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-- **Argentina** (12/05)

HISTORY

Europeans arrived in the region with the 1502 voyage of Amerigo Vespucci. Spanish navigator Juan Diaz de Solias visited what is now Argentina in 1516. Spain established a permanent colony on the site of Buenos Aires in 1580, although initial settlement was primarily overland from Peru. The Spanish further integrated Argentina into their empire by establishing the Vice Royalty of Rio de la Plata in 1776, and Buenos Aires became a flourishing port. Buenos Aires formally declared independence from Spain on July 9, 1816. Argentines revere Gen. Jose de San Martin, who campaigned in Argentina, Chile, and Peru as the hero of their national independence. Following the defeat of the Spanish, centralist and federationist groups waged a lengthy conflict between themselves to determine the future of the nation. A modern constitution was promulgated in 1853, and a national unity government was established in 1861.

Two forces combined to create the modern Argentine nation in the late 19th century: the introduction of modern agricultural techniques and integration of Argentina into the world economy. Foreign investment and immigration from Europe aided this economic revolution. Investment, primarily British, came in such fields as railroads and ports. As in the United States, the migrants who worked to develop Argentina's resources-especially the western pampas--came from throughout Europe.

From 1880 to 1930 Argentina became one of the world's 10 wealthiest nations based on rapid expansion of agriculture and foreign investment in infrastructure. Conservative forces dominated Argentine politics until 1916, when their traditional rivals, the Radicals, won control of the government. The Radicals, with their emphasis on fair elections and democratic institutions, opened their doors to Argentina's rapidly expanding middle class as well as to groups previously excluded from power. The Argentine military forced aged Radical President Hipolito Yrigoyen from power in 1930 and ushered in another decade of Conservative rule. Using fraud and force when necessary, the governments of the 1930s attempted to contain the currents of economic and political change that eventually led to the ascendance of Juan Domingo Peron (b. 1897). New social and political forces were seeking political power, including a modern military and labor movements that emerged from the growing urban working class.

The military ousted Argentina's constitutional government in 1943. Peron, then an army colonel, was one of the coup's leaders, and he soon became the government's dominant figure as Minister of Labor. Elections carried him to the presidency in 1946. He aggressively pursued policies aimed at empowering the working class and greatly expanded the number of unionized workers. In 1947, Peron announced the first 5-year plan based on the growth of industries he nationalized. He helped establish the powerful General Confederation of Labor (CGT). Peron's dynamic wife, Eva Duarte de Peron, known as Evita (1919-52), played a key role in developing support for her husband. Peron won reelection in 1952, but the military sent him into exile in 1955. In the 1950s and 1960s, military and civilian administrations traded power, trying, with limited success, to deal with diminished economic growth and continued social and labor demands. When military governments failed to revive the economy and suppress escalating terrorism in the late 1960s and early 1970s, the way was open for Peron's

On March 11, 1973, Argentina held general elections for the first time in 10 years. Peron was prevented from running, but voters elected his stand-in, Dr. Hector Campora, as President. Peron's followers also commanded strong majorities in both houses of Congress. Campora resigned in July 1973, paving the way for new elections. Peron won a decisive victory and returned as President in October 1973 with his third wife, Maria Estela Isabel Martinez de Peron, as Vice President. During this period, extremists on the left and right carried out terrorist acts with a frequency that threatened public order. The government resorted to a number of emergency decrees, including the implementation of special executive authority to deal with violence. This allowed the government to imprison persons indefinitely without charge.

Peron died on July 1, 1974. His wife succeeded him in office, but a military coup removed her from office on March 24, 1976, and the armed forces formally exercised power through a junta composed of the three service commanders until December 10, 1983. The armed forces applied harsh measures against terrorists and many suspected of being their sympathizers. They restored basic order, but the human costs of what became known as "El Proceso," or the "Dirty War" were high. Conservative counts list between 10,000 and 30,000 persons as "disappeared" during the 1976-83 period. Serious economic problems, mounting charges of corruption, public revulsion in the face of human rights abuses and, finally, the country's 1982 defeat by the United Kingdom in an unsuccessful attempt to seize the Falklands/Malvinas Islands all combined to discredit the Argentine military regime. The junta lifted bans on political parties and gradually restored basic political liberties.

On October 30, 1983, Argentines went to the polls and chose Raul Alfonsin, of the Radical Civic Union (UCR), as President. He began a 6-year term of office on December 10, 1983. In 1985 and 1987, large turnouts for midterm elections demonstrated continued public support for a strong and vigorous democratic system. The UCR-led government took steps to resolve some of the nation's most pressing problems, including accounting for those who disappeared during military rule, establishing civilian control of the armed forces, and consolidating democratic institutions. However, failure to resolve endemic economic problems, and an inability to maintain public confidence undermined the effectiveness of the Alfonsin government, which left office 6 months early after Peronist candidate Carlos Saul Menem won the 1989 presidential elections.

President Menem imposed peso-dollar parity (convertibility) in 1992 to break the back of hyperinflation and adopted far-reaching market-based policies. Menem's accomplishments included dismantling a web of protectionist trade and business regulations, and reversing a half-century of statism by implementing an

ambitious privatization program. These reforms contributed to significant increases in investment and growth with stable prices through most of the 1990s. Unfortunately, widespread corruption in the administrations of President Menem and President Fernando De la Rua (elected in 1999) shook confidence and weakened the recovery. Also, while convertibility defeated inflation, its permanence undermined Argentina's export competitiveness and created chronic deficits in the current account of the balance of payments, which were financed by massive borrowing. The contagion effect of the Asian financial crisis of 1998 precipitated an outflow of capital that gradually mushroomed into a 4-year depression that culminated in a financial panic in November 2001. In December 2001, amidst bloody riots, President De la Rua resigned, and Argentina defaulted on \$88 billion in debt, the largest sovereign debt default in history.

A legislative assembly on December 23, 2001, elected Adolfo Rodriguez Saa to serve as President and called for general elections to elect a new president within 3 months. Rodriguez Saa announced immediately that Argentina would default on its international debt obligations, but expressed his commitment to maintain the currency board and the peso's 1-to-1 peg to the dollar. Rodriguez Saa, however, was unable to rally support from within his own party for his administration and this, combined with renewed violence in the Federal Capital, led to his resignation on December 30. Yet another legislative assembly elected Peronist Eduardo Duhalde President on January 1, 2002. Duhalde-differentiating himself from his three predecessors--quickly abandoned the peso's 10-year-old link with the dollar, a move that was followed by currency depreciation and inflation. In the face of rising poverty and continued social unrest, Duhalde also moved to bolster the government's social programs.

In the first round of the presidential election on April 27, 2003, former President Carlos Menem (Justicialist Party--PJ) won 24.3% of the vote, Santa Cruz Governor Nestor Kirchner (PJ) won 22%, followed by Ricardo Murphy with 16.4% and Elisa Carrio with 14.2%. Menem withdrew from the May 25 runoff election after polls showed overwhelming support for Kirchner. President Kirchner took office on May 25, 2003. He took office following the immense social and economic upheaval stemming from the financial crisis caused by a failed currency convertibility regime. Kirchner has focused on consolidating his political strength and alleviating social problems. He forced changes in the Supreme Court and military and undertook popular measures, such as raising government salaries, pensions, and the minimum wage. The wave of public demonstrations that coincided with the economic downturn has stabilized. President Kirchner won a major victory in the October 23, 2005 legislative elections, giving him a strengthened mandate and a stronger position in the Senate and Chamber of Deputies as he attempts to set Argentina's economic course and consolidate the impressive economic recovery of the past three years.

-- Belize (10/05)

HISTORY

The Mayan civilization spread into the area of Belize between 1500 BC and AD 300 and flourished until about AD 1200. Several major archeological sites--notably Caracol, Lamanai, Lubaantun, Altun Ha, and Xunantunich-reflect the advanced civilization and much denser population of that period. European contact began in 1502 when Christopher Columbus sailed along the coast. The first recorded European settlement was established by shipwrecked English seamen in 1638. Over the next 150 years, more English settlements were established. This period also was marked by piracy, indiscriminate logging, and sporadic attacks by Indians and neighboring Spanish settlements.

Great Britain first sent an official representative to the area in the late 18th century, but Belize was not formally termed the "Colony of British Honduras" until 1840. It became a crown colony in 1862. Subsequently, several constitutional changes were enacted to expand representative government. Full internal self-government under a ministerial system was granted in January 1964. The official name of the territory was changed from British Honduras to Belize in June 1973, and full independence was granted on September 21, 1981.

-- **Bolivia (03/06)**

HISTORY AND POLITICAL CONDITIONS

The Andean region probably has been inhabited for some 20,000 years. Beginning about the 2nd century B.C., the Tiwanakan culture developed at the southern end of Lake Titicaca. This culture, centered around and named for the great city of Tiwanaku, developed advanced architectural and agricultural techniques before it disappeared around 1200 A.D., probably because of extended drought. Roughly contemporaneous with the Tiwanakan culture, the Moxos in the eastern lowlands and the Mollos north of present-day La Paz also developed advanced agricultural societies that had dissipated by the 13th century of our era. In about 1450, the Quechua-speaking Incas entered the area of modern highland Bolivia and added it to their empire. They controlled the area until the Spanish conquest in 1525.

During most of the Spanish colonial period, this territory was called "Upper Peru" or "Charcas" and was under the authority of the Viceroy of Lima. Local government came from the Audiencia de Charcas located in Chuquisaca (La Plata-modern Sucre). Bolivian silver mines produced much of the Spanish empire's wealth, and Potosi, site of the famed Cerro Rico-"Rich Mountain"--was, for many years, the largest city in the Western Hemisphere. As Spanish royal authority weakened during the Napoleonic wars, sentiment against colonial rule grew. Independence was proclaimed in 1809, but 16 years of struggle followed before the establishment of the republic, named for Simon Bolivar, on August 6, 1825.

Independence did not bring stability. For nearly 60 years, coups and short-lived constitutions dominated Bolivian politics. Bolivia's weakness was demonstrated during the War of the Pacific (1879-83), when it lost its seacoast and the adjoining rich nitrate fields to Chile.

An increase in the world price of silver brought Bolivia a measure of relative prosperity and political stability in the late 1800s. During the early part of the 20th century, tin replaced silver as the country's most important source of wealth. A succession of governments controlled by the economic and social elites followed laissez-faire capitalist policies through the first third of the century.

Living conditions of the indigenous peoples, who constituted most of the population, remained deplorable. Forced to work under primitive conditions in the mines and in nearly feudal status on large estates, they were denied access to education, economic opportunity, or political participation. Bolivia's defeat by Paraguay in the Chaco War (1932-35) marked a turning point. Great loss of life and territory discredited the traditional ruling classes, while service in the army produced stirrings of political awareness among the indigenous people. From the end of the Chaco War until the 1952 revolution, the emergence of contending ideologies and the demands of new groups convulsed Bolivian politics.

Revolution and Turmoi

The Nationalist Revolutionary Movement (MNR) emerged as a broadly based party. Denied its victory in the 1951 presidential elections, the MNR led the successful 1952 revolution. Under President Victor Paz Estenssoro,

the MNR introduced universal adult suffrage, carried out a sweeping land reform, promoted rural education, and nationalized the country's largest tin mines.

Twelve years of tumultuous rule left the MNR divided. In 1964, a military junta overthrew President Paz Estenssoro at the outset of his third term. The 1969 death of President Rene Barrientos, a former member of the junta elected President in 1966, led to a succession of weak governments. Alarmed by public disorder, the military, the MNR, and others installed Col. (later General) Hugo Banzer Suarez as President in 1971. Banzer ruled with MNR support from 1971 to 1974. Then, impatient with schisms in the coalition, he replaced civilians with members of the armed forces and suspended political activities. The economy grew impressively during most of Banzer's presidency, but human rights violations and eventual fiscal crises undercut his support. He was forced to call elections in 1978, and Bolivia again entered a period of political turmoil.

Elections in 1978, 1979, and 1980 were inconclusive and marked by fraud. There were coups, counter-coups, and caretaker governments. In 1980, Gen. Luis Garcia Meza carried out a ruthless and violent coup. His government was notorious for human rights abuses, narcotics trafficking, and economic mismanagement. Later convicted in absentia for crimes, including murder, Garcia Meza was extradited from Brazil and began serving a 30-year sentence in 1995.

After a military rebellion forced out Garcia Meza in 1981, three other military governments in 14 months struggled with Bolivia's growing problems. Unrest forced the military to convoke the Congress elected in 1980 and allow it to choose a new chief executive. In October 1982--22 years after the end of his first term of office (1956-60)--Hernan Siles Zuazo again became President. Severe social tension, exacerbated by economic mismanagement and weak leadership, forced him to call early elections and relinquish power a year before the end of his constitutional term.

Return to Democracy

In the 1985 elections, the Nationalist Democratic Action Party (ADN) of Gen. Banzer won a plurality of the popular vote (33%), followed by former President Paz Estenssoro's MNR (30%) and former Vice President Jaime Paz Zamora's Movement of the Revolutionary Left (MIR, at 10%). But in the congressional run-off, the MIR sided with MNR, and Paz Estenssoro was chosen for the fourth time as president. When he took office in 1985, he faced a staggering economic crisis. Economic output and exports had been declining for several years. Hyperinflation had reached an annual rate of 24,000%. Social unrest, chronic strikes, and unchecked drug trafficking were widespread.

In 4 years, Paz Estenssoro's administration achieved economic and social stability. The military stayed out of politics, and all major political parties publicly and institutionally committed themselves to democracy. Human rights violations, which badly tainted some governments earlier in the decade, were not a problem. However, Paz Estenssoro's remarkable accomplishments were not won without sacrifice. The collapse of tin prices in October 1985, coming just as the government was moving to reassert its control of the mismanaged state mining enterprise, forced the government to lay off over 20,000 miners. The highly successful shock treatment that restored Bolivia's financial system also led to some unrest and temporary social dislocation.

MNR candidate Gonzalo Sanchez de Lozada finished first in the 1989 elections (23%), though, as usual, no candidate received a majority of popular votes so Congress determined who would be president. The Patriotic Accord (AP) between Gen. Banzer's ADN and Jaime Paz Zamora's MIR, the second- and third-place finishers (at 22.7% and 19.6%, respectively), led to Paz Zamora's assuming the presidency.

