Latin America’s Year of Elections
Democracy and Elections in 2006

A quarter century ago, ReVista could not have published a special issue devoted to analyzing open and competitive elections in Latin America. ReVista did not exist then (it was founded in 2000), but even if it had existed, an elections issue would have excluded most of the region. Only Costa Rica and Venezuela were still holding regular, peaceful democratic elections. Military dictatorships, civilian-led authoritarian regimes, and internal strife dominated the rest of Latin America. The new era that began with the Malvinas/Falklands war and the economic and financial crises of 1982 culminated with the Chilean referendum of 1989 and the peace accords in Central America in the early 1990s. The democratic trend of the past two decades now exceeds in breadth and duration all previous waves of democratization in Latin America.

One clear indicator of democratic consolidation can be seen in the critical scrutiny that Latin Americans, and their friends, are now directing at the quality of the democratic institutions that have evolved in the past two decades. Elections — even relatively open elections where the votes are accurately counted — do not make a democracy. They may be a necessary condition most of the time, but they are far from sufficient. Criticisms fall into three categories. The first questions the fairness of the elections themselves, especially those in which candidates with vast sums of money from self-interested contributions are corrupting the process. The second holds that the advantages of incumbency skillfully manipulated can turn elections into mere plebiscites that inevitably favor the party or president in power. The third argues that elections are merely the tip of the institutional iceberg; democracy means not just elections but effective protection of the human, civic, and property rights of all citizens.

Another indicator of consolidation of democracy is the shift to the left in recent election results. Voters are no longer fearful that the military will return to power or that foreign intervention will make them pay for their choices. In most countries, the election of left-wing candidates reflected the poor economic performance, persistent inequality, and other problems that voters have always wanted their governments to fix. Many blamed the conservative and centrist regimes that predominated in the first decade or so after the return to democracy. An exceptional pattern emerged in Chile, where strong economic growth, new social policy initiatives, and efforts to come to grips with the lingering effects of the Pinochet dictatorship moved the electorate to return the incumbent Socialist Party to the presidency. The trend to the left could continue for some time, but since the left will be judged by the same standards that brought it to power, its current popularity comes with no guarantees for the future.

The insistence of Latin American voters on improvements in the quality of democracy, both in electoral procedures and in governance, and on better economic and social outcomes, has created tensions, particularly when these two categories appear to be in conflict. Irregular changes of government in Argentina, Bolivia, Ecuador, Paraguay, and Peru occurred during the past decade when social and political protests erupted against underperforming presidents. In several countries, presidents made popular by economic and social policy successes have moved to concentrate power in the executive. Too often, elected governments, civil “servants,” police, and judicial authorities still treat the rights of citizens as negotiable, like rewards to be provided in exchange for support or payment.

In the coming decade, Latin America will strive to deepen and extend democratic procedures while improving economic and social outcomes. The pattern and sequencing of these changes is likely to vary considerably from country to country. New developments may be difficult to read, because the leftward drift in recent years has broadened the political spectrum, raised some new issues, and favored a certain amount of experimentation. It is unlikely that the paths chosen will be straightforward. For example, elections (or even legislatures) tainted by corruption may so anger voters that policy and regulatory outcomes could actually improve. Centralizing populists who manage to avoid inflation could have the effect of raising citizens’ expectations so that subsequent administrations will be compelled to improve the efficiency and effectiveness of public services. Voter demands for more responsive, transparent, and respectful treatment for ordinary citizens could improve the climate for business as well as the safety of poorer neighborhoods.

What is certain amid the uncertainties is how much Latin America has changed for the better since the end of the Cold War in 1990 facilitated the consolidation of democratic regimes. This sentiment helps to explain the question mark in the title of Alejandro Poiré’s introductory essay — despair at how far there is yet to go is tempered by recalling how far Latin America has come.

Professor Poiré graciously agreed to serve as guest editor for this issue of ReVista, while the intrepid June Carolyn Erlick takes a well-earned leave as a Fulbright Fellow in Colombia. A former senior official at Mexico’s Federal Electoral Institute (IFE), Alejandro Poiré came to Harvard this year as the Robert F. Kennedy Visiting Professor of Latin American Studies at the John F. Kennedy School of Government. He has recruited an outstanding group of contributors, including Luis Carlos Ugalde, former DRCLAS Visiting Scholar and now Councilor President of IFE. Each of the essays adds to knowledge of the electoral systems, the main contenders for power, and the meaning of the results.

John H. Coatsworth
YEAR OF ELECTIONS

From Hope To Despair?
Latin America’s Year of Elections
BY ALEJANDRO POIRÉ

LATIN AMERICAN DEMOCRACY IS LIVING through unprecedented times. The list of countries where political leadership is not determined through competitive elections has for many years now been limited to one case: Cuba. Between November 2005 and December 2006, electoral episodes will be cruising the region at full steam. Twelve countries will have featured presidential contests: Mexico, Haiti, Honduras, Nicaragua, Costa Rica, Venezuela, Colombia, Ecuador, Peru, Bolivia, Brazil, and Chile. In the Dominican Republic, El Salvador, and Argentina, where presidents will not have been chosen, legislative elections will have taken place. In only four countries will voters not have gone to the polls during this period: Guatemala, Panama, Uruguay, and Paraguay.

As a historical reality, the fact itself is remarkable and should speak volumes about how much the region has changed in the past twenty years. And as several contributors to this issue of ReVista indicate, given a context of propitious domestic and international conditions, the coincidence of so many elections might produce widespread political change in country after country, mandated only by the sheer strength of the ballot.

Such might be the basic themes of a mostly upbeat evaluation of the current health of Latin America’s politics. Dozens of millions of Latin Americans will witness campaigns where parties and candidates will be free to criticize incumbents as well as challengers, and offer alternative programs and policies for the immediate future. A mostly free press and electronic media will report these contests in all their stridency and bluntness without major undue intervention. Voters will vote, more than ever before, without substantial fear of reprisal, and with unprecedented freedom of choice. Ballots will be counted, patiently if need be, and winners shall take office, with nearly all losers abiding by the outcome and preparing better for a future election. All of this, with the increasing participation and empowerment of women, indigenous peoples, and other minorities. All, also, in a context where the most potentially disruptive international force is clearly not the U.S. government, but the arguably more manageable Venezuelan one.

And yet, whoever expects this issue of ReVista to be a series of celebratory essays depicting advances in democratization and good governance is likely to be disappointed. With some heartening exceptions, our collective perspective of these democratic “fiestas” would appear to be rather bleak. This is the case perhaps because it is the duty of a review of contemporary issues to highlight shortcomings rather than underscore accomplishments; surely, in the search of better output from elected officials, accountability and representation, and in the defense of civil and political rights, one must always ask for more. Maybe the tone is less than positive because the benefits of democratic rule are more evident in comparison to the authoritarian past than when gazing at an uncertain future, as elections force us to do. Or it might be the fact that Latin America has performed poorly in economic terms compared to its East and Southeast Asian counterparts. Or it could be the case that this collection of essays is less optimistic than guarded, simply because there is less reason for hope than there is for concern.

In some sense, the essays in this issue, as the countries with which they deal, reveal multiple layers of possible disillusionment. First, because whenever effective governments are found, of all ideological stripes, they are too often only semi-modernized instances of good old caudillismo, some more destructive than others. Second, because in the absence of these strong leaders and inchoate institutions, cooperation between Congress and the Executive has been mostly elusive, leading to immobilism in the face of a great need for reform. Third, because when cooperation of some sort has existed, the process and outcome have frequently been clientelistic or outright corrupt. Finally, some of the labels that give observers reason for hope often mask facts that could account for more cautious judgments.

Two of our cases stand out at the extremes: Chile and Venezuela. Bachelet’s Chile, as presented by Patricio Navia, shines with a light that makes the rest of the region envy and awe at the neighbor’s political, economic, and now even social success. The contrast could not be more stark with Angel Alvarez and Yorelis Acosta’s report on Venezuela’s chavismo: at best, it looks as an oil-rich brother to what Guillermo O’Donnell called — back in the era of Menem in Argentina and Collor de Mello in Brazil — “delegative democracies;” at worst, it is an unapologetic populist authoritarianism in the process of further consolidating its power.

In most other places, the diagnosis is not that bad, yet seldom encouraging: Mark Jones’s portrayal of Kirchner’s Argentine politics as populist, corrupt, and clientelistic matches Álvaro Vargas Llosa’s concern with Peru’s prevailing cronyism and patronage. And Scott Desposato’s assessment of Lula’s mudança parallels the disappointment with change that has marred Vicente Fox’s tenure in Mexico. The travails of political polarization faced by executives without a congressional majority that — according to Allyson Benton and Fabrice Lehoucq — are likely futures for Mexico’s and Costa Rica’s presidencies, have an eerie resemblance to what Andrés Mejía-Acosta calls “thin air” for democratic governance in Ecuador, Peru, and Bolivia.

It is looking at Bolivia’s “Evolution” that the tone shifts a bit, as David King sees an honest chance for statehood by this country’s new generation of founding parents. In Nicaragua, Roxanne Dunbar-Ortiz argues the time may be ripe for an intervention-free electoral process. Brian Crisp and Felipe Botero’s Colombia could be evaluated by some as an instance of democratic consolidation, yet others might be much more guarded about the medium-term implications of some of Uribe’s peace policies. Likewise, the challenges to Mexico’s democracy highlighted by IFE’s President Luis Carlos Ugalde will be a matter of heated debate in that country’s immediate future. From a more general perspective, the evaluation of the incoming left-
Igor Paunovic is surely reassuring for some, political future. There is one bright side to set, to be optimistic about Latin America’s Washington consensus” policies is less useful as maybe—but given so many ways to be than as an effective benchmark from which 

In this sense, the so-called failure of “Washington growth and diminish poverty and inequality. How to bring inflation down, but how to speed up another reminder of how democratic governments promoting “neostructural” policies should not be able to commit sins much less harmful than the massive ones they made in the seventies and eighties, without being duly voted out by fed-up voters looking for better government. Hopefully, the overall stability of the past few years, combined with the persistence of free and fair elections, should make the room for economic atrocities shrink substantially.

Alas, this hypothesis hinges upon the electorate’s ability to compare and evaluate alternatives, and politicians and parties being able to hold their ground and remind citizens — and themselves — of the failures of the past. And while much more water would need to pass under the bridge for politics in the region to resemble the appealing tone of contemporary Chile, in most countries the basic institutional seeds of competitive politics remain in place.

Perhaps Latin America’s bad marriage is not with democracy itself, but with the cronyist-state style of it that governments of the left and right have brought along. Perhaps further rounds of the democratic phenomenon, with its emphasis on liberty, will bring along political alternatives that allow for the construction of a viable state that invests and promotes investment in human capital and innovation, and seeks to increase competitiveness, instead of just augmenting the wealth of some segment of the population, as the key means of sustainable development.

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Consolidating Kirchner’s Control

The 2005 Elections in Argentina

by Mark P. Jones

President Nestor Kirchner assumed office on May 25, 2003 in a position of noteworthy weakness. Kirchner had “won” the presidential election only after former president Carlos Menem (1989-99), who on April 27 took the first round with 25 percent of the vote to Kirchner’s 22 percent share, withdrew from the May 18 runoff convinced that Kirchner would eventually defeat him by a substantial margin. To make matters worse, Kirchner owed even his second place finish to the support he received from being anointed as interim president Eduardo Duhalde’s (2002-03) favored successor.

Kirchner is a man neither accustomed to nor comfortable with governing from a position of weakness. Prior to becoming president, Kirchner served for 11 and a half years as governor of the province of Santa Cruz, where he enjoyed absolute power and a very successful tenure. As a consequence, upon taking office President Kirchner began a process of consolidating power, culminating with the October 2005 elections, which cemented his status as the unrivalled, and essentially unfettered, decision maker in Argentina.

On October 23 Argentina held elections to renew one third (24 of 72 seats) of its Senate, one half (127 of 257 seats) of its Chamber of Deputies, and one half of the provincial and municipal legislatures in many provinces. Every province (24 total) is represented by three senators who renew their mandates simultaneously every six years. Senators are elected from closed party lists, with seats allocated using proportional representation.

Political party lists are created, and inter-party alliances are brokered, at the provincial level. The governing Justicialist Party (PJ, Peronists) presented lists throughout the country’s provinces under a variety of names (e.g., Justicialist Party, Front for Victory [FPV]) and in alliance with a host of different parties, including the country’s principal opposition party, the Radical Civic Union (UCR, Radicals), in several provinces (Corrientes, Neuquén, Santiago del Estero). In many places, multiple Peronist lists competed against each other, most commonly with one Peronist list being backed by Kirchner (often using the FPV label) and the other(s) backed by Kirchner opponents or “neutral” Peronists within the PJ in the province.

The most noteworthy clash between Peronist factions took place in the province of Buenos Aires (PBA), where 38 percent of the Argentine population resides. Since 1991, the PBA had been the fiefdom of former president Duhalde, who had also served as the PBA governor between 1991 and 1999. During his first two years in office, Kirchner maintained a tacit alliance with Duhalde under which the latter supported Kirchner in national-level affairs and Kirchner did not interfere with politics in the PBA. By July of 2005, however, Duhalde (and his powerful political machine in the PBA) represented the last main impediment to Kirchner’s political dominance of Argentina, and, taking a calculated risk, Kirchner broke with his predecessor and supporter and challenged the Duhalde machine in the October 23 elections.

Kirchner’s bold gambit was a smashing success. The PBA was one of eight provinces renewing its three senators on October 23. The Senate race there was the marquee event of the day, featur-
The era where protest was the main form of political participation seems to have passed

ing Kirchner’s spouse (Santa Cruz Senator Cristina Fernández de Kirchner) running under the FPV banner versus Duhalde’s spouse (former Deputy Hilda “Chiche” González de Duhalde) running under the Justicialist Front banner. Taking no chances, Kirchner tied his wife’s candidacy to several high profile and popular candidates for the Chamber of Deputies, including the adroit mayor of the province’s largest municipality, Alberto Balestrini of La Matanza, now the President of the Chamber, and Sergio Massa, the highly regarded head of the Argentine Social Security Administration, one of Peronism’s rising stars. “Cristina” soundly defeated “Chiche” (46 to 20 percent), thereby strengthening Kirchner’s control of Peronism at the national level (and in the PBA) and destroying Duhalde politically. Throughout the remainder of the year all but one of the *duhaldista* mayors (the machine’s backbone) migrated to the Kirchner ranks, as did most of the *duhaldista* legislators (though many of the latter remained in separate legislative delegations in the national and provincial legislatures). In doing so the *ex-duhaldistas* (as well as many other previously neutral or opposition Peronists who also joined the Kirchner ranks following the election) were simply following the logic that drives the behavior of most Peronists: “who wins, leads,” or “quien gana, conduce.”

As mentioned above, members of the governing PJ ran on numerous party lists (often competing among themselves) throughout the country. The PJ (including a handful of non-Peronists placed on the Peronist lists at the behest of Kirchner, as well as a handful of anti-Kirchner Peronists) won 21 of the 24 Senate seats and 77 of the 127 Chamber seats. A very fragmented non-Peronist opposition won the remaining seats. The UCR garnered three Senate seats as well as the largest number of Chamber seats (20), with only two other parties winning five or more seats in the Chamber: Republican Proposal (PRO) won nine seats (although even prior to assuming office, one of these elected deputies defected to the Kirchner ranks) and Affirmation for an Egalitarian Republic (ARI) won eight seats.

Argentina’s vanguard gender quota law, in force since 1992, requires that a minimum of 30 percent of all Chamber and Senate candidates be women, and that these candidates be placed in electable positions on the party lists. In large part due to this legislation, 46 of the 127 deputies (36 percent) and nine of the 24 senators (38 percent) elected this year were women. Currently, 33 percent and 42 percent of the respective Chamber and Senate seats are occupied by women, proportions substantially higher than those found in an overwhelming majority of OECD countries, including the United States, where women occupy a mere 15 percent and 14 percent of the seats in the House and Senate respectively.

As has been the case in every election since the return to democracy in 1983, few deputies and senators whose term ended in 2005 were re-elected. Only 19 deputies (15 percent) and six senators (25 percent) obtained re-election, numbers comparable to those in all elections held since 1983, where on average only one in five legislators achieved immediate re-election. Most of these departing

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The remaining senators, deputies, governors, and mayors are divided among a host of minor parties. None of these parties holds more than two senate seats and one governorship. Other deputies also are spread among a multitude of minor parties, with only one, ARI (13 seats), possessing more than a dozen seats. As a consequence of this fragmentation, the only viable, albeit latent, opposition to Kirchner's leadership lies within the PJ, not among the opposition parties, which are weak as well as hopelessly divided. Along these latter lines, while it is true that Peronist lists were defeated on October 23 in three of the four most populous provinces after the PBA, the victorious candidate/party in each province was different: the PRO of Mauricio Macri (president of Argentina's most successful and popular soccer club, Boca Juniors) in the Federal Capital, the Socialist Party of Hermes Binner in Santa Fé, and the UCR of Julio Cobos in Mendoza.

By the end of the day, on October 23 Néstor Kirchner had successfully completed the quest begun in May of 2003 to consolidate his control over the Argentine political system. He had demolished his sole remaining rival, the “Nhaldista” machine in the PBA, and established himself in firm control of a hegemonic Peronism, whose adversary is a divided and fragmented opposition, many of whose most prominent members consider themselves to be Kirchner allies. Kirchner put the finishing touches on this consolidation drive over the next four months by firing Minister of Economy Roberto Lavagna (who Kirchner had inherited from Duhalde) in November and replacing him with loyalist Felisa Miceli, then paying off all outstanding Argentine debt to the International Monetary Fund in one lump sum ($9.9 billion) in January (thereby reducing the role of the IMF in the Argentine political process), and passing controversial legislation in February to provide the government with increased control over the judicial branch. Today there exists no doubt that Kirchner is the unbounded leader of Argentina, facing few checks on his power from within Peronism, the opposition parties, or the other constitutional branches of government.

Lest we proclaim Néstor Kirchner “President for Life,” it is crucial to remember that politics in Argentina has little to do with ideology and programmatic public policy proposals and everything to do with populism, clientelism, patronage, and pork barrel politics. Kirchner's current dominance of the Argentine political system therefore will continue only as long as he has access to the ample financial and material resources that are necessary to retain the loyalty of the all important provincial, and municipal-level party machines throughout the country. As a consequence, when Argentina again experiences an economic downturn (which also will negatively affect the President's level of popular support) Kirchner's current dominance will cease and his ability to govern effectively will be seriously challenged as the country's governors, and the deputies and senators whom they control, will become increasingly less responsive to Kirchner's demands while at the same time reassert their pressure on him to provide them with diminishing budgetary resources.

It is unclear if Argentina's next serious economic downturn will take place prior to the fall of 2007, when Kirchner is eligible to run for re-election, or shortly thereafter in 2008. Taking into account Kirchner's considerable political acumen, and assuming international factors that are largely beyond his control cooperate, the best bet is that Kirchner will be able to postpone the most serious economic problems facing Argentina until after the 2007 elections have passed, and that he will achieve reelection through 2011.

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Although Michelle Bachelet’s presidential election victory has understandably made news as she has become the first woman president in Chile (and the first woman who is not the widow of an important political leader to be elected in Latin America), the fact that she represents the longest ruling coalition in the country’s history sheds more light into recent political developments in the most successful economy in Latin America.

Because Bachelet (born in 1951) successfully combined a message of change (based primarily – though not exclusively – on her being a woman) with a message of continuity, she was able to win the runoff election on January 15, 2006. Without having the idea of change as a central component of her campaign, the continuity that she represented would not have sufficed for a victory. Likewise, had she not been a candidate of the ruling and popular Concertación coalition, the fact that she was a woman would not have constituted an electoral asset.

Although Bachelet is a lifelong militant of the Socialist Party, her election should not be included in the current wave of left-wing victories in Latin America. For one, Bachelet is from the center-left.
Concertación coalition that has ruled Chile since the end of the Pinochet dictatorship in 1990. As the fourth consecutive Concertación president, Bachelet represents much more continuity than change in terms of social, economic and foreign policies. Because she has promised to maintain the economic policies that have made Chile the most successful economy in Latin America, her election is more an approval of the economic and political development model implemented by Christian Democrats (PDC), Socialists (PS, PPD), and Radicals (PRSD) in Chile than a leftist turn that resembles developments in other Latin American countries.

The first Concertación president, Patricio Aylwin (1990-94, PDC), talked about a “free market social economy” and vowed to give neoliberalism a human face. True, poverty was dramatically reduced from 40 to 20 percent and the size of the economy more than doubled in ten years. But the policies adopted by Aylwin and his successor, Eduardo Frei Jr. (1994-2000, PDC), were squarely in tune with those promoted by the Washington Consensus and international lending institutions. Ricardo Lagos (2000-06), the third consecutive Concertación president – and a Socialist – further deepened neoliberal policies. In addition to signing free trade agreements with the United States and the European Union, Lagos adopted a very conservative fiscal policy, with a structural fiscal surplus of 1 percent of the GDP into the national budget. Even in 2005, an election year, and despite soaring copper prices (Chile’s main export commodity), the Lagos administration showed remarkable fiscal spending restraint. The absence of lavish spending did not mean lack of focus on social programs. Ambitious and well-designed programs to promote access to health, education, and infrastructure development have radically transformed Chile under Lagos, who is leaving office with approval ratings of more than 60 percent.

As she was the candidate of the incumbent Concertación coalition, Bachelet’s victory can hardly be seen as a Chilean turn to the left. Her personal rise to power is closely associated with the Ricardo Lagos government. Appointed as Minister of Health in March 2000, Bachelet was one of the five women to be appointed in Lagos’s first cabinet. She first received wide press attention when, less than a week after his inauguration, Lagos gave her a 90-day limit to put an end to physical waiting lines in public clinics. Because health reform had been a major component of his presidential campaign, Lagos decided to announce radical and immediate solutions to a difficult problem. Perhaps because she was given an impossible task to accomplish – and she duly presented her resignation at the end of that 90-day period – her popularity grew rapidly. Although her accomplishments as Minister of Health have been widely questioned by the conservative opposition, during the almost two years she served in that position, Bachelet became one of the most popular ministers in Lagos’s cabinet.

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In January of 2002 – following a midterm parliamentary election in which the ruling coalition lost votes and seats – President Lagos appointed Bachelet as Minister of Defense. Although she was trained as a pediatrician, her personal interests led her to develop a parallel career as a defense expert. The daughter of an Air Force general who was sympathetic to the socialist cause and served under Salvador Allende, Bachelet was arrested and tortured after the military coup of 1973. Her father died when he was being held by the military, and her mother was also arrested and tortured.

