legal persecution of adversaries.

Humala initially looked like a tough anti-corruption crusader who could capitalize on widespread disapproval of public institutions, especially the president, parties, and congress. He threatened to investigate corruption by incumbent Alejandro Toledo (2001-2006), whose approval ratings have hovered between 8 and 14% since mid-2003. The current congress is denounced daily in the press as a grotesque house of horrors where the owner of a hotel of ill-repute can fraternize with a confessed bigamist, and nepotism and influence peddling are shamelessly pursued. Leaving aside illicit earnings, the average income of a member of congress is 18 times the nation’s per capita income. Voters are itching to throw the bums out.

Peruvian voters have shown a penchant for supporting outsiders, especially since the election of Alberto Fujimori in 1990. When Fujimori was detained in Chile in November 2005, many of his votes, especially in the southern highlands, migrated to Humala. Humala’s Peruvian Nationalist Party was not properly registered in time for the elections, so he is running on another ticket—the Union for Peru (UPP).
After a promising start, Humala’s campaign was beset by serious problems. There were two legal challenges initiated against his candidacy, followed by allegations that Humala helped plan a futile and bloody military uprising led by his brother, Antauro, in January of last year. Infighting over spots on the list of congressional candidates led to a bogus assassination plot and the seizure of party locales. One of his vice presidential candidates has been accused of sexual harassment. Worse of all, there are credible allegations that in 1992 Humala was “Captain Carlos,” a military commander who operated a counter-insurgency base responsible for documented cases of torture and disappearances.

In contrast to Humala, Flores has run a tight ship. A long-time leader of the Popular Christian Party (PPC), the main pillar of the UN alliance, Flores is a smart, hard-working candidate, who enjoys popularity outside the affluent districts of Lima, the historic stronghold of the PPC. Yet her popularity in the provinces and shantytowns is almost entirely due to her personal appeal rather than to organized party-society linkages. She is also, in spite of efforts at renewal, surrounded by insiders: her number two for congress is Javier Bedoya de Vivanco, son of the founder of the PPC and brother of Luis Bedoya, who was sentenced to jail for accepting money from Vladimir Montesinos, Fujimori’s corrupt intelligence chief. One of her two vice presidential candidates is Arturo Woodman, a prominent businessman who propagated meetings between Dionisio Romero, head of the Romero economic group, and Montesinos. Other members of her congressional slate have questionable links to the Fujimori government and to Montesinos. Flores’ financial backers allegedly offered money to a marginal candidate (one of 24 registered in January) to throw his support behind Flores.

The American Popular Revolutionary Alliance (APRA), Peru’s best-organized and financed political party, stands at about 13% in the polls. Its candidate, former president Alan García, occupies the center of the ideological spectrum. His strategy is to portray Flores as the candidate of business, and Humala as a harbinger of chaos, violence, and improvisation. The trouble is, with high negative ratings, García can locate himself close to the average voter, but the average voter does not want to be close to him. Voters over 30 remember how García’s term (1985-1990) ended in hyperinflation, economic collapse, and Hobbesian levels of insecurity. García rekindled these bitter memories by selecting retired admiral Luis Giampietri, who was implicated in the prison massacre in El Frontón in 1986, as one of his vice presidential candidates. García might be a long shot, but his strategy is to position APRA to capture the political windfall should one of the front-runners fizzle. With Humala’s campaign stalled, the big question at this time is who will place second in the likely event that Flores does not win in the first round?

Cuba 2005: The “Alice in Wonderland” Economy

Jorge Pérez-López

In his year-end report to the National Assembly of People’s Power, Minister of Economics and Planning José Luis Rodríguez delivered astonishing news: the Cuban economy grew in 2005 by 11.8%, probably one of the highest economic growth rates in the world. If this statistic presented a true picture of economic activity growth and of improvement in the material well being of Cubans compared to the previous year, it would indeed be a remarkable accomplishment for the Cuban nation. There is strong evidence that, to a large extent, it is a gross manipulation designed to obfuscate the truth and to advance domestic and international political objectives.

A Reality Check on Economic Performance

The purported stellar economic growth performance in 2005 is all the more startling in light of statistics provided by Rodriguez in his own report or available from other sources:

- Oil and gas production declined by 3.7% compared with 2004.
- Nickel output was unchanged compared to 2004, although higher world market prices for nickel improved the export performance of the sector.
- Rodríguez made no reference in his report to sugar production, an unthinkable omission a few years ago, but not entirely unexpected since President Fidel Castro already proclaimed in March 2005 the demise of the sugar era in Cuba. Reliable sources have reported that the 2004-2005 sugar crop amounted to 1.3 million tons, the lowest production level in a century (1.23 million tons were produced in 1906). Since domestic consumption is approximately 700,000 tons, barely 600,000 tons would have been available for export in 2005.
- During the first half of the year, the island was affected by a severe drought that reduced production of milk, grains, vegetables, and viandas, resulting in production losses estimated at 1,350 million pesos. Cuba was
also hit during the year by three hurricanes (Dennis in July; Rita in September; and Wilma in October) that wreaked havoc with agricultural production and damaged or destroyed thousands of housing units, electricity distribution lines, tourism facilities, and schools and hospitals. The losses to the economy associated with the three hurricanes have been estimated at 2,311 million pesos, for a total of 3,681 million pesos in losses in 2005 associated with adverse weather conditions.

- The only reported agricultural production increases were for eggs and pork, and among processed foods, for yogurt and pasta. Minister Rodríguez stated that food consumption was not adversely affected by the sagging agricultural sector because food imports increased significantly (by 43.2%).