Paz Zamora was a moderate, center-left president whose political pragmatism in office outweighed his Marxist origins. He continued the neoliberal economic reforms begun by Paz Estenssoro. Paz Zamora also took a fairly hard line against domestic terrorism, a 1990 attack on terrorists of the Nestor Paz Zamora Committee and authorizing the 1992 crackdown on the Tupac Katari Guerrilla Army (EGTK).

The 1993 elections continued the tradition of open, honest elections and peaceful democratic transitions of power. The MNR defeated the ruling coalition, and Gonzalo "Goni" Sanchez de Lozada was named president by a coalition in Congress.

Sanchez de Lozada pursued an aggressive economic and social reform agenda, relying heavily on successful entrepreneurs-turned-politicians like himself. The most dramatic program--"capitalization", a form of privatization under which investors acquired 50% ownership and management control of the state oil corporation, telecommunications system, airlines, railroads, and electric utilities, with moneys directed to the pension system instead of the Treasury--was strongly opposed by certain segments of society, with frequent and sometimes violent protests from 1994 through 1996.

In the 1997 elections, Gen. Hugo Banzer, leader of the ADN, beat the MNR candidate. The Banzer government basically continued the free market and privatization policies of its predecessor, and the relatively robust economic growth of the mid-1990s continued until regional, global and domestic factors contributed to a decline in economic growth. Job creation remained limited throughout this period, and public perception of corruption was high. Both factors contributed to increasing social protests during the second half of Banzer's term.

Banzer instructed special police units to physically eradicate the illegal coca of the Chapare region. The policy produced a sudden and dramatic four-year decline in Bolivia's illegal coca crop, to the point that Bolivia became a relatively small supplier of coca for cocaine. In 2001, Banzer resigned from office after being diagnosed with cancer. He died less than a year later. Banzer's U.S.-educated Vice President, Jorge Quiroga, completed the final year of the term.

In the 2002 national elections, former President Sanchez de Lozada (MNR) again placed first with 22.5% of the vote, this time followed by illegal-coca agitator Evo Morales (Movement Toward Socialism, MAS) with 20.9%. The MNR platform featured three overarching objectives: economic reactivation (and job creation), anti-corruption, and social inclusion. A four-year economic recession, tight fiscal situation, and longstanding tensions between the military and police led to the February 12-13, 2003 violence that left more than 30 people dead and nearly toppled Sanchez de Lozada's government. The government stayed in power but was unpopular.

Trouble began again in September 2003 when a group of tourists became trapped in the town of Sorata. After days of unfruitful negotiations, Bolivian security forces launched a rescue operation, but on the way out, were ambushed by armed peasants and a number of persons were killed on both sides. The incident ignited passions throughout the highlands and united a loose coalition of protestors to pressure the government into halting the proposed project to export liquefied natural gas, most likely through Chile. Anti-Chile sentiment and memories of three major cycles of non-renewable commodity exports (silver through the 19th century, guano and rubber later in that century and tin in the 20th century) touched a nerve with many citizens. Events slowly built as La Paz became trapped by the protesters' blockades. Violent confrontations ensued, and most of the approximately 60 deaths occurred when security forces tried to bring supplies into the besieged city. In the end, many ordinary

citizens pressured Sanchez de Lozada to resign on October 17, 2003 to prevent further bloodshed.

After a vote in Congress, Vice President Carlos Mesa Gisbert assumed office and restored order. Mesa appointed a non-political cabinet and promised to revise the constitution through a constituent assembly, revise the hydrocarbons law, and hold a binding referendum on the country's natural gas deposits. The referendum took place on July 18, 2004, and Bolivians voted overwhelmingly in favor of development of the nation's hydrocarbons resources. But the referendum did not end social unrest. Large-scale protests led to Congress approving a confiscatory hydrocarbons law on May 17, 2005. After a brief pause, however, demonstrations resumed, particularly in La Paz and El Alto. President Mesa offered his resignation June 6, 2005, and Eduardo Rodriguez, the president of the Supreme Court, assumed office in a constitutional transfer of power. Rodriguez announced that he was a transitional president, and called for early elections within six months.

Current Administration

On December 18, 2005, MAS candidate Evo Morales Aima was elected to the presidency by 54% of the voters. Morales, an indigenous cocalero, vowed to nationalize hydrocarbons and alleviate poverty and discrimination towards indigenous persons. During his campaign, Morales promised to exert more government control over natural gas reserves and to re-examine the current coca eradication programs. Morales was highly critical of the "neo-liberal" economic policies that have been implemented in Bolivia over the past several decades. On January 22, 2006, Morales and his Vice President, Alvaro García Linera, were inaugurated into office.





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-- **Brazil (04/06)**

With its estimated 186 million inhabitants, Brazil has the largest population in Latin America and ranks fifth in the world. The majority of people live in the south-central area, which includes the industrial cities of Sao Paulo, Rio de Janeiro, and Belo Horizonte. Urban growth has been rapid; by 2005, 81% of the total population was living in urban areas. This growth has aided economic development but also has created serious social, security, environmental, and political problems for major cities.

Six major groups make up the Brazilian population: the Portuguese, who colonized Brazil in the 16th century; Africans brought to Brazil as slaves; various other European, Middle Eastern, and Asian immigrant groups who have settled in Brazil since the mid-19th century; and indigenous peoples of Tupi and Guarani language stock. Intermarriage between the Portuguese and indigenous people or slaves was common. Although the major European ethnic stock of Brazil was originally Portuguese, subsequent waves of immigration have contributed to a diverse ethnic and cultural heritage.

From 1875 until 1960, about 5 million Europeans immigrated to Brazil, settling mainly in the four southern states of Sao Paulo, Parana, Santa Catarina, and Rio Grande do Sul. Immigrants have come mainly from Italy, Germany, Spain, Japan, Poland, and the Middle East. The largest Japanese community outside Japan is in Sao Paulo. Despite class distinctions, national identity is strong, and racial friction is a relatively new phenomenon. Indigenous full-blooded Indians, located mainly in the northern and western border regions and in the upper Amazon Basin, constitute less than 1% of the population. Their numbers are declining as contact with the outside world and commercial expansion into the interior increase. Brazilian Government programs to establish reservations and to provide other forms of assistance have existed for years but are controversial and often ineffective.

Brazil is the only Portuguese-speaking nation in the Americas. About three quarters of all Brazilians belong to the Roman Catholic Church; most others are Protestant or follow practices derived from African religions.

Pedro Alvares Cabral claimed Brazil for Portugal in 1500. The colony was ruled from Lisbon until 1808, when Dom Joao VI and the rest of the Portuguese royal family fled from Napoleon's army, and established its seat of government in Rio de Janeiro. Dom Joao VI returned to Portugal in 1821. His son declared Brazil's independence on September 7, 1822, and became emperor with the title of Dom Pedro I. His son, Dom Pedro II, ruled from 1831 to 1889, when a federal republic was established in a coup led by Deodoro da Fonseca, Marshal of the Army. Slavery had been abolished a year earlier by the Regent Princess Isabel while Dom Pedro II was in Europe.

From 1889 to 1930, the government was a constitutional republic, with the presidency alternating between the dominant states of Sao Paulo and Minas Gerais. This period ended with a military coup that placed Getulio Vargas, a civilian, in the presidency; Vargas remained as dictator until 1945. Between 1945 and 1961, Jose Linhares, Gaspar Dutra, Vargas himself, Café Filho, Carlos Luz, Nereu Ramos, Juscelino Kubitschek, and Janio Quadros were elected presidents. When Quadros resigned in 1961, Vice President Joao Goulart succeeded him.

Goulart's years in office were marked by high inflation, economic stagnation, and the increasing influence of radical political elements. The armed forces, alarmed by these developments, staged a coup on March 31, 1964. The coup leaders chose as president Humberto Castello Branco, followed by Arthur da Costa e Silva (1967-69), Emilio Garrastazu Medici (1969-74), and Ernesto Geisel (1974-79), all of whom were senior army officers. Geisel began a democratic opening that was continued by his successor, Gen. Joao Baptista de Oliveira Figueiredo (1979-85). Figueiredo not only permitted the return of politicians exiled or banned from political activity during the 1960s and 1970s, but also allowed them to run for state and federal offices in 1982.

At the same time, an electoral college consisting of all members of congress and six delegates chosen from each state continued to choose the president. In January 1985, the electoral college voted Tancredo Neves from the opposition Brazilian Democratic Movement Party (PMDB) into office as President. However, Neves became ill in March and died a month later. His Vice President, former Senator Jose Sarney, became President upon Neves' death. Brazil completed its transition to a popularly elected government in 1989, when Fernando Collor de Mello won 53% of the vote in the first direct presidential election in 29 years. In 1992, a major corruption scandal led to his impeachment and ultimate resignation. Vice President Itamar Franco took his place and governed for the remainder of Collor's term culminating in the October 3, 1994 presidential elections, when Fernando Henrique Cardoso was elected President with 54% of the vote. Cardoso took office January 1, 1995,

and pursued a program of ambitious economic reform. He was re-elected in October 1998 for a second four-year term. Luiz Inacio da Silva, commonly known as Lula, was elected president in 2002, after his fourth campaign for the office.

President Lula, a former union leader, is Brazil's first working-class president. Since taking office he has taken a prudent fiscal path, warning that social reforms would take years and that Brazil had no alternative but to maintain tight fiscal austerity policies. Economic growth in 2004 and the first half of 2005 was strong with increases in employment and real wages. Growth slowed somewhat in the second half of 2005, but is expected to accelerate in 2006.

-- Chile (07/06)

HISTORY

About 10,000 years ago, migrating Indians settled in fertile valleys and along the coast of what is now Chile. The Incas briefly extended their empire into what is now northern Chile, but the area's barrenness prevented extensive settlement. The first Europeans to arrive in Chile were Diego de Almagro and his band of Spanish conquistadors, who came from Peru seeking gold in 1535. The Spanish encountered hundreds of thousands of Indians from various cultures in the area that modern Chile now occupies. These cultures supported themselves principally through slash-and-burn agriculture and hunting. The conquest of Chile began in earnest in 1540 and was carried out by Pedro de Valdivia, one of Francisco Pizarro's lieutenants, who founded the city of Santiago on February 12, 1541. Although the Spanish did not find the extensive gold and silver they sought, they recognized the agricultural potential of Chile's central valley, and Chile became part of the Viceroyalty of Peru.

The drive for independence from Spain was precipitated by usurpation of the Spanish throne by Napoleon's brother Joseph in 1808. A national junta in the name of Ferdinand--heir to the deposed king--was formed on September 18, 1810. The junta proclaimed Chile an autonomous republic within the Spanish monarchy. A movement for total independence soon won a wide following. Spanish attempts to reimpose arbitrary rule during what was called the "Reconquista" led to a prolonged struggle.

Intermittent warfare continued until 1817, when an army led by Bernardo O'Higgins, Chile's most renowned patriot, and José San Martín, hero of Argentine independence, crossed the Andes into Chile and defeated the royalists. On February 12, 1818, Chile was proclaimed an independent republic under O'Higgins' leadership. The political revolt brought little social change, however, and 19th century Chilean society preserved the essence of the stratified colonial social structure, which was greatly influenced by family politics and the Roman Catholic Church. A strong presidency eventually emerged, but wealthy landowners remained extremely powerful. Toward the end of the 19th century, the government in Santiago consolidated its position in the south by ruthlessly suppressing the Mapuche Indians. In 1881, it signed a treaty with Argentina confirming Chilean sovereignty over the Strait of Magellan. As a result of the War of the Pacific with Peru and Bolivia (1879-83), Chile expanded its territory northward by almost one-third and acquired valuable nitrate deposits, the exploitation of which led to an era of national affluence. Chile established a parliamentary democracy in the late 19th century, but degenerated into a system protecting the interests of the ruling oligarchy. By the 1920s, the emerging middle and working classes were powerful enough to elect a reformist president, whose program was frustrated by a conservative congress. In the 1920s, Marxist groups with strong popular support arose.

Continuing political and economic instability resulted with the rule of the quasidictatorial Gen. Carlos Ibanez (1924-32). When constitutional rule was restored in 1932, a strong middle-class party, the Radicals, emerged. It became the key force in coalition governments for the next 20 years. During the period of Radical Party dominance (1932-52), the state increased its role in the economy.

The 1964 presidential election of Christian Democrat Eduardo Frei-Montalva by an absolute majority initiated a period of major reform. Under the slogan "Revolution in Liberty," the Frei administration embarked on farreaching social and economic programs, particularly in education, housing, and agrarian reform, including rural unionization of agricultural workers. By 1967, however, Frei encountered increasing opposition from leftists, who charged that his reforms were inadequate, and from conservatives, who found them excessive. At the end of his term, Frei had accomplished many noteworthy objectives, but he had not fully achieved his party's ambitious goals. In 1970, Senator Salvador Allende, a Marxist and member of Chile's Socialist Party, who headed the "Popular Unity" (UP) coalition of socialists, communists, radicals, and dissident Christian Democrats, won a plurality of votes in a three-way contest and was named President by the Chilean Congress. His program included the nationalization of private industries and banks, massive land expropriation, and collectivization. Allende's program also included the nationalization of U.S. interests in Chile's major copper mines.

Elected with only 36% of the vote and by a plurality of only 36,000 votes, Allende never enjoyed majority support in the Chilean Congress or broad popular support. Domestic production declined; severe shortages of consumer goods, food, and manufactured products were widespread; and inflation reached 1,000% per annum. Mass demonstrations, recurring strikes, violence by both government supporters and opponents, and widespread rural unrest ensued in response to the general deterioration of the economy. By 1973, Chilean society had split into two hostile camps.