After her father’s death, Bachelet and her mother left for exile, first in Australia and then in East Germany. She married a fellow Chilean there and returned to Chile in the early 1980s, where she completed her medical education. When Pinochet left power in 1990, Bachelet was an active militant of the Socialist Party. Her interests in defense issues led her to take classes in military academies — including a one-year stay at the Inter American Defense College in Washington, D.C. — and to obtain a master’s degree in military sciences in Chile.

Because she was the first woman to be named Minister of Defense, her appointment captured wide attention. Moreover, being the first Socialist to take such a post since the 1973 military coup and a victim of political prosecution herself meant that the symbolic significance of her appointment could not be underestimated. It was a historic moment in Chile’s successful but difficult process of democratic consolidation. The manner in which she conducted herself as Defense Minister and her ability to personify the national desire for reconciliation and closure strengthened her position as the most popular minister in the Lagos cabinet. Although the idea of having a woman as presidential candidate had been floated around within the Concertación when Foreign Affairs Minister Soledad Alvear, a Christian Democrat, emerged as a leading presidential contender after Lagos was inaugurated, the thought of having Bachelet, a divorcée, mother of three, Socialist, agnostic, and former political exile as the Concertación’s standard bearer seemed too wild to become true.

But as time went by and Lagos’s term came to an end, Bachelet’s popularity continued to increase. By late 2003, she was the most popular Concertación presidential hopeful, surpassing Alvear, who had remained on top of the list since 2000. In September of 2004, a month before the municipal elections, President Lagos reshuffled his cabinet and, given their presidential intentions, let Bachelet and Alvear go. They both campaigned heavily for Concertación municipal candidates and contributed to an overwhelming victory by the government coalition in October 2004. Soon after, Bachelet was proclaimed presidential candidate by the Socialist Party and the Partido por la Democracia (the second and third largest of the four-party Concertación coalition). Because Alvear was proclaimed by
the Christian Democrats (the largest party in the Concertación) in January of 2005, presidential primaries were scheduled for July 31, 2005 to choose the coalition candidate. As Bachelet strengthened in the polls, Alvear opted to withdraw her candidacy in June 2005. For the first time in its history, the Concertación had a woman as its presidential candidate.

Because of Lagos’s superb performance and the overall economic success and political stability of the 16-year old Concertación government – and because the conservative parties overly identified with Pinochet’s authoritarian legacy during much of the 1990s, the Concertación easily won the 2005 election. With more than 51 percent of the vote, the center-left coalition secured its 12th consecutive electoral victory, a majority in the Chamber of Deputies and the Senate (comprised only of elected members for the first time since 1990). Bachelet obtained only 46 percent in the first round (the lowest for any Concertación presidential candidate since 1990). She came ahead of right-of-center candidate Sebastián Piñera (25.4 percent), conservative candidate Joaquín Lavín (23.2 percent) and Humanist-Communist Tomás Hirsch (5.4 percent). Because she is a woman (which scared some male voters away) and because she underplayed her proximity to Lagos, Bachelet was forced into a runoff against Piñera. She went on to obtain 53.5 percent of the vote to become the first woman to be elected President in Chile.

Despite her electoral troubles, Bachelet successfully attracted voters who had historically been less inclined to support left-wing candidates. Men have historically supported the candidates of the center-left coalition more strongly than women (in Chile, votes are tallied separately by gender). If Augusto Pinochet obtained only 44 percent of the vote in the 1988 plebiscite that brought an end to his 17-year dictatorship, his support among women reached 47.5 percent. In all elections held since the return of democracy, conservative parties captured a higher share of women’s votes than the Concertación. In 1999, Lagos won the election with 51.3 percent in the runoff. But in the first round and the runoff conservative Joaquín Lavín got an absolute majority (50.6 percent and 51.4 percent respectively) among women. Lagos became president with a 54.3 percent among men and 48.7 percent among women voters in Chile. In 2005, Bachelet captured 47 percent among women (44.8 percent among men) in the first round. In the runoff, she won 53.3 percent among women and 53.7 percent among men. Because most of those – primarily men – who had supported the Humanist-Communist candidate in the first round (5.4 percent) voted for Bachelet in the runoff, she ended up collecting more votes among men. Yet her ability to attract many women voters constitutes a fertile ground for the Concertación’s electoral future. Although it is too early to tell, the electoral prospects of the center-left coalition in 2009 seem already very solid.

During her campaign, Bachelet promised that her government would be characterized by gender parity (an equal number of men and women in top posts). She also promised new faces (“nobody will have seconds,” she said). Her campaign sought to promote a bottom-up approach to complement a successful, yet distant, top-down model implemented by Concertación technocrats. "Just as medical treatments will not work if you fail to engage patients, the policies Concertación governments implement will work better if you promote participation, inclusion, and diversity,” she told me once during the campaign. Bottom-up to complement top-down seemed to be her motto during the electoral season. Although she did deliver on her promises of gender parity and new faces (10 of her 20 appointed ministers are women and only two have served as ministers in previous governments), the promise to adopt a more bottom-up approach to government might be more difficult to accomplish. Moreover, the idea of a citizens’ democracy might be counterintuitive in a political system such as Chile’s, based on stable and strong parties. Yet, as her victory had as much to do with change in style as with continuity in policies, Bachelet is determined to go beyond the Concertación’s celebrated successful but top-down social policies designed to reduce poverty and foster growth.

Bachelet has also embraced the long-term goal of reducing inequality. By promoting more participation and addressing inequalities beyond income and wealth – such as gender inequality – she might quell the structural determinants that feed income inequality. In so doing, she must be careful not to undermine some of the social structure and institutional equilibriums that have allowed Chile to advance in achieving economic growth, poverty reduction and democratic consolidation. Thus, even though her election does point to some differences and changes with regard to previous Concertación governments, Bachelet’s electoral victory in Chile is above all a loud ratification by Chileans of the road map that has made that southern nation the most successful economy in Latin America in the past 16 years and one of the most solid and plural democracies in the region.

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Constitutional Reform in Bolivia

The 2005 Presidential Election

BY DAVID KING

In the weeks leading up to the December 18, 2005 presidential elections in Bolivia, most observers in the United States viewed Evo Morales with dread. An Aymara labor leader with coca field roots, Morales’s campaign had accepted money from Venezuelan President Hugo Chávez. This may have emboldened Morales’ supporters, but it hurt his image in Washington DC. Worse, the would-be president spoke openly about nationalizing oil and natural gas fields, raising the specter of socialist policies in the Andes.

As of November 2005, Evo Morales ran even in public opinion polls with former President Jorge Quiroga, while Samuel Doria Medina followed close behind. I visited La Paz, my birthplace, during those heady days, and I listened carefully to whispers among my “elite” friends who quietly hoped for a Morales victory. Back in Washington DC, the picture remained bleak. A Morales triumph would be a staggering loss for U.S. anti-drug and pro-trade policies.

Evo Morales’s victory, 53.7 percent of the vote to Quiroga’s 28.6 percent amid Bolivia’s highest-ever turnout and cleanest-ever elections, may indeed set back coca eradication programs and free-trade agreements. The victory is, however, a democratic revolution and the fulfillment of unmet promises from Bolivia’s illusory revolution of 1952. In Evo Morales, South America has the first-ever popularly-elected indigenous leader, and Bolivia has a brief window of opportunity to repair a fundamentally undemocratic political system.

For much of Bolivia’s 180-year history, the indigenous population, though outnumbering elites of Spanish descent by a two to one margin, remained fractured by culture (Aymara and Quechua in the highlands) and geography (Guarani and Arawak in the lowlands). Economic and political power remained concentrated among non-indigenous elites with geographic and economic ties to the mining industries.

Bolivian history is short on justice and fairness. Since breaking off from Spain in 1825, Bolivians have wearily witnessed nearly 200 coups and counter-coups. The revolution of 1952 gave indigenous people the right to vote, guaranteed a collective society, and strengthened the state. But the promises of that revolution were...
not visited on most citizens. The revolution of 1952 succeeded in some important areas, such as land reform, but it was an incomplete revolution won by the elites. Even after civilian democracy was finally established in 1982, Bolivia nearly exhausted itself with the kinds of public confrontations more reminiscent of a dictatorship than of a democracy.

When I left Bolivia as a child in 1968, the Soviet Union was America’s greatest enemy. Today Russia’s democracy is healthier than what we find in Bolivia. Indeed, a stunning study of public opinion about democracy, published in August 2005 by the Corte Nacional Electoral, shed light on what Bolivians thought were the objectives of having a democratic system. Possible choices ranged from participation (11.5 percent selected this response) to liberty (6.3 percent) to equality (6.0 percent) to the ability to vote (4.9 percent). Yet the most common answer, by far, was *no sabe* (don’t know) (32.1 percent).

In 1968, Indonesia was ruled by General Suharto, a dictator who murdered nearly a million of his own people. Today Indonesia’s multiparty democracy is vibrant and growing. Both Russia and Indonesia have language barriers and geographical challenges that make those in Bolivia seem relatively insignificant. There are twelve major languages spoken in Russia, in a country spanning 17 million square kilometers. There are eight major languages spoken in Indonesia, a country knitting together 17,508 islands. While Bolivians often point to geography and language as barriers to establishing a democracy, Bolivia’s democratic failures have very little to do with geography and language.

A new economic elite has sprung up in the lowlands, largely near Santa Cruz, owing to recent discoveries of large oil and natural gas reserves. As the economic and political power of Santa Cruz grew since the early 1990s, economic elites began dividing along regional lines, east and west. On the eve of the December 2005 elections, political leaders in Santa Cruz and Puerto Aguirre talked openly of dividing the country in half: lowland and highland. Meanwhile indigenous leaders were growing in confidence and competence, primarily as an after-effect of an experiment in democratic governance, begun in 1994, which allowed local governments to elect their own popular assemblies. The “Evolución” of democracy in Bolivia would have been more difficult, and bloodier, without a decade of experimentation under the Law of Popular Participation.

What now? President Morales has announced a process to develop a new constitution. The current one was ratified in 1967 and substantially revised in 1994, so constitutional change is a common theme. Yet the process for developing the new constitution may be most important of all, because this time – for the first time – indigenous people will have a voice.

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The central question in constitutions is whether the people of a country believe that the institutions of government are legitimate. Without legitimacy, a nation’s citizens no longer feel like citizens, and no longer willingly comply with the sacrifices needed to form a social compact. Of course a government does not need to be a democracy in order for citizens to think it legitimate. However, as political scientist Hans Dieter Klingemann notes, government regimes need at least two of three things: public support for the political community, public support for the regime’s principles (in a democracy these are democratic principles), and approval of a regime’s performance. In Bolivia today, the overwhelming majority of citizens does not support the national political community, does not approve of the national regime’s performance, and is only just now learning – because of the popular participation laws that transformed municipal government – how to function in a democracy. A successful constituent assembly – closely watched and publicized – should engender support for the national political community, and bolster confidence in the system as a whole.

I do not know what kind of a constitution will emerge from such a constituent assembly, but I am heartened to see that the process itself is being directed by non-ideological students of political systems. Chief among them is Professor Andrés Torrez of the Catholic University in Bolivia. In 2005 Torrez oversaw a “simulated” constituent assembly, drawing on indigenous and economic leaders from around the country. The current Bolivian system, based on Spanish law and the Napoleonic Code, is ripe for corruption and promotes confrontation over compromise.

The prospects for a constituent assembly to re-write the Bolivian Constitution got a boost on March 6, 2006, when Morales’s December opponent, Jorge Quiroga, joined former President Carlos Mesa in calling for an assembly to begin by the end of 2006. Naturally, some Bolivians fear a power grab either for Morales’s party or for the La Paz region, but I hope that the 2006 assembly will be a milestone in South American history. The authors of a new constitution should hold close to several features of successful constitutions. First, equality of opportunity – not equality of outcomes – is the basis of every democratic constitution written anywhere in the world over the past twenty-five years. The United States suffered greatly, and for more than nearly two centuries, when hollow words promising equality were not fulfilled in practice. We in the United States did not have an indigenous people’s problem for long, because our weapons were strong, their resistance to diseases weak, and we herded natives like cattle to reservations in the western United States. Yet for a hundred and fifty years before our Constitution, slavery was commonplace. Even after our revolution, it took a civil war – fought by whites against whites – to free African-Americans. These slaves were freed, on paper, by 1863, though the laws that gave them freedom were not fully realized. By 1905, African-
Americans were hanged by angry white mobs on a weekly basis. Thousands were killed. Millions were discriminated against. And it was not until early in 1952, just as Bolivia was extending the right to vote to the Quechua and Aymara that African-Americans began their own journey to freedom.

For most of my life, Bolivia has been the “South Africa” of South America. The good news, of course, is that even South Africa ceased being the “South Africa” of South Africa with the emergence of Nelson Mandela and the subsequent 1996 constitutional reforms. That constitution held fast to the primary rule: constitutions should protect equality of opportunities.

Second, successful constitutions are based on shared values in a society, and they are written by a group that represents the country both geographically and ethnically. What are the shared values in Bolivia? This may be the most difficult question of all, because Bolivians often define themselves by what they do not share than what they have in common. Indeed, when I ask Bolivians, “What does it mean to be Bolivian?” most are stymied by the question. The national dialogue that surrounds Bolivia’s eventual constituent assembly absolutely must revolve around what core values Bolivians share. If Bolivians, east and west, do not view each other as brothers and sisters in a common cause, the foundations of the constitution will be too weak to last even one generation. Yet, if the experiences of T orrez’s simulation are a guide, the men and women who write Bolivia’s next constitution may well discover that they are, indeed, a common people who share core values.

Third, successful constitutions avoid concentrating power in a single branch or a single city. Given their calls for secession, it is no surprise that politicians in Santa Cruz are rallying for local control of government if the secession movement fails. Their instincts are probably sound, because democracy is best learned at the local level, in municipalities, schools, and local unions. Recall the riots in France last fall, with a strong centralized government under attack. Why did these occur? Because new immigrants have no opportunities to become democratically engaged in local municipalities. Riots break out in Paris with regularity, every generation. The French Constitution dates from only 1958. Ten years later there were massive riots and student protests. Riots have followed every eight to 12 years ever since, including large-scale destruction in October 2005.

Large national governments are good for raising armies and for setting broad regulatory policies and for distributing resources from the rich to the poor and from the young to the old, and only national governments should negotiate trade agreements. But the single most important lesson of political history over the last 25 years is that centralized governments are not good at delivering goods and services to citizens in their homes. National politicians and bureaucrats in a central government are notoriously not responsive or accountable to citizens.

Finally, one rule of successful constitutions should be tattooed on the hands of every politician in Bolivia: never, under any circumstances, should public policies be written into constitutions. Every successful constitution in the world contains three elements: (1) a statement of shared values or fundamental rights, (2) a description of the responsibilities of governmental institutions, and (3) a way to change the constitution by a vote of the entire population. In every case that I can think of, when public policies have been written into constitutions – such as a specific minimum wage, or specific tariff numbers, or policies on land reform or the sharing of natural resources – in every single instance this has proved to be a mistake.

Constitutions are about shared public values supporting a political process. President Morales may be tempted to use the constituent assembly process to write long-promised public policies into law. That would be a mistake. Bolivia faces a choice between two kinds of constitutions. One that would try, in a single step, to fix many of the social problems that have existed there, including land reform, mineral rights, hydrocarbons, and education. A constitutional assembly that re-writes laws is appealing, both to parties of the left and to parties of the right. But this approach would be a grave mistake.

Constitutions are about rights and democratic processes, not about public policies. Does anyone, for example, think that Venezuela’s 1999 Constitution will last even four years after President Chávez eventually leaves office? Of course not. I would hope that President Morales aspires to building a more lasting and nobler legacy, framed around equality and fairness, but leaving the details of policymaking up to deliberative legislatures year-in and year-out. Policymakers in Washington D.C. have looked on with trepidation, but there are reasons for hope. Democracy is not an economic policy. Democracy is a participatory experiment in self-governing. It is a cauldron in which bad policies mix with good, and long-suffering citizens can find their voice.

When the U.S. Constitution was written, all decisions were made by super-majorities through a deliberative process. The subsequent public debates about whether or not to ratify the Constitution were seminal – and many of our core public values remain shaped by those open debates. The U.S. founding fathers are lionized and are on the minds of school children across the country.

Bolivia’s founding fathers and mothers may well be gathering in their own Independence Hall later this year. What emerges will need to be more than a blueprint on public administration. Good constitutions are more like prayers that touch on basic human values. Bolivia’s new constitution – if it is to be successful – will need to be a prayer that speaks to the hearts of us all.

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After weeks of sitting on the edge of their seats, election junkies learned in early March that 1987 Nobel Laureate Oscar Arias won the 2006 election by a margin of less than 1.12 percent. The election was close enough that the Supreme Tribunal of Elections spent more than 3 weeks manually recounting all of the ballots. That Arias did not trounce his opponents came as a shock. In the weeks before election day, polls indicated that the respected former president (1986-90) and leading member of the National Liberation Party (PLN) would win by a comfortable majority of 10-15 percentage points. That the upstart candidate of the Citizen Action Party (PAC), Ottón Solís, got within 18,147 votes of Arias raises questions about the volatility of the electorate as well as more profound ones of what lies in store for the country, whose political system is undergoing a serious crisis of confidence.

The 2006 elections confirmed two trends increasingly evident since the 1990s. First, elections remain highly competitive. Every election since 1990 has been won by slightly less than 3 percent of the vote. A runoff decided the 2002 presidential election, which pitted the PLN’s Rolando Araya against the Social Christian Union Party’s (PUSC) Abel Pacheco, the incumbent whose presidency ends in May 2006. With 40.92 percent of the vote in the February election, Arias barely satisfied the constitutional requirement that the victor must obtain a plurality and at least 40 percent of the valid vote to avoid a runoff.

Second, voters remain alienated from the old two-party system. Turnout was 65 percent, confirming a downward trend that started in 1998. Between 1953 and 1994, an average of 80 percent of adults (18 years or older) turned out to vote in quadrennial elections where voters cast ballots for the presidency and for all 57 members of the Legislative Assembly. The number of independents more than doubled between mid-1980s and the early 2000s, from 17 to 40 percent of the electorate. In 2006, the old two-party system, consisting of the PLN and the PUSC, got less than 45 percent of the vote, with the PLN receiving the lion’s share. The PUSC appears to be finished as a political force; it got less than 4 percent of the presidential vote, largely because of the spectacle of having two of its former presidents, Rafael Angel Calderón Fournier (1994-98) and Miguel Angel Rodríguez (1998-2002), land in jail in 2004 as a result of accusations of influence-peddling and corruption (charges for which neither one has yet been convicted). In contrast, the PLN and the PUSC obtained more than 90 percent of the valid vote between 1982 and 1998.

Ambivalence in the Tropics

The 2006 Elections in Costa Rica

By Fabrice Lehoucq

The Arias bid for the presidency is the old party’s system best hope for renewal. An increasingly skeptical electorate, many of whose members are too young to remember his first government, sees him as a respectable member of the establishment. He was the knight in shining armor, one whose white horse and gait are much less impressive after barely tilting in a joust he was expected to win handily. Arias is also the first president to run for reelection in decades. A 1971 constitutional amendment banned former presidents from ever standing for reelection. In 2003, the Constitutional Chamber of the Supreme Court struck down the 1971 ban on procedural grounds, a move that opened the way for Arias to act upon his longstanding interest in returning to the presidency. The Constitution continues to ban the consecutive reelection of both the president and of legislative deputies.

Aggregate results indicate that Arias lost in Alajuela, Heredia, and San José, the 3 largest and wealthiest of the country’s 7 provinces. Pre-election polls pointed out that Arias did better with less educated voters and with those residing in rural areas. In contrast, Solís, a renegade member of the PLN (and a cabinet member in Arias’s first government), appealed to more educated and urban voters, who have become increasingly disenchanted with parties and politics in Costa Rica.

What pre-election polls also suggest is that a quarter of the electorate made up its mind in the last week of the campaign. In the mid-January poll (with a sample of 2,423 citizens) conducted by Unimer for La Nación, Arias had the support of 49.6 percent of voters who had reached a decision and were likely to turn out to vote. Solís had the backing of 25.4 percent of the “decided” vot-
ers. Of those interviewed, however, 22.5 percent were only leaning toward a candidate, but still not sure for whom they would cast a ballot. At the very end of the month (with a sample of 1,200 voters and only five days before election day), Unimer-La Nación indicated that Arias had fallen to 42.6 percent and Solís had increased to 31.5 percent. Virtually the same number of those interviewed—22.3 percent—were still only leaning toward one or another candidate. It seems that last-minute doubts about the Central American Free Trade Agreement (CAFTA) with the United States helped swing many voters toward Solís. The PAC candidate had been calling for a renegotiation of CAFTA over the past several years as part of a broader agenda expressing discontent with structural reforms in Costa Rica.

Arias’s narrow victory augurs neither well for his presidency nor for the country as a whole. His party won 43.8 percent of legislative slots (25), 4 shy of the absolute majority needed to select the presiding officers of the Assembly. The PAC won 31.5 percent of congressional seats (18). Despite calls for compromise, it is doubtful that the PAC, as the insurgent party, will readily cut a deal with the PLN, the party now representing, for better or for worse, the establishment. The tax-cutting Libertarian Movement (ML) got 10 percent of congressional seats (6). As Arias has declared his support for CAFTA, it is not unlikely that he will move further to the right to accommodate the ML. The right-of-center PUSC only obtained 7 percent of legislative seats (4). Four small parties each got one seat in the Assembly. A fragmented and ideologically diverse Assembly therefore presents Arias with a novel strategic situation, since in his first government the PLN held an absolute majority of seats in the legislature.

The closeness of the election deprives Arias of a mandate. His administration will have to work hard in a multiparty Assembly to build consensus in favor of further structural reforms and of reforming a badly scarred body politic. Legislative productivity has fallen to historic lows during the minority government of Abel Pacheco (2002-06), even accounting for the fact that non-consecutive reelection leads to the decay of presidential powers by the third year of the political cycle. Politicians have been unable to find a way to open up the telecommunications and electricity monopoly to private sector investment, despite public interest in improving the performance of these sectors. They have failed to agree on how to raise tax revenues to fund a chronically underfunded state, an admittedly hard sell in any political system. The central state spends in excess of 15 percent of GDP while only collecting 12-13 percent of GDP in the form of taxes. This has led to a largely internal public debt whose interest rate payments consume almost a third of central government revenues. And, as the recent election results demonstrate, elected officials have yet to approve CAFTA or to come up with an alternative to increase the country’s access to foreign markets.