- Non-sugar manufacturing output rose by 3.2%, with 12 of the 20 branches of industry showing increases in output; growth leaders within the manufacturing sector were non-ferrous metallurgy (19% increase, boosted by a 15-fold increase in the production of pressure cookers, a priority of President Castro), beverages and tobacco (6.4%), and fuels (6.1%). Although there are no official statistics on electricity generation, the wave of blackouts that affected cities and rural areas suggests that the electricity generation sector did not perform well and adversely affected other areas of the economy.

- Through September 2005, merchandise imports were three times the level of exports, resulting in a huge merchandise trade deficit. According to Vice Minister of Trade Antonio Carricarte, goods exports in 2005 were adversely affected by lower world market prices for nickel and decreases in the quantity of sugar exports.

Gains in Services Sectors and Help from Good Friends

In contrast with the decidedly poor performance of the goods-producing sector of the economy, Minister Rodríguez reported that 2005 was a banner year for the services-producing sector:

- The transportation sector grew by 7.7%, boosted by gains in rail transportation, road cargo transportation and warehousing, and passenger road transportation.
- The construction sector also expanded, particularly housing construction.
- The communications and informatics sector expanded by 8%.
- The number of tourists grew by 12% to 2.3 million, and income generated by tourism by 10.7%.

Note, however, that expansion in the value of output of none of these sectors reached or exceeded the reported overall growth rate of 11.8%.

Critical for Cuba’s economic growth in 2005 were the trade and aid relations forged with Venezuela and China. Venezuela, the island’s largest trading partner, sold Cuba an average of 98,000 barrels per day of oil—valued at a reported US$1.1 billion—pursuant to a long-term energy cooperation agreement, expanded in April 2005 through a bilateral agreement negotiated as part of the Bolivarian Alternative for the Americas (ALBA), Chávez’s response to the Free Trade Area of the Americas. China stepped up economic relations with Cuba, providing lines of credit to the island to purchase Chinese goods and making important investments in the island.

Fictitious Growth

Since 2002 President Castro has been outspoken on the weaknesses of the methodology developed by the United Nations to estimate the gross domestic product (GDP) of a nation, arguing that it underestimates Cuba’s economic growth. In his report to the National Assembly at the close of 2003, Minister Rodríguez already reported two rates of growth for Cuba, one based on the “conventional” GDP methodology and another one (higher by 46%) based on a “new methodology” that adjusted GDP to account for the free services that the Cuban population received. For 2004, he announced a growth rate of 5%, stating that the calculation was based on a partial revaluation of services offered to the population, and warned that in the future “the calculations must continue to be perfected […] at the same time that we continue to develop other methods and indicators that will reflect more adequately our social and economic advances” (Informe sobre los resultados económicos del 2004 y el Plan Económico Social para el 2005, http://www.cubagob.cu/mapa.htm).

In presenting the whopping 11.8% growth rate for 2005, Minister Rodríguez cryptically explained that “it includes the value added by social services offered to the Cuban population and that have also benefited citizens of other countries.” Osvaldo Martínez, head of the Economic Affairs Commission of the National Assembly and a former Minister of Economics and Planning, was more explicit:

The Cuban reality, where important sectors with high levels of employment such as education, public health, culture, sports, are not based on the sale of their output, as is the case in capitalist economies, does not fit within the traditional GDP methodology. […] According to the traditional GDP methodology, their contribution to economic activity should be measured by aggregating expenditures, thereby underestimating the value added by these fundamental services in social and
human terms. Our [new] method has improved the calculation of value added generated by these services, although we are still applying rates well below international standards [http://www.cubaminrex.cu/Actualidad/2005/Intervenci%F3n%20del%20%20Pdte%20de%20Asuntos%20Econ%F3nicos.htm].

In other words, what Cuba has done in 2005—and partially in 2004—is to value social services at some shadow market price and to include the total in the value of the production of goods and services of the nation. This means that the value of output generated by Cuban statisticians for 2005 is neither comparable with output for previous years nor with output measures produced by other countries that follow the United Nations GDP methodology. ECLAC did not include the 11.8% growth rate reported by Cuba in its publication regarding Latin American economic performance in 2005. In its brief analysis of Cuban performance in 2005, it included a footnote saying that the data on growth provided by the Cuban government, “included in its calculation a very high level of exports of social services to various countries, particularly to the Bolivarian Republic of Venezuela. ECLAC is evaluating this calculation in light of the methodology developed by the United Nations, an evaluation that is still ongoing, and therefore ECLAC does not have estimates of its own. In addition, Cuba has begun to apply a new valuation of social services, which is also being analyzed” (ECLAC, Balance Preliminar de las economías de América Latina y el Caribe, 2005, 169).

Alice in Wonderland Economy

What can we say, then, about Cuban economic performance in 2005? Unfortunately, not very much that is based on hard statistical data. Performance of the agricultural and industrial sectors—the sectors that put more food and basic products in the hands of consumers and generate electricity to provide lighting and preserve food—seems to have been lackluster at best. The average Cuban consumer does not benefit from a revaluation of the value of social services or of exports of teachers or physicians to Venezuela.

The perverse effect of the fictitious economic growth statistics is that they provide fodder for misguided triumphalism by Cuban government officials, such as Castro’s statements that Cuba is on its way to “economic invulnerability” (whatever that means) or by National Assembly Deputy Martínez that these figures demonstrate “the superiority of Cuba’s social system within Latin America.”

Minister Rodríguez has forecast a growth rate of 10% in 2006, a year that promises further centralization of economic decision-making and dismantling of what is left of market-oriented reforms (under the guise of combating theft, corruption, and illegal economic behavior), a new “energy revolution,” a very large housing construction plan that foresees building 150,000 new dwellings, and an (unspecified) set of “strategic actions” to combat the problem of droughts. As Alice cried out, “curiouser and curiouser!”