A military coup overthrew Allende on September 11, 1973. As the armed forces bombarded the presidential palace, Allende reportedly committed suicide. A military government, led by General Augusto Pinochet, took over control of the country. The first years of the regime in particular were marked by serious human rights violations. A new Constitution was approved by a plebiscite on September 11, 1980, and General Pinochet became President of the Republic for an 8-year term. In its later years, the regime gradually permitted greater freedom of assembly, speech, and association, to include trade union activity. In contrast to its authoritarian political rule, the military government pursued decidedly laissez-faire economic policies. During its 16 years in power, Chile moved away from economic statism toward a largely free market economy that fostered an increase in domestic and foreign private investment. In a plebiscite on October 5, 1988, General Pinochet was denied a second 8-year term as president. Chileans voted for elections to choose a new president and the majority of members of a two-chamber congress. On December 14, 1989, Christian Democrat Patricio Aylwin, the candidate of a coalition of 17 political parties called the Concertacion, was elected president. Aylwin served from 1990 to 1994 and was succeeded by another Christian Democrat, Eduardo Frei Ruiz-Tagle (son of the previous President), leading the same coalition, for a 6-year term. Ricardo Lagos Escobar of the Socialist Party and the Party for Democracy led the Concertacion to a narrower victory in 2000 presidential elections. His term ended on March 11, 2006, when President-elect Verónica Michelle Bachelet Jeria took office.

-- Colombia (02/06)

HISTORY AND POLITICAL CONDITIONS

During the pre-Columbian period, the area now known as Colombia was inhabited by indigenous societies situated at different stages of socio-economic development, ranging from hunters and nomadic farmers to the

highly structured Chibchas, who are considered to be one of the most developed indigenous groups in South America

The first permanent settlement in Colombia was at Santa Marta, founded by the Spanish in 1525. Santa Fe de Bogotá was founded in 1538 and, in 1717, became the capital of the Viceroyalty of New Granada, which included what are now Venezuela, Ecuador, and Panama. Bogotá was one of three principal administrative centers of the Spanish possessions in the New World.

On July 20, 1810, the citizens of Bogotá created the first representative council to defy Spanish authority. Full independence was proclaimed in 1813, and in 1819 the Republic of Greater Colombia was formed. The new republic included all the territory of the former Viceroyalty (Colombia, Venezuela, Ecuador and Panama). Simon Bolívar was elected its first president with Francisco de Paula Santander as vice president. Conflicts between the followers of Bolívar and Santander led to the formation of two political parties that have since dominated Colombian politics. Bolivar's supporters, who later formed the nucleus of the Conservative Party, sought strong centralized government, alliance with the Roman Catholic Church, and a limited franchise. Santander's followers, forerunners of the Liberals, wanted a decentralized government, state rather than church control over education and other civil matters, and a broadened suffrage.

Throughout the 19th and early 20th centuries, each party held the presidency for roughly equal periods of time. Colombia maintained a tradition of civilian government and regular, free, elections. Notwithstanding the country's commitment to democratic institutions, Colombia's history also has been characterized by widespread, violent conflict. Two civil wars resulted from bitter rivalry between the Conservative and Liberal parties: The War of a Thousand Days (1899-1903) claimed an estimated 100,000 lives and La Violencia (the Violence) (1946-1957) claimed about 300,000 lives.

La Violencia (The Violence) and the National Front

The assassination of Liberal leader, Jorge Eliécer Gaitán, in 1948 sparked the bloody conflict known as La Violencia. Conservative Party leader Laureano Gómez came to power in 1950, but was ousted by a military coup led by General Gustavo Rojas Pinilla in 1953. When Rojas failed to restore democratic rule and became implicated in corrupt schemes, he was overthrown by the military with the support of the Liberal and Conservative Parties. It was out of this alliance between the two parties that the National Front emerged, which ended "La Violencia."

In July 1957, former Conservative President Laureano Gómez (1950-53) and former Liberal President Alberto Lleras Camargo (1945-46) reached an agreement that led to the creation of the National Front, under which their parties would govern jointly. The presidency would be determined by regular elections every 4 years and the two parties would have parity in all other elective and appointive offices. This system was phased out by 1978.

Post-National Front Years

During the post-National Front years, the Colombian Government made efforts to negotiate a peace with the persistent guerrilla organizations that flourished in Colombia's remote and undeveloped remote rural areas. In 1984, President Belisario Betancur, a Conservative, negotiated a cease-fire with the Revolutionary Armed Forces of Colombia (FARC) and the Democratic Alliance/M-19 (M-19) that included the release of many imprisoned guerrillas. The National Liberation Army (ELN) rejected the government's cease fire proposal at that time. The M-19 pulled out of the cease-fire when it resumed fighting in 1985. The army suppressed an M-19 attack on the Palace of Justice in Bogotá in November 1985, during which 115 people were killed, including 11 Supreme Court justices. The government and the M-19 renewed their truce in March 1989, which led to a peace agreement and the M-19's reintegration into society and political life. The M-19 was one of the parties that participated in the process to enact a new constitution (see below), which took effect in 1991. The peace process with the FARC did not enjoy similar success; the FARC ended the truce in 1990 after some 2,000-3,000 of its members who had demobilized had been murdered.

The enactment of a new Constitution in 1991 brought about major reforms to Colombia's political institutions. While the new Constitution preserved a presidential, three-branch system of government, it created new institutions such as the Inspector General, a Human Rights Ombudsman, a Constitutional Court, and a Superior Judicial Council. The new Constitution also reestablished the position of Vice President. Other significant constitutional reforms provide for civil divorce, dual nationality, and the establishment of a legal mechanism ("tutela") that allows individuals to appeal government decisions affecting their constitutional rights. The Constitution also authorized the introduction of an accusatory system of criminal justice that is gradually being instituted throughout the country, replacing the previous written inquisitorial system. A Constitutional amendment approved in October 2005 allows the president to hold office for two consecutive 4-year terms.

Colombian governments have had to contend with the combined terrorist activities of left-wing guerrillas, the rise of paramilitary self-defense forces in the 1990s, and the drug cartels. Narco-terrorists assassinated three presidential candidates during the election campaign of 1990. After Colombian security forces killed Medellín cartel leader Pablo Escobar in December 1993, indiscriminate acts of violence associated with his organization abated as the "cartels" were broken into multiple, smaller and often-competing trafficking organizations. Guerrillas and paramilitary groups also entered into drug trafficking as a way to finance their military operations.

Pastrana Administration

The administration of Andrés Pastrana (1998-2002), a Conservative, faced increased countrywide attacks by the FARC, the ELN, widespread drug production, and the expansion of paramilitary groups. The Pastrana administration unveiled its "Plan Colombia" in 1999 as a strategy to deal with these longstanding problems, and sought support from the international community. Plan Colombia is a comprehensive program to combat narcoterrorism; spur economic recovery; strengthen democratic institutions and respect for human rights; and provide humanitarian assistance to internally displaced persons.

In November 1998, Pastrana ceded a sparsely populated area the size of Switzerland in south-central Colombia to the FARC's control to serve as a neutral zone where peace negotiations could take place. The FARC negotiated with the government only fitfully while continuing to mount attacks and expand coca production, seriously undermining the government's efforts to reach an agreement. Negotiations with the rebels in 2000 and 2001 were marred by rebel attacks, kidnappings, and fighting between rebels and paramilitaries for control of coca-growing areas in Colombia. In February 2002, after the FARC hijacked a commercial aircraft and kidnapped a senator, Pastrana ordered the military to attack rebel positions and reassert control over the neutral zone. FARC withdrew into the jungle and increased attacks against Colombia's infrastructure, while avoiding large-scale direct conflicts with the military.

Uribe Administration

Alvaro Uribe, an independent, was elected president in May 2002 on a platform to restore security to the

country. Among his promises was to continue to pursue the broad goals of Plan Colombia within the framework of a long-term security strategy. In the fall of 2002, Uribe released a national security strategy that employed political, economic and military means to weaken all illegal narco-terrorist groups. The Uribe government offered to negotiate a peace agreement with these groups with the condition that they agree to a unilateral cease fire and to end drug trafficking and kidnapping.

In December 2003, the Colombian Self-Defense Forces (AUC) paramilitary group entered into a peace agreement with the government that, as of February 2006, has led to the bloc by bloc demobilization of over 20,000 AUC members. In addition, over 8,000 members of the AUC and other illegal armed groups have individually decided to surrender their arms. In July 2005, President Uribe signed the Justice and Peace Law, which established a legal framework for these demobilizations. Under this law, participants have to renounce violence and return illegal assets in exchange for reduced punishments; the assets are to be used to provide reparations to victims.

The ELN and the government began a round of talks with the Colombian Government mediated by the Mexican Government in mid-2004. The ELN withdrew from the talks after the Mexican Government voted to condemn Cuba's human rights record at the United Nations in April 2005. In December 2005, the ELN began a new round of talks with the Colombian Government in Cuba, which resulted in an agreement to meet again in early 2006.

As a result of the government's military and police operations, the strength of the FARC has been reduced in major areas, drastically in some areas. Since 2000, the FARC has not carried out large scale multi-front attacks, although it has more recently mounted some operations that indicate it has not yet been broken.

The FARC has rejected several government proposals aimed at bringing about an exchange of some 63 hostages being held for political reasons. Three American citizens, who were working on counternarcotics programs, were captured by the FARC in February 2003. Their safe return is a priority goal of the United States and Colombia.

Colombia maintains an excellent extradition relationship with the United States. The Uribe administration has extradited more than 300 fugitives to the United States. Among those extradited in 2005 were Cali Cartel leaders Gilberto Rodríguez Orejuela and his brother Miguel and FARC leaders Juvenal Ovidio Palmera Pineda (aka "Simón Trinidad") and Omaira Rojas Cabrera (aka "Sonia").

Nearing the end of his four-year term, President Uribe enjoys record high popularity ratings. For the first time in recent Colombian history, there is a government presence in all of the country's 1,098 municipalities (county seats). Attacks conducted by illegally armed groups against rural towns decreased by 91% from 2002 to 2005. Between 2002 and 2004, Colombia saw a decrease in homicides by 31%, massacres by 65%, kidnappings by 52%, and acts of terrorism by 55.9%. Aerial spraying of coca crops and cocaine and heroin interdictions are setting records.

Although much attention has been focused on the security and military aspects of Colombia's situation, the Uribe government also is spending significant efforts on issues such as expanding international trade, supporting alternate means of development, and reforming Colombia's judicial system. Congressional elections will take place in March 2006. President Uribe is seeking reelection in May 2006, with a second round (if needed) in June 2006.

-- <u>Costa Rica (06/06)</u>

HISTORY

In 1502, on his fourth and last voyage to the New World, Christopher Columbus made the first European landfall in the area. Settlement of Costa Rica began in 1522. For nearly three centuries, Spain administered the region as part of the Captaincy General of Guatemala under a military governor. The Spanish optimistically called the country "Rich Coast." Finding little gold or other valuable minerals in Costa Rica, however, the Spanish turned to agriculture.

The small landowners' relative poverty, the lack of a large indigenous labor force, the population's ethnic and linguistic homogeneity, and Costa Rica's isolation from the Spanish colonial centers in Mexico and the Andes all contributed to the development of an autonomous and individualistic agrarian society. An egalitarian tradition also arose. This tradition survived the widened class distinctions brought on by the 19th-century introduction of banana and coffee cultivation and consequent accumulations of local wealth.

Costa Rica joined other Central American provinces in 1821 in a joint declaration of independence from Spain. Although the newly independent provinces formed a Federation, border disputes broke out among them, adding to the region's turbulent history and conditions. Costa Rica's northern Guanacaste Province was annexed from Nicaragua in one such regional dispute. In 1838, long after the Central American Federation ceased to function in practice, Costa Rica formally withdrew and proclaimed itself sovereign.

An era of peaceful democracy in Costa Rica began in 1899 with elections considered the first truly free and honest ones in the country's history. This began a trend continued until today with only two lapses: in 1917-19, Federico Tinoco ruled as a dictator, and, in 1948, Jose Figueres led an armed uprising in the wake of a disputed presidential election.

With more than 2,000 dead, the 44-day civil war resulting from this uprising was the bloodiest event in 20th-century Costa Rican history, but the victorious junta drafted a constitution guaranteeing free elections with universal suffrage and the abolition of the military. Figueres became a national hero, winning the first election under the new constitution in 1953. Since then, Costa Rica has held 14 presidential elections, the latest in 2006.

-- Cuba (12/05)

HISTORY

Spanish settlers established the raising of cattle, sugarcane, and tobacco as Cuba's primary economic pursuits. As the native Indian population died out, African slaves were imported to work the ranches and plantations. Slavery was abolished in 1886.

Cuba was the last major Spanish colony to gain independence, following a lengthy struggle begun in 1868. Jose Marti, Cuba's national hero, helped initiate the final push for independence in 1895. In 1898, the United States entered the conflict after the USS Maine sank in Havana Harbor on February 15 due to an explosion of

undetermined origin. In December of that year, Spain relinquished control of Cuba to the United States with the Treaty of Paris. On May 20, 1902, the United States granted Cuba its independence but retained the right to intervene to preserve Cuban independence and stability in accordance with the Platt Amendment. In 1934, the Platt Amendment was repealed. The United States and Cuba concluded a Treaty of Relations in 1934 which, among other things, continued the 1903 agreements that leased the Guantanamo Bay naval base to the United States.

Independent Cuba was often ruled by authoritarian political and military figures who either obtained or remained in power by force. Fulgencio Batista, an army sergeant, organized a non-commissioned officer revolt in September 1933 and wielded significant power behind the scenes until he was elected president in 1940. Batista was voted out of office in 1944 and did not run in 1948. Both those elections were won by civilian political figures with the support of party organizations. Running for president again in 1952, Batista seized power in a bloodless coup 3 months before the election was to take place, suspended the balloting, and began ruling by decree. Many political figures and movements that wanted a return to the government according to the Constitution of 1940 disputed Batista's undemocratic rule.

On July 26, 1953, Fidel Castro, who had been involved in increasingly violent political activity before Batista's coup, led a failed attack on the Moncada army barracks in Santiago de Cuba in which more than 100 died. After defending himself in a trial open to national and international media, he was convicted and jailed, and subsequently was freed in an act of clemency, before going into exile in Mexico. There he organized the "26th of July Movement" with the goal of overthrowing Batista, and the group sailed to Cuba on board the yacht Granma, landing in the eastern part of the island in December 1956.

Batista's dictatorial rule fueled increasing popular discontent and the rise of many active urban and rural resistance groups, a fertile political environment for Castro's 26th of July Movement. Faced with a corrupt and ineffective military--itself dispirited by a U.S. Government embargo on weapons sales to Cuba--and public indignation and revulsion at his brutality toward opponents, Batista fled on January 1, 1959. Although he had promised a return to constitutional rule and democratic elections along with social reforms, Castro used his control of the military to consolidate his power by repressing all dissent from his decisions, marginalizing other resistance figures, and imprisoning or executing thousands of opponents. An estimated 3,200 people were executed by the Castro regime between 1959-62 alone. As the revolution became more radical, hundreds of thousands of Cubans fled the island.