The slowdown in legislation is reflective of broader problems in the body politic. Bureaucratic agencies are not performing very well. Social policy has been unable to reduce the share of Costa Ricans living in poverty, which has stayed at around 20 percent of the population since the mid-1980s. While the public health system managed to lower infant mortality rates to first-world levels by the 1970s, it has been much less successful at providing more advanced health care on a timely basis. Citizens also believe that their public officials are corrupt: surveys conducted in 2004 under the auspices of the Latin American Public Opinion Project at Vanderbilt University indicate that 75 percent of Costa Ricans believe that corruption is somewhat or very widespread among public officials (the highest rate among five Central American countries, plus Colombia, Mexico, and Panama), even though 15 percent of respondents report experiencing one act of corruption per year (tying with Colombia for the lowest rate among the these countries).

As a result of these defects, the measures of the overall effectiveness of the political system are declining. Though Costa Rica’s development performance remains superior by third-world standards, its ability to maintain and to build upon past successes is in doubt. The World Economic Forum ranks Costa Rica in 2005 as having the 64th most competitive economy in the world, a fall of 14 places since 2004. The 2006 Bertelsmann Management Index, a composite measure of the ability of a political system to forge political consensus, also shows that Costa Rica has slipped from 8th to 19th place since 2003.

The Arias administration therefore has its work cut out for itself. Not only must his administration negotiate a series of economic and financial reforms through a divided Assembly, but Arias must oversee the overhaul of the ship of state. Since the early 1990s, citizens have been demanding the reform of electoral laws and of internal party structures to allow voters a greater role in selecting legislative candidates. At present, Costa Rica’s closed-list system of proportional representation makes deputies primarily concerned with placating party leaders and secondarily with representing voters. The ban on consecutive reelection also makes legislators uninterested in developing the policy expertise to oversee a large and complex bureaucracy. That the Assembly avoids holding roll-call votes also makes it hard for citizens to hold their deputies accountable. It will be no small task to tackle these problems while also making the economy more competitive.

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The challenge for the Federal Electoral Institute (IFE) at the time was to conduct free and fair elections, and Mexico’s citizen-directed institution lived up to these high expectations. Today, electoral fraud is a thing of the past, campaigns are largely publicly funded, and ballots and vote counting procedures are well established and respected.

Six years ago, Mexico faced a turning point in its political history. After more than 70 years of one-party rule at the federal level, an opposition candidate, Vicente Fox, won the presidential election, a clear outcome that was readily accepted by all political actors. The challenge for the Federal Electoral Institute (IFE) at the time was to conduct free and fair elections, and Mexico’s citizen-directed institution lived up to these high expectations. Today electoral fraud is a thing of the past, campaigns are largely publicly funded, and ballots and vote counting procedures are well established and respected.

However, there are new challenges of democratic consolidation involving the electoral system. In this article, I will briefly describe two central topics of the upcoming 2006 federal elections: first, the challenge of regulating the complex relationship between money and politics; and, second, the decision to allow Mexicans living abroad to vote in the 2006 presidential election.

MONEY AND POLITICS: REGULATING POLITICAL MARKETS
During the 1990s a series of electoral reforms helped to promote democracy and competitiveness in elections. In order to level the playing field, sufficient public funding for all political parties was introduced in 1996. Although private contributions are allowed, they cannot exceed the amount of public resources granted by the IFE. Campaign contributions made by private firms are prohibited, and individual contributions cannot exceed 0.05 percent of public funding per year. These restrictions were set in order to avoid the “capture” of political parties by particular interests by reducing parties’ dependency on private donors.

However, as political competition has increased, so has the cost of campaigning for political parties. This, in turn, has brought about new challenges for IFE’s ability to “follow the money,” in two ways: the oversight of undue private contributions and the enforcement of the spending cap, which for the 2006 presidential election was set at $62 million U.S.
In the past, parties found ways to get around these financing rules and engaged in questionable practices. In the 2000 presidential election, two of the largest national political parties found ways to finance their campaigns illegally. These cases were later known as “Pemexgate” and “Friends of Fox,” and illustrated that the legal means at IFE’s disposal faced some shortcomings. The Institute heavily penalized these parties for about $150 million U.S. It was clear then that the IFE needed to enhance its ability to “follow the money.”

The effort to broaden democracy beyond our borders should be evaluated not only in numerical terms, but also in terms of the historical opportunity to participate in the democratic process that has been opened to Mexicans living in other countries.

For this year’s election, the IFE has introduced a new set of regulations allowing it to track political parties’ expenses more closely and in a timelier manner.

First, the IFE introduced new rules of financial accountability, requiring political parties to disclose more information about their campaign expenses during the campaign period itself. Besides the possibility of imposing legal sanctions for the violation of these new rules, the IFE is also making this information public, thus allowing citizens to pass judgment on the legitimacy of their preferred party’s or candidate’s contributors and the amount of their expenses. Transparency and disclosure will thus, it is hoped, act as a deterrent for illegal behavior.

Second, since most of the campaign expenditures of political parties are devoted to the mass media, particularly radio and TV, the IFE tracks every spot aired on stations and networks nationwide. In addition, the IFE has signed an agreement with the Radio and TV Industry Association to obtain information on parties’ acquisitions of media time. This will allow the Institute to compare the information provided by the parties with the independent information obtained by the IFE via media monitoring.

Third, the IFE requested the parties to present, for the first time ever, a report on their primary season expenses, known in Mexico as “pre-campaigns.” For the 2006 election, several politicians started to campaign as early as 2003, which raised questions about the origin and amount of money used. As pre-campaigns are not regulated by the electoral law, candidates and parties could get around party finance regulations. It was evident then that such a loophole could represent a back door to illicit money in political campaigns. The IFE consequently acted, requesting all parties to present a detailed financial statement of the expenditures made by their pre-candidates, once their candidate selection procedures (such as primaries) concluded. The adoption of this important measure demanded from IFE both political and institutional resourcefulness, and, in the end, political parties willingly submitted to this extension of authority.

**BROADENING DEMOCRACY: THE VOTE OF MEXICANS LIVING ABROAD**

In 2005, the Mexican Congress amended the electoral law to allow Mexican citizens living abroad to cast an absentee vote. Until then, voters could only vote at the designated poll sites. While the decision to permit Mexican nationals living abroad to participate in the presidential election addressed what was perceived as a democratic deficit in our political system, this measure also posed distinct challenges to the organization of elections.

Several mechanisms were considered by the Mexican Congress to achieve political inclusion, from full-fledged elections taking place in foreign countries (campaigns included) to more conventional procedures. In the end, the Mexican Congress decided to pass a law enabling registered voters abroad to mail in absentee ballots. While this outcome did not fulfill the expectations of everyone, for lawmakers it was a feasible way to accommodate two legitimate concerns: the demand for political inclusion of a significant number of the voters residing abroad, and the safeguarding of the electoral process’s reliability as a whole. Citizens with a valid voting ID card had to apply to be included in a list of voters abroad. Ballots will have to be sent through registered mail before the election day. In spite of some drawbacks, such as the cost of postage, postal suffrage was deemed by legislators as the best way to preserve the secrecy of the vote.

Around 56,000 Mexicans sent their applications to participate in the July election, 40,644 of whom fulfill all the legal criteria needed to be registered. To some, this figure falls below expectations created by the fact that, standing alone, there are millions of Mexicans living in the U.S. To others, this is a good first step to incorporate Mexicans living abroad into our evolving democracy. Whatever the reading, the effort to broaden democracy beyond our borders should be evaluated not only in numerical terms, but also in terms of the historical opportunity to participate in the democratic process that has been opened to Mexicans living in other countries.

**CONCLUDING REMARKS**

Twenty years ago, elections in Mexico were deemed an ineffective ritual by most citizens. Today, the situation is completely different: Mexico can boast a competitive and democratic electoral system. The Federal Electoral Institute has become one of the foundations of political stability and ranks among the public institutions with the highest levels of public confidence.

Nevertheless, democracy is a process of permanent evolution and change. The IFE has addressed some important challenges in order to enhance the regulation of political markets, bring about more transparency and accountability to party finance, and promote the participation of our nationals living abroad. These and other new challenges faced by Mexican democracy will require both political leadership and an imaginative policy design to bring about a new generation of political reforms. Clearly, the IFE will continue to have a pivotal role in this important task in the years to come.

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Peru–The “Outsider” Syndrome
The 2006 Presidential Election
BY ALVARO VARGAS LLOSA

EVERY PRESIDENTIAL ELECTION IN PERU SINCE 1990 HAS BEEN marked by forces outside the realm of the predictable. Those forces catapulted Alberto Fujimori (1990) and Alejandro Toledo (2000/2001) to power, and have made Ollanta Humala the central figure in the current presidential campaign (he won 31 percent of the vote in the first round of the elections on April 9th). The spectacular rise of Humala, a nationalist former army officer, in the polls a few weeks before the first round of the elections generated a massive reaction on the part of the establishment in favor of Social-Christian candidate Lourdes Flores, who briefly jumped back into the first place but was soon overtaken again. And in the last few days, former president Alan García, a populist, caught up with Lourdes Flores in a dead heat race for second place. Although the votes are still being counted, it looks as if Alan García will now face Humala in an unpredictable runoff in June.

Although Fujimori, Toledo, and Humala are very different, they have something in common – the popular attitudes, perceptions, and sentiments that brought them to the forefront of their respective presidential campaigns. Understanding the role played by ‘outsiders’ in Peruvian politics over the last decade and a half is a prerequisite for gauging what type of country will be voting in a few weeks. In all these cases the drive behind the meteoric ascent of leaders who came from outside the established parties was a revolt against what people perceived as traditional politics and “official” institutions (even if they are not such).

On the surface, voters have been reacting against the most salient symptoms of the institutional environment in which they live. In the case of Fujimori, voters were reacting against inflation, the terrorist group Shining Path, and government corruption, the three distinct features of Peru’s 1980s-style democracy. In the case of Toledo, they were reacting against “neoliberal” authoritarianism and, yes, corruption. Now, they are reacting against the “macro-economic illusion” and, yet again, corrupt democracy (by “macro-economic illusion” I mean the perception that healthy indicators such as a 4 or 5 percent rate of growth of the economy do not translate into progress beyond the segment of the population that traditionally benefits most directly from stable fiscal and monetary environments).

But these are all outward manifestations of something more essential — the disconnect between civil society and the state. Ultimately, voters have been reacting against a certain way of conducting state business. This same revolt has been taking place in other areas for years, with many Peruvians leaving the Catholic Church for various Protestant denominations or creating substitutes for state services at the grassroots level (in shantytowns like Villa El Salvador, the collapse of public education has forced many poor families to set up very modest private schools in their neighborhoods).

These political outsiders, Fujimori, Toledo, and Humala, were all “populists” at the time of their rise to political stardom. Populism in the Latin American sense implies heavy dependence on a
caudillo who is above any sort of legal structure and whose will serves as the agent of social justice through forceful state action. Whether these leaders turned out to be (and, in the case of Humala, might eventually become), populists of the left or the right, democratic or dictatorial, is beside the point. What voters expected from them was “populism.”

A host of cumulative factors has led millions of Peruvians to revolt against elites and anything associated with them. The fundamental cause is the two-tier society segregated by almost two centuries of republican governments that failed to remove the pillars of colonial life even if they changed, sometimes dramatically, the façade. In a recent book I have called those pillars the five principles of oppression — corporatism, mercantilism, privilege, wealth transfer, and political law. These essential features of the Peruvian state mean that despite revolutions and reforms, Peru is still a country where cronyism is more important than equality before the law, and political and economic authoritarianism, rather than a market economy under the rule of law, constitute the prevailing environment.

The result is a society in which power and opportunity are concentrated by elites both at the central and at the local level. Matters are complicated by race: in many people’s imagination, the divide also pits a mostly white elite against an “indigenous” population. The divide between “white” and “indigenous” is extremely misleading in a country in which by far the predominant race is mestizo. At the local level around the country, it is actually impossible to distinguish the race of the “oppressors” from that of the “oppressed.” But this widespread perception fuels the tensions that run through the social fabric.

This social divide, a child of the institutional divide, translates into an economy in which only 2 percent of businesses produce 62 percent of the wealth while the rest — some three million small and midsized companies — produce no more than 38 percent. It also means that the centralization of economic activity is in Lima, the capital city. Arequipa, the second most important department of the country, produces a mere 6 percent of the national GDP, and most others account for no more than 1 or 2 percent. It means, in short, that one quarter of the population is extremely poor and one half is poor — the same percentage as four decades ago. Of the other half, a large chunk maintains a modest living standard but makes slow progress. Like those stone crabs whose legs are tied so that only one pair can grow disproportionately into a fleshy delicacy, Peruvian institutions enhance one segment of the population at the expense of the rest.

If we compare this static system with central and eastern Europe, where 40 million people have overcome poverty in the last six years alone, or with Chile, where one million people came out of poverty in the last decade, we have a sense of how remote macroeconomic statistics seem to ordinary Peruvians. Between 1950 and 1980, Peru’s economy grew at an average of almost 5 percent per year. In the 1990s, it grew at an annual average of 4.3 percent, and in the last three years it has grown at a rate of between 4 and 5 percent. In a different institutional context, these numbers would have entailed a significant reduction of poverty. In Peru, the corporatist, state mercantilist, privilege-ridden, wealth-transferring, and political law-dominated system stands in the way of social mobility and opens a gulf between the world of statistics and an emerging grassroots society that fails to actually emerge.

Attempts to reform the system have served to reinforce the prevailing institutions. The socialist military dictatorship of Juan Velasco attempted a “revolution” in the 1970s against the oligarchy. That “revolution” included the expropriation of haciendas and the
creation of 600-plus state-controlled cooperatives in their place, as well as the nationalization of more than 200 industries. The result was a catastrophic drop in the rate of capitalization of the economy and therefore in the standard of living, and, in the specific case of agriculture, a stagnation that lasts to this day, except for a dynamic sector in the southern coast (starring in 1976, about 60 percent of those agricultural cooperatives were illegally sold to peasants associations in what constitutes a case of clandestine privatization).

Another strong attempt to change the state of affairs came in the 1980s under Alan García. The result was hyperinflation and, after a short period of artificial growth, a severe drop in the amount of goods and services produced by the country.

There have also been attempts by the right to reform the status quo, most recently under the dictatorship of Alberto Fujimori. Although he successfully combated inflation and opened the economy, he practiced a systematic form of cronynism that translated into the emergence of powerful private monopolies under legal protection, a judicial corruption that reached new heights, and a political centralization that destroyed the already precarious checks and balances the previous government had left in place. Economic growth was less impressive than it could have been, and poverty was not reduced during that whole decade. (The small reduction in poverty over the last few years has to do with massive emigration, which has slowed the population growth to a rate of 1.4 percent a year as opposed to 2 percent previously.)

The return to democracy, first with the caretaker government of Valentín Paniagua and, for the last five years, the government of Alejandro Toledo brought about an improvement in areas such as freedom of expression and human rights. However, lack of reform, patronage, the subservience of the judiciary to the various political factions and the numerous barriers to entry into many markets because of legislation that preserves the privileges of special interest groups have deepened the sentiment of revulsion against the establishment. Until Fujimori was detained in Chile and it became clear he could not run in the upcoming elections, a significant portion of voters were expressing the wish to see him back in power. If this sounds contradictory with the mood of a country that is against the “traditional” political caste, it is because the goal posts keep moving in unexpected and irrational ways. Fujimori, who has been fighting efforts by the political caste to extradite him for human rights violations and corruption, is now perceived by some as an “outsider” again despite his ten-year rule in the 1990s. Now that Fujimori cannot personally run (he has been replaced by a close ally who is campaigning with Fujimori’s family) the protest sentiment has been captured by Ollanta Humala (though the Fujimori movement still managed to obtain 7 percent of the vote in April.)

Humala is a former army officer who led a quixotic coup attempt against Fujimori in the final moments of his second term. He was brought up by a father who was a Communist and who believed in racial discrimination in favor of “copper-colored” people because, according to him, of the four races of the world—white, black, yellow and copper-colored, the last one is the most unjustly treated. Humala is an admirer of Hugo Chávez, who has publicly endorsed him. He proposes “nationalism” and expresses deep admiration for Juan Velasco, another nationalist army officer who led a coup against the democratically elected government of Fernando Belaúnde in 1968.

What we have seen in the last couple of months now is a fight between Humala, who expresses the cynicism against the traditional elites, and Lourdes Flores, a Social-Christian moderate who represents a desire to conduct affairs within the existing rules of the game. Postulating a woman in a country that has never had a female ruler has helped give somewhat of a dissident quality to a candidacy that in different circumstances would have been perfectly traditional and conservative. However, her links to traditional parties, something that was well exploited by her adversaries, held her back and allowed Alan García, whose party (APRA) is better organized, to catch up with her. It is by no means certain that Humala, the candidate of the angry masses, will win even of revolt if he expresses that sentiment against the elites. The reaction against him on the part of a segment of the population that cringes at the idea of a Hugo Chávez at the top and at the thought of going back to the days of Velasco or García may be enough to defeat him. People who would never have considered voting for Alan García are now expressing the need to do so in order to stop Humala. But the sentiment behind his rise – and behind whatever figure might replace him – is going to be the dominant factor in Peruvian politics for years to come. The fact that he obtained the greatest number of seats in a highly fragmented Congress (about a third of the total) is already an indication of that.

The immediate and near future of Peru depends on whether reform of the prevailing system generates the expectation of social mobility and diffuses social tensions or whether the failure to engage in reform brings into government a new Humala (or Humala himself, as was the case with Evo Morales in Bolivia, who lost in 2002 but won this time). In other words, it comes down to whether a Lourdes Flores or Alan García administration will spell a change of direction and sow the grass under the feet of authoritarian populists or whether the next president will signify a mere postponement of the rise to power of a radical nationalist populists or whether the next president will signify a mere postponement of the rise to power of a radical nationalist caudillo of the type we have seen in Venezuela and Bolivia.

The deep-rooted cynicism of millions of Peruvians is perhaps best summarized by a phrase used by sociologist Stanislaw Andreski a few decades ago in a book about Latin America: “Once a society is pervaded by parasitic exploitation, the choice is to skin or be skinned.” The challenge for the next president is not so much a macroeconomic one as a reform of the state that will bridge the gap between official institutions and everyday people and, by producing a reasonable legal framework, encourage a much more dynamic and less cynical civil society.

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Colombian presidential elections are scheduled for May, but with only ten weeks to election day, the field of presidential candidates remains very crowded. Congressional elections, held two months prior to presidential elections, have frequently served to indicate which pre-candidates were most viable. Lists of congressional candidates associated with presidential hopefuls did battle with one another and helped gauge public sentiment as well as determine which presidential candidate was most likely to be able to form a legislative majority. Given that congressional races allowed multiple lists from the same party to compete against one another, they not only sorted out among parties but even among contenders in the same party.

This forecasting tool has been made more murky by an ongoing trend and by recent institutional innovations. First, there is a trend toward independent presidential candidacies. Not only are political newcomers and outsiders launching independent candidacies, but even long-time members of traditional parties have eschewed the opportunity to fight for their parties’ nominations, preferring instead to launch personal electoral vehicles. Thus some independent candidates do not expect congressional elections to motivate their bases of support. What is more, partisan candidates who might have been eliminated from the presidential race in a party primary (after congressional elections gave the momentum to an intra-party rival), have increasingly been willing to forego a primary they were likely to lose in order to run independently, just as incumbent President Álvaro Uribe did in 2002, when his chances of winning the Liberal primary were slim. In terms of institutional innovations, legislative elections are now held using open list proportional representation rules with only one list per party, rather than multiple sub-party lists. It is still unclear what impact this innovation will have on the connection between legislative and presidential races, but in the short run it promises to introduce at least some noise in the signal.

In early March the field of candidates included President Álvaro Uribe, a former Liberal using his own electoral vehicle; four candidates for the Liberal Party banner, with perpetual candidate Horacio Serpa likely to win a party primary; two candidates for the Democratic Pole/Alternative Democracy banner with Antonio Navarro the likely winner of a party primary; and three additional independents with the former mayor of Bogotá, Antanas Mockus, the only one registering even single-digit levels of support in public opinion polls. The Conservative Party, for a second election in a row, abstained from having a presidential candidate of its own. For the upcoming election, the decision was the result of a public consultation – held in November 2005 – in which 64 percent of a surprising 1 million voters endorsed the idea that the party back President Uribe’s reelection candidacy.

While these developments would seem to increase the level of uncertainty in Colombian presidential politics – and may very well do so in the future – in the current race they are overshadowed by a second institutional innovation. In October 2005 Congress approved a constitutional amendment allowing for immediate reelection of presidential candidates (with a two-term limit). Both the amendment itself and the accompanying law regulating how a sitting president could fairly run for reelection (without using official resources to his or her benefit) survived numerous challenges before the Constitutional Court. This is the first presidential election to feature an incumbent candidate.

Sitting President Uribe is very popular. In three public opinion polls conducted throughout 2005 and into 2006, 56 to 57 percent of respondents steadily attested that they would cast their vote in the first round for Uribe (www.votebien.com). No other candidate or party obtained a level of support above 15 percent. In fact, polls of likely primary voters showed Liberal frontrunner Serpa and Pole frontrunner Navarro losing support within their parties to the undecided category.

Other candidates and their supporters have complained that the president is unfairly using the advantages of his office during the campaign. These charges have not resonated with the public generally nor been formalized in the judicial arena, and President Uribe looks set to win reelection in the first round with more than 50 percent of the votes cast.

Aside from the issue of the reelection itself, the campaign has been characterized by a dearth of issues. The most contentious topics revolve around policies implemented under Uribe’s first administration, especially his Democratic Security policy, intended to deal with Colombia’s longstanding civil war, and the now finalized negotiations for a Free Trade Agreement with the United States. President Uribe has been conspicuously frugal in his pronouncements and has avoided explicit statements about what his goals are for a second term, other than the vague claim that his reelection will ensure continuity for his programs to handle the armed conflict and the economy. Most of his challengers have limited their proposals to react to Uribe’s policies, adding little new to the debate. The presidential campaign has therefore been an exercise in which emotions occasionally run high but where substantive political content – from either the incumbent or the challengers – is quite modest.