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Following an exchange of severe diplomatic actions and statements with the United States’ government—including the expulsions of a US naval attaché from Caracas and of a Venezuelan diplomat from Washington—Venezuelan President Hugo Chávez called for the immediate creation of a military reserve of a million well-armed and well-equipped troops in case of a US invasion, during a rally on February 4 in Caracas to celebrate a failed coup led by Chávez in 1992. Referring to the scenario of an intervention, he also warned that it would not only be a war against Venezuela, because he was certain that other American nations would rise up as well.

According to a BBC correspondent, the rally in Caracas “got off to a militaristic start, with a bugler heralding the arrival of President Chávez at the podium.” In his speech at the rally, with an inflammatory rhetoric Chávez reciprocated the comparison that the US Secretary of Defence Donald H. Rumsfeld made of the Venezuelan President with Adolf Hitler, saying that “Hitler would be like a suckling baby next to George W. Bush” (Reuters, EFE, 4/2/06).

The previous day, Chávez had met in Havana with Cuban president Fidel Castro in several public activities that included a rally of approximately 200,000 Cubans and Latin American students gathered in Havana’s Revolution Square to honour Chávez with the UNESCO “José Marti” prize. This prize was created in 1994 on the initiative of Cuba to recognize an individual or institution contributing to the unity and integration of countries of Latin America and the Caribbean. Castro and Chávez also broadened previous agreements under the Bolivarian Alternative for the Americas (ALBA) with the signing of a new cultural fund that includes the creation of ALBA’s record label and publishing house. They also underscored the need for Latin American unity and their “anti imperialistic” positions regarding the US (AP, Granma, Prensa Latina, ALN).
The Hong Kong WTO Ministerial and the FTAA

Donald R. Mackay

The World Trade Organization (WTO) has now had six Ministerial level conferences, the highest level of decision-making in that organization. The latest was the December 2005 meeting in Hong Kong. That meeting came four years after the ministerial in Doha that launched the current round of negotiations and two years after the disastrous meeting in Cancún.

Hong Kong witnessed many of the same sorts of public protests that accompanied previous meetings but now the protagonists are almost exclusively identified as South Korean or Japanese rice farmers rather than the anti-globalists who mugged for the TV cameras in Seattle (1999). This helps to define the terms of debate and discussion a bit better: Earlier protesters claimed to be seeking broad goals of social justice while those present in Hong Kong were clearly pursuing their own narrow economic interests.

In the Americas, eight meetings of trade ministers have been held in pursuit of a Free Trade Area of the Americas (FTAA), with Miami (2003) being the most recent. The Miami compromise called for common core disciplines and freedom for countries to take on higher disciplines in areas such as investment. Since then, there have only been a few unenergetic attempts by the two co-chairs (Brazil and the US) to work out the differences that were paperced over in Miami so that the negotiations could proceed. The group led by Brazil had come to view an ambitious FTAA agenda (which included intellectual property, investment and government procurement issues) as beyond reach, especially in the absence of US offers to curtail agricultural subsidies and anti-dumping measures. The dividing line between the two is subject to differing interpretations and the lack of energy exhibited by the co-chairs led both Mexico and the Caribbean Community (CARICOM) countries to launch their own initiatives to get the FTAA talks restarted but neither has proven to be successful.

Many of the issues at play in the FTAA are issues also being fought over in the WTO and none are more pressing than those related to trade in agricultural products. Generally speaking, developing countries have been pressing industrialized countries to reform their agricultural sectors so that effective market access would be on the table along with calls for reform of subsidies given to farmers in developed countries. That many of the issues were global and thus transcended regional arrangements has been long acknowledged with the US in particular, arguing that its hands were tied regionally until it (or the rest of the world) could get sufficient movement out of other countries such as the European Union (EU). That possibility, it was argued, was best pursued in the WTO and therefore the FTAA negotiations became largely dependent on success at the global level.

So what happened in Hong Kong and will any of the outcomes inject any optimism in the slumbering FTAA negotiations?

WTO Ministers did agree to set a new deadline, April, for decisions long overdue in tariff reductions for industrial and agricultural goods, and in trade in services. Agreement was reached to eliminate agricultural export subsidies by the end of 2013—almost a full working generation after the issue started to be addressed in the Uruguay round launched in 1986—and some small, if useful, progress was made in pledging further technical assistance for poorer countries to increase their trade negotiating capacity. Europe and the US still remain split on the major agricultural issues with the former also calling on developing countries to offer additional concessions in areas of non-agricultural trade.

As in Seattle and Cancún, poorer countries reinforced their ability to block agendas through the WTO’s tradition of consensus decision-making. Venezuela, while attempting to play the ultimate spoiler card, actually had to be strong-armed by countries such as India and Brazil in the dying moments of the meeting. At the closing session where only the Chair was scheduled to speak, Venezuela demanded an opportunity to voice its “reservations” to the Ministerial Declaration.

The Venezuela episode, however, points out another major stumbling block on the FTAA front. While the FTAA was launched with strong regional support in the 1990s, that political support has steadily eroded and nowhere more so than in Latin America. This region is now divided into two camps—those opposed to dealing with the US and those who have concluded that any comprehensive regional approach is doomed and have thus adopted a bilateral approach.

Venezuela is in the camp of the unalterably opposed. Recent political changes in Bolivia could easily add that country to the growing list. Tactically, Brazil—joined occasionally by its Mercosur partners—is also opposed to a regional agreement, preferring instead to try and force the US into a bilateral agreement in which Brazil believes its interests can best be pursued. The difficulty facing Brazil is that many of its demands on the US are linked to the WTO, such as reductions in domestic agricultural subsidies. The challenge for Brazil is to reconcile the fact that the EU and the US each represent a quarter of Brazil's export markets but Brazil itself does not represent a big enough market that would prompt
either the US or the EU to accede to Brazilian demands. The lagging EU-Mercosur free trade agreement negotiations underscore this reality. Brazil’s tactics have therefore borne little fruit to date.