Castro declared Cuba a socialist state on April 16, 1961. For the next 30 years, Castro pursued close relations with the Soviet Union and worked in concert with the geopolitical goals of Soviet communism, funding and fomenting violent subversive and insurrectional activities, as well as military adventurism, until the demise of the U.S.S.R. in 1991.

Relations between the United States and Cuba deteriorated rapidly as the Cuban regime expropriated U.S. properties and moved toward adoption of a one-party communist system. In response, the United States imposed an embargo on Cuba in October 1960, and, in response to Castro's provocations, broke diplomatic relations on January 3, 1961. Tensions between the two governments peaked during the October 1962 missile crisis.

-- Dominican Republic (06/06)

Dominican Republic - Last Minute Packages HISTORY

The island of Hispaniola, of which the Dominican Republic forms the eastern two-thirds and Haiti the remainder, was originally occupied by Tainos, an Arawak-speaking people. The Tainos welcomed Columbus in his first voyage in 1492, but subsequent colonizers were brutal, reducing the Taino population from about 1 million to about 500 in 50 years. To ensure adequate labor for plantations, the Spanish brought African slaves to the island beginning in 1503.

In the next century, French settlers occupied the western end of the island, which Spain ceded to France in 1697, and which, in 1804, became the Republic of Haiti. The Haitians conquered the whole island in 1822 and held it until 1844, when forces led by Juan Pablo Duarte, the hero of Dominican independence, drove them out and established the Dominican Republic as an independent state. In 1861, the Dominicans voluntarily returned to the Spanish Empire; in 1865, independence was restored. Economic difficulties, the threat of European intervention, and ongoing internal disorders led to a U.S. occupation in 1916 and the establishment of a military government in the Dominican Republic. The occupation ended in 1924, with a democratically elected Dominican Government.

In 1930, Rafael L. Trujillo, a prominent army commander, established absolute political control. Trujillo promoted economic development--from which he and his supporters benefited--and severe repression of domestic human rights. Mismanagement and corruption resulted in major economic problems. In August 1960, the Organization of American States (OAS) imposed diplomatic sanctions against the Dominican Republic as a result of Trujillo's complicity in an attempt to assassinate President Romulo Betancourt of Venezuela. These sanctions remained in force after Trujillo's death by assassination in May 1961. In November 1961, the Trujillo family was forced into exile.

In January 1962, a council of state that included moderate opposition elements with legislative and executive powers was formed. OAS sanctions were lifted January 4, and, after the resignation of President Joaquin Balaguer on January 16, the council under President Rafael E. Bonnelly headed the Dominican government.

In 1963, Juan Bosch was inaugurated President. Bosch was overthrown in a military coup

in September 1963. Another military coup, on April 24, 1965, led to violence between military elements favoring the return to government by Bosch and those who proposed a military junta committed to early general elections. On April 28, U.S. military forces landed to protect U.S. citizens and to evacuate U.S. and other foreign nationals.

Additional U.S. forces subsequently established order. In June 1966, President Balaguer, leader of the Reformist Party (now called the Social Christian Reformist Party--PRSC), was elected and then re-elected to office in May 1970 and May 1974, both times after the major opposition parties withdrew late in the campaign. In the May 1978 election, Balaguer was defeated in his bid for a fourth successive term by Antonio Guzman of the Dominican Revolutionary Party (PRD). Guzman's inauguration on August 16 marked the country's first peaceful transfer of power from one freely elected president to another.

The PRD's presidential candidate, Salvador Jorge Blanco, won the 1982 elections, and the PRD gained a majority in both houses of Congress. In an attempt to cure the ailing economy, the Jorge administration began to implement economic adjustment and recovery policies, including an austerity program in cooperation with the International Monetary Fund (IMF). In April 1984, rising prices of basic foodstuffs and uncertainty about austerity measures led to riots.

Balaguer was returned to the presidency with electoral victories in 1986 and 1990. Upon taking office in 1986, Balaguer tried to reactivate the economy through a public works construction program. Nonetheless, by 1988 the country had slid into a 2-year economic depression, characterized by high inflation and currency devaluation. Economic difficulties, coupled with problems in the delivery of basic services--e.g., electricity, water, transportation--generated popular discontent that resulted in frequent protests, occasionally violent, including a paralyzing nationwide strike in June 1989.

In 1990, Balaguer instituted a second set of economic reforms. After concluding an IMF agreement, balancing the budget, and curtailing inflation, the Dominican Republic experienced a period of economic growth marked by moderate inflation, a balance in external accounts, and a steadily increasing GDP that lasted through 2000.

The voting process in 1986 and 1990 was generally seen as fair, but allegations of electoral board fraud tainted both victories. The elections of 1994 were again marred by charges of fraud. Following a compromise calling for constitutional and electoral reform, President Balaguer assumed office for an abbreviated term and Congress amended the Constitution to bar presidential succession.

In June 1996, Leonel Fernández Reyna of the Dominican Liberation Party (PLD) was elected to a 4-year term as president. Fernández's political agenda was one of economic and judicial reform. He helped enhance Dominican participation in hemispheric affairs, such as the OAS and the follow up to the Miami Summit. On May 16, 2000, Hipólito Mejía, the PRD candidate, was elected president in another free and fair election, soundly defeating PLD candidate Danilo Medina and Former President Balaguer. Mejía championed the cause of free trade and Central American and Caribbean economic integration. The Dominican Republic signed a free trade agreement with the United States and five Central American countries (DR-CAFTA) in August 2004, in the last weeks of the Mejía administration. During the Mejía administration, the government sponsored and obtained anti-trafficking and anti-money-laundering legislation, sent troops to Iraq in support of the fight against terrorism, and ratified the Article 98 agreement it had signed in 2002. Mejía faced mounting domestic problems as a deteriorating economy--caused in large part by the government's measures to deal with massive bank fraud--and constant power shortages plaqued the latter part of his administration.

During the Mejía administration, the Constitution was amended to permit an incumbent president to seek a second successive term, and Mejía ran for re-election. On May 16, 2004, Leonel Fernández was elected president in a free and fair election, defeating Mejía 57.11% to 33.65%. Eduardo Estrella of the PRSC received 8.65% of the vote. Fernández took office on August 16, 2004, promising in his inaugural speech to promote fiscal austerity, to fight corruption and to support social concerns. Fernández said the Dominican Republic would support policies favoring international peace and security through multilateral mechanisms in conformity with the United Nations and the OAS. The Fernández administration has worked closely with the United States on law enforcement and immigration and counter-terrorism matters. On May 16, 2006, President Fernández's PLD won a majority of seats in the upper and lower houses of Congress as well as a plurality of mayoral seats, marking a major shift in power among the main political parties.

Advanced indigenous cultures flourished in Ecuador long before the area was conquered by the Inca Empire in the 15th century. In 1534, the Spanish arrived and defeated the Inca armies, and Spanish colonists became the new elite. The indigenous population was decimated by disease in the first decades of Spanish rule--a time when the natives also were forced into the "encomienda" labor system for Spanish landlords. In 1563, Quito became the seat of a royal "audiencia" (administrative district) of Spain.

Independence

After independence forces defeated the royalist army in 1822, Ecuador joined Simon Bolivar's Republic of Gran Colombia, only to become a separate republic in 1830. The 19th century was marked by instability, with a rapid succession of rulers. The conservative Gabriel Garcia Moreno unified the country in the 1860s with the support of the Catholic Church. In the late 1800s, world demand for cocoa tied the economy to commodity exports and led to migrations from the highlands to the agricultural frontier on the coast.

A coastal-based liberal revolution in 1895 under Eloy Alfaro reduced the power of the clergy and opened the way for capitalist development. The end of the cocoa boom produced renewed political instability and a military coup in 1925. The 1930s and 1940s were marked by populist politicians such as five-time President Jose Velasco Ibarra. In January 1942, Ecuador signed the Rio Protocol to end a brief war with Peru the year before. Ecuador agreed to a border that conceded to Peru much territory Ecuador previously had claimed in the Amazon. After World War II, a recovery in the market for agricultural commodities and the growth of the banana industry helped restore prosperity and political peace. From 1948-60, three presidents—beginning with Galo Plaza—were freely elected and completed their terms.

Contemporary History

Military Rule and Return to Democracy (1972-1982)

Recession and popular unrest led to a return to populist politics and domestic military interventions in the 1960s, while foreign companies developed oil resources in the Ecuadorian Amazon. In 1972, a nationalist military regime seized power and used the new oil wealth and foreign borrowing to pay for a program of industrialization, land reform, and subsidies for urban consumers. With the oil boom fading, Ecuador returned to democracy in 1979, but by 1982, the government faced an economic crisis, characterized by inflation, budget deficits, a falling currency, mounting debt service, and uncompetitive industries.

Uninterrupted Democracy (1984-1996)

The 1984 presidential elections were narrowly won by Leon Febres-Cordero of the Social Christian Party (PSC). During the first years of his administration, Febres-Cordero introduced free-market economic policies, took strong stands against drug trafficking and terrorism, and pursued close relations with the United States. His tenure was marred by bitter wrangling with other branches of government and his own brief kidnapping by elements of the military. A devastating earthquake in March 1987 interrupted oil exports and worsened the country's economic problems.

Rodrigo Borja of the Democratic Left (ID) party won the presidency in 1988. His government was committed to improving human rights protection and carried out some reforms. Most notably, Borja opened Ecuador to foreign trade. The Borja government concluded an accord leading to the disbanding of the small terrorist group, "Alfaro Lives." However, continuing economic problems undermined the popularity of the ID, and opposition parties gained control of Congress in 1990.

In 1992, Sixto Duran-Ballen won in his third run for the presidency. His government succeeded in pushing a limited number of modernization initiatives through Congress. Duran-Ballen's Vice President, Alberto Dahik, was the architect of the administration's economic policies, but in 1995, Dahik fled the country to avoid prosecution on corruption charges following a heated political battle with the opposition. A war with Peru erupted in January-February 1995 in a small, remote region where the boundary prescribed by the 1942 Rio Protocol was in dispute.

The Return of Instability (1997-2006)

Abdala Bucaram, from the Guayaquil-based Ecuadorian Roldosista Party (PRE), won the presidency in 1996 on a platform that promised populist economic and social policies and the breaking of what Bucaram termed as the power of the nation's oligarchy. During his short term of office, Bucaram's administration drew criticism for corruption. Bucaram was deposed by the Congress in February 1997 on grounds of alleged mental incompetence. In his place, Congress named interim President Fabian Alarcon, who had been president of Congress and head of the small Radical Alfarist Front party. Alarcon's interim presidency was endorsed by a May 1997 popular referendum.

Congressional and first-round presidential elections were held on May 31, 1998. No presidential candidate obtained a majority, so a run-off election between the top two candidates--Quito Mayor Jamil Mahuad of the Popular Democracy party and Alvaro Noboa of the Ecuadorian Roldosista Party (PRE)--was held on July 12, 1998. Mahuad won by a narrow margin. He took office on August 10, 1998. On the same day, Ecuador's new constitution came into effect. Mahuad concluded a well-received peace with Peru on October 26, 1998, but increasing economic, fiscal, and financial difficulties drove his popularity steadily lower. On January 21, 2000, during demonstrations in Quito by indigenous groups, the military and police refused to enforce public order. Demonstrators entered the National Assembly building and declared a three-person "junta" in charge of the country. Field-grade military officers declared their support for the concept. During a night of confusion and negotiations, President Mahuad was obliged to flee the presidential palace. Vice President Gustavo Noboa took charge and Mahuad went on national television in the morning to endorse Noboa as his successor. Congress met in emergency session in Guayaquil the same day, January 22, and ratified Noboa as President of the Republic in constitutional succession to Mahuad.

By completing Mahuad's term, Noboa restored some stability to Ecuador. He implemented the dollarization that Mahuad had announced, and he obtained congressional authorization for the construction of Ecuador's second major oil pipeline, this one financed by a private consortium. Noboa turned over the government on January 15, 2003, to his successor, Lucio Gutierrez, a former army colonel who first came to the public's attention as a leader of the January 2000 events that led to Mahuad's departure from the presidency. Anti-corruption and a leftist, populist platform characterized Gutierrez's campaign. However, shortly after taking office, Gutierrez adopted conservative fiscal policies and authoritarian tactics to combat mounting opposition. The situation came to a head in April 2005 when political opponents and popular uprisings in Quito forced Gutierrez to resign the presidency and leave the country. In the aftermath, Vice President Alfredo Palacio was confirmed as the new president, and a new majority coalition of opposition political parties reclaimed control of Congress. A semblance of stability has returned, but the Palacio administration remains weak amid popular pressure for reform.

Government

The constitution provides for 4-year terms of office for the president, vice president, and members of Congress,

although none of the last three democratically-elected presidents have remained in office much beyond two years. Presidents may be re-elected after an intervening term, while legislators may be re-elected immediately. The executive branch includes 15 ministries. Provincial governors and councilors, like mayors and aldermen and parish boards, are directly elected. Congress meets throughout the year except for recess in July and December. There are twenty 7-member congressional committees. Justices of the Supreme Court are appointed by the Congress for indefinite terms.

Principal Government Officials
President--Alfredo PALACIO
Vice President--Nicanor Alejandro SERRANO Aguilar
Minister of Foreign Affairs--Francisco CARRION Mena
Minister of Defense--Oswaldo JARRIN
Ambassador to the United States--Luis GALLEGOS Chiriboga
Ambassador to the Organization of American States--Mario ALEMAN
Ambassador to the United Nations--Marcelo Fernandez de CORDOVA

Ecuador maintains an embassy in the United States at 2535 15th Street NW, Washington, DC 20009 (tel. 202-234-7200). Consulates are located in Atlanta, Boston, Chicago, Dallas, Denver, Houston, Jersey City, Los Angeles, Miami, New Orleans, New York, San Francisco, and San Juan, Puerto Rico.

