The Martindale Student Associates Honors Program 2016-17 – Peru

The Martindale Center is pleased to announce the publication of Volume 35 of our undergraduate student research journal, *Perspectives on Business and Economics*, featuring academic articles written by the 2016-17 Martindale Student Associates on issues pertaining to Peruvian business, economics, and society.

The Martindale Student Associates Honors Program provides an opportunity for a select group of Lehigh University students—from all disciplines across Lehigh’s three undergraduate colleges—to explore global business, economic, and public policy issues outside the scope of classroom study. The students undertake this work in addition to their degree courses out of interest in the country of focus and a desire to challenge themselves academically.

The Martindale Center takes each cohort on a fact-gathering trip to Washington, D.C., followed by an intensive 10-12 day research trip to the country of study where they meet and discuss the issues with thought leaders from government, business, and academia.

During the following academic year, the students complete their research, work one-on-one with a faculty mentor, and write up their findings in the form of professional-quality journal articles for publication in Martindale’s undergraduate research journal, *Perspectives on Business and Economics*. 

---

**Perspectives on Business and Economics**

**LEVERAGING PERU’S ECONOMIC POTENTIAL**

**Volume 35  2017**

**INTRODUCTION**
by Eduardo Montero

**TOURISM IN PERU: MEETING THE FUTURE**
by Ellen Schaaf

**PERU’S REVOLVING DOOR OF POLITICAL PARTIES**
by Jadon Sargeant

**ILLEGAL GOLD MINING IN PERU: A PUSH TOWARD FORMALIZATION?**
by Matthew Kleinhenz

**RAPID RURAL-TO-URBAN MIGRATION TO LIMA: A NEED FOR A SUSTAINABLE HOUSING REFORM**
by Laura Chan

**WATERING LIMA’S URBAN DESERT: SUSTAINING THE FLOW**
by Taylor Carroll

**THE INFORMAL ECONOMY IN PERU: A BLUEPRINT FOR SYSTEMIC REFORM**
by Korey Finn

**THE POLITICS OF SUSTAINABLE DEVELOPMENT IN THE PERUVIAN AMAZON RAINFOREST**
by Karen Konkoly

**TOWARD PRODUCTIVITY-DRIVEN GROWTH: THE NEED FOR INNOVATION AND ECONOMIC DIVERSIFICATION IN PERU**
by Zakaria Hsain

**FURTHERING PERU’S PUBLIC EDUCATION IN THE FACE OF FINANCIAL CHALLENGES**
by David Danko

**PERUVIAN TAX REFORM: INCREASING GOVERNMENT REVENUES AND SOCIAL EQUALITY**
by Kathryn E. Bahner

**PERUVIAN MICROFINANCE: MERGERS AND ACQUISITIONS AND INDUSTRY OUTLOOK**
by Hilbert Chen

**IMPROVING SUSTAINABLE DEVELOPMENT IN LIMA THROUGH PUBLIC TRANSPORTATION INVESTMENT**
by Kyle Fischer
Tourism in Peru: Meeting the Future
Although Peru’s thriving mineral commodity economy has helped the country experience rapid economic growth since the 1990s, a more sustainable industry is needed to ensure Peru’s future prosperity. This article examines the current state of Peru’s tourism industry, describes the benefits that meetings tourism can offer Peru, and provides a comprehensive international meetings tourism strategy to ease the country’s dependence on commodity exports.
Ellen Schaaf, B.A. Economics

Peru’s Revolving Door of Political Parties
Since the impeachment of President Alberto Fujimori in 2000, Peru has not had any stable political parties. This article analyzes the consequences of Peru’s somewhat problematic political system and discusses the implications of the 2016 election.
Jadon Sargeant, B.S. Bioengineering

Illegal Gold Mining in Peru: A Push Toward Formalization?
In the commodity-rich country of Peru, gold mining has helped the country’s GDP triple in the last ten years, making it one of the fastest growing economies in South America. Yet much of the gold mining in Peru is done illegally, which drives numerous environmental and social issues. This article examines the major issues associated with illegal gold mining.
Matthew Kleinhenz, B.S. Accounting