In terms of the armed conflict, Uribe’s current policies will leave critical challenges for whoever assumes the presidency on August 7, 2006. First, the demobilization of the paramilitary armies has run past a previously negotiated due date, and there are numerous vigilantes who have yet to surrender their weapons and reincorporate into civilian life. Moreover, the ratio of men to weapons turned in is about 2:1, which implies that either there are (previously unarmed) people who are taking advantage of the terms of the demobilization agreement or that arms caches are being built up – for a future remobilization of the paramilitaries or for sale on the black market. Both alternatives are serious and need to be resolved by the next administration. The silence of the major candidates on this issue is notorious. For instance, Liberal contender Rafael Pardo and Polo Democrático’s Antonio Navarro only mention in their platforms...
that if elected president they will ensure that the paramilitary armies are entirely dismantled.

On a far more complex matter, upon demobilization the paramilitaries agreed to confess their crimes and to return all goods unlawfully acquired in exchange for lenient sentences, including reduced prison time. However, their crimes have involved massacres of civilians, kidnapping, rape, torture, extortion, plundering, cattle rustling, and drug trafficking, to name but a few. The Justice and Peace Law – which regulates the conditions for demobilization – limits the ability of this negotiation process to bring closure to victims in the form of justice and reparation because of several deficiencies in its conception. The law does not revoke the benefits of demobilized vigilantes who conceal facts in their depositions, even if it is later proved that they did so in bad faith. Perpetrators only face the risk of a slight increase in their penalties for crimes not disclosed in their 

*declaraciones libres* (free statements). The investigation periods established in the law are extremely short, especially for inquiries about heinous crimes such as massacres. The law protects the property of paramilitaries when its illegal origins cannot be determined, limiting possible reparations to the victims. This is particularly troublesome when it has been documented that paramilitaries assassinated landowners and, smoking guns in hand, forced widows to sign documents to transfer the property to their names. Most candidates avoid statements about the negotiation with right-wing paramilitaries. As an exception, Navarro suggests that he would issue a decree regulating the Justice and Peace Law to guarantee reparations for victims.

A second contentious subject related to the conflict is the question of humanitarian exchanges and the general issue of peace talks with leftist rebels, particularly the Fuerzas Armadas Revolucionarias de Colombia (FARC). The Uribe administration has, reasonably, opposed the exchange of kidnap victims for incarcerated guerrillas. However, the next administration will have to take a more proactive stance in order to bring an end to the predicament of more than 400 abducted individuals – including military, politicians, civilians and even some American citizens, some of whom have been held for over 8 years. Most of the candidates have indicated their willingness to carry out humanitarian exchanges with the FARC, including Serpa, Navarro, and Pardo.

In terms of economic policy, the presidential campaign has also been characterized by a lack of new and concrete proposals and instead by denunciations of Uribe’s programs. The current state of the economy is neither critical nor ideal. After almost two years, Uribe was able to close negotiations with the United States for a Free Trade Agreement that will progressively eliminate tariffs between the two countries in the near future. This agreement should generate incentives for Colombian businesses to export their products to the world’s largest economy, while exposing Colombian businesses to competition from their American counterparts. Though the benefits are clear in certain sectors, there will be negative effects in others, mainly in agriculture. Colombian grain producers simply cannot compete with (often subsidized) American agribusinesses. As a result, the government has already announced a program to help those sectors that would be more heavily hit. The plan includes some $500,000 million pesos (some $220 million U.S.) in annual subsidies for targeted industries. It is not clear where the funds will come from, even though Uribe’s government has announced that it would not raise existing taxes or create new ones. The next president will have to deal with the negative impact of the Free Trade Agreement on a significant sector of Colombia’s economy and with the more difficult task of raising funds in a fiscally responsible way to dole out help, particularly given the reduced revenues due to the elimination of tariffs.

In sum, the outcome of the election has seemed a foregone conclusion for quite some time. Barring some very dramatic events, Álvaro Uribe appears destined to win a second term – handily. An open question is whether the lack of substance to the campaign is a function of Uribe’s popularity or if Uribe’s popularity is (at least in part) a function of the lack of substance to the campaign (and party programs more generally).

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Is Mexico Venezuelan or Brazilian in Its Policy Trajectory?

Over the past few years there has been a surprising shift to the left in Latin American politics, raising concern among domestic businessmen, international investors, and the U.S. government about the sanctity of their investments. Rather than support the Washington Consensus, a growing number of politicians have improved their political prospects by blaming fiscal austerity and free-market economics for their countries’ lackluster economic records and widespread poverty. Indeed, as a counterpoint to neoliberal economic approaches, many newly elected leaders have won elections by advocating an increased role of the state in the economy.

Mexico is no exception to this trend. The front runner for the July 2, 2006 presidential elections is the left-leaning Andrés Manuel López Obrador of the Partido de la Revolución Democrática (PRD) who, like his Latin American counterparts, is campaigning on a left-of-center platform that questions, even if it does not fully reject, structural reforms like labor reform, social security reform, tax reform, and energy sector privatization that would help the Mexican economy retain its competitiveness and thus its market share in the U.S. economy. Domestic and international investors are concerned that López Obrador’s rejection of such measures, combined with his views on the importance of aiding Mexico’s poor, implies a potential weakening of the country’s macroeconomic position, investor confidence, and stable economic growth.

However, not all left-leaning presidents end up pushing through the policies they campaigned on. For every president like Néstor Kirchner (Argentina) or Hugo Chávez (Venezuela), two presidents who have dramatically increased state presence in their economies in recent years, there is a Luiz Inacio “Lula” da Silva, a Ricardo Lagos or Michelle Bachelet, or a Tabaré Vazquez. In these countries – Brazil, Chile, and Uruguay – left-leaning presidents have honored the neoliberal economic policies of their predecessors and even pushed for more, often to the chagrin of co-partisans. Regardless of the rhetorical shift to the left at election time, the region’s left-leaning governments tend to follow one of two trajectories: the statist or the neoliberal path.

Mexico’s Presidential Election

Taking the Chávez Out of López Obrador

By Allyson Lucinda Benton

Will workers in Mexico keep on heading north?
Which path will Mexico’s López Obrador take if elected? Will he push his government to follow a more statist economic policy agenda or will he support the continuation of Mexico’s free-market economic policy approach? I argue that Mexico is most likely to find itself along the second path because two things limit its president’s ability to choose a left-leaning policy agenda: the nature of the government’s fiscal resources and congressional politics.

Presidents who can easily build coalitions in Congress and whose financial policies depend on revenues generated from single economic sectors like commodity production, rather than directly on governmental economic policy for revenues, have a much better chance of rolling back free-market economic policies. Governments whose fiscal finances depend on maintaining free-market economic policies, a broad domestic tax base, and access to cheap credit in international capital markets are much more limited in their capacities to pursue left-leaning policy objectives, even with apliant Congress. Statist policy measures often lead to negative reactions by investors, triggering capital flight, rises in the cost of financing debt, and economic downturns. Indeed, it is those leaders lacking either fiscal resources or a compliant Congress who often find themselves either pushing for neoliberal economic policy reforms or accepting the status quo.

Though there are several parties competing for the presidency, Mexico’s presidential race is between three main contenders: the left-leaning López Obrador, the centrist Roberto Madrazo of the Partido Revolucionario Institucional (PRI), and the right-of-center Felipe Calderón of the Partido Acción Nacional (PAN). Recent public opinion polls conducted in February 2006 put López Obrador somewhere between five to ten percentage points ahead of Calderón, with Madrazo about three points behind the PANista candidate. A poll published by Reforma, a leading national newspaper, showed López Obrador with 38 percent total national votes compared to Calderón’s 31 percent and Madrazo’s 29 percent. Consulta Mitofsky shows a larger lead: López Obrador with 39 percent, Calderón at 29 percent, and Madrazo at 27 percent total national support. Though there are still several months left in the race, López Obrador’s continued popularity among the nation’s vast number of independent voters (estimated to be around 40 percent of total eligible voters) points to his edge at election time.

Unlike the PRI and PAN candidates, López Obrador is campaigning on a left-leaning policy platform that highlights Mexico’s wide income disparities. He advocates an increased role of the state in the economy to beef up job creation and increase economic opportunities, even if he does not support a rise in governmental expenditures along the way. López Obrador would also like to reorient governmental spending toward social programs and infrastructure development. A major crackdown on tax evasion by businesses and elites and a significant reduction in redundant governmental spending and thus waste would give him extra resources to pay for such spending priorities.

Some of these proposals are not very radical: most economists and politicians believe that Mexico needs infrastructure development, education spending, and poverty programs to help political stability and medium-term economic development. However, it is the prospect of state involvement in areas formerly left to markets alongside the outright rejection of many types of structural reforms that has raised concerns among domestic and international investors. López Obrador rejects fiscal reforms meant to broaden Mexico’s extremely narrow tax base as they would then increase the tax burden on the humbler classes. He rejects the notion of energy reform that would allow private investment in this highly regulated, tightly closed, and thus extremely expensive sector, claiming that energy (read: oil production) is of strategic importance for Mexico and its economy. Labor reform to ease the ability of companies to fire and hire workers is criticized for reducing worker benefits, while a full-scale social security reform to allow individual accounts and an end to the defunct pay-as-you-go system is also unlikely. Most governments that have made economic decisions disregarding markets have also found themselves under pressure to support target industries for political rather than economic reasons, leading to inefficient governmental expenditures, macroeconomic instability, and low economic growth down the line.

At the other end of the left-right continuum stands Felipe Calderón. In the tradition of current President Vicente Fox (PAN), Calderón highlights the need to undertake structural reforms to attract foreign investment and ensure economic growth. Indeed, he believes that foreign direct investment and macroeconomic stability, through their effects on job creation, are the key ingredients to alleviating poverty and Mexico’s wide income disparities. Calderón also highlights the need for a continuation of governmental transparency and support for the rule of law as a means of reducing corruption, enhancing public security, and thus attracting foreign investors. Reforms to the legal system would make both of these things possible. Calderón’s policy platform is music to investors’ ears, even if it has not been as attractive to Mexican voters as López Obrador’s.

Madrazo has had a harder time appealing to supporters. Though he places himself at the political center, his party spans a wide array of ideological positions ranging from radical left to conservative. As a result, Madrazo has had perhaps the least clearly defined policy platform, one that changes depending on which constituency he is addressing. Otherwise, he risks alienating supporters. Madrazo appears keenly aware of the importance of foreign direct investment in the economy, and thus has argued in favor of structural reforms to attract investors. It is thanks to his close ties with a range of business groups that he pushed the PRI to again change its party statutes to allow its members to support fiscal and energy reforms in the future. Investors are confident that Madrazo would push for the types of reforms they prefer, even if they understand that he cannot espouse them during his campaign.

**MEXICO DOESN’T HAVE WHAT IT TAKES (TO TRULY MOVE LEFT)**

Mexico’s upcoming presidential elections reflect a competition between more statist economic approaches and neoliberal free-market economics. Given that López Obrador looks increasingly likely to win, this means that Mexico’s next president will have gained office through exactly the same means as many other presidents in the region. But will he be able to push policy truly left, that is, support a dramatic rise of state presence in the economy, shift governmental expenditures to new areas, and prevent additional liberalizing reforms? López Obrador’s capacity to shift governmental policy to the left depends on two things: the government’s fiscal coffers and his ability to build support in Congress. Yet neither seems to favor López Obrador.

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State involvement in the economy implies increased fiscal expenditures, regardless of a politician’s intention to limit governmental spending. Policy measures deemed too radical by markets risk raising interest rates and thus debt payment obligations, something that can hurt fiscal coffers severely. This tendency worsens with economic performance, fiscal performance, monetary conditions, or any other economic or political risk perceived by markets. Arguments that López Obrador can increase governmental coffers by streamlining government are suspect in that most of the streamlining would have to come at the expense of worker salaries, which accounts for the lion’s share of governmental expenditures. Most jobs are protected under civil service or labor law. López Obrador will save money, but not enough to make up any fiscal gaps left by increased interest rates on sovereign debt.

It is possible that López Obrador could buffer fiscal coffers with oil revenues. It is true that windfall gains from oil revenues are widely expected to continue into the very near future. However, though oil prices are likely to remain high in the near to medium term, there are questions over Mexico’s ability to maintain its oil production targets over the next few years. Any dip in production would necessarily adversely affect López Obrador’s policy plans.

The government and state oil monopoly Pemex both agree that the engine of Mexican oil production, the Cantarell complex, is set to decline in the coming two to three years. Cantarell accounts for 60 percent of total oil production in Mexico and, though it produces about 1.9 million barrels per day (mbpd), it is set to decline to about 1.4 mbpd by 2008. However, other energy experts argue that this decline will be much steeper, with Cantarell producing only half its projected amount by 2008. If Pemex is unable quickly to replace lost barrels with increased production from other fields, governmental coffers could suffer dramatically. Pemex contributes between 35 and 40 percent of total governmental revenues. In a worst case scenario where Cantarell production dropped to about half of what it is producing now, something that is possible since López Obrador is reluctant to open the sector to private investment that would likely ratchet up production, and where only half of that lost production was replaced by increases from other fields, the government could lose as much as 5 percent of its overall budgetary resources. In the absence of fiscal reform to broaden the tax base, this would be a hard hit.

Even in the best case scenario where oil revenues remained high, tax collections improved, and governmental expenditures were streamlined, López Obrador would still have to face Congress. Mexico’s Congress is made up of two chambers, the Chamber of Deputies and the Senate. Most shifts in policies must be approved by both chambers in Congress, while changes to governmental spending targets must be approved by the lower chamber. Though López Obrador is favored to win the presidential elections, it is very unlikely that his PRD will gain a majority in Congress. In fact, most public opinion polls show that the parties are evenly matched in terms of congresional support, and this means that the Congress could be divided about evenly between the coalitions led by the PRD (with the Partido del Trabajo and Convergencia) and the PRI (with the Partido Verde Ecologista de México), and the PAN (running by itself).

The PAN would never support measures implying increased state control. So, to pass reforms, López Obrador would need to build a coalition with his party’s closest political counterpoint, the PRI, but a quick look at the chamber of deputies makes this seem remote. Let us assume for argument’s sake that each of the three parties wins about 150 seats each in the 500-seat lower chamber, with the remaining seats going to small parties. This means that to pass legislation, the PRD would have to build ties to small parties, as well as gain a significant share of PRI deputies, perhaps as many as two-thirds of them in the absence of small party support. This is unlikely. Though the PRI counts on politicians who might support López Obrador, to get two-thirds of these party members on board any measure is no easy task. Current policies in most areas reflect internal PRI preferences and any dramatic moves to the left (or right in the case of a Calderón presidency) are necessarily difficult to sell to politicians who prefer current stances. It also bears mentioning that the PRI has historically been quite disciplined in congressional votes, since party leaders still control campaign financing resources and access to opportunities to run for local and national office. As a result, splitting the party on important policy votes appears unlikely, especially to the extent that the PRI believes that it would be worse off under such policy regimes.

TAKING THE CHÁVEZ OUT OF LÓPEZ OBRADOR

Though López Obrador is quite popular and looks increasingly likely to win the national election this July, he will be faced with problems similar to those faced in countries like Brazil, Chile, and Uruguay, which do not count on major fiscal windfalls from commodities exports and which count on retaining access to international capital markets to finance sovereign debt and budget deficits. Mexico is no Venezuela, whose oil reserves are much larger and which counts on private investment in the sector to bring those reserves to market (and taxes and royalties to governmental coffers). Mexico is no Argentina, either, where the government also counts on windfall profits from export taxes on non-oil commodities exports and thus has the capacity to finance governmental economic and monetary policies with much more ease than Mexico. Rather, Mexico is more like Brazil in this regard, and for this reason, thanks to its integration into the international economy and international capital markets, and thanks to the willingness of voters to split their tickets between presidents and congressmen, will retain a more moderate policy course, with no major shifts to the left. This means that there is very little downside risk in Mexico, though, in a country that needs additional structural reform, the upside benefit is missing as well.

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From Revolution to Rouba Mas Faz?

Lula's Reelection Campaign in Brazil

By Scott W. Desposato

President Lula came to office promising mudança, or change. He delivered, but in a very unexpected way.

Many observers were hopeful that the inauguration of Luiz Inacio da Silva as President of Brazil would usher in a new, modern, and socially just era of Brazilian politics. His personal history of labor militancy and his party’s reputation for disciplined, progressive, and clean governance suggested a dramatic departure from Brazilian politics as usual.

Lula’s rise from poverty to become president of the fifth largest country in the world is a well-known and inspiring story. Born into poverty in the northeastern state of Pernambuco, Lula came to São Paulo with his family at the age of seven. With just a fourth grade education, he entered the workforce at 12 years old, and eventually became a metal worker. During the military regime, he rose to become president of his metal workers’ union. In 1980, he was a founding member of a new Workers’ Party (PT). Although imprisoned by the military, he continued his activism, playing a leading role in the direct elections movement. He was elected to his first public office, federal deputy, in 1986.

The party he helped found – the PT – is unique among major Brazilian parties. Brazil is widely known as “the anti-party system,” beset by party-switching, corruption, and personality politics. The PT offered a new and ultimately very successful model for Brazil. The party is programmatic, has a large mass following and dedicated network of activists, is highly disciplined, and avoids public dissen- sion. And the PT has projected a strong and clear message against the Washington Consensus or neoliberal model of development, opposing debt repayment, agreements with the IMF, privatization, and globalization.

Lula spent the last decade running for president and losing. He has been the PT’s presidential candidate four times (1989, 1994, 1998, 2002). He ran a close second in 1989 to Fernando Collor, but was easily defeated twice by Fernando Henrique Cardoso (1994 and 1998). However, in 2002, the PT chose a new strategy. A major component was a complete transformation of Lula’s appearance and discourse. Gone were the sweaty t-shirts and anti-capitalism rants, replaced with designer suits and courting trips to Wall Street, and promises to comply with IMF agreements. He continued to criticize the neoliberal model, but vaguely promised a third way, which would start from scratch. His campaign improved as the outgoing Cardoso administration’s popularity slipped during an economic slowdown, and Cardoso’s successor, José Serra, did not have the charisma to overcome this electoral-economic deficit. Lula won easily in a second round with 61 percent of the vote.

Post-election uncertainty surrounded the questions “which Lula had won?” the anti-IMF labor leader, or the pro-business pragmatic? In a prosperous year, he might have dodged the question and enjoyed a prolonged honeymoon period, but 2003 was difficult for Brazil. Inflation was threatening, Brazil’s debt was up to $250 billion U.S., or more than 50 percent of GDP, and fears of capital flight threatened to downgrade Brazil’s bond ratings and push up the cost of borrowing.

Lula responded, as promised, with mudança. But the change was in his politics and those of his party – not in policy. In a dramatic departure from his twenty years of activism, he chose the neoliberal response to crisis. He appointed fiscal conservatives to key posts – the Finance Ministry and the Central Bank – and made fiscal discipline and inflation-fighting top priorities. Brazil voluntarily exceeded the IMF’s budget surplus targets – 4.25 percent versus the IMF’s 3.75 percent. And in an even more obvious about-face, Lula chose to push pension and tax reform. Both sorely needed attention. Brazil’s inequitable pension plan provided unsustainably generous funding to public servants after short careers, and relatively small payouts to private sector workers. Brazil’s tax system is a complex mess of state and federal income, property, and value-added taxes. Lula proposed to raise the retirement age and qualifications, cap public pensions, reduce inheritability, and implement other cost-saving measures. On taxes, his proposal was less bold but still a step forward: simplifying and unifying the states’ 27 value-added taxes into a single VAT.

Both the pension and tax reform were similar to initiatives pushed by the previous Cardoso administration, and fiercely opposed by Lula and the Workers’ Party. This was not the only time Lula was to essentially follow Cardoso’s lead. Most of Lula’s fiscal and social
programs were closely modeled on policies previously introduced by the Cardoso administration, including his hunger and poverty program, land reform, environment, and foreign policy.

The dramatic about-face in policy did not go unnoticed, generating discord within the Workers’ Party. The PT’s internal divisions are real and quite heated, but public disagreement is rare, especially when the party decides to present a united front. In Congress, PT legislators that disagree on policy will occasionally abstain on roll-call votes – subtly signaling opposition. But Lula faced rare public criticism from his own co-partisans. Ironically, the breaking point was Lula’s own pension reform package. Several PT deputies and a senator voted against Lula’s reform proposal, and were subsequently expelled from the party.

Lula also faced opposition from social sectors normally closely allied with his party. Public employees have traditionally been strong supporters of the PT, but in response to pension reform, they demonstrated outside Congress, eventually vandalizing the building. The landless movement stepped up occupations of property in response to slow land reform, and labor protests accompanied rising unemployment.

However, in spite of having a divided minority and some social opposition, Lula has been fairly effective at advancing his policy agenda through Congress. A disciplined majority of the PT and allied parties closed ranks in support of his agenda. In addition, Lula found votes for his proposals among the members of the PMDB, a centrist “catch-all” party. In exchange for pork – public works projects in their constituencies – the PMDB provided the votes for a three-fifths majority – enough to change the constitution. Finally, Lula successfully leveraged other actors’ influence when possible. For example, he symbolically delivered his proposed pension and tax reforms by walking to the Congress building with all 27 governors in tow. Governors in Brazil wield significant influence with their legislative delegations, and their presence was an important signal to legislators.

Fiscal discipline eventually solved the economic crisis, but with serious short-term costs. Growth stalled, wages fell 6 percent, unemployment rose to 11.5 percent, and Brazil’s economy shrank 0.2 percent. The central bank kept interest rates high to head off inflation, putting pressure on businesses, agriculture, and consumers. The government also faced a corruption scandal. An aide to Lula’s chief of staff, José Dirceu, was found to have solicited campaign contributions from an illegal lottery boss. The scandal was never directly linked to Lula, and the alleged acts took place before his administration was installed, but it did tarnish the PT’s “clean government” image.

A stalled economy plus disappointment with the PT’s about-face on policy contributed to a decline in popular support for the administration. From a record high 86 percent approval rate upon taking office, Lula’s approval rating fell to 60 percent by May of 2004 (see Figure 1). His net support (positive-negative evaluations) fell from almost 80 percent to about 15 percent during the same period.

But by late 2004, an economic recovery was well under way. GDP grew by 5.2 percent that year, and an estimated 2.6 percent in 2005. Unemployment slipped below 10 percent, and inflation was held to a manageable 7.6 percent. The recovery plus a fading away of the campaign finance scandal combined to a rebound in popular support for Lula, with an enviable 60 percent approval and over 30 percent net approval by late 2004. In a December 2004 simulated election survey, Lula was projected to easily win re-election against any of the likely challengers.