Political Conditions

Ecuador's political parties have historically been small, loose organizations that depend more on populist, often charismatic, leaders to retain support than on programs or ideology. Frequent internal splits have produced extreme factionalism. No party has ever elected more than one president in recent years. Although Ecuador's political elite is highly factionalized along regional, ideological, and personal lines, a strong desire for consensus on major issues often leads to compromise. Opposition forces in Congress are loosely organized, but historically they often unite to block the administration's initiatives. Currently a majority coalition of three of the main parties holds 53% of the seats in Congress, and effectively controls congressional leadership.

Constitutional changes enacted by a specially elected National Constitutional Assembly in 1998 took effect on August 10, 1998. The new constitution strengthens the executive branch by eliminating mid-term congressional elections and by circumscribing Congress' power to remove cabinet ministers. Party discipline is traditionally weak, and routinely many congressional deputies switch allegiance during each Congress. However, after the new constitution took effect, the Congress passed a code of ethics that imposes penalties on members who defy their party leadership on key votes.

Beginning with the 1996 election, the indigenous population abandoned its traditional policy of shunning the official political system and participated actively. The indigenous population has established itself as a significant force in Ecuadorian politics, as shown by its early participation in the Gutierrez administration.

2006 will see the next scheduled presidential and congressional elections, according to the following timetable: Congressional election and First Round of Presidential Election- October 14, 2006; Runoff presidential election - November 26, 2006; Congressional inauguration - January 5, 2007; Presidential inauguration - January 15, 2007.

-- <u>El Salvador (12/05)</u>

Travel to El Salvador: Lowest fares to vacation paradise HISTORY

In 1821, El Salvador and the other Central American provinces declared their independence from Spain. When these provinces were joined with Mexico in early 1822, El Salvador resisted, insisting on autonomy for the Central American countries. In 1823, the United Provinces of Central America was formed of the five Central American states under Gen. Manuel Jose Arce. When this federation was dissolved in 1838, El Salvador became an independent republic. El Salvador's early history as an independent state--as with others in Central America-was marked by frequent revolutions; not until the period 1900-30 was relative stability achieved. Following a deterioration in the country's democratic institutions in the 1970s a period of civil war followed from 1980-1992. More than 75,000 people are estimated to have died in the conflict. In January 1992, after prolonged negotiations, the opposing sides signed peace accords which ended the war, brought the military under civilian control, and allowed the former guerillas to form a legitimate political party and participate in elections.

-- <u>Guatemala (11/05)</u>

HISTORY

The Mayan civilization flourished throughout much of Guatemala and the surrounding region long before the Spanish arrived, but it was already in decline when the Mayans were defeated by Pedro de Alvarado in 1523-24. The first colonial capital, Ciudad Vieja, was ruined by floods and an earthquake in 1542. Survivors founded Antigua, the second capital, in 1543. Antigua was destroyed by two earthquakes in 1773. The remnants of its Spanish colonial architecture have been preserved as a national monument. The third capital, Guatemala City, was founded in 1776.

Guatemala gained independence from Spain on September 15, 1821; it briefly became part of the Mexican Empire, and then for a period belonged to a federation called the United Provinces of Central America. From the mid-19th century until the mid-1980s, the country passed through a series of dictatorships, insurgencies (particularly beginning in the 1960s), coups, and stretches of military rule with only occasional periods of representative government.

1944 to 1986

In 1944, Gen. Jorge Ubico's dictatorship was overthrown by the "October Revolutionaries," a group of dissident military officers, students, and liberal professionals. A civilian President, Juan Jose Arevalo, was elected in 1945 and held the presidency until 1951. Social reforms initiated by Arevalo were continued by his successor, Col. Jacobo Arbenz. Arbenz permitted the communist Guatemalan Labor Party to gain legal status in 1952. The army refused to defend the Arbenz government when a U.S.-backed group led by Col. Carlos Castillo Armas invaded the country from Honduras in 1954 and quickly took over the government. Gen. Miguel Ydigoras Fuentes took power in 1958 following the murder of Colonel Castillo Armas.

In response to the increasingly autocratic rule of Ydigoras Fuentes, a group of junior military officers revolted in 1960. When they failed, several went into hiding and established close ties with Cuba. This group became the nucleus of the forces that were in armed insurrection against the government for the next 36 years. Four principal left-wing guerrilla groups--the Guerrilla Army of the Poor (EGP), the Revolutionary Organization of Armed People (ORPA), the Rebel Armed Forces (FAR), and the Guatemalan Labor Party (PGT)--conducted economic sabotage and targeted government installations and members of government security forces in armed attacks. These organizations combined to form the Guatemalan National Revolutionary Unity (URNG) in 1982.

Shortly after President Julio Cesar Mendez Montenegro took office in 1966, the army launched a major counterinsurgency campaign that largely broke up the guerrilla movement in the countryside. The guerrillas then concentrated their attacks in Guatemala City, where they assassinated many leading figures, including U.S. Ambassador John Gordon Mein in 1968. Between 1966 and 1982, there was a series of military or military-dominated governments.

On March 23, 1982, army troops commanded by junior officers staged a coup to prevent the assumption of power by Gen. Angel Anibal Guevara, the hand-picked candidate of outgoing President and Gen. Romeo Lucas Garcia. They denounced Guevara's electoral victory as fraudulent. The coup leaders asked retired Gen. Efrain Rios Montt to negotiate the departure of Lucas and Guevara.

Rios Montt was at this time a lay pastor in the evangelical protestant "Church of the Word." He formed a three-member military junta that annulled the 1965 constitution, dissolved Congress, suspended political parties, and canceled the electoral law. After a few months, Rios Montt dismissed his junta colleagues and assumed the de facto title of "President of the Republic."

Guerrilla forces and their leftist allies denounced Rios Montt. Rios Montt sought to defeat the guerrillas with military actions and economic reforms; in his words, "rifles and beans." The government began to form local civilian defense patrols (PACs). Participation was in theory voluntary, but in reality, many Guatemalans, especially in the heavily indigenous northwest, had no choice but to join either the PACs or the guerrillas. Rios Montt's conscript army and PACs recaptured essentially all guerrilla territory--guerrilla activity lessened and was largely limited to hit-and-run operations. However, Rios Montt won this partial victory at an enormous cost in civilian deaths, in what was probably the most violent period of the 36-year internal conflict, resulting in about 200,000 deaths of mostly unarmed indigenous civilians.

On August 8, 1983, Rios Montt was deposed by his own Minister of Defense, Gen. Oscar Humberto Mejia Victores, who succeeded him as de facto President of Guatemala. Rios Montt survived to found a political party (the Guatemalan Republic Front) and to be elected President of Congress in 1995 and 2000. Awareness in the United States of the conflict in Guatemala, and its ethnic dimension, increased with the 1983 publication of the book I, Rigoberta Menchu, An Indian Woman in Guatemala.

General Mejia allowed a managed return to democracy in Guatemala, starting with a July 1, 1984 election for a Constituent Assembly to draft a democratic constitution. On May 30, 1985, after 9 months of debate, the Constituent Assembly finished drafting a new constitution, which took effect immediately. Vinicio Cerezo, a civilian politician and the presidential candidate of the Christian Democracy Party, won the first election held under the new constitution with almost 70% of the vote, and took office on January 14, 1986.

1986 to 2003

Upon its inauguration in January 1986, President Cerezo's civilian government announced that its top priorities would be to end the political violence and establish the rule of law. Reforms included new laws of habeas corpus and amparo (court-ordered protection), the creation of a legislative human rights committee, and the establishment in 1987 of the Office of Human Rights Ombudsman. Cerezo survived coup attempts in 1988 and 1989, and the final 2 years of Cerezo's government were also marked by a failing economy, strikes, protest marches, and allegations of widespread corruption.

Presidential and congressional elections were held on November 11, 1990. After a runoff ballot, Jorge Serrano was inaugurated on January 14, 1991, thus completing the first transition from one democratically elected civilian government to another.

The Serrano administration's record was mixed. It had some success in consolidating civilian control over the army, replacing a number of senior officers and persuading the military to participate in peace talks with the URNG. Serrano took the politically unpopular step of recognizing the sovereignty of Belize. The Serrano government reversed the economic slide it inherited, reducing inflation and boosting real growth.

On May 25, 1993, Serrano illegally dissolved Congress and the Supreme Court and tried to restrict civil freedoms, allegedly to fight corruption. The "autogolpe" (or self-initiated coup) failed due to unified, strong protests by most elements of Guatemalan society, international pressure, and the army's enforcement of the decisions of the Court of Constitutionality, which ruled against the attempted takeover. Serrano fled the country.

On June 5, 1993, the Congress, pursuant to the 1985 constitution, elected the Human Rights Ombudsman, Ramiro De Leon Carpio, to complete Serrano's presidential term. De Leon, not a member of any political party and lacking a political base but with strong popular support, launched an ambitious anticorruption campaign to "purify" Congress and the Supreme Court, demanding the resignations of all members of the two bodies.

Despite considerable congressional resistance, presidential and popular pressure led to a November 1993 agreement brokered by the Catholic Church between the administration and Congress. This package of constitutional reforms was approved by popular referendum on January 30, 1994. In August 1994, a new Congress was elected to complete the unexpired term.

Under De Leon, the peace process, now brokered by the United Nations, took on new life. The government and the URNG signed agreements on human rights (March 1994), resettlement of displaced persons (June 1994), historical clarification (June 1994), and indigenous rights (March 1995). They also made significant progress on a socioeconomic and agrarian agreement. National elections for president, the Congress, and municipal offices were held in November 1995. With almost 20 parties competing in the first round, the presidential election came down to a January 7, 1996 runoff in which National Advancement Party (PAN) candidate Alvaro Arzu defeated Alfonso Portillo of the Guatemalan Republican Front (FRG) by just over 2% of the vote. Under the Arzu administration, peace negotiations were concluded, and the government signed peace accords ending the 36-year internal conflict in December 1996. The human rights situation also improved during Arzu's tenure, and steps were taken to reduce the influence of the military in national affairs.

In a December 1999 presidential runoff, Alfonso Portillo (FRG) won 68% of the vote to 32% for Oscar Berger (PAN). Portillo's impressive electoral triumph, with two-thirds of the vote in the second round, gave him a claim to a mandate from the people to carry out his reform program.

Progress in carrying out Portillo's reform agenda was slow at best, with the notable exception of a series of reforms sponsored by the World Bank to modernize bank regulation and criminalize money laundering. The United States determined in April 2003 that Guatemala had failed to demonstrably adhere to its international counternarcotics commitments during the previous year.

A high crime rate and a serious and worsening public corruption problem were cause for concern for the Government of Guatemala. These problems, in addition to issues related to the often violent harassment and

intimidation by unknown assailants of human rights activists, judicial workers, journalists, and witnesses in human rights trials, led the government to begin serious attempts in 2001 to open a national dialogue to discuss the considerable challenges facing the country.

National elections were held on November 9, 2003. Oscar Berger Perdomo of the Grand National Alliance (GANA) party won the election, receiving 54.1% of the vote. His opponent, Alvarado Colom Caballeros of the Nation Unity for Hope (UNE) party received 45.9% of the vote. The new government assumed office on January 14, 2004.

-- Honduras (01/06)

HISTORY

Independence

Honduras and other Central American provinces gained independence from Spain in 1821. The country was then briefly annexed to the Mexican Empire. In 1823, Honduras joined the newly formed United Provinces of Central America federation, which collapsed in 1838. Gen. Francisco Morazan--a Honduran national hero--led unsuccessful efforts to maintain the federation. Honduras' agriculture-based economy was dominated in the 1900s by U.S. companies that established vast banana plantations along the north coast. Foreign capital, plantation life, and conservative politics held sway in Honduras from the late 19th century until the mid-20th century.

Military Rule

Authoritarian Gen. Tiburcio Carias Andino controlled Honduras during the Great Depression, until 1948. In 1955--after two authoritarian administrations and a strike by banana workers--young military reformists staged a coup that installed a provisional junta and paved the way for constituent assembly elections in 1957. This assembly appointed Ramon Villeda Morales as President and transformed itself into a national legislature with a 6-year term. The Liberal Party ruled during 1957-63. In 1963, conservative military officers preempted constitutional elections and deposed Villeda in a bloody coup. These officers exiled Liberal Party members and took control of the national police. The armed forces, led by Gen. Lopez Arellano, governed until 1970. Popular discontent continued to rise after a 1969 border war with El Salvador, known as "the Soccer War." A civilian President--Ramon Cruz of the National Party--took power briefly in 1970 but proved unable to manage the government. In 1972, Gen. Lopez staged another coup. Lopez adopted more progressive policies, including land reform, but his regime was brought down in the mid-1970s by corruption scandals. The regimes of Gen. Melgar Castro (1975-78) and Gen. Paz Garcia (1978-83) largely built the current physical infrastructure and telecommunications system of Honduras. The country also enjoyed its most rapid economic growth during this period, due to greater international demand for its products and the availability of foreign commercial lending.

Seven Consecutive Democratic Elections

Following the overthrow of Anastasio Somoza in Nicaragua in 1979 and general instability in El Salvador at the time, Hondurans elected a constituent assembly in 1980 and voted in general elections in 1981. A new constitution was approved in 1982, and the Liberal Party government of President Roberto Suazo Cordoba took office. Suazo relied on U.S. support during a severe economic recession, including ambitious social and economic development projects sponsored by the U.S. Agency for International Development (USAID). Honduras became host to the largest Peace Corps mission in the world, and nongovernmental and international voluntary agencies proliferated.

As the 1985 election approached, the Liberal Party interpreted election law as permitting multiple presidential candidates from one party. The Liberal Party claimed victory when its presidential candidates, who received 42% of the vote, collectively outpolled the National Party candidate, Rafael Leonardo Callejas. Jose Azcona Hoyo, the candidate receiving the most votes among the Liberals, assumed the presidency in 1986. With the endorsement of the Honduran military, the Azcona administration ushered in the first peaceful transfer of power between civilian presidents in more than 30 years.

Four years later, Nationalist Rafael Callejas won the presidential election, taking office in 1990. The nation's fiscal deficit ballooned during Callejas' last year in office. Growing public dissatisfaction with the rising cost of living and with widespread government corruption led voters in 1993 to elect Liberal Party candidate Carlos Roberto Reina with 56% of the vote. President Reina, elected on a platform calling for a "moral revolution," actively prosecuted corruption and pursued those responsible for human rights abuses in the 1980s. He created a modern attorney general's office and an investigative police force, increased civilian control over the armed forces, transferred the police from military to civilian authority, and restored national fiscal health.