Chile and Mexico both enjoy protected access to US markets through their respective bilateral trade agreements and were joined recently by Peru which concluded its own bilateral deal with the US in December 2005. Negotiations continue between the US and Colombia and Ecuador. Central America and the Dominican Republic have also inked agreements and while implementation has been delayed in some countries, such as Guatemala, the bilateral route to the largest market in the Americas is firmly established for these countries.

Thus, while the agreement to eliminate agricultural export subsidies by 2013 is marginally useful, the Hong Kong WTO outcome contains little that would inject optimism into the FTAA process. A slim hope still exists that further progress can be made by April or shortly thereafter. However, the scheduled expiry of President Bush’s Trade Promotion Authority (TPA) in 2007 means that the effective deadline for any global or regional agreement is the end of 2006.

Clearly there is more sand in the bottom than in the top of the hourglass.

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Venezuela: The Challenges of Electoral Disenchantment
Francine Jácome

The abstention rate for the eight national elections held between 1963 and 1998 ranged from 3.5% to 40%. During the six elections in the 1999–2005 period, abstention oscillated between 33.4% and 75%. According to preliminary figures from the National Electoral Council (CNE), of the 25% of the electorate who cast votes in the most recent election, approximately 10% deliberately spoiled their ballots, arguably due to the decision of the majority of opposition parties and independent candidates to withdraw from the contest, claiming that an audit of the automated system raised concerns about the secrecy of the vote. As a result, the new National Assembly that assumed power in early January 2006 was elected by roughly 15% of eligible voters and is composed entirely of pro-government parties.

Abstention is conditional first and foremost on political polarization. An ever-growing segment of the population that does not identify with the government or the opposition—the “Neither-Nors”—has distanced itself from the political debate. Secondly, the low turnout reflects a lack of confidence in the CNE. The appointment of the current board of the electoral authority was inconsistent with the 1999 Constitution, and it is perceived that four of its five members are openly pro-government and one is sympathetic to the opposition.

Moreover, blatant pro-government advantage—highlighted by international observers—was evidenced by the use of national, regional and local government resources for electoral propaganda and the mobilization of the people; the open participation of public officials in the campaigns; and the fact that these centred on the president. Also, government employees and others who depend on government programs were pressured to vote. Although electoral law expressly prohibits such activities, the CNE has not taken any investigative action or, where warranted, punished violations.

Principal Recommendations
In light of this situation that undermines the legitimacy of institutions, elected ones in particular, various national and international actors have issued a series of recommendations. With respect to the organization of elections, the Organization of the American States, the European Union, as well as political and social representatives have proposed six fundamental conditions: the appointment within the first three months of 2006 of a new CNE that reliably demonstrates its independence even though it should be appointed by the National Assembly wholly controlled by pro-government forces; the implementation of an independent audit of the Permanent Electoral Registry prior to the December 2006 presidential elections; the establishment of a mechanism for dialogue between the government and opposition to draft agreements aimed at restoring confidence in the electoral system; the establishment of clear rules for the 2006 elections by rectifying gaps and inconsistencies in the current electoral regulations before May 31; the strengthening of the principles of separation, independence and balance of powers; and, lastly, to ensure the participation of international observers throughout the electoral process, not just on the voting day. Likewise, during the elections sufficient safeguards must be in place to ensure the secrecy of the vote including the elimination of fingerprinting devices and electronic voting notebooks, and allowing a manual count of all ballots to verify the automated results.
Outlook for the December 2006 Presidential Elections

The ideal scenario, which would renew confidence in the electoral process, would come about through a mechanism for dialogue and negotiation between the opposition and government. Talks would address the principal recommendations outlined above and make certain the complete adherence to the agreements reached, which would encourage the opposition to participate in the electoral race. The opposition’s participation would give lieu to two sub-scenarios: if the opposition unites around a single candidate and a platform with widespread support, it will have a chance of winning, provided elections are transparent. However, if several opposition candidates run, the president will likely be re-elected.

In the second scenario, different sectors of the opposition would decide to run (a united campaign or put forth various candidates) even though the recommendations were not implemented. It is likely that the abstention rate would decline but remain high, which would be detrimental to the opposition. Excluding some unforeseen event, the president would be re-elected.

In a last scenario, the opposition would unite to boycott the elections as a result of the government’s failure to respond to these minimum conditions, and the president would win uncontested. This situation would reveal a deepening mistrust not only of the electoral process, but also of the entire institutional system, and undermine the democratic system considerably. As the ability of democratic institutions to resolve disputes and transfer power is weakened even further, non-democratic and even violent mechanisms may gain support over the longer term.

To avoid an escalation into violent conflict, the primary challenge of the political leadership, both on the side of government and that of the various opposition forces, is to seek the necessary means to restore voter confidence and overcome the lack of participation. It is in their hands. The 2006 elections could be a breaking point between democracy and authoritarianism in democratic guise.

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ABSTENTION RATES IN NATIONAL ELECTIONS
1963-1998 vs. 1999-2005

Notes:
1999 (62.4%): Referendum to approve the Constitutional Assembly
1999 (55.5%): Referendum to approve the 1999 Constitution
1999 (53.7%): Representatives to the National Constitutional Assembly
2005 (75%): The CNE has not published the official figures as of January 23, 2006
Source: CNE
The Importance of Monitoring the Impact of the CSME on Gender

Sherril A. Thompson

The single market dimension of the Caribbean Single Market and Economy (CSME) came into effect January 1, 2006. This event raises the question: will the CSME give men and women the same opportunities to benefit? To answer this question, it is important that governments in the region monitor the CSME trade liberalization regime, particularly its impact on men, women and youth within the Caribbean.