Thus, by early 2005, the PT’s re-election seemed reassured. The president was popular, the economy was growing, and the PT had “stolen” the center-right’s policies. It was hard to imagine a compelling message that the opposition could use against the administration. Pre-candidate evaluations put Lula 20 percent ahead of the leading opposition candidate, José Serra. However, the PT’s mudança was not yet complete. The party had transitioned from opposition to government, and from left to center-right, but had one more major change in store. In 2005, a corruption scandal was tied directly to the president’s closest advisors. The scandal rocked Brazil, tarnished the president and his party, and has opened at least the possibility of an opposition victory.

The scandal broke when two businessmen seeking government
contracts were asked for kickbacks by the procurement director of the mail service, Maurício Marinho. They secretly taped the encounter, during which Marinho directly implicated PTB president and Lula ally, Roberto Jefferson. Initially Senator Jefferson tried deflecting prosecutorial attention with vague hints of a grand corruption scheme and implicit threats to “tell all.” However, once cornered, he started naming names, and the scheme he described was impressive in its scope and audacity.

Barry Ames wrote in 1995 that “pork buys deputies” – that legislators’ support can be bought by building bridges, roads, medical clinics for legislators’ constituencies. Apparently, cash works well too. Senator Jefferson reported that many deputies in the governing coalition were on the president’s payroll, receiving side payments of $30,000 R per month in exchange for their support. The funds were skimmed from state-owned companies and through kickbacks from government contractors, then funneled to legislators. In exchange, the “bought” legislators were to provide loyal support for the president’s legislative initiatives. Dubbed the *mensalão*, or, literally, big monthly, alleged recipients included PT deputies as well as members of allied parties. Apparently, opposition legislators were also offered payments if they switched party into the president’s coalition. More damning, Jefferson named Lula’s chief of staff, José Dirceu, as the puppet master.

A bumbling administration seemed determined to look as guilty as possible. The president quickly gave full support to Jefferson. When it became clear that the allegations were probably true and Congress prepared to create an investigating committee, the administration resisted. Lula reported that many congressional votes to prevent the investigation by releasing millions in federal funds to deputies’ constituencies. PT legislators that supported the investigation were suspended from the party for 60 days. To the parties’ credit, the investigation proposal received multi-party support, including members of the governing coalition (PT, PMDB, PP, PL, PCdoB, PTB, and PSB). The administration’s efforts to squash the inquiry failed, and many of the allegations were substantiated in a subsequent investigation by the Federal Police. Eventually, Lula apologized publicly to the Brazilian people in December of 2005, claiming ignorance about the *mensalão* scheme, and promising to punish all involved.

The scandal disillusioned and depressed Brazil. In a 2004 Latinobarómetro survey, only 37 percent of Brazilians agreed that “Democracy is preferable to any other kind of government.” Support for Lula and his government slipped as well. His positive approval rating dropped below 50 percent and net support fell from 30 percent before the scandal broke to 2.5 percent by November of 2005 (see Figure 2). More importantly, for the first time since taking office, Lula was projected to lose a reelection bid in 2006. Before the *mensalão* scandal, Lula had a projected 20-point victory over the leading opposition candidate, and much higher margins against other possible challengers. By November 2005, Lula’s projected victory had turned to a projected defeat, with José Serra predicted to defeat Lula by 3.9 percent of the vote.

The decline in Lula’s popularity breathed new life into the opposition’s hopes to defeat Lula in 2006. Apparently, Lula had only two possible campaign strategies: he could either claim incompetence, being unaware of the massive support-buying going on all around him, or he could admit corruption. Neither is a compelling campaign message.

However, Lula is proving incredibly resilient. The most recent polls (February 2006) show his surprising recovery (see Figures 1 and 2), and even project a 15 point victory over his leading opponent. His recovery has several sources. First, Brazil’s macro economy still looks solid. Unemployment fell to just 8.5 percent with substantial job creation. The government’s inflation-fighting discipline may have been a bit too strict, but lower interest rates should boost growth in 2006. Second, Lula has implemented successful poverty-fighting programs, including a basic welfare program and a substantial increase in the minimum wage.

How do these accomplishments “make up” for the corruption scandal? A popular saying in Brazil is *rouba mas faz* – he steals, but he gets things done. Historically, this has only been used to describe clientelistic old-style Brazilian politicians, but now it may be the
PT’s reelection theme. From the perspective of the poor, the PT administration may have been corrupt, but it has also delivered. Lula’s programs – though largely continuations of the previous administration – have yielded results, improving the quality of life for many Brazilians. Further, his personal charisma and impoverished origins resonate with the poor. For many voters, Lula’s behavior doesn’t actually look that bad. Many see the entire political class as corrupt, and recent scandals in Congress have served to reinforce that image, including a money laundering scheme involving a politician’s aide caught at the airport with $100,000 U.S. in his underwear. Compared to these, the administration’s buying support for substantive policy proposals doesn’t look quite so bad.

One side effect of the administration’s policies and scandal is increasing political polarization between rich and poor. Figure 3 tracks approval-disapproval scores by income, for 2003-06. Net approval for each of the three groups tracks together very well for Lula’s first two years, showing the honeymoon period of 2003, the decline in support with the economic slowdown and Waldomiro Diniz campaign finance scandal, and rise in net support during the economic recovery. However, the three groups diverge in response to the mensalão scandal. Net approval among poor Brazilians slips, but remains positive – poor Brazilians have consistently supported Lula. Middle-class voters slip into disapproval, with net approval just below zero. And net approval plummets for more affluent Brazilians, with net approval just below zero. And net approval plummets for more affluent Brazilians, down to almost minus 30 in December of 2005. But as more than 60 percent of Brazilians fall into the poorest category, rouba mais faz should reelect Lula in October of 2006.

The opposition PSDB currently has just a few options for the campaign. Criticizing PT policy or flip-flops will be difficult, because the PT largely adopted the PSDB’s own policy program. The opposition can attack Lula on the corruption charge. While Lula looks very resilient right now, the right campaign message might turn public opinion against him, or at least make the race more competitive. There are a few wild cards that could change things quickly. One is the economy. The latest figures show a rise in unemployment and slower GDP growth. A significant slowdown in the economy would hurt Lula’s chances, but we can expect the administration to do everything in its power to avoid any economic disruption. The tight fiscal discipline of the last three years will give Lula room to spend more this year on public works and programs that are welcomed by the poor. And we can expect to see interest rates lowered to encourage growth and facilitate consumer spending. Another possibility that could derail Lula is additional corruption scandals. Should Lula be tied directly to the mensalão or another scandal, that might hurt him. But there don’t appear to be many of these wild cards near the top of the deck.

Regardless of the electoral outcome in October, what will be the impact of the dramatic mudança in Brazilian politics? For Brazil, the first Lula administration has certainly had mixed results for the consolidation of democracy. On a positive note, the PT has shown that there is a broad consensus among elites that fiscal discipline and markets work, suggesting a maturation of political discourse and the expectation that Brazil may create the conditions for stable, long-term growth. The PT’s fiscal discipline has worked, and has improved the lives of many Brazilians.

On the other hand, the PT’s abandonment of its historical discourse won’t help consolidate Brazilian democracy. In Brazil, party positions and identification are not clear, and its identity is unstable – except for the PT. That party had promoted a clear policy message in the past: opposition to the neoliberal economic model. They promptly abandoned that message upon taking office, replacing it with a vague centrist ideology wrapped in progressive adjectives. This may indicate a maturation of Brazilian politics to a narrow, centrist, capitalist ideology. Or it may indicate that Brazil still is the “anti-party system.”

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Will The United States Ever Leave Nicaragua Alone?

The Presidential Election of 2006

BY ROXANNE DUNBAR-ORTIZ

EVEN BEFORE THE LANDSLIDE ELECTION OF EVO MORALES AS president of Bolivia at the end of 2005, and with left-leaning parties in power in Venezuela, Chile, Argentina, Brazil, and Uruguay, there have been hopes and fears, depending on the observer, of a possible left-wing sweep of Latin America. Given that Nicaragua is the second poorest country in the Americas and has only three million people and negligible resources, few outside the region consider Nicaragua’s 2006 presidential election significant in the process.

However, with Daniel Ortega of the Sandinista National Liberation Front (FSLN) running for president once again, the Bush administration has expressed concern about a possible return of the Sandinistas to the presidency, which they lost in the 1990 elections. This is not a new concern and not limited to the Bush administration. In October 1996, a few weeks before Nicaraguan elections, the Clinton administration’s State Department spokesman, Nicholas Burns, warned against electing Ortega saying, according to one report, that “Washington remembered Ortega’s past actions against the United States.” In 2001, the Bush administration used the September 11 attacks to oppose the return of the Sandinistas “terrorists,” and is doing the same regarding Nicaragua’s upcoming November 2006 elections.

It is scarcely possible, indeed somewhat distorting, to discuss Nicaragua’s internal politics outside the context of its political history, in which the United States has loomed large since Nicaragua’s independence. From “gunboat diplomacy” to military interventions and occupations to establishing a U.S.-friendly dictatorship to organizing a war of terror against the Sandinista government to the 1990 elections that ousted the FSLN to promoting neoliberal economic policies to replace social programs, U.S. administrations have prevented Nicaragua from expressing basic national sovereignty.

The FSLN took power in Nicaragua in 1979, when its two-decade insurgency led to mass uprisings against the dictator Anastasio Somoza, who was the third in a succession of three Somoza family members to rule Nicaragua as dictators for nearly a half century, initially installed and supported throughout by U.S. administrations. Following the Sandinista triumph, the Reagan administration began in 1981 to form and finance former Somoza national guardsmen and members of the disposed oligarchy to overthrow the Sandinistas. Despite having to go on a military footing to resist the counter-revolution (Contra war), the Sandinistas held elections in 1984, which the Reagan administration condemned and which the U.S.-funded political parties boycotted. Daniel Ortega won the presidency on behalf of the FSLN, and the elections also created a multiparty National Assembly that completed a constitution which went into effect in 1987 and remains in operation today. The U.S.-sponsored war against the Sandinistas, causing tens of thousands of civilian casualties and destruction of the already underdeveloped economic infrastructure, raged on into the George H.W. Bush administration. Under pressure from the United States, the Nicaraguan national elections that were scheduled for November 1990 were moved up to February 1990, in exchange for the promise of demobilization of the Contras, a deal brokered in part by former President Jimmy Carter. The FSLN was not prepared for elections, but the Nicaraguan population was exhausted by war and economic austerity. The United States, through the National Endowment for Democracy (NED), granted nearly $13 million specifically to opposition parties in the election, along with the tens of millions pumped into anti-FSLN organizing by NED and the CIA. Furthermore, in the December 1989 U.S. invasion of Panama and removal of its president, the U.S. military forces entered the residence of the Nicaraguan ambassador in Panama, a clear provocation and warning to the Nicaraguan people of what would transpire if the FSLN was reelected. Not surprisingly, the FSLN won only 40.8 percent of the vote and 39 seats in the 92-seat National Assembly, while the National Opposition Union (UNO), the U.S.-supported collection of parties headed by Violeta Chamorro, garnered 54.7 percent of the votes and 51 seats in the Assembly.

Despite the FSLN’s loss in the 1990 elections, it retained enough Assembly seats and strong civil society support to force all three presidents (Chamorro, Alemán, and Bolaños) up to 2006 to broker deals that increased the FSLN’s political power. In 1995, then President Arnoldo Alemán (PLC-Liberal Party) amended the constitution, granting the FSLN and other parties in Congress more decision-making power over nominees for the Supreme Court and the Electoral Council. The Sandinistas also have come to control the majority of municipalities throughout the country.

The Bush administration came to office in 2001 with a sizable bloc of former Reagan managers of the Contra war and has made clear its intention to prevent the FSLN from regaining power through the electoral system. During Bush’s first term of office, Otto Reich, followed by Roger Noriega, served as Assistant Secretary of State for Hemispheric Affairs. Reich had directed the Reagan administration’s Office of Public Diplomacy, a propaganda mechanism for planting negative stories about the Sandinistas and positive ones about the contras. During the Reagan administration, Roger Noriega administered aid to Central America from the Agency for International Development (USAID), providing supplies to the Contras. Eliot Abrams was in charge of human rights in Reagan’s State Department, and then in 1985 was appointed Assistant Secretary of State for Inter-American Affairs. In that capacity, he persistently and viciously attacked the Sandinistas for human rights violations and characterized the Contras as “freedom fighters,” as President Reagan also called them. In the Bush administration, Abrams has moved on to a
similar role on Middle East affairs in the National Security Council. But in 2005, Bush also appointed Abrams director of his new global democracy campaign, which he will surely use to batter an FSLN-led government if it succeeds in winning the presidential election.

Best known among the former Reagan appointees is John Negroponte, Bush's Director of National Intelligence, also previously the administration's Permanent Representative to the United Nations and the first Ambassador to Iraq. From 1981 to 1985, Negroponte, as the Reagan administration's Ambassador to Honduras, constructed, oversaw, and micromanaged the Contra war against the Sandinistas. Some observers have linked the use of torture in Iraq, Guantánamo, and secret prisons around the world to the Reagan administration's promotion of torture in Central America through the migration of such officials.

The Bush administration has evoked the “War on Terrorism” in pressuring Nicaragua to destroy more than a thousand missiles (SAM-7) remaining from the Sandinista era. Ginger Thompson, writing in the April 5, 2005, issue of the New York Times, reported that Washington buzzed with strong, although vaguely substantiated warnings about Al Qaeda recruiting operatives in Latin America; about a new axis of evil forming across the Western Hemisphere, from Venezuela through Nicaragua to Cuba; about a destabilization, or a backslide away from democratic principles south of the border; about Daniel Ortega serving as a tool to Fidel Castro of Cuba and Hugo Chávez of Venezuela.

In April 2005 the Bush administration suspended more than $2 million in military aid to Nicaragua, and Donald Rumsfeld paid a visit. Most observers see the action as a way to pressure Nicaraguan politicians and voters to prevent Daniel Ortega, head of the FSLN, from becoming president. The same Times article reported that a diplomat accompanying Rumsfeld said that the administration was concerned about the Sandinistas coming to power and controlling the missiles. A State Department official told the Times: “There’s no doubt about it, Daniel Ortega is still the pivotal actor in Nicaraguan politics… So if you are hearing that the United States is worried about missiles, and about who might come to power in 2006, there is basis for that.” Dana Harman, reporting in the September 15, 2005 issue of the Christian Science Monitor, wrote that “Roger Noriega, the Bush administration’s outgoing top envoy to Latin America (who has called Ortega a “hoodlum”),” told the Managua newspaper La Prensa last month that if the Sandinistas returned to power, Nicaragua would “sink like a stone and reach depths such as those of Cuba.”

The outcome of the November 2006 elections depends in part on the FSLN’s internal politics, which revolves around the role of Daniel Ortega. In 1994, many FSLN leaders and rank and file, led by former Vice-President Sergio Ramírez (1985-90), unable to dislodge Daniel Ortega from the FSLN leadership, left the FSLN to form the Sandinista Renovation Movement (MRS). In 1998, Ortega’s stepdaughter, Zoilamérica Narváez, accused him of years of sexual abuse during her childhood, discrediting him among many in the FSLN, and affecting the whole party. Ortega refused to deal with the issue, shielding himself with his immunity from prosecution. Then, Ortega alienated many more in his party in 1999, when he made an agreement (pacto) with President Arnoldo Alemán (1997-2001). It is assumed that a part of the secret agreement included guarantees that Ortega would not be stripped of his immunity. The two parties, the Liberal Constitutional Party and the Sandinista National Liberation Front, created electoral laws that virtually precluded the rise of a third party, and they divided key posts between the two parties.

The Secretary-General of the Nicaraguan Foreign Ministry during the Sandinista era, Alejandro Bendaña, wrote in the July/August 2005 issue of NACLA Report on the Americas that Ortega remains distrustworthy to Washington, despite his continuous good behavior interspersed with occasional anti-U.S. rhetoric. Bendaña, like many other former Sandinistas, supports Herty Lewites, the popular former mayor of Nicaragua, in his efforts to open up the FSLN to nominations other than Ortega.

In August 2005, the Sandinista Renovation Movement (MRS), now headed by former Sandinista commander and Minister Dora María Téllez, pulled out of an alliance made in 2001 with the FSLN offering Lewites the leadership and presidential candidacy of MRS. What happens within the FSLN and with Lewites’s challenge may either split the FSLN again, weakening it, or topple Ortega’s leadership, which could move the FSLN farther left.

In any case, the Bush administration will oppose the FSLN or any semblance of it. Eduardo Montealegre of the Conservative Party appears to be favored by the administration over the Arnoldo Alemán-controlled Liberal Party. The current president, Enrique Bolaños, as the candidate for the Liberal Party, won the 2001 election over Daniel Ortega, but subsequently broke with the Liberal Party to form his own party, the Alliance for the Republic (APRE), and went on to prosecute former President Alemán. Bolaños then campaigned for the prosecution of Alemán on various corruption charges, leading to his indictment and 20-year prison sentence. However, Bolaños and his party are weak, the president under threats of impeachment. Arnoldo Alemán is still leader of the Liberal Party and has declared his candidacy, but his legal problems persist, and he is largely discredited.

Unreasonable as it may appear, the Bush administration follows in a long line of U.S. administrations in being seemingly obsessed with controlling Nicaragua. Critic Toni Solo has commented about the current administration: “If the peoples of small countries like Nicaragua fail to submit to U.S. rule, international investors will quickly begin to ask what that fact implies for confidence in the dollar, already weak, as a strategic reserve currency.”

Perhaps that has always been the reason for persistent U.S. interventions in Nicaraguan affairs. Perhaps it’s true that “the United States will never leave Nicaragua alone,” a comment attributed to the filibuster William Walker, a U.S. citizen who invaded Nicaragua with a private army in 1853 and later proclaimed himself president. However, as the majority of Latin American states reclaim their independence from a century and a half of United States control, it may no longer be politically feasible for the United States to intervene in Nicaragua’s political processes.

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The 2006 Presidential Election in Venezuela

Electoral Competition and Regime Change

BY ANGEL E. ALVAREZ AND YORELIS J. ACOSTA

INTRODUCTION

Between 1999 and 2005, Venezuelans have been called to cast their ballots ten times. These frequent elections have been the government showcase for democracy. Yet elections have become progressively less competitive, as President Hugo Chávez and his followers have concentrated an unusual amount of power and effectively sidelined the National Assembly. The opposition has also warned of fraud and other forms of electoral bias that favor the government. Nonetheless, with the sole exception of the 2005 legislative elections, most of the opposition parties have run for executive and legislative offices.

In Venezuela, as in other fragile democracies, elections have not been a straightforward electoral game. Indeed, Venezuelan political competition has been a two-level game in which both the government and the opposition have faced crucial political dilemmas. Chávez and his allies have dealt with the tension implicit in allowing electoral contestation that legitimizes the political system on the one hand, and exercising unchallenged authority to stay in power endlessly on the other. For their part, opposition parties have inefficiently attempted to coordinate undemocratic strategies to resist Chávez’s revolution, while simultaneously running separately in executive and legislative elections. The incipient 2006 presidential campaign reveals this tension between electoral competition and regime change.

In fragile democracies, competitive elections are not the only game in town. Political stability is at stake, and elections may either liberalize or reinforce authoritarian tendencies. Regime uncertainty strongly shapes politicians’ behavior, leading them to play an electoral game for offices and a political struggle for regime change. In this type of game is very difficult for the opposition to cooperate at both levels.

During the so-called Fifth Republic, Venezuelan democracy has become appreciably unstable and fragile. In the course of seven years, Venezuelans have endured a long-lasting process of extreme polarization, a controversial constitutional reform, the dissolution of Congress, two general strikes, a failed coup d’état led by conservative businessmen and generals, many massive demonstrations, violent upheavals, the dismissal of about 18,000 workers from the state-owned oil company (PDVSA), and dozens of politically related deaths. President Chávez has consolidated power, yet still alleges that the opposition, along with the U.S. government, plots either a new coup or his assassination, whereas the opposition insists that Chávez’s final aim is to impose an authoritarian socialist regime. Thus, political instability and polarization are far from over.

Frequent elections have been the government showcase for democracy. Yet elections have become progressively less competitive, as President Hugo Chávez and his followers have concentrated an unusual amount of power and effectively sidelined the National Assembly.

The exact nature of the chavista regime is yet to be defined. The 1999 constitution makes clear that the Venezuelan regime is not a representative democracy, but a radical participatory regime. The main features of the Bolivarian revolution include frequent and massive electoral mobilization; permanent political mobilization against alleged anti-revolutionary forces, both domestic and foreign; restrictions of free speech; redistribution of rural and urban land property; and constraints on economic freedom.

Chávez has implemented a broad gamut of social programs, and has proclaimed that his ultimate goal is to re-invent socialism. He attempts to build a network of public-private partnership industries and farmer cooperatives not determined by profits but oriented to solidarity. The so-called “nuclei of endogenous development” are the seeds of this allegedly new economic model. As part of this process, the Chávez government is implementing a radical agrarian reform, has promoted the distribution of urban land (including illegal takeovers of private buildings), and has declared that in Venezuela private property is no longer “sacred.” Paradoxically, however, the private sector has grown following the critical years of 2001-2003. Thus far, Chávez’s “21st century socialism” seems to be a sort of radical populism. He has certainly concentrated power, regulated the economy and restricted civic rights. Nevertheless, Venezuela remains far from exhibiting a Cuban-style authoritarian socialism.

The Bolivarian revolution has based its legitimacy on successive electoral victories. On average, Chávez and his followers have run for and won more than one election per year. Each of the elections where Venezuelans have cast their ballots since 1999 has been eventually presented as a revolutionary victory by Chávez and his backers.

Nonetheless, opposition leaders and social organizations (labor unions, business federations, domestic and international NGOs and human rights groups) have claimed that Chávez’s revolution is a threat to democracy. The opposition distrusts political institutions – particularly, the National Electoral Council (CNE), the Supreme Court, and the General Prosecutor’s Office (Fiscalía), and has complained of persecution and discrimination, demanded political lib-
eralization, rule of law, and electoral transparency. Despite their many grievances, opposition candidates have run for all offices between 1999 and 2004, and apparently will run for president in December 2006.