After winning the 1997 election by a 10% margin, Liberal Carlos Roberto Flores Facusse took office in 1998. Flores inaugurated programs of reform and modernization of the Honduran government and economy, with emphasis on helping Honduras' poorest citizens

while maintaining the country's fiscal health and improving international competitiveness. In October 1998, Hurricane Mitch devastated Honduras, leaving more than 5,000 people dead and 1.5 million displaced. Damages totaled nearly \$3 billion. President Flores and his administration successfully managed more than \$600 million in international assistance. President Flores also moved judicial and penal reforms forward, establishing an anticorruption commission, and supporting passage of a new penal code based on the oral accusatorial system and a law that created an independent Supreme Court. Flores also established a civilian Minister of Defense.

Ricardo Maduro Joest of the National Party won the 2001 presidential elections by 8 percent, and was inaugurated in 2002. During his campaign, President Maduro promised to reduce crime, reinvigorate the economy, and fight corruption. Maduro's first act as President was to deploy a joint police-military force to the streets to permit wider neighborhood patrols in the ongoing fight against the country's massive crime and gang problem. Maduro was a strong supporter of the global war on terrorism and joined the U.S.-led coalition in Iraq with an 11-month contribution of 370 troops. Under President Maduro's guidance, Honduras also negotiated and ratified the U.S.-Central America Free Trade Agreement (CAFTA), received debt relief, became the first Latin American country to sign a Millennium Challenge Account compact with the U.S., and actively promoted greater Central American integration.

Jose Manuel "Mel" Zelaya Rosales of the Liberal Party won the November 27, 2005 presidential elections by under 4 percent—the smallest margin ever. Zelaya's campaign theme was "citizen power," and he has vowed to increase transparency and combat narcotrafficking, while maintaining macroeconomic stability. The Liberal Party won 62 of the 128 congressional seats, just short of an absolute majority. Zelaya was inaugurated on January 27, 2006.

-- Mexico (12/05)

Highly developed cultures, including those of the Olmecs, Mayas, Toltecs, and Aztecs existed long before the Spanish conquest. Hernando Cortes conquered Mexico during the period 1519-21 and founded a Spanish colony that lasted nearly 300 years.

Independence from Spain was proclaimed by Father Miguel Hidalgo on September 16, 1810. Father Hidalgo's declaration of national independence, known in Mexico as the "Grito de Dolores", launched a decade long struggle for independence from Spain. Prominent figures in Mexico's war for independence were Father Jose Maria Morelos; Gen. Augustin de Iturbide, who defeated the Spaniards and ruled as Mexican emperor from 1822-23; and Gen. Antonio Lopez de Santa Ana, who went on to control Mexican politics from 1833 to 1855. An 1821 treaty recognized Mexican independence from Spain and called for a constitutional monarchy. The planned monarchy failed; a republic was proclaimed in December 1822 and established in 1824.

Throughout the rest of the 19th century, Mexico's government and economy were shaped by contentious debates among liberals and conservatives, republicans and monarchists, federalists and those who favored centralized government. During the two presidential terms of Benito Juarez (1858-71), Mexico experimented with modern democratic and economic reforms. President Juarez' terms, and Mexico's early experience with democracy were interrupted by the Habsburg monarchy's rule of Mexico (1864-67), and by the authoritarian government of Gen. Porfirio Diaz, who was president during most of the period between 1877 and 1911.

Mexico's severe social and economic problems erupted in a revolution that lasted from 1910-20 and gave rise to the 1917 constitution. Prominent leaders in this period--some of whom were rivals for power--were Francisco I. Madero, Venustiano Carranza, Pancho Villa, Alvaro Obregon, Victoriano Huerta, and Emiliano Zapata. The Institutional Revolutionary Party (PRI), formed in 1929 under a different name, emerged as a coalition of interests after the chaos of the revolution as a vehicle for keeping political competition in peaceful channels. For 71 years, Mexico's national government was controlled by the PRI, which won every presidential race and most gubernatorial races until the July 2000 presidential election of Vicente Fox Quesada of the National Action Party (PAN).

-- Nicaragua (11/05)

HISTORY

Nicaragua takes its name from Nicarao, chief of the indigenous tribe that lived around present-day Lake Nicaragua during the late 1400s and early 1500s. In 1524, Hernandez de Cordoba founded the first Spanish permanent settlements in the region, including two of Nicaragua's principal towns: Granada on Lake Nicaragua, and Leon east of Lake Managua. Nicaragua gained independence from Spain in 1821, briefly becoming a part of the Mexican Empire and then a member of a federation of independent Central American provinces. In 1838, Nicaragua became an independent republic.

Much of Nicaragua's politics since independence has been characterized by the rivalry between the Liberal elite of Leon and the Conservative elite of Granada, which often led to civil war. Initially invited by the Liberals in 1855 to join their struggle against the Conservatives, an American named William Walker and his "filibusters" seized the presidency in 1856. The Liberals and Conservatives united to drive him out of office in 1857. Three decades of Conservative rule followed. Taking advantage of divisions within the Conservative ranks, Jose Santos Zelaya led a Liberal revolt that brought him to power in 1893. Zelaya ended a longstanding dispute with Britain over the Atlantic Coast in 1894,

and reincorporated that region into Nicaragua.

By 1909, differences had developed over an isthmian canal and concessions to Americans in Nicaragua; there also was concern about what was perceived as Nicaragua's destabilizing influence in the region. In 1909 the United States provided political support to Conservative-led forces rebelling against President Zelaya and intervened militarily to protect American lives and property. With the exception of a 9-month period in 1925-26, the United States maintained troops in Nicaragua from 1912 until 1933. From 1927 until 1933, U.S. Marines stationed in Nicaragua engaged in a running battle with rebel forces led by renegade Liberal Gen. Augusto Sandino, who rejected a 1927 negotiated agreement brokered by the United States to end the latest round of fighting between Liberals and Conservatives.

After the departure of U.S. troops, National Guard Cmdr. Anastasio Somoza Garcia outmaneuvered his political opponents--including Sandino, who was assassinated by National Guard officers--and took over the presidency in 1936. Somoza and two sons who succeeded him, maintained close ties with the United States. The Somoza dynasty ended in 1979 with a massive uprising led by the Sandinista National Liberation Front (FSLN), which had conducted a low scale guerrilla war against the Somoza regime since the early 1960s.

The FSLN established an authoritarian dictatorship soon after taking power. U.S.-Nicaraguan relations deteriorated rapidly as the regime nationalized many private industries, confiscated private property, supported Central American guerrilla movements, and maintained links to international terrorists. The United States suspended aid to Nicaragua in 1981. The Reagan administration provided assistance to the Nicaraguan resistance and in 1985 imposed an embargo on U.S.-Nicaraguan trade.

In response to both domestic and international pressure, the Sandinista regime entered into negotiations with the Nicaraguan resistance and agreed to nationwide elections in February 1990. In these elections, which were proclaimed free and fair by international observers, Nicaraguan voters elected as their President the candidate of the National Opposition Union, Violeta Barrios de Chamorro.

During President Chamorro's nearly 7 years in office, her government achieved major progress toward consolidating democratic institutions, advancing national reconciliation, stabilizing the economy, privatizing state-owned enterprises, and reducing human rights violations. Despite a number of irregularities--which were due largely to logistical difficulties and a baroquely complicated electoral law--the October 20, 1996 presidential, legislative, and mayoral elections were judged free and fair by international observers and by the groundbreaking national electoral observer group Etica y Transparencia (Ethics and Transparency). This time Nicaraguans elected former Managua Mayor Arnoldo Alemán, leader of the center-right Liberal Alliance. The first transfer of power in recent Nicaraguan history from one democratically elected president to another took place on January 10, 1997, when the Alemán government was inaugurated.

Presidential and legislative elections were held in November 2001. Enrique Bolaños of the Liberal Constitutional Party was elected to the Nicaraguan presidency on November 4, 2001, defeating FSLN candidate Daniel Ortega by 14 percentage points. The elections, characterized by international observers as free, fair and peaceful, reflected the maturing of Nicaragua's democratic institutions. During his campaign, President-elect Bolaños promised to reinvigorate the economy, create jobs, fight corruption, and support the war against terrorism. Bolaños was inaugurated on January 10, 2002.

-- Panama (01/06)

HISTORY

Panama's history has been shaped by the evolution of the world economy and the ambitions of great powers. Rodrigo de Bastidas, sailing westward from Venezuela in 1501 in search of gold, was the first European to explore the Isthmus of Panama. A year later, Christopher Columbus visited the Isthmus and established a short-lived settlement in the Darien. Vasco Nunez de Balboa's tortuous trek from the Atlantic to the Pacific in 1513 demonstrated that the Isthmus was, indeed, the path between the seas, and Panama quickly became the crossroads and marketplace of Spain's empire in the New World. Gold and silver were brought by ship from South America, hauled across the Isthmus, and loaded aboard ships for Spain. The route became known as the Camino Real, or Royal Road, although it was more commonly known as Camino de Cruces (Road of the Crosses) because of the abundance of gravesites along the way.

Panama was part of the Spanish empire for 300 years (1538-1821). From the outset, Panamanian identity was based on a sense of "geographic destiny," and Panamanian fortunes fluctuated with the geopolitical importance of the Isthmus. The colonial

experience also spawned Panamanian nationalism as well as a racially complex and highly stratified society, the source of internal conflicts that ran counter to the unifying force of nationalism.

Building the Canal

Modern Panamanian history has been shaped by its transisthmian canal, which had been a dream since the beginning of Spanish colonization. From 1880 to 1890, a French company under Ferdinand de Lesseps attempted unsuccessfully to construct a sea-level canal on the site of the present Panama Canal. In November 1903, with U.S. encouragement, Panama proclaimed its independence and concluded the Hay/Bunau-Varilla Treaty with the United States.

The treaty granted rights to the United States "as if it were sovereign" in a zone roughly 10 miles wide and 50 miles long. In that zone, the U.S. would build a canal, then administer, fortify, and defend it "in perpetuity." In 1914, the United States completed the existing 83-kilometer (52 mile) lock canal, which today is one of the world's greatest engineering triumphs. The early 1960s saw the beginning of sustained pressure in Panama for the renegotiation of this treaty.

Military Coups and Coalitions

From 1903 until 1968, Panama was a constitutional democracy dominated by a commercially oriented oligarchy. During the 1950s, the Panamanian military began to challenge the oligarchy's political hegemony. In October 1968, Dr. Arnulfo Arias Madrid, twice elected president and twice ousted by the Panamanian military, was ousted for a third time as president by the National Guard after only 10 days in office. A military government was established, and the commander of the National Guard, Brigadier General Omar Torrijos, soon emerged as the principal power in Panamanian political life. Torrijos' regime was harsh and corrupt, but his charisma, populist domestic programs, and nationalist (anti-U.S.) foreign policy appealed to the rural and urban constituencies largely ignored by the oligarchy.

Torrijos' death in 1981 altered the tone but not the direction of Panama's political evolution. Despite the 1983 constitutional amendments, which appeared to proscribe a political role for the military, the Panama Defense Forces (PDF), as they were then known, continued to dominate Panamanian political life behind a facade of civilian government. By this time, General Manuel Noriega was firmly in control of both the PDF and the civilian government.

The United States froze economic and military assistance to Panama in the summer of 1987 in response to the domestic political crisis in Panama and an attack on the U.S. Embassy. General Noriega's February 1988 indictment in U.S. courts on drug trafficking charges sharpened tensions. In April 1988, President Reagan invoked the International Emergency Economic Powers Act, freezing Panamanian Government assets in U.S. banks and prohibiting payments by American agencies, firms, and individuals to the Noriega regime. When national elections were held in May 1989, Panamanians voted for the anti-Noriega candidates by a margin of over three-to-one. The Noriega regime promptly annulled the election and embarked on a new round of repression. By the fall of 1989 the regime was barely clinging to power, and the regime's paranoia made daily existence unsafe for American citizens.

On December 20, 1989, President George H.W. Bush ordered the U.S. military into Panama to protect U.S. lives and property, to fulfill U.S. treaty responsibilities to operate and defend the Canal, to assist the Panamanian people in restoring democracy, and to bring Noriega to justice. The U.S. troops involved in Operation Just Cause achieved their primary objectives quickly, and troop withdrawal began on December 27, 1989. Noriega eventually surrendered voluntarily to U.S. authorities. He is now serving a 40-year sentence for drug trafficking in Miami.

Rebuilding Democracy

Panamanians moved quickly to rebuild their civilian constitutional government. On December 27, 1989, Panama's Electoral Tribunal reinstated the results of the May 1989 election and confirmed the victory of opposition candidates under the leadership of President Guillermo Endara and Vice Presidents Guillermo Ford and Ricardo Arias Calderon.

During its 5-year term, the often-fractious Endara government struggled to meet the public's high expectations. Its new police force proved to be a major improvement in outlook and behavior over its thuggish predecessor but was not fully able to deter crime. Ernesto Perez Balladares was sworn in as President on September 1, 1994, after an internationally monitored election campaign.

Perez Balladares ran as the candidate for a three-party coalition dominated by the Democratic Revolutionary Party (PRD), the erstwhile political arm of the military dictatorship during the Torrijos and Noriega years. A long-time member of the PRD, Perez Balladares worked skillfully during the campaign to rehabilitate the PRD's image, emphasizing the party's populist Torrijos roots rather than its association with Noriega. He won the election with only 33% of the vote when the major non-PRD forces, unable to agree on a joint candidate, splintered into competing factions. His administration carried out economic reforms and often worked closely with the U.S. on implementation of the Canal treaties.

On May 2, 1999, Mireya Moscoso, the widow of former President Arnulfo Arias Madrid, defeated PRD candidate Martin Torrijos, son of the late dictator. The elections were considered free and fair. Moscoso took office on September 1, 1999. During her administration, Moscoso attempted to strengthen social programs, especially for child and youth development, protection, and general welfare. Education programs also were highlighted. Moscoso's administration successfully handled the Panama Canal transfer and was effective in the administration of the Canal.