A simple definition of the CSME would be a single seamless economic space where Caribbean Community (CARICOM) populations can conduct business as though they were operating in a single country. The goal is that after 2008, the single market will be deepened into a single economy involving common macroeconomic targets and harmonization of regional currencies.

The importance of examining the impact of the CSME trade liberalization regime on gender is particularly clear in the Caribbean context. Studies by the Caribbean Association for Feminist Research and Action (CAFRA) and the United Nation's Development Fund for Women (UNIFEM) demonstrate that women and men have different access to, and control of, resources, skills, knowledge and training. CAFRA studies found that women are potentially the most vulnerable group in the region because of their location within the productive spheres. Fiscal and monetary policy shifts or changes in trade and investment policies will affect men and women differently and may exacerbate existing gender inequalities.

This article highlights some of the relevant economic and social gender issues in the region and points to the importance of examining them over time in light of the CSME.

Economic issues

Caribbean women enjoy higher economic participation rates than do women in Central and South America (The World's Women 2000: Trends and Statistics, United Nations, 2000). Yet, women in the region have higher unemployment rates and are unemployed for longer periods when compared to their male counterparts. For example, in 2000, youth unemployment rate averaged 20% in most countries. In some countries, young women had an unemployment rate twice the rate of men (43% compared with 20% respectively in Jamaica) despite the higher percentage of women (67% in 1999-2000) enrolled in tertiary level education.

Will the CSME increase employment opportunities for women relative to men? In 1991, CARICOM Census reported a stock of 105,000 intra-Caribbean migrants. In 2005, data from the CARICOM Secretariat reveals that of 1,488 applications, 1,292 certificates of recognition were issued to CARICOM nationals allowing them to seek employment within the community. While sex-disaggregated data was not available, there are indications that the CSME has the potential to increase women's employment relative to men, given the higher educational achievement of women relative to men, and the current high incidence of women's employment (60% in 2000) in the expanding service sector. Only by tracking the data over time can we have conclusive evidence of this.

Another relevant aspect is the salary and wage discrimination that exists against women in the work place. Caribbean women earn at the lower end of the salary scale. For example, in Antigua and Barbuda, the low income of women in 1991 was striking: almost 60% of employed women earned less than Eastern Caribbean (EC) $1,000. Even within the same occupational class, women's hourly earnings in the Caribbean do not equal that of men in most sectors, except in health and social work where women earned about 30% more on a monthly basis than men did in 2000, and 36% more per hour (Women and Me in the Caribbean Community, Facts and Figures, 1980-2001, CARICOM Secretariat, 2003).

What will be the quality of employment (as measured by skill sets, wages, salaries, and duration or stability of employment expansion) under CSME trade liberalization regime? In order to answer this question, sex-disaggregated data must be collected on the types and quality of jobs provided under the CSME.

Social issues

In the Caribbean, families are organized mostly as single, nuclear and extended families, comprising three or more generations. While men head the majority of households in the region, women head 22-44% of them. A sizable proportion of women (on average 13%) were in common-law unions in 1991. Belize, Jamaica and Saint Lucia recorded a higher average of women in that situation (20%). Women in common-law unions in Caribbean society face many problems. Both women and children are disadvantaged in terms of the rights and entitlements afforded to married women. Examples include child support, inheritance, as well as acceptance in the society as the ‘wife.’ Children are stigmatized as ‘illegitimate’ and therefore have no claim to legal entitlements. In Jamaica and Trinidad and
Tobago, governments have made legislative changes to address inequality and discrimination against women in informal unions and children born out of them.

The implementation of the CSME is a significant social change that, over time, could influence the structure of families in the region. For example, the high proportion of unmarried women in the region, coupled with the movement of skilled labour could reinforce the preference for common-law unions. This could exacerbate the current disadvantaged positions of unmarried women and their children unless further action is taken to legitimize common-law unions in other parts of the Caribbean.

Other social issues such as the escalating incidence of HIV/AIDS among female and youth is cause for concern in the region. In 1995, HIV/AIDS was the leading cause of death among young women aged 15-24 years and among adult men and women age 25-44 years. The high incidence of HIV/AIDS may be cause for additional concerns in light of the free movement of persons. The importance of monitoring the impact of the CSME on the spread of HIV/AIDS cannot be over-emphasized.

The high drop out rate of males in the education system is also another important reason to assess the impact of the CSME on gender. For example, in Jamaica, data for 2002 on out of school youth indicates that while both males and females are enrolled in nearly equal numbers at the early childhood level, the gap widens in favour of females further up the educational ladder. In 2002, the number of males enrolled in tertiary education was 13,853 compared with 25,564 females. Coupled with the high drop out rate is the fact that the leading cause of death among young men aged 15-24 years is homicide. As the CSME gets on its way, what issues, if any, related to cross-border crime may emerge? The World Bank estimates that a 1% decrease in youth crime would increase tourism receipts by 4% in Jamaica and by 2.3% in the Bahamas. The significant correlation between crime and tourism—the main income earner for the region, accounting for 60% of the Caribbean’s gross domestic product (GDP)—is certainly an important variable to track in light of the CSME.

Conclusion

While the implementation of the CSME brings new dimensions to gender roles in the Caribbean, monitoring the gender impact of this integration process will strengthen the Caribbean community’s commitment to gender equality and encourage both men and women to realize their full potential in the Caribbean society.