The opposition boycotted the 2005 National Assembly election. This last-minute decision resulted from the combination of electoral calculations and regime strategies. Opposition leaders claimed that the government was prepared to commit fraud. According to their arguments, the electoral authorities were able to trace votes electronically, and the government was employing an electronic database to intimidate and to blackmail potential opponents – the so-called Maisanta List. This database combines public information from the electoral register and the list of people who requested the referendum to revoke President Chavez’s mandate. The Maisanta List includes personal information on political preferences, previous voting behavior, identity numbers, addresses, and assigned polling stations. This list could probably have been used to distort voting decisions. Nonetheless, pre-election surveys predicted voters’ unwillingness to support opposition parties. According to Alfredo Keller and Assoc., the majority party (the Fifth Republic Movement, MVR) was preferred by 55 percent of most likely voters, whereas the sum of the all opposition parties (AD, COPEI, PV, MPJ, ABP, UNT, and LCR) was just 14 percent. The same firm estimated a turnout at 30 percent or less.

Nonetheless, the electoral boycott made explicit some dramatic implications of the current political game. As a result of the 2005 legislative election, the MVR and some of its allies (PPT, PODEMOS, and PCV) gained 100 percent of congressional seats, wiping out opposition presence in Congress, which was about 45 percent of the seats in the former legislature. Therefore, opposition leaders now have no access to crucial political information, no influence in the policy-making process, and no parliamentary immunity for at least five years. They now constitute a less effective opposition, and can be much more easily prosecuted and imprisoned for their political declarations and actions. However, the opposition boycott revealed many flaws in the electoral system, also detected by international observers. In a nutshell, in December 2005 the government won all the seats, but lost some legitimacy, while the opposition lost all its power, but cast some shadows on the transparency of the Venezuelan electoral system.

Chávez’s government has used and will continue using competitive elections to legitimate his increasing concentration of power. Opposition parties have attempted to coordinate to avoid the consolidation of the chavista regime, using both democratic methods and violent strategies (general strikes, military rebellion, and riots). Yet they have been divided and will remain separated by ideological gaps and pragmatic conflicts for offices and leadership, and will probably keep failing to build successful electoral coalitions, since each party has sought to maximize its own vote share. President Chávez has been extremely successful in the electoral game, strengthening his government while the opposition gradually vanishes. Paradoxically, Chávez still needs the opposition to main-

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### VENEZUELAN NATIONAL ELECTIONS DATES AND OUTCOMES, 1998–2005

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<th>TYPE OF ELECTION</th>
<th>DATE</th>
<th>OUTCOME</th>
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| Presidential Election                      | December 6, 1998 | H. Chávez, 62%  
H. Salas R., 31%   | 66.5%   |
| Constitution Amendment Referendum         | April 25, 1999  | Yes, 87.8%  
No, 7.3%   | 37.6%   |
| National Constitutional Assembly          | July 25, 1999   | MVR 103 members  
Opposition, 7 members   | 46.2%   |
| Approval Referendum of the 1999 Constitution | December 15, 1999 | Yes, 71.8%  
No, 28.2%   | 44.4%   |
| Labor Unions Referendum                   | December 3, 2000 | Yes, 62%  
No, 23.5%   | 23.5%   |
| Presidential Election                      | July 30, 2000   | H. Chávez, 59.8%  
F. Arias C., 37.5%   | 56.3%   |
| National Assembly                          | July 30, 2000   | MVR, 44.4%  
AD, 16.1%  
Others, 39.5%   | 56.3%   |
| Municipal Elections                        | December 3, 2000 | MVR, 35.5%  
[834 concejales]  
AD, 21.4%  
[503 concejales]  
Others, 43.1%   | 25.1%   |
| Presidential Recall Referendum             | August 15, 2004 | Yes, 40.7% (a)  
No, 59.2%   | 69.9%   |
| National Assembly                          | December 4, 2005 | MVR and allies, 100%    | 24.9%   |

Note: CTV, Confederación de Trabajadores de Venezuela (Confederation of Venezuelan Workers); MVR, Movimiento V República (chavista coalition).
Source: Consejo Nacional Electoral (National Electoral Council).
(a) The recall referendum was certified as free and fair by international observers from the OAS and the Carter Center, but major opposition parties have refused to accept the results.
tain domestic and international legitimacy. Hence the government dilemma has been and still is how to concentrate power to change the economic system and the political regime, without preventing the opposition from participating in elections.

**THE 2006 PRESIDENTIAL ELECTION: CHALLENGES AND DILEMMAS**

President Chávez has never concealed his electoral ambitions. Indeed, in his *Aló Presidente!* (his weekly live TV show) on February 19, 2006, the president voiced his willingness to remain in power indefinitely. The constitution allows him to run for president only for a second term, but his followers in the National Assembly have claimed that they are ready for a new constitutional reform.

Currently, Chávez has no serious challengers. In the ruling coalition, he is an uncontested leader. Vice-President José Vicente Rangel and many other party leaders say that Chávez is the only necessary leader of the Bolivarian “process.” Moreover, Chávez is currently the most popular candidate in Venezuela. According to Keller, Chávez is supported by 55 percent of the voters, whereas the most popular of his opponents (Julio Borges, of the MPJ) is backed by 10 percent of the citizens. Thus Chávez will probably win with no effort. However, Chávez not only needs to win the elections, he requires massive support. His proclaimed goal is to gain 10 million votes out of a total 14 million potential voters. Thus his most important enemy is not the opposition, but abstention. The 2005 parliamentary elections demonstrated that his immense and expensive political apparatus (the so-called UBE, Units of Electoral Battle) does not necessarily guarantee a massive turnout.

However, previous elections have taught him to take advantage of inflammatory and polarization rhetoric. Since 1998, Venezuelan turnout has responded to higher competitiveness and polarization. Thus Chávez will desperately need a challenger if he wants to use the 2006 elections as a showcase for the legitimacy and strength of the Bolivarian revolution. Yet opposition leaders and traditional parties are no longer a credible threat to Chávez’s revolution. The opposition leadership is weak and volatile. At least seven challengers are running for president. Some of them might give up very soon, but probably some others will emerge. Opposition candidates are ideologically diverse. One of them, Teodoro Petkoff, is from the center-left. He is an economist and newspaper editor who was a guerrilla leader in the 1960s, a former leader of a socialist party, and the former Minister of Planning during the macroeconomic adjustment of 1996-97. Another candidate, William Ojeda, is from a more radical and former chavista left-wing party (Un Solo Pueblo). The most right-wing candidate, Roberto Smith, is a technocratic mathematician who was a member of the economic team that implemented a “shock-therapy” program during the second administration of Carlos Andrés Pérez (1989-93). Petkoff and Ojeda have strongly criticized corruption, inefficiency, and populism in Chávez’s administration, but both of them have remarked on the relevance of Chávez’s social reforms. They also have supported the current ultra-nationalist foreign policy. On the other hand, Smith has emphasized the virtues of orthodox economic policies. Two additional candidates, Julio Borges, a lawyer and leader of the Movimiento Primero Justicia (MPJ) who is also the only candidate supported by a national opposition party, and Manuel Rosales, a governor and the main leader of a personalistic regional party (Nuevo Tiempo), have said almost nothing about economics and social programs. However, Rosales explicitly supported the 2002 coup d’état, Borges and Ojeda participated in demonstrations and popular upheavals in 2002 and 2003, whereas Petkoff and his newspaper (*Tal Cual*) condemned

Therefore, opposition leaders now have no access to crucial political information, no influence in the policymaking process, and no parliamentary immunity for at least five years. They now constitute a less effective opposition, and can be much more easily prosecuted and imprisoned for their political declarations and actions.

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The concurrence of more than a dozen elections throughout Latin America in 2006 signals the region’s commitment to consolidate electoral democracies. This unprecedented event also highlights dramatic disparities in the quality and legitimacy of democratic regimes. While some democracies have strongly moved in the direction of good governance and sound economic performance, others have experienced significant turmoil, widespread mobilization of the citizenry, and, for the most part, poor economic performance. The countries of the High Andes (Bolivia, Ecuador, and Peru) are located at this lower end. Over more than a decade, these countries have witnessed intense political conflict, corruption scandals, and social mobilization that resulted in early termination of the mandate for at least six presidents. Not surprisingly, citizens have shown high levels of dissatisfaction with the democratic process that began nearly three decades ago, since it has failed to address fundamental socio-economic inequalities.

This essay argues that political instability in the High Andes (which excludes Colombia and Venezuela) is a combination of weak political institutions, politicized ethnic and regional divisions, and high-stakes redistributive conflicts over natural resources. The current electoral processes are likely to polarize existing political divisions as voters will have to choose between outsiders and traditional politicians rather than programmatic options along a conventional left-right spectrum. Presidents with weak legislative contingents are likely to lack the appropriate mechanisms for building governing coalitions, while regional elites and ethnic groups are likely to demand greater autonomy and devolution of power. Elected leaders, unable to satisfy citizens’ demands, could take the conflict to the streets, thus exacerbating the institutional conflicts. Alternatively, the streets could recall their frustrated leaders in the absence of legitimate channels for them to be held accountable.

Building democratic governance in the High Andes requires the ability of political elites to find credible compromises over time, to persuade street protestors as well as the regional and ethnic groups to moderate their political discourse at the bargaining table. Paradoxically, it is the polarization of the political space and the radicalization of electoral promises what seems to be fuelling the most successful electoral campaigns.

**THE STRUCTURAL FACTORS**

Since their return to democratic politics, the constitutional structure of High Andes regimes represented “difficult combination” presidential regimes. During the transition to civilian rule, constitution-makers adopted majority runoff formulas to elect presidents in order to provide the executive with a broader mandate; legislators in turn, were elected under proportional representation formulas in order to give greater representation to the people. This institutional
arrangement sponsored the proliferation of political parties while simultaneously constraining the congressional support for the presidents’ party. Without explicit provisions for power sharing, these young democracies experienced, with varying degrees of intensity, high levels of legislative deadlock and political conflict. Only Bolivia avoided executive-legislative conflict during the nineties, with the adoption of a quasi-parliamentary mechanism of executive election that required the formation of partisan coalitions to elect the government if no president attained an electoral majority. These presidential appointment coalitions were sustained for governing purposes as well. Its neighbors in turn could not avoid the perils of presidentialism. In Peru, legislative deadlock was a justification for President Alberto Fujimori’s self coup in 1990 and the adoption of a hyperpresidential regime later in the decade. In Ecuador, the balance tilted in favor of the legislative branch, as Congress played a major role in the destitution and replacement of three unpopular presidents in 1997, 2000, and 2005.

Difficult combination politics have had a perverse effect on democratic performance and legitimacy. When they existed, government coalitions were usually cemented with corruption, making clandestine transactions and payoffs to political parties and defecting legislators. Institutions of control and oversight, including the judiciary, were consistently ignored, overridden, or stacked. Institutional weakness affected the policy-making process in these countries. Insufficient or volatile policies contributed to delayed economic growth, and many governments also experienced dramatic failures to address social inequalities. As the result of poor government performance, citizens in these countries have repeatedly expressed their disbelief in democratic institutions and frustration with their political representatives.

The recent demands for greater inclusion of newly mobilized actors, most importantly regional elites and indigenous groups, have added a second layer of political tensions in the High Andes, especially in Bolivia and Ecuador, although Peru seems likely to follow suit. Traditionally there has been a delicate equilibrium of power between the highland political class and the lowland business elites that sustained governments in Bolivia and Ecuador. But in the context of economic decline and the need for greater economic discipline at the end of the nineties, elites in the Ecuadorian Costa and the Bolivian province of Santa Cruz have demanded greater decentralization of government resources and more autonomy from the center. These expressions of regional discontent played an important role in the events leading to the adoption of a dollarized economy in Ecuador and the fall of President Jamil Mahuad in 2000, as well as the resignation of Bolivian President Carlos Mesa in 2005.

The ethnic divide has had an even
greater impact in the shaping of democratic politics in Ecuador and Bolivia over the past decade. In both cases, indigenous movements turned to competitive politics to demand formal inclusion in the decision-making process. In both cases, indigenous leaders won elections for municipal, legislative, and executive offices: the Ecuadorian Pachakutik party was part of the government coalition of President Lucio Gutiérrez in 2003 and the indigenous leader Evo Morales became president of Bolivia in December 2005. The political participation of indigenous peoples in these two countries achieved far greater social rights and cultural recognition from the government than in any other Latin American country that is ethnically diverse. But indigenous groups have also been powerful players of street politics. Indigenous protests and nationwide blockades over economic adjustment and privatization of natural gas directly contributed to the fall of the governments of Ecuador’s Mahuad in 2000 and Bolivia’s Gonzalo Sánchez de Lozada in 2003. With varying degrees of intensity, an ambiguous attitude towards the rules of democratic politics as being “the only game in town” reflects the unfinished inclusion of indigenous movements in the domestic political processes. While the Bolivian indigenous movement maintains a radical anti-establishment electoral discourse, the Ecuadorian Pachakutik coexists with strong regional political parties and is more accountable to its constituents at the local and provincial level.

In Peru, neither the regional nor the ethnic divide has been successfully politicized. The main geographic divide is one of center-periphery, where the remote and unorganized provinces have not strongly challenged the predominance of Lima’s business and political elites in the decision-making process. Ethnically, no indigenous political organizations have successfully competed for public office, even though President Alejandro Toledo ran a winning campaign reminding voters of his indigenous ancestry in 2001. The paradoxical absence of an indigenous party in a country with a significant share of indigenous population traces back to the 1980s, when the frequent clashes between the Shining Path guerrilla and Fujimori’s government eliminated any form of communal organization for political purposes. The current indigenous movement comparable to that of neighboring countries. On the other hand, he seeks to dispute the electoral predominance that traditional candidates have over Lima by articulating a discourse that seeks better redistribution of government resources to the regions.

A third element that has contributed to volatile politics in the region lies in the redistributive conflicts raised from the administration and control of large natural resources. In Ecuador, the unexpected losses from oil revenues contributed to the demise of the Mahuad government in 2000, while the upswing of prices helped the survival of the Gutiérrez government throughout 2004. In Bolivia, the controversy over allocation of natural gas was a triggering factor for Sánchez de Lozada’s fall from government, and the issue of legalization of coca crops has been a key element to explain Evo Morales’s victory in 2005. In Peru, the issue of national sovereignty over natural gas and mineral resources appeared in Humala’s campaign as well.

**THE 2006 ELECTIONS: OUTSIDERS AND ZOMBIES**

In addition to “structural” factors, there are important elements that most likely will shape the ongoing political process. From the perspective of voters, surveys show a dramatic loss of confidence in the ability of democratic institutions to address existing socioeconomic inequalities and improve their living conditions. Political parties appear to have lost their ability to renew themselves with fresh candidates and new issues, and instead, have been dismantled or involved in corruption scandals that further eroded citizen support for democratic institutions.

Faced with uncertainty, disgruntled voters in recent years have tended to favor completely new political figures with charismatic qualities but no political experience (outsiders), or to look to the past for better times by voting a former president back in office. According to political scientist Javier Corrales, this could be explained as a natural reaction of rational voters: in the face of uncertainty, people can buy insurance, thus electing a “known devil,” or they play the lottery, electing a random outsider. This is a relevant distinction to explain the electoral choices in Bolivia, Ecuador, and Peru. Instead of a traditional left-right ideological divide, the political arena seems to reflect an “outsider vs. establishment” political continuum that overlaps or replaces the traditional divide.

The 2005 election of Evo Morales in Bolivia represents another case in a long list of outsider-turned-presidents in the region. Of the top three candidates in the Peruvian election, Ollanta Humala portrays himself as an indigenous “outsider,” whereas the other strong candidate, Alan García, was a former president in the 1980s. The third candidate is the conservative Lourdes Flores. In Ecuador, Álvaro Noboa could be considered a “senior” outsider, since he has lost two consecutive presidential campaigns since 1998, but his personalistic PRIAN party has held congressional seats since. While the election forecast is wide open, another relevant contender is former Finance Minister Rafael Correa, whose main claim to fame, during a short, three month tenure in 2005, was to announce plans to reverse dollarization and default on foreign debt commitments. But in Ecuador, these outsiders compete and coexist with strong traditional parties such as the coastal-based Social Christians (PSC) and the sierra-based Social Democrats (Izquierda Democrática, ID).

In addition to outsiders, the influence of “zombie” politicians may still affect the current political process. These are former presidents who were ousted from office and
lived in exile with pending legal issues at home, such as Abdalá Bucaram (Ecuador), Lucio Gutiérrez, Alberto Fujimori, and Gonzalo Sánchez de Lozada. While they are not eligible to run for office again, they have maintained important organizations and political networks at home, and in the cases of Gutiérrez and Fujimori, their popularity with some sectors may redirect electoral loyalties away from front runners.

**THE OUTSIDERS’ DILEMMA**

Elections in the High Andes are likely to produce presidents with high popular expectations but low partisan contingents, regardless of the candidate. Weak legislative contingents are likely to impose serious limits to assembling governing multiparty coalitions, especially in the presence of intense redistributive conflicts. For outsiders, such as President Morales, the political dilemma consists of forming governing coalitions with the same traditional parties and business groups that were publicly attacked and criticized during the campaign trail. In this scenario, presidents could seek to adopt gradual policy reforms, making political concessions to adversaries and imposing necessary adjustments, at the risk of “betraying” the large popular masses who voted for radical change. The alternative is to push ahead with a plebiscitarian style of government, alienating potential collaborators and seeking support on the streets for an ambitious agenda of social reforms independent of political parties. But evidence shows that a plebiscitarian presidency is unsustainable in the long run unless it has discretionary control over large flows of government revenues.

The 2003 election of Lucio Gutiérrez in Ecuador offers a postcard illustration of the outsider's dilemma. A former military officer, Gutiérrez joined the indigenous movement to overthrow President Mahuad in 2000 for his orthodox economic policies. Though he was briefly jailed for insurgency, he was soon allowed to form his own political party, Movimiento Sociedad Patriótica, and was elected to the highest office in coalition with the indigenous Pachakutik party. Once in office, he quickly adopted orthodox policies to — ironically — strengthen the implementation of the dollarization agenda left by Mahuad. The policy reversal broke the alliance with Pachakutik, and the minority government had to form ad hoc coalitions with nearly all legislative parties, including the traditional and outsider, coastal and highland, ideological and populist. The outsiders’ journey ended badly when people on the streets recalled the president’s mandate, mainly for encroaching on the judiciary and appointing partisan judges in exchange for political support in Congress.

While some democracies have strongly moved in the direction of good governance and sound economic performance, others have experienced significant turmoil, widespread mobilization of the citizenry, and, for the most part, poor economic performance.

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Is Latin America Turning Socialist?
The Region’s Electoral Trend
BY KATHLEEN BRUHN

SINCE 2000, CANDIDATES REPRESENTING leftist parties and coalitions have won an unprecedented seven presidential elections. Leftist presidents now govern most of Latin America: most of its people, most of its land area, and most of its wealthier nations. And in the largest remaining non-leftist country – Mexico – a leftist candidate currently leads in the polls to replace President Vicente Fox in 2006. There is little doubt that disappointment with the results of U.S.-backed market reforms has grown in Latin America over the last decade. Most Latin Americans and a majority of elites in recent surveys think that the United States will gain more than they will from further opening of markets. Widespread rejection of the U.S.-led war in Iraq tends to focus this essentially economic discontent even further on the negative effects of U.S. imperialism.

The combination of free-trade skepticism and rejection of U.S. influence has some in Washington worried. At the “Summit of the Americas,” held in 2005 to discuss faltering talks to promote a hemisphere-wide free trade agreement, President Bush found himself the target of strong criticism from 16 countries that held a presidential election from 2000-05 reveals that alternation of the party in power took place in 13. Disgust with incumbents seems to have been nearly universal. Sometimes the left benefited. Sometimes another party did. But this other party was more likely to be a new party untainted by previous policy failures than an existing party. Indeed, five of the seven leftist parties and eleven of the sixteen parties that won presidential elections had never held the national executive before. A key element of their appeal to the voters – their novelty – may now be undermined by their own success. If this pattern of alternation continues, it does not bode well for the incumbent left parties (in Brazil, Ecuador, and Venezuela) who will face presidential elections this year.

A further indication that leftist victories have not signal an unqualified endorsement of leftist policies can be found by examining first-round vote percentages. Many Latin American countries use the French system of a dual ballot for the presidential election. Candidates must win a majority of the vote. If they do not, a runoff is held between the top two candidates. The first-round vote therefore is more likely to represent the committed core of each candidate’s support; the second round strategically favors the least-disliked candidate. Leftist candidates won a majority of the first-round vote only in Bolivia, Uruguay, and Venezuela. The average was 42.6 percent – substantial, but hardly a ringing endorsement. In two countries (Brazil and Ecuador), the leftist president did not win a majority of the legislative seats.

Moreover, support for leftist candidates became possible in part because the left itself has changed. In virtually every Latin American country over the last two decades, leftist parties have shifted toward greater acceptance of markets and less confidence in state planning and protectionism. Proclamations about the evils of globalization and imperialism may sound jarring in Washington, but are far tamer than the calls for socialist revolution that used to echo in leftist circles. The left has lost its faith in socialism even as it continues to express concern about the consequences of unregulated capitalism. New Chilean President Michelle Bachelet spent time in a Pinochet prison, belongs to the Socialist Party, and is deeply concerned about social justice, but no one doubts that she will continue to maintain Chile’s basic market-oriented economic model, as her Socialist predecessor Ricardo Lagos did. After the identity crisis of the left following the fall of the Soviet Union, left parties in Latin America appear finally to have reinvented themselves as fiscally moderate, socially progressive, and pragmatic to the core. They have traded in the socialist economic agenda of the traditional left for regulation of capitalism, greater state attention to social needs, and broader democratic participation.

Leftist presidents now govern most of Latin America: most of its people, most of its land area, and most of its wealthier nations. And in the largest remaining non-leftist country – Mexico – a leftist candidate currently leads in the polls to replace President Vicente Fox in 2006.
Within this broad trend, however, the seven leftist presidents in office at the start of 2006 vary significantly from one another in their ideological positions and leadership styles. The ideological stance of Venezuela’s Hugo Chávez, perhaps the most stridently anti-American and anti-capitalist, mimics the populist programs of Juan Domingo Perón more than the communist ideology of Ché Guevara. Populism is a political style that emphasizes solidarity with the “common people” in their struggle against a privileged and corrupt elite. In Latin America, populism has historically referred to broadly multi-class (though mostly urban) coalitions, usually led by a charismatic strongman. Non-revolutionary and strongly nationalistic, populists are pragmatists at heart and often build their programs in an ad hoc way, collecting hot button issues that appeal to “the people” directly, largely outside of institutional channels such as unions and parties. With the weakening of unions and parties, most successful politicians in Latin America today have at least a little populist in them. But leaders like Lula in Brazil or Bachelet in Chile are significantly more constrained by strong parties than leaders like Chávez, who essentially invented his party on the eve of his election. Indeed, one of Lula’s biggest problems as he runs for reelection this year will come from factions within his own party who feel he has betrayed their ideological premises.