National elections were held again on May 2, 2004. The PRD's Martin Torrijos won the presidency and a PRD legislative majority in the National Assembly. Torrijos was inaugurated on September 1, 2004. Torrijos ran his campaign on a platform of "zero tolerance" for corruption, a problem endemic to the Moscoso and Perez Balladares administrations. Since taking office, Martin Torrijos has passed a number of laws making the government more transparent. He formed a National Anti-Corruption Council whose members represent the highest levels of government, as well as civil society, labor organizations, and religious leadership. In addition, many of his closest Cabinet ministers are non-political technocrats known for their support for the Torrijos government's anticorruption aims.

-- Peru (06/06)

HISTORY, GOVERNMENT, AND POLITICAL CONDITIONS

The Inca Empire and Spanish Conquest

When the Spanish landed in 1531, Peru's territory was the nucleus of the highly developed Inca civilization. Centered at Cuzco, the Incan Empire extended over a vast region from northern Ecuador to central Chile. In search of Inca wealth, the Spanish conqueror Francisco Pizarro, who arrived in the territory after the Incas had fought a debilitating civil war, conquered the weakened people. The Spanish captured the Incan capital at Cuzco by 1533, and consolidated their control by 1542. Gold and silver from the Andes enriched the conquerors, and Peru became the principal source of Spanish wealth and power in South America.

Pizarro founded Lima in 1535. The viceroyalty established at Lima in 1542 initially had jurisdiction over all of the Spanish colonies in South America. By the time of the wars of independence (1820-24), Lima had become one of the most distinguished and aristocratic colonial capital and the chief Spanish stronghold in the Americas.

Independence

Peru's independence movement was led by Jose de San Martin of Argentina and Simon Bolivar of Venezuela. San Martin proclaimed Peruvian independence from Spain on July 28, 1821. Emancipation was completed in December 1824, when Venezuelan General Antonio Jose de Sucre defeated the Spanish troops at Ayacucho, ending Spanish rule in South America. Spain subsequently made futile attempts to regain its former colonies, but in 1879 it finally recognized Peru's independence.

After independence, Peru and its neighbors engaged in intermittent territorial disputes. Chile's victory over Peru and Bolivia in the War of the Pacific (1879-83) resulted in a territorial settlement in which Peru ceded the department of Tarapaca and the provinces of Tacna and Arica to Chile. In 1929, Chile returned Tacna to Peru. Following a clash between Peru and Ecuador in 1941, the Rio Protocol--of which the United States is one of four guarantors (along with Argentina, Brazil and Chile)--sought to establish the boundary between the two countries. Continuing boundary disagreement led to brief armed conflicts in early 1981 and early 1995, but in 1998 the governments of Peru and Ecuador signed an historic peace treaty and demarcated the border. In late 1999, the governments of Peru

and Chile likewise implemented the last outstanding article of their 1929 border agreement. Peru and Chile still dispute the sea boundary.

Contemporary History

Military Rule and Return to Democracy (1968-1980)

The military has been prominent in Peruvian history. Coups have repeatedly interrupted civilian constitutional government. The most recent period of military rule (1968-80) began when Gen. Juan Velasco Alvarado overthrew elected President Fernando Belaunde Terry of the Popular Action Party (AP). As part of what has been called the "first phase" of the military government's nationalist program, Velasco undertook an extensive agrarian reform program and nationalized the fishmeal industry, some petroleum and mining companies, and several banks.

Because of Velasco's economic mismanagement and deteriorating health, he was replaced in 1975 by Gen. Francisco Morales Bermudez. Morales Bermudez tempered the authoritarian abuses of the Velasco administration and began the task of restoring the country's economy. Morales Bermudez presided over the return to civilian government under a new constitution and in the May 1980 elections, President Belaunde Terry was returned to office by an impressive plurality.

Instability in the 1980s (1982-1990)

Nagging economic problems left over from the military government persisted, worsened by an occurrence of the "El Niño" weather phenomenon in 1982-83, which caused widespread flooding in some parts of the country, severe droughts in others, and decimated the fishing industry. The fall in international commodity prices to their lowest levels since the Great Depression combined with the natural disasters to decrease production, depress wages, exacerbate unemployment, and spur inflation. The economic collapse was reflected in worsening living conditions for Peru's poor and provided a breeding ground for social and political discontent. The emergence of the terrorist group Sendero Luminoso (Shining Path) in rural areas in 1980--followed shortly thereafter by the Tupac Amaru Revolutionary Movement (MRTA) in Lima--sent the country further into chaos. The terrorists were financed in part from alliances with narcotraffickers, who had established a stronghold in the Peruvian Andes during this period. Peru and Bolivia became the largest coca producers in the world, accounting for roughly four-fifths of the production in South America.

Amid inflation, economic hardship, and terrorism, the American Popular Revolutionary Alliance (APRA) won the presidential election in 1985, bringing Alan García to office. The transfer of the presidency from Belaunde to García on July 28, 1985, was Peru's first transfer of power from one democratically elected leader to another in 40 years.

The Fujimori Decade (1990-2000)

Economic mismanagement by the García administration led to hyperinflation from 1988 to 1990. Concerned about the economy, the increasing terrorist threat from Sendero Luminoso, and allegations of official corruption, voters chose a relatively unknown mathematician-turned-politician, Alberto Fujimori, as president in 1990. Fujimori felt he had a mandate for radical change. He immediately implemented drastic economic reforms to tackle inflation (which dropped from 7,650% in 1990 to 139% in 1991), but found opposition to further drastic measures, including dealing with the growing insurgency. On April 4, 1992, Fujimori dissolved the Congress in the "auto-coup," revised the constitution, and called new congressional elections. With a more pliant Congress, Fujimori proceeded to govern unimpeded. Large segments of the judiciary, the military and the media were copted by Fujimori's security advisor, the shadowy Vladimiro Montesinos. The government unleashed a counterattack against the insurgency that resulted in countless human right abuses and eventually quashed the Shining Path and MRTA. During this time he also privatized state-owned companies, removed investment barriers and significantly improved public finances.

Fujimori's constitutionally questionable decision to seek a third term, and subsequent tainted electoral victory in June 2000, brought political and economic turmoil. A bribery scandal that broke just weeks after he began his third term in July forced Fujimori to call new elections in which he would not run. Fujimori fled the country and resigned from office in November 2000. A caretaker government under Valentin Paniagua presided over new presidential and congressional elections in April 2001. The new elected government, led by President Alejandro Toledo, took office July 28, 2001.

The Toledo Administration (2001-2006)

The Toledo government successfully consolidated Peru's return to democracy, a process that had begun under President Paniagua. The government undertook initiatives to implement the recommendations made by the Truth and Reconciliation Commission (TRC), which had been charged with studying the circumstances surrounding the human rights abuses and violations committed between 1980 and 2000. Criminal charges for corruption

and human rights violations were brought against former President Fujimori, who is in Chile fighting efforts to extradite him to Peru. Despite being a frequent target of media criticism, Toledo has maintained strong commitments to freedom of the press.

Under President Toledo, Peru signed a Trade Promotion Agreement (TPA) with the U.S., to replace the Andean Trade Preferences and Drug Eradication Act, which expires in December 2006. Toledo also unveiled the construction of a road that will connect Brazil and Peru's isolated interior to the Pacific coast.

Toledo's strong economic management has led to an impressive economic boom in Peru that remains strong. Poverty reduction has been uneven, however. Although poverty in some areas has decreased by up to 37% over the last five years, nationally it has only decreased by 5% and over half of Peruvians are still considered to be living below the poverty line (living on less than \$2 a day). In 2005 the government implemented "Juntos," a program to double the income of people living under extreme poverty (less than \$1 a day).

2006 Elections and Transition

Peru held presidential and congressional elections on April 9, 2006, and in a presidential runoff on June 4 between the two top vote-getters, former President Alan Garcia, of the APRA party, defeated Ollanta Humala, of the Union por el Peru (UPP) party, 52% to 47%, respectively. Despite the loss, Humala's UPP will have the largest block in Congress, with 45 seats, followed by Garcia's APRA with 36, the Union Nacional coalition with 17, and four other parties splitting the remaining 22 seats.

Garcia and the members of Congress will be sworn in on July 28, 2006.

Constitution and Political Institutions

The president is popularly elected for a five year term. A constitutional amendment passed in 2000 prevents reelection. The first and second vice presidents also are popularly elected but have no constitutional functions unless the president is unable to discharge his duties. The principal executive body is the Council of Ministers, comprised of 15 members and headed by a prime minister. The president appoints its members, who must be ratified by the Congress. All Executive laws sent to Congress must be approved by the Council of Ministers.

The legislative branch consists of a unicameral Congress of 120 members. In addition to passing laws, Congress ratifies treaties, authorizes government loans, and approves the government budget.

The judicial branch of government is headed by a 16-member Supreme Court. The Constitutional Tribunal interprets the constitution on matters of individual rights. Superior courts in departmental capitals review appeals from decisions by lower courts. Courts of first instance are located in provincial capitals and are divided into civil, penal, and special chambers. The judiciary has created several temporary specialized courts in an attempt to reduce the large backlog of cases pending final court action. In 1996 a human rights Ombudsman's office was created.

Peru is divided into 25 regions. The regions are subdivided into provinces, which are composed of districts. High authorities in the regional and local levels are elected. The country's latest decentralization program is in hiatus after the proposal to merge departments was defeated in a national referendum in October 2005.

Principal Government Officials

President--Alejandro TOLEDO MANRIOUE

First Vice President--vacant

Second Vice President--David WAISMAN RIAVINSTHI

President of the Council of Ministers (Prime Minister)--Pedro Pablo KUCZYNSKI

Foreign Affairs Minister--Oscar MAURTUA

Finance and Economy Minister--Fernando ZAVALA LOMBARDI

Defense Minister--Marciano RENGIFO RUIZ

Minister of the Interior--Romulo PIZARRO TOMASIO

Ambassador to the United States--Eduardo FERRERO COSTA

Permanent Representative to the United Nations--Oswaldo DE RIVERO

Ambassador to the Organization of American States--Luis Fernando DE LA FLOR

Peru maintains an embassy in the United States at 1700 Massachusetts Avenue, NW, Washington, DC 20036 (tel. (202) 833-9860/67, consular section: (202) 462-1084). Peru has consulates in Atlanta, New York, Paterson (NJ), Miami, Chicago, Houston, Denver, Los Angeles, San Francisco, Boston, and Hartford.

HISTORY

Pre-Columbian civilization in the fertile, wooded region that is now Paraguay consisted of numerous seminomadic, Guarani-speaking tribes, who were recognized for their fierce warrior traditions. They practiced a mythical polytheistic religion, which later blended with Christianity. Spanish explorer Juan de Salazar founded Asuncion on the Feast Day of the Assumption, August 15, 1537. The city eventually became the center of a Spanish colonial province. Paraguay declared its independence by overthrowing the local Spanish authorities in May 1811.

The country's formative years saw three strong leaders who established the tradition of personal rule that lasted until 1989: Jose Gaspar Rodriguez de Francia, Carlos Antonio Lopez, and his son, Francisco Solano Lopez. The younger Lopez waged a war against Argentina, Uruguay, and Brazil (War of the Triple Alliance, 1864-70) in which Paraguay lost half its population; afterward, Brazilian troops occupied the country until 1874. A succession of presidents governed Paraguay under the banner of the Colorado Party from 1880 until 1904, when the Liberal party seized control, ruling with only a brief interruption until 1940.

In the 1930s and 1940s, Paraguayan politics were defined by the Chaco war against Bolivia, a civil war, dictatorships, and periods of extreme political instability. Gen. Alfredo Stroessner took power in May 1954. Elected to complete the unexpired term of his predecessor, he was re-elected president seven times, ruling almost continuously under the state-of-siege provision of the constitution with support from the military and the Colorado Party. During Stroessner's 35-year reign, political freedoms were severely limited, and opponents of the regime were systematically harassed and persecuted in the name of national security and anticommunism. Though a 1967 constitution gave dubious legitimacy to Stroessner's control, Paraguay became progressively isolated from the world community.

On February 3, 1989, Stroessner was overthrown in a military coup headed by Gen. Andres Rodriguez. Rodriguez, as the Colorado Party candidate, easily won the presidency in elections held that May, and the Colorado Party dominated the Congress. In 1991 municipal elections, however, opposition candidates won several major urban centers, including Asuncion. As president, Rodriguez instituted political, legal, and economic reforms and initiated a rapprochement with the international community.

The June 1992 constitution established a democratic system of government and dramatically improved protection of fundamental rights. In May 1993, Colorado Party candidate Juan Carlos Wasmosy was elected as Paraguay's first civilian president in almost 40 years in what international observers deemed fair and free elections. The newly elected majority-opposition Congress quickly demonstrated its independence from the executive by rescinding legislation passed by the previous Colorado-dominated Congress. With support from the United States, the Organization of American States, and other countries in the region, the Paraguayan people rejected an April 1996 attempt by then-Army Chief Gen. Lino Oviedo to oust President Wasmosy, taking an important step to strengthen democracy.

Oviedo became the Colorado candidate for president in the 1998 election, but when the Supreme Court upheld in April his conviction on charges related to the 1996 coup attempt, he was not allowed to run and remained in confinement. His running mate, Raul Cubas Grau, became the Colorado Party's candidate and was elected in May. The assassination of Vice-President Luis Maria Argana and the killing of eight student anti-government demonstrators, allegedly carried out by Oviedo supporters, led to Cubas' resignation in March 1999. The President of the Senate, Luis Gonzalez Macchi, assumed the presidency and completed Cubas' term. Gonzalez Macchi offered cabinet positions in his government to senior representatives of all three political parties in an attempt to create a coalition government that proved short-lived. Gonzalez Macchi's government suffered many allegations of corruption, and Gonzalez himself was found not guilty in a Senate impeachment trial involving corruption and mismanagement charges in February 2003.

In April 2003, Colorado candidate Nicanor Duarte Frutos was elected president. He was inaugurated on August 15. Duarte's administration has focused upon attacking corruption and improving the quality of management, in the wake of the Gonzalez administration, widely considered the most corrupt in the post-Stroessner era. Duarte has been successful at working constructively with an opposition-controlled Congress, and in his first year of office, six Supreme Court justices suspected of corruption were removed from office, and major tax reforms were enacted. Macroeconomic performance has improved significantly under the Duarte administration, with inflation falling significantly, and the government clearing its arrears with international creditors. Unemployment remains stubbornly high and the living standard of most households has not improved. The administration has placed a strong emphasis on participating in international institutions and has used diplomacy to promote the opening of international markets to Paraguayan products. In June 2004, Oviedo returned to Paraguay from exile in Brazil and was imprisoned for his 1996 coup-plotting conviction.