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Indigenous Governance and Politics in the Americas

Omaira Mindiola

Goverdance exists in a society when relations between the various key stakeholders are harmonious; more precisely, when the political, economic, legal and social institutions exist and are responsive to the challenges of development. Indigenous governance is mostly discussed in terms of the right to self-determination, that is the right for indigenous populations to make decisions about the development model within their territories, to have control over resources, to establish their own institutions as well as to participate in the political, economic, social and cultural life of the state. The right to self-determination is protected by the International Labour Organization’s (ILO) Indigenous and Tribal Peoples Convention (169/1989, art. 7.1) and the United Nations Draft Declaration on the Rights of Indigenous Peoples (arts. 3 and 4).

Finding ways to coexist and build consensual political and social institutions in a sovereign multi-cultural and multi-ethnic state is the challenge at hand for indigenous peoples and the rest of society alike. In this respect, indigenous autonomy, as the cornerstone of self-determination, demands democratic reform to bring an end to one people’s dominance over the other, a situation that has prevailed since the rise of the nation-state in the Americas (17th and 18th c.).

Since the era of independence, governments have maintained a one-way relationship with indigenous peoples through the administration of social programs that involve them only as beneficiaries and dependents. Governments have pursued policies of progressive assimilation since the second half of the 19th century, leading indigenous peoples to react with liberation movements after a long period of resistance. In the mid-20th century, countries like Mexico (1994), Guatemala (1961), Colombia (1980), Ecuador (1990) and Bolivia (2000) experienced social conflict stemming from indigenous demands for civil rights.
The Political Struggle

The struggle, originally for social rights, gathered strength in the opening of spaces for dialogue among ethnic groups. In reaction to a prolonged history of exclusion and social inequality, indigenous peoples established new indigenous organizations, assemblies and congresses at the national and regional level fostering a process of identity reaffirmation (1980). Cultural identity underpins the Andean peoples’ plan to reconstitute the borderless Kollasuyo, or Aymara territory, encompassing southern Colombia, Ecuador, Peru, Bolivia, and the north of Chile and Argentina.

Thus, simple demands evolved into a political struggle that has yielded some successes. As a result of the 169/89 ILO Convention, thirteen countries in the Americas have enshrined in their constitutions the recognition of indigenous peoples. In Canada, although the government has not yet ratified the convention, it has retained control on demands for indigenous autonomy and self-government through the negotiation of treaties and agreements between the parties.

Despite advances in relations between indigenous peoples and the state, government policies are not implemented, breeding continued resistance. The development model of the last two decades threatens the cultural identity of indigenous peoples through the exploitation of natural resources on their lands, labour market reforms, environmental reforms and reforms in the land tenure system that allowed the privatization of indigenous lands. Indigenous peoples in Latin America have responded with a series of insurrections and uprisings against free trade agreements, beginning with the Zapatist Army of National Liberation in Mexico in 1994, and spreading later to the south with demands for autonomy.

In reality, the region’s democracies have not resolved conflict between ethnic groups, national societies and the state. The governance crisis is apparent to a greater or lesser degree throughout the hemisphere, but above all in South America. In general, traditional political parties have declined and lost credibility among marginalized people, who do not feel represented. Over the last two decades, this vacuum has enabled indigenous peoples to build their own political organizations and gain access to power by exercising their constitutional right to vote. Experiences in Ecuador, Bolivia, Colombia, Guatemala and Venezuela not only demonstrate the ability of indigenous movements to participate in politics from an ethnic standpoint, but also to successfully achieve democratic representation. The most illustrative case is that of Bolivia, where in 2006 for the first time in the history of that country (and one of the first times in Latin America), an indigenous person gained power with widespread support from various political and social forces.

For their part, Indigenous women not only continue to fill their traditional role as guardians and re-creators of culture, but also participate in indigenous development, in some cases taking up leadership roles against discrimination and inequality. Their participation in the political structures, until recently the exclusive domain of men, is significant. Consequently, in the last decade, aboriginal women, supported by indigenous movements, have become ministers, legislators at the national and provincial levels, and municipal and regional officials in Ecuador, Bolivia, Guatemala, Venezuela and Colombia.

Indigenous governance is not, therefore a relationship of give and take in which the state provides for the welfare of indigenous peoples through laws and development programs imposed from above. Rather, indigenous governance is a two-way relationship between nations who acknowledge their differences and cooperate to build a state based on the principles of democratic governance.

At the closing of FOCAL POINT, the counting of the votes in Costa Rica revealed that former President Óscar Arias, head of the National Liberation Party (PLN), was leading the presidential election with over 40% of the votes, compared to his rival Otton Solís, head of the Citizens’ Action Party (PAC). More than 40% of the votes are required for a first-round victory.

In contrast to previous presidential elections, traditionally treated as a national holiday, this presidential election was cheerless. The population showed a certain disillusionment after three former Costa Rican presidents have been involved in corruption scandals, accused of taking illicit payments from foreign companies. Two of them, Rafael Ángel Calderón and Miguel Ángel Rodriguez went on trial.

Arias, a 65-year-old former President (1986-1990), has been seen as a politician untainted by corruption. A Social Democrat, he won the 1987 Nobel Peace Prize for his efforts to end civil conflicts in neighbouring Central American countries. An Arias victory will boost free trade plans in the region. He has said that he wants Costa Rica to join the Central American Free Trade Agreement (CAFTA) with the US. Costa Rica is the only country in the region that has not ratified the deal.