Chávez’s chest-thumping tirades conceal a clever politician who, like Fidel Castro in trade. They can demand more, because the alternative may be worse. The potential formation of a Latin American leftist bloc alarms some policy-makers, who see in it the very sort of threat to U.S. interests that used to provoke support for military intervention. In all likelihood, it will continue to be easier to divide the Latin American countries from one another than it will for the leftists to create a genuine negotiating bloc, particularly in light of these diverse shades of leftist.

Nevertheless, the deep social and economic problems that lie at the core of Chávez’s popular appeal resonate in all of the other Latin American nations and explain, at least in part, the rise of the left. Latin American countries rank among the most deeply unequal in the world. Although many of them have achieved sufficient economic development to place them among the middle-income countries in terms of GDP per capita, extraordinary percentages of the population live below the poverty line – in some cases, such as Bolivia and Peru, even a majority of the population. Poverty and income inequality increased in most Latin American countries during the era of neoliberal economic reforms. At the same time, budget cuts made necessary by IMF austerity programs sharply contracted state spending on social services, particularly during the 1980s. While spending on health and education increased for most countries throughout the 1990s, subsidies and price supports generally did not return. Some people became very rich (Mexico got 24 new billionaires), but overall the first generation of Latin Americans to come of age in functioning democracies experienced little or no improvement in per capita incomes. Unemployment is disturbingly high and the informal sector now accounts for a significant proportion of economic activity. Under these conditions, a political discourse which appeals to norms of social justice and calls for greater state attention to the needs of the working poor is bound to find an audience. Even more conservative politicians have been known to see the advantages of reaching out to this electoral base.

The left’s historical failure to secure a strong electoral position in Latin America owed more to political calculations than to the inherent attractiveness of its policy priorities. Until the fall of the Soviet Union, the United States was known to oppose, undermine, and even invade countries that elected a leftist; Salvador Allende in Chile and Jacobo Árbenz in Guatemala are only two of the best-known examples. Similarly, the military viewed the left as a potential national security threat, targeting its militants for selective repression. Several of the current leftist presidents spent time in military jails during the 1970s. In the early years after democratic transitions began in the 1980s, concern lingered that the election of a leftist might bring the military back in. But by 2002, Lula’s successful campaign produced celebratory t-shirts with the evocative theme: “And hope defeated fear.” Latin America’s turn to the left is perhaps more a sign of the normalization of democratic politics than a genuine shift in ideological preferences.

Even if leftists pick up another presidency or two in 2006, it seems unlikely that these votes will represent a fundamental realignment of Latin American politics. Latin Americans are mostly detached from political parties – all political parties. Polls consistently show that parties are among the most distrusted public organizations in Latin America, below the media, below the army, even below the police. Outsider presidential candidates have been likely to win precisely because they are untainted by, or are somehow above, political parties. Even when they are popular personally, their popularity rarely translates into long-term support for their political party. Latin Americans are giving the left a chance to solve their social and economic problems, but if the left fails to deliver results, they will move on to someone else – whoever else – seems likely to do a better job.

Disgust with incumbents seems to have been nearly universal. Sometimes the left benefited. Sometimes another party did.

Cuba, has harnessed anti-American sentiment to bolster his position domestically against powerful economic elites who control most of the media and, by and large, despise him. His fellow leftists view him with an odd mixture of admiration and alarm. There is little question that his pressure has pushed them toward more aggressive postures with regard to debt negotiation and foreign policy than might otherwise have been the case, or that his raucous defiance of the United States has given them leverage in negotiations over debt relief and

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Old Wine In New Bottles?

Economic Policymaking by Left-of-center Governments in Latin America

BY JUAN CARLOS MORENO-BRID AND IGOR PAUNOVIC

INTRODUCTION

WHEN ONE IS SCANNING THE MEDIUM-TERM economic prospects and policies of Latin America, a crucial element to take into consideration is the recent prevalence of left-of-center governments in the region. What are the economic policies that they implement? How do they differ from the orthodox ones implemented by their predecessors? Will, as their passionate advocates proclaim, governments of this “New Left” adopt economic strategies – radically departing from so-called neoliberal ones – that will help Latin America to succeed in its elusive quest for high and sustained economic growth? Or, on the contrary, are their fierce critics correct in arguing that such alternative economic programs are revamped versions of populist experiments of the past and thus, sooner or later, will provoke acute inflation, bloat fiscal deficits, and ultimately push the region into financial crisis and recession? Another key element to consider is the influence and constraints imposed by the global outlook, the imbalances of the world economy, and the international financial markets. We here advance a succinct assessment of these two elements in order to identify the likely changes in the evolution of economic policymaking in Latin America in the near future: the rhetoric, the risks, and the reality.

ECONOMIC ROOTS

One key factor in the region’s shift to the left in political preferences is certainly the disappointing result of the economic reforms – inspired by the Washington Consensus – implemented by previous governments. Indeed, after nearly two decades of putting in place drastic macroeconomic reforms and adopting policies centered on trade and financial liberalization, deregulation, and downsizing of its public sector, Latin American economies are still unable to enter a path of high and sustained expansion. Inflation has come down, but economic activity has been sluggish. In addition, in the last ten years, the region has suffered acute economic crises; among the most conspicuous ones were the Mexican tequila crisis and the collapse in Argentina.

During the 1980s the average real per capita GDP declined in Latin America due to the debt crisis. In the 1990s it expanded at 1.5 percent per year; four percentage points below the average of developing countries in Asia. Moreover, between 1980 and 2000 the income gap between Latin America and the OECD widened, and there was scant progress in the reduction of poverty. By the beginning of the millennium, close to 50 percent of its population lived in poverty – 25 percent in conditions of extreme poverty. And, particularly worrisome, Latin America remained the most unequal region in the world.

Not surprisingly, Latin Americans became more and more critical of the neoliberal economic policies then implemented. As Latinobarómetro showed, by 2000 less than 30 percent of the population across the region believed that privatizations were beneficial, an approval rate 30 points lower than a few years earlier. Although the majority saw market economies as the only road to development, less than 25 percent claimed to be satisfied with their socioeconomic results, and an increasing majority disagreed with the idea that the state should not intervene in economic affairs. Physical insecurity and the lack of employment were becoming major fears among the people of Latin America. Moreover, by then a significant proportion of Latin Americans questioned the merits of democracy insofar as it had not led to a surge in economic expansion and job creation.

On the other hand, the success of China and India – and other Asian economies – in luring vast inflows of foreign direct investment and maintaining a rapid economic expansion based on unconventional policies that granted the state an active role in the economy contributed to further undermine the credibility of the Washington Consensus in Latin America. China’s and India’s successes were frequently referred to by opposition parties in the region as proof that Latin America’s economic strategy was flawed. Thus, at the same time that the native population was becoming weary of the conventional economic strategies, the left-wing parties’ campaigns in favor of a new development agenda were gaining respectability. An additional element in their favor was the fact that, after 9/11, Latin America appeared to be erased from the United States’s list of priorities.

Rhetoric and Reality

The above mentioned economic factors, combined with other elements of a sociopolitical nature, shifted political preferences One key root in the region’s shift to the left in political preferences is certainly the disappointing results of the economic reforms – inspired by the Washington Consensus – implemented by previous governments.

“The term “New Left” is not used in the European sense of the last thirty years, but only to identify the left-of-center governments currently in power in Latin America.
by the New Left governments to date are not the irresponsible populist public spending experiments that their critics describe.

Figure 1 indicates that during 2003-05, the performance of medium and large Latin American economies under left-of-center governments (with the exception of Venezuela) does not substantially differ from that of other medium and large economies in the region under governments with a right-of-center, or more centrist political orientation. During this period left-of-center governments have, on average, been somewhat more successful in sustaining a high rate of economic expansion, but much less so in achieving low rates of inflation. Note that the differences between both groups shrink noticeably if Venezuela is excluded. Particularly interesting is the fact that in these three years, the group of left-wing governments held tighter fiscal positions than the other economies here considered. Indeed, independently of whether Venezuela is included or not, the former group registered an average fiscal deficit short of 1 percent of GDP, compared with an average over 3 percent for the other group. With the caveat that it is probably too early to draw firm conclusions, it seems that the New Left governments strictly observe fiscal prudence.

The case of Venezuela deserves a special comment to the extent that its fiscal position relies on oil revenues, though the same can be said of Mexico, where the oil sector contributes 33 percent of total public revenue. The fiscal situations of both countries are vulnerable and, unless additional sources of tax revenues are exploited, may become even more problematic if world oil prices decline significantly. In this event in particular, subsidies for food and health care for the poor in Venezuela may be subject to severe cuts.

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To partially compensate for the adverse impact of high oil prices on consumers, many countries grant subsidies or set price controls on gasoline. In Argentina, the government has delayed the updating of utility rates and set up agreements to impose price caps on a range of basic goods, including beef, to cut down inflation. These measures, however, may be ineffective in the medium run unless more stringent macroeconomic policies are implemented to slow down the expansion of the Argentine economy. After three years of growing at real annual rates of 9 percent or above, supply-side bottlenecks may be appearing that can be eliminated not by price controls but by imports and additional investment. Furthermore, the extraordinarily high rates of economic growth that both Argentina and Venezuela have experienced in the recent past will likely soon be dampened if they are to avoid destabilizing pressures and a surge of inflation.

A characteristic of the New Left’s economic strategy is its marked effort to strengthen the margin of autonomy of macroeconomic policy by various means. One example is the reduction of public foreign debt. Argentina – against the advice of the IMF – negotiated with its foreign creditors and managed to restructure its external debt in the largest operation of its kind in history, obtaining a discount of 70 percent on close to $100 billion U.S. A second possible step, stressed by some New Left governments in mineral-rich countries, is to increase fiscal revenues by renegotiating contracts with transnational companies on the distribution of rents from the exploitation of natural

**FIGURE 1: LATIN AMERICA COMPARATIVE PERFORMANCE OF LEFT-OF-CENTER AND OTHER GOVERNMENTS, 2003–05**

Note: left-of-center governments include Argentina, Brazil, Chile, Uruguay (2005), and Venezuela; other governments include Bolivia, Colombia, Mexico, Peru, and Uruguay (2003-04)
Source: Author’s elaboration based on official data from ECLAC.
resources. Some of these countries have succeeded in increasing royalties and tax rates, though it is important to stress that a favorable view toward foreign direct investment generally prevails across the region. The aim is indeed to attract investment, albeit more selectively than in the past. Even Venezuela, which is trying to secure far greater direct control over oil production, stops short of expropriation. At the moment of writing it is unclear whether Bolivia will follow a similar line, or will decide to nationalize some companies.

The commitment to fiscal prudence has been accompanied in several countries by the adoption of inflation-targeting and floating exchange rates. Still others are attempting to reduce the extent of dollarization of financial systems, an unsurprising step given that currency mismatch was a prominent cause of the economic crises suffered by the Southern Cone in 1998-2002. These measures, together with a growing trend toward central bank independence, are enhancing the room for maneuver in monetary policy.

For fiscal policy to have the capacity to act in a counter-cyclical way, Latin America (on both sides of the political spectrum) needs comprehensive fiscal reforms to: 1) increase tax revenues as a proportion of GDP in at least 5 points above their current range of 10 percent-20 percent, and 2) implement a more progressive tax system that will affect income distribution. Some advances have been made, but fiscal reform has a long way to go. Recently adopted measures to tax exports of certain commodities and financial transactions will likely be only temporary fixes, soon abandoned to avoid their long-term distorting effect on production.

Another essential element in considering the adequacy of the New Left’s macroeconomic policies is the extent to which the government interferes in wage settlements. While Uruguay and Argentina enacted some income policy measures to strengthen the purchasing power of low and middle income families, none of the new governments in the region has so far decreed an excessive hike in minimum wages. Such restraint may reflect the fact that policy makers are concerned more with creating jobs than with improving employees’ earnings in formal labor markets. It may also reflect the recognition that, unless backed by increases in productivity, nominal raises in minimum wages may fuel inflation with no effect on real wages. In any case by 2005, with the exception of Chile, the real average earnings of workers in countries under left-of-center governments were still below those of 2000.

So far, radical measures to alter income and wealth distribution have not been included in the New Left agenda. In our view, they have been ruled out due to political and electoral constraints, and not to economic considerations.

So far, radical measures to alter income and wealth distribution have not been included in the New Left agenda. In our view, they have been ruled out due to political and electoral constraints, and not to economic considerations. On the one hand, radical measures intended to achieve drastic, sudden changes in income and wealth distribution may weaken the business climate and alienate part of the electorate. Recall that, contrary to the old script, New Left governments took power accompanied not by the noise of bullets but by ballots in free elections. Consequently, these governments are more aware of the impact of their policies on the electorate than they were in the past. On the other hand, some of these governments are backed by coalitions of diverse political trends and sectors, coalitions that may be not be solid enough to support radical redistribution policies or fiscal reforms.

International relations is one area where the economic policies of the New Left governments depart from previous models, as virtually all left-leaning countries are moving toward greater independence from international financial institutions. Temporary agreements with the International Monetary Fund (IMF) on macroeconomic policy tend, in general, not to be renewed. Moreover, in a move that gained international attention, Brazil and Argentina prepaid their outstanding debt with the IMF, seeking to minimize its influence over government policy. Although its results have thus far been less than desired, regional integration is seen as a more attractive option for increasing commerce than bilateral trade agreements with the United States. Indeed, the Free Trade Area of the Americas (FTAA) project seems to have stalled. On the multilateral front, in contrast with the passivity in previous rounds, the New Left governments play an increasingly active role. Brazil’s leadership in the Doha Round, coupled with the intransigence of some developed countries in eliminating agricultural subsidies and trade protection, was instrumental to enable developing countries to temporarily derail the Cancún Ministerial Conference.

**EXOGENOUS RISKS: THE GLOBAL IMBALANCES**

There are two scenarios describing the impact of the world economy on the performance of these governments’ novel policies. The first is characterized by an extension of the status quo, with the U.S. and Chinese economies and world trade expanding at relatively high rates. This scenario downplays the likelihood of major adverse external shocks in the region, thus concluding that macroeconomic policies will not be particularly challenged. The major problems they will face are rather predictable. As the boom in commodity prices continues, governments in the Southern Cone will be pressed to avoid an appreciation of the real exchange rate that would crowd out manufacturing exports. The whole region will keep trying to meet the challenge presented by China in international markets, by finding ways to boost production of tradable goods and value-added services, as well as of commodities and inputs that the Chinese market demands.

An alternative scenario assumes that the imbalances in the U.S. economy become unmanageable. In this case, the Latin American economies will be pressed to accommodate a fast depreciation of the dollar, a slowdown in GDP growth, and a likely increase in interest rates. This adverse external shock will pose a major challenge for macroeconomic policymaking, with countries fighting to avoid acute destabilization and recession.
CONCLUSIONS

With the exception of Chile’s Concertación, New Left governments in Latin America are recent arrivals on the policymaking arena. Assessing and predicting the future course of their macroeconomic policies is thus partial and preliminary. With this caveat, the New Left’s policies are apparently not in a populist, free-spending mode that seems to ignore budgetary constraints. On the contrary, New Left governments have shown strong fiscal prudence mixed with increasing state intervention in economic affairs.

If one poses the issue in terms of the tradeoff between inflation and economic growth, the New Left governments seem inclined to accept – within limits – higher inflation so long as it is accompanied by higher rates of economic growth. They emphasize the need for macroeconomic policies guided by development goals and not by price stabilization. In practice, their approach to achieving key social goals – poverty alleviation, income redistribution – has been gradual. They have not implemented high-impact social measures that run the risk of triggering large fiscal imbalances and debt spirals. Trade liberalization measures have not been rolled back. The starkest innovations on policy matters concern relations with international financial institutions and some transnational corporations.

It seems safe to say that macroeconomic policy seeks to provide a stable framework, given the volatility of the recent past, and a reduction of vulnerability to external shocks. To achieve a greater degree of freedom in macroeconomic policymaking, governments have lowered public debt ratios, rescheduled public debt maturity structures, issued bonds denominated in local currency, and, most notably, run high primary fiscal surpluses to improve debt sustainability.

The constraints that Latin American governments – left-wing and center/right-wing – face are formidable. Radical, drastic changes in macroeconomic policies are likely out of the question given the weakness of public sector revenues and the commitment to trade liberalization and the free movement of capital flows. The constraints that Latin American governments – left-wing and center/right-wing – face are formidable. Radical, drastic changes in macroeconomic policies are likely out of the question given the weakness of public sector revenues and the commitment to trade liberalization and the free movement of capital flows. Nevertheless, certain changes in the composition of public expenditure, as well as in policies to promote innovation and to develop specific sectors, could lead to very different and positive outcomes in the medium term. Governments concerned with employment prospects will most likely avoid persistent appreciations of the real exchange rate in order to stimulate employment creation in export-oriented sectors.

Perhaps the main risk today is having a big gap between what is expected from the New Left governments in terms of social and economic development and what they will actually achieve. A large credibility gap may undermine support for New Left governments, and lead society to push for more radical – left-wing or right-wing – governments. In our view, the left today in Latin America is in the process of building a new paradigm of economic development policies. Whether it will succeed in doing so is unclear. In other words, and contrary to the opening statement in the title of this essay, the New Left macroeconomic policies seem to be more a case of “new wine in new bottles.” Whether this wine will age gracefully and have a rich and memorable taste or, on the contrary, sour and decay, is too early to know.

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YEAR OF ELECTIONS

¿Votos para qué?
The Fragile Democratic Consolidation in Latin America

BY MIGUEL ANGEL CENTENO

DEMOCRATIC CONTRACTIONS

In 2006, democracy in Latin America faces a paradoxical future. On the one hand, perhaps never in the continent’s history has democracy seemed so strong. For all intents and purposes, democracy as a political system is uncontested. In all countries, with the significant exclusion of Cuba, some process of alteration of power through electoral mechanisms has taken place. Many countries have enjoyed several cycles of elections. With the exceptions of Venezuela, Ecuador, and pre-Evo Bolivia, no serious opposition movement questions the electoral legitimacy of the ruling democratic government. Nowhere on the continent do we see a significant military threat. Voters and parties are playing by the system, losers are accepting defeat, and winners can feel reasonably confident that they will finish their terms.

On the other hand, democracy may also seem diminished. According to the latest Latinobarómetro report, the majority of voters feel dissatisfied with democracy (the exceptions are Chile, Uruguay, and Venezuela). Perhaps the most worrisome aspect of this dissatisfaction is that it is not simply a reflection of economic or ideological discontent, but possibly a rejection of electoral democracy itself. The same survey showed that the majority of respondents in almost all of the countries agree that the market economy is the best path towards development. Even strong performance does not seem to convince people that democracy has contributed to this success. In Peru, for example, the last four years have witnessed relative domestic peace and annual growth above 5 percent. President Toledo should even be enjoying the continuing positive reflection of comparison to Fujimori, but 80 percent of Peruvians say that they are at least moderately unhappy with democracy, and fewer than one in 10 approve of their president. And it is not only domestic actors who are dissatisfied. Washington grumbles rather loudly about a “return to the left” in Latin America, while the global opinion media seem to be counting the days when our southern neighbor will return to its old ways.

And yet, the very same people who claim to have so little faith in the system continue to do the work that their democracies need. Outside of Central America, over 75 percent (and often higher) of eligible voters go to the polls. The results of these elections defy all historical prejudices and inspire admiration and hope: A woman was elected in Chile, an Indian in Bolivia, and a worker in Brazil. Democratic practices also seem to be unmasking those uncommitted to them: Roberto Madrazo may lose his position as the leader of the PRI, while “Chiché” Duhalde cannot win in Buenos Aires and Alan García’s and Ollanta Humala’s best days may be behind them.

Rather than inspiring confidence, however, Latin American democracy seems to elicit yawns. Few expect that elections will bring significant reforms. Claiming a commitment to cleanse corruption only makes cynics wonder about secret accounts and payoffs. The odyssey of Alejandro Toledo and Vicente Fox, from international cover boys to national jokes, is particularly telling.

Latin American democracy appears to resemble a classic bad marriage: It has lasted decades, has little chance of coming apart, and yet both partners are miserable. Like a bad marriage, Latin American democracy seems capable of maintaining a good front; the couple may even not part until death. But at the same time, neighbors and friends cringe at the overheard fights and catty asides. The only thing that seems to keep the unhappy couple together is the absence of alternatives: a leer from the pool boy or an invitation from the next-door divorcé could tear the family apart. In contemporary Latin America, the military has no desire to once again be blamed for a mess, labor is emasculated, and the elite is too busy counting money to bother wanting to change the system. But how long will these conditions last?

The problem is that what ails Latin America has little to do with democratic voting, and there is little that governments (of whatever stripe) can do about it. Democracy has brought about significant changes. Many would argue that democratic controls can prevent the kind of autocratic economic mismanagement of a Menem or a Salinas. Most importantly, the climate of fear in which the continent existed for many years has dissipated. (But, it has not disappeared: leftist intellectuals may be safe in the cities, but land reform campaigners in the countryside are not.) However, it is important to note the ways in which democracy has not significantly changed these countries. Latin America’s consolidation still faces four critical challenges, which if not met, represent a permanent threat to that continent’s consolidation. These are inequality, domestic economic leadership, state capacity, and international dependence.

CHALLENGES TO DEMOCRACY

It has long been known that Latin America is one of the most economically unequal regions on earth. Combined with the high levels of poverty afflicting the continent (40 percent poverty rates according to the World Bank, and higher in some countries), this means that huge numbers of people live in misery, while next door and in full view, extremely wealthy people enjoy a plutocracy. Theorists going back to
Aristotle have noted that such conditions make for unstable democracies leading to oscillations between mob rule and oligarchic tyranny. While some of the democratic transitions have been accompanied by declines in levels of poverty (Chile), many of the most progressive regimes have been stymied in addressing problems such as land reform (Brazil). Other than in Venezuela under Chávez, there have been no consistent, much less successful, attempts at re-distribution. During the euphoria of the 1980s many seasoned observers warned that democracy would not necessarily lead to more just societies, and just as predicted, a palpable sense of frustration dogs the newly democratic regimes as large parts of the population see little direct benefit from their electoral power.