Rapid Rural-to-Urban Migration to Lima: A Need for a Sustainable Housing Reform
Over the past 70 years, Peru’s rapid urbanization has put great strain on the housing supply in the capital city of Lima. This article examines how the large migration waves to Lima have affected housing for lower-income groups and suggests how the city can mitigate the housing deficit through sustainable initiatives.
Laura Chan, B.S. Integrated Degree in Engineering, Arts and Sciences, and B.S. Industrial and Systems Engineering

Watering Lima’s Urban Desert: Sustaining the Flow
Over the past few decades Lima has experienced mass migration, which has created challenges for the city’s already strained water and sanitation system. This article examines the city’s current efforts to address water and sanitation problems and offers recommendations as to how the city should move forward on this issue.
Taylor Carroll, B.A. Environmental Studies

The Informal Economy in Peru: A Blueprint for Systemic Reform
As a developing nation, Peru is plagued by its persistent and sizeable informal economy, which is linked with high levels of poverty, decreased economic growth, income inequality, and poor employment conditions. This article analyzes the key drivers of informal activities in Peru, suggests ways to reduce the size of the informal economy, and examines the impact this may have on future economic growth.
Korey Finn, B.S. Integrated Business and Engineering, Finance, and B.S. Electrical Engineering
The Politics of Sustainable Development in the Peruvian Amazon Rainforest
A disjointed political environment in Peru contributes to continued deforestation in the Amazon rainforest. This article recommends governmental reforms to promote sustainable development and offers suggestions to increase the potential of alternative industries as deforesting industries become outmoded.
Karen Konkoly, B.A. Psychology and English

Toward Productivity-driven Growth: The Need for Innovation and Economic Diversification in Peru
The heavy reliance of Peru on metals exports has shown its limitations with the recent decline in global demand, which resulted in an economic slowdown after more than a decade of rapid growth. To sustain high long-term growth, Peru needs to adopt a productivity-based growth model, rather than its current commodity-based one, by diversifying its economy and fostering innovation.
Zakaria Hsain, B.S. Mechanical Engineering

Furthering Peru’s Public Education in the Face of Financial Challenges
The poor state of Peru’s education system is one of the biggest challenges to the nation’s continued development. This article reviews the recent decentralization of public education; gives an overview of the demographic, cultural, and financial difficulties faced by the system; and provides recommendations for further development.
David Danko, B.S. Integrated Business and Engineering, Financial Engineering and Industrial and Systems Engineering

Peruvian Tax Reform: Increasing Government Revenues and Social Equality
This article discusses the current ways in which the Peruvian government raises revenues, with a specific focus on the country’s taxation system. The article suggests a tax reform proposal as an attempt to increase government revenues, while providing a vehicle to increase social equality.
Kathryn E. Bahner, B.S. Accounting

Peruvian Microfinance: Mergers and Acquisitions and Industry Outlook
Peru’s world-renowned microfinance sector has undergone significant consolidation over the past decade. This article analyzes the causes and effects of consolidation as well as examines the future of the Peruvian microfinance industry.
Hilbert Chen, B.S. Accounting

Improving Sustainable Development in Lima Through Public Transportation Investment
An increase in public transportation infrastructure in Lima is crucial for continued growth and sustainable development since few public transportation options exist in Lima. This article examines how Peru can efficiently fund public transportation in Lima and reduce congestion and pollution to improve the quality of life of its citizens.
Kyle Fischer, B.S. Integrated Business and Engineering, Finance, and B.S. Mechanical Engineering
Martindale Student Associates
Research Trips