-- <u>Uruguay (03/06)</u>

HISTORY

The only inhabitants of Uruguay before European colonization of the area were the Charrua Indians, a small tribe driven south by the Guarani Indians of Paraguay. The Spanish discovered the territory of present-day Uruguay in 1516, but the Indians' fierce resistance to conquest, combined with the absence of gold and silver, limited settlement in the region during the 16th and 17th centuries. The Spanish introduced cattle, which became a source of wealth in the region. Spanish colonization increased as Spain sought to limit Portugal's expansion of Brazil's frontiers.

Montevideo was founded by the Spanish in the early 18th century as a military stronghold; its natural harbor soon developed into a commercial center competing with Argentina's capital, Buenos Aires. Uruguay's early 19th century history was shaped by ongoing conflicts between the British, Spanish, Portuguese, and colonial forces for dominance in the Argentina-Brazil-Uruguay region. In 1811, Jose Gervasio Artigas, who became Uruguay 's national hero, launched a successful revolt against Spain. In 1821, the Provincia Oriental del Rio de la Plata, present-day Uruguay, was annexed to Brazil by Portugal. The

Provincia declared independence from Brazil in August 25, 1825 (after numerous revolts in 1821, 1823, and 1825) but decided to adhere to a regional federation with Argentina.

The regional federation defeated Brazil after a 3-year war. The 1828 Treaty of Montevideo, fostered by the United Kingdom, gave birth to Uruguay as an independent state. The nation's first constitution was adopted in 1830. The remainder of the 19th century, under a series of elected and appointed presidents, saw interventions by neighboring states, political and economic fluctuations, and large inflows of immigrants, mostly from Europe. Jose Batlle y Ordoñez, president from 1903 to 1907 and again from 1911 to 1915, set the pattern for Uruguay's modern political development. He established widespread political, social, and economic reforms such as a welfare program, government participation in many facets of the economy, and a plural executive. Some of these reforms were continued by his successors.

By 1966, economic, political, and social difficulties led to constitutional amendments, and a new constitution was adopted in 1967. In 1973, amid increasing economic and political turmoil, the armed forces closed the Congress and established a civilian-military regime, characterized by repression and widespread human rights abuses. A new constitution drafted by the military was rejected in a November 1980 plebiscite. Following the plebiscite, the armed forces announced a plan for return to civilian rule. National elections were held in 1984. Colorado Party leader Julio Maria Sanguinetti won the presidency and served from 1985 to 1990. The first Sanguinetti administration implemented economic reforms and consolidated democracy following the country's years under military rule.

Sanguinetti's economic reforms, focusing on the attraction of foreign trade and capital, achieved some success and stabilized the economy. In order to promote national reconciliation and facilitate the return of democratic civilian rule, Sanguinetti secured public approval by plebiscite of a controversial general amnesty for military leaders accused of committing human rights violations under the military regime, and sped the release of former guerrillas.

The National Party's Luis Alberto Lacalle won the 1989 presidential election and served from 1990 to 1995. Lacalle executed major structural economic reforms and pursued further liberalization of the trade regime. Uruguay became a founding member of MERCOSUR in 1991 (the Southern Cone Common Market, which includes Argentina, Brazil and Paraguay). Despite economic growth during Lacalle's term, adjustment and privatization efforts provoked political opposition, and some reforms were overturned by referendum.

In the 1994 elections, former President Sanguinetti won a new term, which ran from 1995 until March 2000. As no single party had a majority in the General Assembly, the National Party joined with Sanguinetti's Colorado Party in a coalition government. The Sanguinetti government continued Uruguay's economic reforms and integration into MERCOSUR. Other important reforms were aimed at improving the electoral system, social security, education, and public safety. The economy grew steadily for most of Sanguinetti's term, until low commodity prices and economic difficulties in its main export markets caused a recession in 1999, which continued into 2003.

The 1999 national elections were held under a new electoral system established by constitutional amendment. Primaries in April decided single presidential candidates for each party, and national elections on October 31 determined representation in the legislature. As no presidential candidate received a majority in the October election, a runoff was held in November. In the runoff, Colorado Party candidate Jorge Batlle, aided by the support of the National Party, defeated Frente Amplio candidate Tabaré Vázquez.

The legislative coalition of the Colorado and National parties that held during most of Batlle's administration ended in November 2002, when the Blancos withdrew their ministers from the cabinet. Throughout most of his administration, President Batlle had to handle Uruguay's largest economic crisis in recent history, which impacted on poverty and led to increased emigration. Aside from successfully addressing the crisis, Batlle increased international trade, attracted foreign investment and tried to resolve issues related to Uruguayans who disappeared during the military government.

On June 27, 2004 the parties held primary elections to select their candidates for the national elections to be held on October 31. The Frente Amplio had already determined that Vázquez would be its candidate, the Colorados settled on former Interior Minister Guillermo Stirling, and the Blanco Party chose Jorge Larranaga, a former state governor and senator. Vázquez won the national election in the first round with a majority of the popular vote (50.7%) and was sworn in as President on March 1, 2005.

At the time of Spanish discovery, the indigenous in Venezuela were mainly agriculturists and hunters living in groups along the coast, the Andean mountain range, and the Orinoco River. The first permanent Spanish settlement in South America--Nuevo Toledo--was established in Venezuela in 1522. Venezuela was a relatively neglected colony in the 1500s and 1600s as the Spaniards focused on extracting gold and silver from other areas of the Americas.

Toward the end of the 18th century, the Venezuelans began to grow restive under colonial control. In 1821, after several unsuccessful uprisings, the country succeeded in achieving independence from Spain, under the leadership of its most famous son, Simon Bolivar. Venezuela, along with what are now Colombia, Panama, and Ecuador, was part of the Republic of Gran Colombia until 1830, when Venezuela separated and became a separate sovereign country.

Much of Venezuela's 19th-century history was characterized by periods of political instability, dictatorial rule, and revolutionary turbulence. The first half of the 20th century was marked by periods of authoritarianism--including dictatorships from 1908-35 and from 1950-58. In addition, the Venezuelan economy shifted after the first World War from a primarily agricultural orientation to an economy centered on petroleum production and export.

Since the overthrow of Gen. Marcos Perez Jimenez in 1958 and the military's withdrawal from direct involvement in national politics, Venezuela has enjoyed an unbroken tradition of civilian democratic rule. This earned Venezuela a reputation as one of the more stable democracies in Latin America. Until the 1998 elections, the Democratic Action (AD) and the Christian Democratic (COPEI) parties dominated the political environment at both the state and federal level.

The Caracazo And Popular Dissatisfaction

Venezuela's prevailing political calm came to an end in 1989, when Venezuela experienced riots in which more than 200 people were killed in Caracas. The so-called Caracazo was a response to an economic austerity program launched by then-President Carlos Andres Perez. Three years later, in February 1992, a group of army lieutenant colonels led by future President Hugo Chavez mounted an unsuccessful coup attempt, claiming that the events of 1989 showed that the political system no longer served the interests of the people. A second, equally unsuccessful coup attempt by other officers followed in November 1992. A year later, Congress impeached Perez on corruption charges.

Deep popular dissatisfaction with the traditional political parties, income disparities, and economic difficulties were some of the major frustrations expressed by Venezuelans following Perez's impeachment. In December 1998, Hugo Chavez Frias won the presidency on a campaign for broad reform, constitutional change, and a crackdown on corruption.

Constitutional Reforms

Current President Hugo Chavez was elected on a platform that called for the creation of a National Constituent Assembly in order to write a new constitution for Venezuela. Chavez's argument that the existing political system had become isolated from the people won broad acceptance, particularly among Venezuela's poorest classes, who had seen a significant decline in their living standards over the previous decade and a half. The National Constituent Assembly (ANC), consisting of 131 elected individuals, convened in August 1999 to begin rewriting the Constitution. In free elections, voters gave all but six seats to persons associated with the Chavez movement. Venezuelans approved the ANC's draft in a national referendum on December 15, 1999. The political system described below is that defined by the 1999 Constitution.

The president is elected by a plurality vote with direct and universal suffrage. The term of office is 6 years, and a president may be re-elected to a single consecutive term. The president appoints the vice president. He decides the size and composition of the cabinet and makes appointments to it with the involvement of the National Assembly. Legislation can be initiated by the executive branch, the legislative branch (either a committee of the National Assembly or three members of the latter), the judicial branch, the citizen branch (ombudsman, public prosecutor, and controller general) or a public petition signed by no fewer than 0.1% of registered voters. The president can ask the National Assembly to reconsider portions of laws he finds objectionable, but a simple majority of the Assembly can override these objections.

The National Assembly is unicameral, consisting solely of the Chamber of Deputies. Deputies serve 5-year terms, and may be re-elected for a maximum of two additional terms. These legislative agents are elected by a combination of party list and single member constituencies. When the Congress is not in session, a delegated committee acts on matters relating to the executive and in oversight functions.

The Constitution designates three additional branches of the federal government--the judicial, citizen, and electoral branches.

The judicial branch is headed by the Supreme Tribunal of Justice, which may meet either in specialized chambers (of which there are six) or in plenary session. The justices are appointed by the National Assembly and serve 12-year terms. Under the 1999 Constitution, the Supreme Tribunal of Justice is composed of 20 justices. The 1999 Constitution was amended in 2004, and the total number of justices was expanded by 12 to a total of 32. In December 2004, the National Assembly selected new judges to fill the expansion. The judicial branch also consists of lower courts, including district courts, municipal courts, and courts of first instance.

The citizens branch consists of three components--the attorney general ("fiscal general"), the "defender of the people" or ombudsman, and the comptroller general. The holders of these offices, in addition to fulfilling their specific functions, also act collectively as the "Republican Moral Council" to challenge before the Supreme Tribunal of Justice actions they believe are illegal, particularly those which violate the Constitution. The holders of the "citizen power" offices are selected for terms of 7 years by the National Assembly.

The "Electoral Power," otherwise known as the National Electoral Council (Consejo Nacional Electoral or CNE), is responsible for organizing elections at all levels. Its five members are also elected to 7-year terms by the National Assembly. In the event of a hung vote in the National Assembly, the Supreme Tribunal of Justice can be called on to appoint the members.

Political Turmoil

In July 2000, following a long and controversial process, voters re-elected President Hugo Chavez of the Fifth Republic Movement (MVR) in generally free and fair national and local elections. The MVR and pro-Chavez Movimiento a Socialismo (MAS) party won 92 seats in the 165-member legislature. Subsequent party splits reduced the pro-Chavez members to 84 seats.

In April 2002, the country experienced a temporary alteration of constitutional order. When an estimated 400,000 to 600,000 persons participated in a march in downtown Caracas to demand President Chavez' resignation, gunfire broke out, resulting in as many as 18 deaths and more than 100 injuries on both sides. Military officers took President Chavez into custody, and business leader Pedro Carmona swore himself in as interim President.

On April 14, military troops loyal to Chavez returned him to power. In an effort to promote national reconciliation, the Tripartite Group was formed in August 2002 to facilitate dialogue between the government and the opposition. The group included representatives from the Organization of American States, the UN Development Program, and the Carter Center. Formal direct talks between government and opposition dialogue representatives began in November 2002. Continued dissatisfaction with the Chavez administration led to a national work stoppage on December 2, 2002. Strikers protested the government and called for the resignation of President Chavez. On December 4, 2002, the petroleum sector joined the strike. Other sectors of the economy also joined the work stoppage and effectively shut down all economic activity for a month. The OAS Permanent Council passed Resolution 833 on December 16, 2002, calling for a "constitutional, democratic, peaceful, and electoral solution" to the crisis in Venezuela.

The Referendum Process

In February 2003, opposition supporters coordinated a nationwide effort collecting 3.2 million signatures for possible recall referenda, including constitutional issues and a presidential recall. The newly appointed National Electoral Council (CNE) ruled in September 2003 that the signatures were collected prematurely (before the President's mid-term in office as required by the Constitution) and that a new signature collection effort would be necessary for possible recall referenda. Opposition supporters petitioned the CNE for the right to collect signatures again, and the CNE set the dates for November 28-December 1, 2003. During their signature drive, the opposition collected 3.4 million signatures. However, after reviewing the opposition petition for two months, the CNE determined in February that 1.5 million of the total signatures were either invalid or of questionable authenticity. Several months of intense deliberations culminated in a highly controversial signature verification process from May 28-30, 2004. During this process, the opposition validated enough signatures to trigger a national referendum on the mandate of President Hugo Chavez.

Venezuela's presidential recall referendum was held August 15, 2004. Following two months of extensive campaigning efforts, President Chavez won 59% of the vote. His opponents immediately contested that the results of the referendum were marked by electoral fraud. However, international electoral observation missions carried out by the Organization of American States and the Carter Center found no indication of systemic

fraud.

Beyond the Referendum

On October 31, 2004, Venezuela held gubernatorial and mayoral elections nationwide. Following an upsurge in political support for President Chavez after the recall referendum, pro-government candidates won control of 20 out of the total 22 state governor positions up for election. On August 7, 2005, Venezuela held municipal elections across the country. The National Electoral Council publicly announced that there was a 69% abstention rate for these elections. Supporters of President Chavez won a majority of the seats up for election. Venezuela held legislative elections on December 4, 2005. In the week prior to the legislative elections, the vast majority of the Opposition's candidates withdrew from the race, citing concerns over the Electoral Registry and a lack of protections for secrecy of the vote. On December 4, 2005, candidates aligned with President Chavez captured all 167 seats in the new National Assembly.

Principal Government Officials
President--Hugo CHÁVEZ Frias
Vice President--José Vicente RANGEL
Minister of Foreign Affairs--Alí RODRIGUEZ
Minister of Defense--Orlando MANIGLIA Ferreira
Ambassador to the United States--Bernardo ALVAREZ Herrera
Ambassador to the Organization of American States--Jorge VALERO Briceño
Ambassador to the United Nations--Fermin Toro JIMENEZ

The Venezuelan embassy in the United States is located at 1099 30th St. NW, Washington, DC 20007 (tel. (202) 342-2214). In addition to Washington, DC, Venezuela maintains consulates in Boston, Chicago, Houston, Miami, New Orleans, New York, San Francisco, and Puerto Rico.

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