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Fiscal Decentralization and Human Development in Bolivia

Matthew Fuller

The victory of Evo Morales, leader of the left-wing Movement for Socialism (MAS), in Bolivia’s December election has many contemplating the future path of this poverty-stricken country. Although natural resources, specifically natural gas reserves, captured most of the interest throughout the electoral campaign, other domestic issues that could prove to be a thorn in the side of Mr. Morales’ presidency will soon require attention. One of these issues is greater regional autonomy, which was originally proposed as a way to recognize the various indigenous communities, but more recently has also been mentioned in reference to the resource-rich eastern areas of the country. Therefore, increased regional autonomy may not only grant greater decision-making powers to local indigenous municipalities in an effort to decrease poverty, but may in fact also offer the eastern lowlands the autonomy they crave without having to experience civil conflict. One aspect of regional autonomy, the devolution of fiscal responsibility (i.e. fiscal decentralization) to Bolivian municipalities, may improve human development (life expectancy, literacy rates and GDP per capita) within these regions.

In 1994, Bolivia enacted the Law of Popular Participation (LPP), which began a massive decentralization program consisting of the devolution of political, administrative and fiscal powers to the country’s recently created 314 municipalities (presently 327 municipalities). The majority of these were rural indigenous communities which believed this decentralization process was a way to converge, economically and socially, towards the urban elite. At the time the LPP was enacted, human development varied considerably across municipalities, with the centralized departmental capitals having significantly higher levels of human development compared to smaller rural communities.

Research conducted by this author on the newly found fiscal powers of these municipalities and how they affected municipal human development led to the conclusions that the improvement of a municipality’s own source revenue capabilities is crucial in order to increase human development measured by the Human Development Index (HDI); secondly, that government transfers have a positive impact on human development, and thirdly that a negative “multiplier” effect on human development is present in rural indigenous communities. Indeed, a rural indigenous community will have, on average, a 40% lower HDI than either an indigenous or rural municipality.

Bolivian municipalities have been successful in generating substantial own source revenue to date, have tended to focus on property and vehicle taxation and fees for services such as trash collection and tourism. A nationwide education program on how to successfully implement local taxes—including training in areas such as basic accounting and finance—should be created. This would provide municipal representatives in the poorer and less educated regions with the fundamental concepts behind fiscal management and accountability.

Secondly, the Bolivian government should increase intergovernmental transfers to municipalities that have not met their expenditure needs through own source revenue. By increasing conditional transfers (i.e. transfers that must be spent on specific sectors or services, e.g. health) municipalities will strengthen their community’s future human development. This may be seen as an unconventional policy recommendation for an author who is emphasizing greater decentralization. Some have argued that government transfers substitute—and therefore do not stimulate—own source revenue development. However, in the past few years, many Bolivian municipalities were given unconditional transfers and chose to spend the funds on public investment projects, neglecting social service delivery. Only once social services have been addressed adequately should the government then reward the municipality by increasing unconditional transfers. Additionally, a municipality with a population of 30 to 50 inhabitants for example, would not have the local tax base to generate enough own source revenue to construct a local school or medical clinic and would need the government transfers to fill this fiscal gap.

If the Morales government wishes to quell the social unrest in the country and contribute to the decentralization process, it must specifically target the most marginalized groups and areas in the country: the rural indigenous municipalities. Specifically, acknowledge that the rural and indigenous municipalities are lagging behind other areas with respect to human development. In addition, transparency must be achieved at all levels of policy formation in these municipalities. This involves the inclusion of indigenous groups...
in the policy making process, which should lead to greater support of policies implemented in rural areas.

Trying to please the nationalists who carried President Morales to victory and appease the resource-rich eastern lowlands at the same time will not be an easy task for this former coca farmer. However, further support from La Paz for the country’s decentralization plan may be enough to reconcile the country’s regional differences. Increased fiscal responsibility would give the eastern lowlands greater autonomy with its natural gas reserves, and would at the same time provide the western highlands with greater fiscal accountability in an effort to close the human development gap that exists within this Andean country.

Matthew Fuller has a Masters in Development Economics from Dalhousie University. This article is based on his thesis Fiscal Decentralization and Human Development: An Empirical Analysis of 314 Bolivian Municipalities (2005).

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Recent media attention on Haiti has shifted from a focus on chronic problems of underdevelopment and poverty toward crime and violence. With a spate of high profile kidnappings and the murder of a Royal Canadian Mounted Police officer this shift in focus has gained steam to become a standard feature in media reports on Haiti. Yet, a review of the available data on homicide and crime statistics paints a surprising picture. Crime, or any statistics, from Haiti are difficult to come by; those that are available are suspect. In the case of homicide figures, given the disarray in the police force reliable statistics do not exist. Estimates by serious observers on the ground and unofficial estimates by foreign embassy personal put the total at around 10-12 homicides per week. This would equate with a year-end total of 520 to 624 or using the higher number, a homicide rate of 7.8 per 100,000. By way of comparison, for 2004 the rate for Jamaica has been estimated at over 50 per 100,000. According to the Pan American Health Organization (PAHO) most recent statistics; the figures for Bahamas was 16.2 per 100,000; Mexico, 11.3; Barbados, 9.6; Costa Rica, 6.7; and the United States, 6.5 (PAHO, International Comparisons of Criminal Justice Statistics 2001-Home Office Bulletin 12/03).

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CARIBBEAN

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Gobernabilidad indígena y la política en América

Omaira Mindiola

Cuando en una sociedad existe una relación armónica entre los distintos actores estratégicos de la comunidad se considera que hay gobernabilidad. Es decir que hay instituciones políticas, económicas, jurídicas y sociales capaces de responder a los retos del desarrollo.

La gobernabilidad indígena se enmarca en el derecho de los pueblos a la autodeterminación. Es decir, el derecho a tomar decisiones sobre el modelo de desarrollo con identidad en su territorio, ejerciendo el control de sus recursos, tener sus instituciones propias y participar en la vida política, económica, social y cultural del estado. El derecho a la autodeterminación es protegido por el Convenio de la Organización Internacional del Trabajo (OIT) sobre pueblos indígenas y tribales (169/1989; art. 7.1) y el proyecto de declaración de la Organización de Naciones Unidas sobre los derechos de los pueblos indígenas (artículos 3 y 4).