Nor has democracy witnessed a dramatic change in the behavior of economic elites. While in both Europe and East Asia the alliance between democracy and the bourgeoisie supported miraculous economic booms, in Latin America, democracies have not effected these kinds of changes. Saving rates remain low (despite the asymmetric distribution of wealth), taxation is something to be avoided, and there persists a general orientation towards the “North” little changed from the 19th century. No democratic transition has witnessed a resurgence of nationalist commitment or entrepreneurial energy (again, Chile may be an exception). The one great economic success of the neoliberal Washington Consensus has been the defeat of inflation, which has been a significant relief to the middle class and pockets of labor, but of arguably less importance to the bottom half of the population outside of the cash nexus.

The continuing rise of the number of people who are still dependent on the informal economy also indicates yet another challenge facing the transition democracies. Despite the various attempts at authoritarianism, no state with the exception of Chile began a new democracy with an efficient bureaucratic apparatus in hand. The result of this is that no matter its intentions, there is often nothing the state can do for anyone. First and perhaps most importantly, the state is not very good at getting money from its people. Those mechanisms that work best (like the VAT) are regressive by definition. What little money does come in, leaks through myriad holes in the pipeline. Corruption remains a problem and few democratically-elected presidents have left office without having raised eyebrows concerning their patrimony. Spectacular cases such as Collor de Mello set an unfortunate example that has too often been followed. The general disregard for legislators (consistently judged less satisfactory than executives in Latin American surveys) partly stems from the perception that they are nothing but avaricious and inefficient hacks. Delivery of services has not been enhanced by democracy, and what improvements do occur are often associated more with a charismatic leader (Menem, Chávez, López Obrador as mayor of Mexico City) than with a regime type.

Perhaps the most damaging challenge to democratic regimes has been the continuing crime wave in many of the large cities of the continent. No social ill is more likely to be blamed on democracy than public disorder. What is particularly devastating for the consolidation of democracy is that the poor are the most likely victims. One may not have been surprised by traditional elites’ disdain for a democratic order, but it is the poor that are most frustrated by their inability to live violence-free lives. Nor have democracies solved the classic 19th century liberal dilemma of civil rights. The rule of law remains largely hypothetical in many countries, which further erodes confidence in the government. Finally, measures that may be needed in order to establish public order may also conflict
with the democratic ethos supposedly in command. Consider, for example, the fine line walked by Colombia’s President Uribe, who is charged with reestablishing the monopoly over violence while observing legal protocols.

The greatest underlying challenge for democracies is that the question of who commands the state is often irrelevant given the peripheral position of Latin America in the world system. Global marginality affects citizens in several ways. First, as many have commented, the last few years of economic growth have had more to do with the rise of commodity prices than with significant economic reform. There is relatively little that national governments, democratic or not, can do to affect the price of copper, soy beans, or oil. The budget deficits caused by the lack of taxable revenue, the shortage of domestic capital, and the fluctuating trade deficits, all make the Latin American democracies dependent on the continuing kindness of strangers in the global market. Leaders have to be careful not to upset perceptions of sober responsibility and often face constrained policy choices as a result. Most importantly, the relative value of citizenship in these countries has diminished as the importance of the roles played by emigration and resulting remittances have increased. For many Mexican citizens, for example, the most important thing the state can do is to help them cross the border and to survive in the United States. Yet even someone with the obvious advantages of Vicente Fox, who should be very attractive to the United States, has managed only a little better than his undemocratic predecessors. Is it any surprise that so few Mexicans in the U.S. have bothered to register for the 2006 presidential elections? For many Latin Americans, it is the views of North American or European legislators that really matter. The fortunes of pro-or anti-immigrant groups in the destination countries may be of greater relevance than who sits in the home Congress.

**DEMOCRATIC RESPONSES**

The discussion concerning the Latin American “shift to the left” has partly obscured important divisions. It is true that aside from Uribe and Fox (and perhaps Lourdes Flores in Peru), the most recent electoral victories have gone to the left of the spectrum. It is important to remember, however, how many times in the last two decades “leftist” lions have left office reformist or even conservative lambs. The colors on the campaign posters seem to make less difference in Latin America than in other parts of the world.

But can we really speak of a left whose tent is as big as to include Bachelet and Chávez? It appears we can speak of two different democratic responses. The first is better called “populist” than leftist. These governments appear less interested in assuring national control over the means of production than in channeling revenues for social services. They are not so allied with the traditional working class as with the millions in shantytowns without employment, and they seem less interested in creating electoral party machines than in either permanent revolutions or the popularity of a charismatic leader. Chávez’s Venezuela and Kirchner’s Argentina are obvious examples. The case of Evo Morales will be particularly interesting given the indigenous and rural claims of his mandate. For these governments, the challenges facing Latin American democracies may require the circumcison of democratic niceties and norms. Certainly in the case of Chávez there is little doubt which he would choose if presented with the classic dilemma of democracy or social justice.

The second wing of the left we can call “reformer,” and is represented by Lula in Brazil and Bachelet in Chile. The most obvious difference between reformers and the populists comes in political discourse. The reformers tend not to name their enemies, and to make conciliatory gestures. Relations with both global and domestic capital are much friendlier and greater attention is paid to the development of electoral institutions. In these cases, the preservation of democratic channels supersedes temptations to reform social and economic orders.

Which strategy better assures the future of democracy? Populism appears to produce more immediate social results (but again, one needs to wonder if chavismo would even exist without $65 per oil barrel or how long Kirchner can keep up subsidies). Reformism frustrates popular aspirations, but arguably runs less of a risk of an authoritarian backlash, and promotes the institutionalization of practices that may produce results in the long run. The case to watch will be that of López Obrador. If he wins in Mexico, there will be pressure to repair the national social safety net. But so much of Mexico’s economy now depends on the good will of the United States, that he will be at least tempted by a more pragmatic approach.

In the end, no one can have the utopian expectations of democratic rule that we saw in the “people power” 1980s. Much as in the Philippines, democracy in Latin America has not resolved the historical dilemmas that haunt the continent. Until these historical problems are addressed properly and without rhetoric, democratic consolidation will remain elusive. Barring that, and looking at the continent realistically, perhaps the best thing that could happen is to lower expectations. It is indeed true that votes in and of themselves do not produce results in the long run. The case of Malaysia is a good example of this. Reformism cannot be expected to produce results in the long run. The case of Mexico, as Bachelet’s victory there shows, is a good example of this. Reformism cannot be expected to produce results in the long run. The case of Mexico, as Bachelet’s victory there shows, is a good example of this. Reformism cannot be expected to produce results in the long run.

**Latin America’s consolidation still faces four critical challenges, which if not met, represent a permanent threat to that continent’s consolidation. These are inequality, domestic economic leadership, state capacity, and international dependence.**

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Cuban Scholars at Harvard

BY LORENA BARBERIA

Since the David Rockefeller Center first opened its doors in 1994, it has played host to over 60 Cuban visiting scholars for extended periods of work and collaboration in fields as diverse as archival preservation and indexing, economics, history, tropical medicine, political science, public administration, and public health. This March, the Center was hoping to host three Cuban scholars who would visit Harvard following the XXVI International Congress of the Latin American Studies Association (LASA) in Puerto Rico. However, Harvard’s plans to host these scholars were crushed when this group, along with 56 fellow Cuban academics scheduled to attend LASA, did not receive permission by the U.S. State Department to participate in the largest meeting for individuals and institutions engaged in the study of Latin America.

The difficulties in securing U.S. visas for Cuban academics invited to Harvard are not new, though the challenges have increased since September 11, 2001, and the subsequent passage of more restrictive legislation by Congress. Cuban scholars and scientists, even those who have visited the United States many times in the past, have been effectively denied visas because of prolonged delays lasting many months in the processing of their visa applications. In addition to delays in responses to visa petitions, the U.S. State Department has issued outright denials to a significant share of Cuban academics.

In some cases, the United States has denied Cuban scholars visas based on section 212(f) of the Immigration and Nationality Act, which specifies criteria to bar the entry of employees of the Cuban government and members of the Communist Party of Cuba deemed detrimental to U.S. national security interests. Such justification has been used to deny entry to Cuban scholars to participate in the last three LASA International Congresses. In contrast to meetings organized in Miami in 1998, which included 101 scholars, and in Washington, D.C., with another 82 Cuban delegates, only 60 of the 105 Cubans scheduled to participate in LASA’s 2003 annual meeting were able to attend, and only after repeated requests to the U.S. State Department for information on the status of their petitions.

In 2004, the U.S. State Department took the unprecedented step of denying entry to the entire Cuban delegation of 65 scholars one week before the commencement of LASA’s XXV International Congress in Las Vegas. Not since the United States first began allowing Cuban scholars to attend LASA International Congresses, in the 1970s, had the State Department denied entry to such a large group of Cuban academics. This year, the State Department continued to enforce its hard-line policy against Cuban professors considered a threat to the national security of the United States, barring the entire 59-member Cuban delegation, once again, from participating at LASA on the basis of their status as officials of the Cuban government.

Harvard University has also experienced significant difficulty in securing visas for Cuban academics invited as distinguished visiting scholars in the context of the David Rockefeller Center for Latin American Studies’ institutional exchange program. Since April 2002, the U.S. government approved only 16 of the 30 invitations that Harvard extended to Cuban scholars. Though visa approvals increased shortly after LASA 2004, progress in securing visas for scholars visiting Harvard University has slowed in recent months. In the last six months, all four scholars who requested visas to travel to Harvard University received section 212(f) denials from the U.S. State Department.

The Latin American Studies Association’s Cuba Section has released statistics indicating that these patterns persist across the United States. Contrary to the U.S. government’s longstanding policy of fostering people-to-people exchanges, the proportion of visas denied to Cuban academics has risen dramatically in recent years. Between September 2004 and November 2005, only 53 percent of professors from the University of Havana who applied for visas received authorization to travel to the United States. The 17 faculty members denied visas include Dr. Vicente Verez-Bencomo, a prize-winning chemist in the University of Havana’s Synthetic Antigens Laboratory. Dr. Verez-Bencomo helped develop a low-cost synthetic vaccine that prevents meningitis and pneumonia in small children, diseases which represent a deadly threat to children worldwide. His vaccine, Science Magazine noted in its October 7, 2005, issue, is one that “may someday save millions of lives.”

Between January 2004 and June 2005, Cuba’s Ministry of Culture reported that only 18 percent of Cuban academics working in the arts and humanities received approval from the U.S. State Department to visit the United States. The State Department issued visa denials to staff and researchers from Cuba’s premier institutes, including the Fundación Ludwig, a non-governmental non-profit organization in Cuba that seeks to protect and promote contemporary Cuban artists and their expression, and Casa de las Américas, the widely respected institution whose prestigious literary prizes receive prominent coverage throughout the Americas.

Despite these increased difficulties, the David Rockefeller Center has remained steadfast in its efforts to bring...
Cuban scholars to Harvard. The Center has invited 11 scholars from Cuba to conduct short-term research projects at Harvard during the Spring 2006 semester. These scholars are at the forefront of Cuban academic scholarship. While at Harvard, Cuban scholars will seek to advance their work on important topics, including research on issues that have the potential to significantly contribute to improved bilateral relations between the United States and Cuba; for example, research on the prospects for increased trade and for investment in Cuban agriculture, the impact of evolving regional trade in the Americas on U.S.-Cuba trade, the effect of the Presidential Commission on “Assistance to a Free Cuba” on Cuban migration processes, and the role of domestic and international factors in shaping U.S. policy towards Cuba. In other areas, scholars hosted at Harvard will contribute to improved understanding of important issues, such as the effectiveness of Cuba’s programs in treating persons living with AIDS and the changes in social mobility and equity that have taken place over the last decade within Cuban society.

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DRCLAS Will Open a Brazil Office in 2006, Jason Dyett to Become Its Program Director

BY TOMÁS AMORIM

Harvard’s David Rockefeller Center for Latin American Studies (DRCLAS) is delighted to announce the opening of a new Brazil Office in São Paulo. The mission of the Harvard Brazil Office — which will begin operations on July 1, 2006 — will be manifold: developing closer ties between Harvard University and leading academic and research institutions in Brazil; supporting faculty research and teaching in and on Brazil; helping Harvard students find meaningful study abroad, internship, and research opportunities in Brazil; and recruiting talented Brazilian scholars and students to Harvard. Made possible thanks to the generosity and vision of Jorge Paulo Lemann AB ’61, the Harvard Brazil Office in São Paulo will serve the entire University throughout Brazil.

From its early days, DRCLAS has worked to place Brazil at the center of Harvard’s map. Its efforts augmented following the establishment of the Jorge Paulo Lemann Endowment in 1999, the Center has hosted more than a dozen Lemann Visiting Scholars and Fellows as well as a number of Robert F. Kennedy Visiting Professors from Brazil, including Elio Gaspari, Simon Schwartzman, Teresa Sales, Monica Hirst, and Roberto Schwartz. This Spring, the Lemann Visiting Scholar is Professor Roquinaldo Ferreira, who is working on the book Slaving and Cross-Cultural Trade in the Atlantic World: Angola, Brazil, and Kongo, 1650-1830.

In the Spring of 2005, the Center sponsored a “Brazil Semester at Harvard” which featured a wide range of seminars, workshops, conferences, and other activities. DRCLAS launched the “Brazil Semester” with a talk at Sanders Theater by Gilberto Gil, the musician and current Minister of Culture of Brazil, and concluded it with a standing-room-only screening and lively discussion with documentary filmmaker João Moreira Salles. Two of the many leading academics who specialize on Brazil and participated in the “Brazil Semester” have recently joined the Harvard History and Romance Languages and Literatures departments, ably filling lacunae in the University’s Brazil offerings. Professor Kenneth Maxwell is teaching Brazilian and comparative colonial history, Professor Ihar Sevcenko literature and popular culture. Coincident with the opening of the Brazil Office in São Paulo, and as a measure intended to strengthen Brazilian Studies at Harvard, DRCLAS will also establish a Brazil Program, in Cambridge, with Professor Maxwell as its director.

Following a model pioneered by our successful DRCLAS Regional Office in Santiago, Chile, a primary objective of the Brazil Office will be to support the research of faculty, across the University, who are engaged in the study of, and teaching on, Brazil. A recent inventory of Harvard faculty throughout the College and the ten graduate and professional schools has identified 85 professors and lecturers with a professional interest in Brazil.

Jason Dyett: Program Director for Brazil Office
The Brazil Office will aim to augment faculty engagement in Brazil by strengthening support for existing projects and facilitating new Harvard faculty activities, academic research, and scholarly collaborations. The office will include facilities to provide logistical support for faculty research, conferences, workshops, and courses as well as assistance in gaining access to Brazilian archives, libraries, and field sites.

The Brazil Office will also develop a wide range of new programs and activities for undergraduate and graduate students. In recent years, increasing numbers of Harvard College students are studying and working abroad. Between 2001 and 2005, the total number of undergraduate students studying abroad nearly tripled. In addition, growing numbers of both undergraduate and graduate students have engaged in research, in Brazil will identify and develop opportunities for undergraduates going to Brazil as well as provide funding for students to spend a semester or summer in Brazil. Staff members of the new Brazil Office will develop on-going working relationships with non-government, cultural, public, and private sector organizations to create internships at all levels as well as contacts for fieldwork. Students will be able to enroll in a Brazilian university for a semester of courses, pursue scientific research in a laboratory, intern in a business, NGO, or government office, or engage in community service. The Brazil Office will facilitate students’ housing and provide orientation sessions, language training, field trips, and other programming to immerse students fully in Brazilian life.

In addition, assistance will be provided for graduate students to arrange professional internships, and volunteer work outside the United States. Last year 19 students received grants from DRCLAS and the Weissman International Internship Program for summer research travel or internships in Brazil. These ranged from an undergraduate in physics developing a design for energy-efficient stoves for Ecologo in Belo Horizonte, to a sociology doctoral student researching the implementation of affirmative action policies and their impact on socioeconomic inequality in Rio de Janeiro, Brasilia, Salvador, and Curitiba.

The new Lemann Program for Harvard College Studentships, summer jobs, and other innovative practical experiences such as clinical rotations for advanced medical students. The exchanges will go both ways, as the new Brazil Office will help bring more Brazilian scholars and students to Harvard. Lemann Fellowships will be available for Brazilian doctoral students at Harvard’s Graduate School of Arts and Sciences for Brazil-related dissertation research and fieldwork. Brazilians who work or aspire to work as professionals in education, government, or public health will also be given opportunities for advanced study and training at Harvard with the new Lemann Fellowships. These will be awarded to talented Brazilians entering master’s degree programs at Harvard’s Graduate School of Education, Kennedy School of Government, or the Harvard School of Public Health. Like many countries — including the United States — Brazil will benefit significantly from having a larger group of highly skilled public sector professionals who have been exposed to some of the best intellectual leaders in their fields and have made personal connections with other emerging fellow leaders in their areas of interest.

With the establishment of a physical presence in São Paulo — providing services to all Harvard faculty, students, administrators, and staff interested in Brazil and bringing more of Brazil to Harvard — DRCLAS will now be at the center of Brazil’s intellectual and economic life, underpinning the flow of students and scholars between Harvard and Brazil.

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internships, and volunteer work outside the United States. Last year 19 students received grants from DRCLAS and the Weissman International Internship Program for summer research travel or internships in Brazil. These ranged from an undergraduate in physics developing a design for energy-efficient stoves for Ecologo in Belo Horizonte, to a sociology doctoral student researching the implementation of affirmative action policies and their impact on socioeconomic inequality in Rio de Janeiro, Brasilia, Salvador, and Curitiba.

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DRCLAS, to establish the Economist Intelligence Unit’s Brazil office. During more than five years in the country, he gained a practitioner’s knowledge of the myriad challenges faced by newly arrived researchers. He went on to acquire extensive experience in the private sector in both Brazil and the United States. He rejoins DRCLAS from the Corporate Executive Board, a Washington, D.C.-based company that provides executive education to leaders of more than 2,000 of the world’s largest public and private organizations. Dyett obtained a Master of Business Administration in Finance from the University of Chicago’s Graduate School of Business in 2004.

Complementing Dyett’s background in international management consulting and organization building in Brazil is his excellent knowledge of Brazilian culture and Portuguese. Never one to shun international adventures, Jason Dyett — originally from Massachusetts — participated in study abroad opportunities both in high school and in college, spending time at the Universidad de Yucatán in Mérida, Mexico, and the Universidad de Granada in Spain. Fluent also in Spanish, Dyett earned his undergraduate degree in Political Science and Spanish from the University of Vermont.

Dyett will be ably assisted in setting up and launching the new Harvard Brazil Office by Tomás Amorim, who joined DRCLAS in 2004 after five years at the Council on Foreign Relations in New York, and by Lorena Barberia, Program Associate at the Center since 2000.

Tomás Amorim is DRCLAS Brazil Program Officer.
Reader Forum

July 25, 2005

To the Editor,
I recently received the Spring/Summer 2005 edition of ReVista and found it quite interesting. By my estimation, twelve articles were pointedly critical of U.S. involvement (political, military, and economic) in Latin America, one presented a balanced view, and four were simply informative and non-argumentative.

Conspicuously absent from the articles critical of U.S. involvement in Latin America was any reference to the fact that for almost every questionable and/or crooked deal initiated by a representative of the U.S., there were locals standing by with outstretched hands. Nor was there mention of the immense and continuous generosity shown by the United States towards Latin America in all aspects of life. Also absent from the articles was the citing of references to support statistics and debatable information.

I have retired from actively participating in international activities and currently teach upper-level high school Spanish. Though certainly not an expert in U.S.-Latin American relations, I have been around and I take great pride in presenting a comprehensive, honest, and balanced view of those relations to my very impressionable students. It would appear as though some of those traits were of little concern to several of the contributors to the Spring/Summer 2005 issue of ReVista.

Please forgive an old man who has grown a bit irritable during a lifetime of listening to U.S. bashing by those who are capable of contributing much, much more to U.S.-Latin American relations. I look forward to receiving future copies of ReVista.

SINCERELY,
JOHN R. SWITZER, MAJOR, USMC
(RET.), PHOENIX, ARIZONA

ReVista is committed to remain an open forum for different perspectives on many of the issues concerning Latin America. We certainly appreciate your willingness to put forth your own. On the topic of references, it has been the policy of ReVista to keep them to the very minimum, for the benefit of readability. It has also been the case that when specific concerns about the accuracy of some statements have been brought to the fore, this forum has served as an appropriate place to sort them out between author(s) and readers.

June 11, 2005

To the Editor:
I recently received a copy of the latest edition of ReVista. This edition was dedicated to U.S. foreign policy towards Latin America and the Caribbean. The articles focused considerable detail on the role of various domestic factors in shaping relations between and within the Western Hemisphere.

I was disappointed however that there was not any mention of the role of race and its impact on the hemisphere. With high levels of poverty and low educational attainment, Afro-descendant populations in particular have gone largely ignored by students and scholars of Latin America. The significance of this led me and other members of Congress to introduce a bill (H. Con. Res. 175) acknowledging their struggle and calling for greater efforts of addressing the struggles of Afro-descendant groups. For this reason, I would have hoped that your magazine would discuss and raise the issues of race to your readers.

I hope that your group, as a leader on issues of Latin American in the scholastic world, would do more to highlight the challenges of racial groups in the region. Such an impressive publication should not perpetuate the lack of knowledge of the global community to the challenges faced by Afro-descendant populations.

SINCERELY,
CHARLES B. RANGEL
MEMBER OF CONGRESS

We appreciate your feedback and will keep it in mind for future issues of ReVista.

ALEJANDRO POIÉ
EDITOR, SPRING 2006 ISSUE

Letters to the editor are welcome at drpub@fas.harvard.edu, and may be edited for publication.

Frequently Asked Questions About ReVista

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YEAR OF ELECTIONS

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by John H. Coatsworth

INTRODUCTION
From Hope to Despair? Latin America’s Year of Elections by Alejandro Poiré

ELECTIONS PAST
Consolidating Kirchner’s Control: The 2005 Elections in Argentina by Mark P. Jones
Bachelet’s Election in Chile by Patricio Navia
The 2005 Presidential Election and Constitutional Reform in Bolivia by David King
Ambivalence in the Tropics: The 2006 Elections in Costa Rica by Fabrice E. Lehoucq

FEATURE ARTICLE
The Challenges of Democratic Consolidation in Mexico by Luis Carlos Ugalde

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High Emotions, Little Content: Colombia’s Presidential Election by Brian Crisp and Felipe Botero
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Thin Air for Democratic Governance in the Andes by Andrés Mejía
Is Latin America Turning Socialist? by Kathleen Bruhn
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DRCLAS Will Open a Brazil Office in 2006, Jason Dyett to Become Its Program Director by Tómas Amorim

READER FORUM
Alejandro Poiré answers Reader Forum

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