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>2017</td>
</tr>
<tr>
<td>Peru</td>
<td>2016</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>2015</td>
</tr>
<tr>
<td>Portugal</td>
<td>2014</td>
</tr>
<tr>
<td>Slovenia</td>
<td>2013</td>
</tr>
<tr>
<td>Colombia</td>
<td>2012</td>
</tr>
<tr>
<td>Greece</td>
<td>2011</td>
</tr>
<tr>
<td>Iceland</td>
<td>2010</td>
</tr>
<tr>
<td>Turkey</td>
<td>2009</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2008</td>
</tr>
<tr>
<td>Benelux</td>
<td>2007</td>
</tr>
<tr>
<td>Panama</td>
<td>2006</td>
</tr>
<tr>
<td>Hungary</td>
<td>2005</td>
</tr>
<tr>
<td>Spain</td>
<td>2004</td>
</tr>
<tr>
<td>Sweden</td>
<td>2003</td>
</tr>
<tr>
<td>Italy</td>
<td>2002</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>2001</td>
</tr>
<tr>
<td>Ireland</td>
<td>2000</td>
</tr>
<tr>
<td>Switzerland/Austria</td>
<td>1999</td>
</tr>
<tr>
<td>Chile</td>
<td>1998</td>
</tr>
<tr>
<td>Germany</td>
<td>1997</td>
</tr>
<tr>
<td>France</td>
<td>1996</td>
</tr>
<tr>
<td>Germany</td>
<td>1995</td>
</tr>
<tr>
<td>Argentina</td>
<td>1994</td>
</tr>
<tr>
<td>Canada</td>
<td>1993</td>
</tr>
<tr>
<td>Mexico</td>
<td>1992</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>1991</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>1990</td>
</tr>
<tr>
<td>MI, IL, NJ</td>
<td>1989</td>
</tr>
<tr>
<td>WI, MI, KY</td>
<td>1988</td>
</tr>
<tr>
<td>London, NYC</td>
<td>1987</td>
</tr>
<tr>
<td>Canada</td>
<td>1986</td>
</tr>
</tbody>
</table>

Martindale Center for the Study of Private Enterprise
Lehigh University College of Business and Economics
Rauch Business Center, 621 Taylor Street, Bethlehem, PA 18015-3117
Tel: (610) 758-4771 | Fax: (610) 758-6549
Executive Director: Prof. Todd A. Watkins
Tel (610) 758-4954 | E-mail: taw4@lehigh.edu
Program Director: Janice Johnston Howie
Tel (610) 758-4492 | E-mail: jaj205@lehigh.edu

The Martindale Center

MARTINDALE STUDENT ASSOCIATES HONORS PROGRAM

Founded in 1980 thanks to a generous endowment from Elizabeth Fairchild Martindale and Harry Turner Martindale ’27, the Martindale Center is an interdisciplinary resource in Lehigh University’s College of Business and Economics. The Center engages students, faculty, and the business community in active inquiry tackling questions central to understanding and improving the performance of private enterprises and the global economic systems in which they operate.

THE STUDENT ASSOCIATES EXPERIENCE

I owe a great deal of my personal and professional success to my participation in the Martindale program. As a student, I was exposed to new ideas and concepts that extended beyond the normal academic curriculum and broadened my thinking. I also developed deeper relationships with my professors, other students, and alumni that have continued to flourish. Looking back, my involvement as a Student Associate was the highlight of my Lehigh experience.
SARAT SETHI ’92, CFA, CIC
Managing Director/Principal, Douglas C. Lane & Associates, Inc.
President, Martindale Society, 2002-Present

The Martindale Center is the premier program that directly engages Lehigh University students in the issues of global economics, teaching them leadership skills and valuable experiential lessons. The Martindale Center’s Student Associates Honors Program has developed into a tool for changing the way students think and encouraging them to explore outside the box of the standard curriculum. In this way, it represents all that makes Lehigh University a great institution for those wishing to challenge themselves. The Martindale legacy is strong, and its future is even stronger.
KEVIN L. CLAYTON ’84 ’13P
Vice Chairman and a Managing Director of Makena Capital Management
Interim President, Lehigh University, 2014-2015

The Martindale Student Associates Honors Program... is a fascinating exercise and a stimulating way for students to apply their academic knowledge in different... set-ups. The students’ work culminated in the publication of this excellent journal that offers very interesting perspectives on Portuguese society and solid arguments and narratives in support of their analyses. Congratulations to the Martindale Student Associates and the Martindale Center team.
PAULO LEIRIA (FROM HIS INTRODUCTION TO PERSPECTIVES ON BUSINESS AND ECONOMICS, VOLUME 33)
Economic Counselor of the Portuguese Delegation to the OECD, 2014-Present
Chief Economist for the Prime Minister’s team in charge of monitoring the implementation of Portugal’s “troika” program, 2011-2014

Initiatives such as the Martindale Student Associates Honors Program and research trips are highly advantageous for the participants. Furthermore, they bring a much broader and indispensable asset: the opportunity to cross cultural and geographic boundaries to learn and gain valuable experience. All of this is instrumental in advancing young persons’ professional prospects as well as enhancing mutual understanding in the globalized world.
DR. BOŽO CERAR
Ambassador of Slovenia to the USA, 2013-Present

www.lehigh.edu/martindale