El cómo llegar a ser parte de un estado soberano es el reto de los pueblos indígenas y del resto de la sociedad en cada uno de los países para crear instituciones políticas y sociales consensuadas, desde una propuesta de estado plurinacional y pluricultural. En este sentido la autonomía de los pueblos indígenas, como fundamento de la autodeterminación, busca la reconstrucción de la democracia eliminando las relaciones de dominación de un pueblo sobre otro, vigentes desde la conformación del estado-nación (s. XVII y XVIII) en América.

Desde la época de la independencia el estado siempre ha tenido relaciones con los pueblos indígenas pero ha sido una relación univoca, a través de programas sociales que solamente los involucra como beneficiarios y dependientes. Las políticas públicas desde la segunda mitad del s. XIX sostienen los mecanismos de integración progresiva, que luego de un largo período de resistencia han hecho reaccionar a los pueblos indígenas con movimientos de emancipación. Es así como a mediados del s. XX países como...

**La lucha política**

La lucha, inicialmente de reivindicaciones sociales, se fortaleció en la construcción de espacios de diálogo interétnico. La creación de nuevas organizaciones indígenas, asambleas y congresos a escala nacional y regional dieron origen a procesos de reafirmación identitaria (1980) como reacción a una larga historia de exclusión y desigualdad social. Esa identidad cultural soporta la idea de los pueblos andinos a reconstituir el Kollasuyo o territorio Aymara, sin fronteras, que abarca el sur de Colombia, Ecuador, Perú, Bolivia y el norte de Chile y Argentina.

Así, de simples reivindicaciones se pasó a la lucha política, obteniendo algunos logros con el reconocimiento constitucional de los pueblos indígenas a raíz de la ratificación del Convenio 169/89 OIT en trece países del continente. En Canadá, aún sin haber ratificado dicho convenio, las reclamaciones de autonomía y autogobierno indígenas son mantenidas bajo control por el gobierno, llegando a acuerdos amistosos entre las partes.

A pesar de los avances en la relación estado-pueblos indígenas, las políticas estatales no se cumplen, motivo por el cual los pueblos mantienen la resistencia. El actual modelo de desarrollo de las dos últimas décadas ha embestido la identidad cultural indígena con la explotación de los recursos naturales en sus territorios, las reformas del mercado de trabajo, las reformas ambientales y al régimen de tenencia de tierra. En Latinoamérica los movimientos indígenas han reaccionado con una serie de insurrecciones y levantamientos en contra de los Tratados de Libre Comercio, iniciados en México por el Ejército Zapatista de Liberación Nacional en 1994, y que luego se esparcieron por el sur en demanda de autonomía.

En realidad el sistema democrático de la región no ha encontrado la manera de superar el conflicto entre los grupos étnicos, la sociedad nacional y el estado. Es evidente la crisis de gobernabilidad, en mayor o menor grado, sobre todo en Suramérica. En general los partidos políticos tradicionales se han debilitado y han perdido credibilidad entre los sectores populares quienes no se sienten representados. En las dos últimas décadas este vacío ha permitido a los pueblos indígenas, amparados por la norma jurídica sobre el derecho al voto, crear su brazo político para acceder al poder. Experiencias en Ecuador, Bolivia, Colombia, Guatemala y la República Bolivariana de Venezuela indican no sólo la capacidad de los movimientos indígenas para participar en la política desde lo étnico, sino las posibilidades de representación democrática. El caso más elocuente es el de Bolivia donde por primera vez en su historia y una de las primeras en América Latina, un indígena llegó al poder en el 2006 con el respaldo amplio de distintas fuerzas políticas y sociales.

La mujer indígena, por su parte, ya no sólo cumple la función de conservación y recreación de la cultura sino que se ha comprometido con el desarrollo de los pueblos, asumiendo en algunos casos, el liderazgo contra la discriminación y la inequidad. Ha sido relevante su participación en las estructuras políticas del estado, espacios que hasta hace poco eran privilegio de los hombres. Es así como en la última década, mujeres indígenas en Ecuador, Bolivia, Guatemala, la República Bolivariana de Venezuela y Colombia, respaldadas por los movimientos indígenas, se han ocupado como ministros, parlamentarias, diputadas, autoridades municipales y departamentales.

La gobernabilidad indígena no es, entonces, la relación del dar y recibir, en la cual el estado mediante normas legislativas y programas de desarrollo diseñados desde arriba ofrece bienestar a los pueblos indígenas. La gobernabilidad indígena es más bien una relación de doble vía, de nación a nación en la cual ambas partes reconociendo la diferencia llegan a construir un estado con gobernabilidad democrática.

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**Abstracts**

**Upcoming Publications**

**Indigenous Governance and Territory**

By Gladys Jimeno Santoyo

This document addresses the historical context in which indigenous governance has evolved in Latin America. Such features include its realms, scope and boundaries, and the correlation between indigenous governance, self-management, multiculturalism and territory. The document goes on to formulate a definition of indigenous governance from both an indigenous and external perspectives. [...] This document examines the historical ties between indigenous people and government, fraught with opposition and conflict. [...]
Economic Illegalitys and the Underground Economy in Cuba
By Archibald Ritter

Pervasive economic illegalities of many varieties characterize day-to-day life in Cuba and the functioning of the Cuban economy. The causes of the illegalities are complex and include pre-Revolutionary roots, the nature of the central planning system, a "common property" attitude, unreasonable restrictions on self-employment, and the dual monetary and exchange rate systems and the arbitrage this promotes. But the most important cause is economic necessity. As part of their family survival strategies, people resort to actions that are illegal in order to make ends meet. [...]