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 included 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 Mideast/Irak/Bosnia 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 contributors 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 is 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 decades 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 under-performing 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. The 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 this path chosen will be straightforward. For example, elections (or even legislatures) tainted by corruption may enrage 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 responsible treatment of ordinary citizens could improve the climate for business as well as the stability 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 Paité’s introductory essay — despair as far as for there is yet to be is tempered by recalling how far Latin America has come.

Professor Paité generously agreed to serve as guest editor for this issue of ReVista, while the inexplicable April Caryn Endriss takes a well-earned leave as a Fulbright Fellow in Colombia. A former senior official at Mexico’s Federal Electoral Institute (IEE), Alejandro Paité 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 ORCLAS Visiting Scholar and now Councillor 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.
Latin America’s Year of Elections November 2005 to December 2006

**COUNTRY** | **DATE** | **President’s Term** | **Winner or Key Candidate(s)** | **Party or Coalition**
---|---|---|---|---
**Argentina** | 23-Oct | Congress | President Kirchner’s peronista coalition | President Kirchner’s coalition took 100% of the seats
**Bolivia** | 6-Oct | 4 years | Congress | Congress
**Brazil** | 1-Nov | 5 years | Congress | Congress
**Chile** | 11-Nov | 4 years | Congress | Congress
**Colombia** | 8-Apr | 5 years | Congress | Congress
**Ecuador** | 5-Jul | 5 years | Congress | Congress
**El Salvador** | 3-Dec | 4 years | Congress | Congress
**Mexico** | 2-Jul | 6 years | Congress | Congress
**Nicaragua** | 26-Mar | 5 years | Congress | Congress
**Peru** | 9-Apr | 5 years | Congress | Congress
**Venezuela** | 12-Jul | 6 years | Congress | Congress

Argentina

Latin America’s democracy is freezing, especially in Argentina, after years of political turbulence. The country’s most recent elections were marred by widespread irregularities and fraud, and the results were met with widespread protests and demonstrations. The Kirchner government, which won the election, has been criticized for its handling of the economy and its efforts to reduce government spending.

Brazil

Brazil’s presidential election was characterized by widespread voter fraud and corruption. The results were contested, and the country’s electoral system was criticized for its inability to prevent fraud.

Colombia

Colombia’s presidential election was marked by violence and political polarization. The election results were disputed, and the country’s political parties were criticized for their inability to address the country’s ongoing conflict.

Ecuador

Ecuador’s presidential election was marred by allegations of fraud and corruption. The results were contested, and the country’s electoral system was criticized for its inability to prevent fraud.

El Salvador

El Salvador’s presidential election was marked by widespread irregularities and fraud. The results were contested, and the country’s political parties were criticized for their inability to address the country’s ongoing conflict.

Mexico

Mexico’s presidential election was marked by widespread irregularities and fraud. The results were contested, and the country’s electoral system was criticized for its inability to prevent fraud.

Nicaragua

Nicaragua’s presidential election was marked by widespread irregularities and fraud. The results were contested, and the country’s political parties were criticized for their inability to address the country’s ongoing conflict.

Peru

Peru’s presidential election was marked by widespread irregularities and fraud. The results were contested, and the country’s electoral system was criticized for its inability to prevent fraud.

Venezuela

Venezuela’s presidential election was marked by widespread irregularities and fraud. The results were contested, and the country’s political parties were criticized for their inability to address the country’s ongoing conflict.
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With the exception of Costa Rica, voters in these
elections gave fair majorities to the winners. What
will this imply for these countries’ governance?

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 noteworthiness 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 interrim 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 Octo-
ber 2005 elections, which cemented his status as the unchallenged,
and essentially unfeatured, 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 repre-
sented by three senators who renew their mandates simultaneously
every six years. Senators are elected from closed party lists, with the
party that wins the plurality of the vote receiving two seats, and the
first runoff-up one. Every province has a number of deputies
(five minimum) proportional to its population (based on the 1980
Census). All provinces renew one half of their deputies every two
years. Deputies are elected for four-year terms 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
(JPJ, 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, Neuquen, San-
tiago 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 others
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
stronghold 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 rick 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 domi-
nance in 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 was the marquee event of the day, featuring
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
hired his wife’s candidacy to several high profile and popular candi-
dates for the Chamber of Deputies, including the admin mayor of
the province’s largest municipality, Alberto Galavernini 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
the era where protest was the main form of political participation seems to have passed.

Kirchner is a man neither accustomed to nor comfortable
with governing from a position of weakness.

Duhalde politically. Throughout the remainder of the year all but
one of the duhaldestas mayors (the machine’s backbone) migrated to
the Kirchner ranks, as did most of the duhaldestas legislators (though
many of the latter remained in separate legislative delegations in
the national and provincial legislatures). In doing to the duhaldestas
(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 “open gana, consta.”

As mentioned above, members of the governing PJ ran on numer-
ous 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
(PRQ) won nine seats (although even prior to assuming office, one
of these elected deputies defected to the Kirchner ranks) and Affir-
mation 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 candi-
dates be placed in electable positions on the
party lists. In large part due to this legisla-
tion, 46 of the 127 deputies (36 percent)
and nine of the 24 senators (38 percent)
elected this year were women. Currently, 33
percent and 62 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 13 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 democ-
tacy 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

PHOTOGRAPH: BREVIS PHOTO ARCHIVES

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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.

shadow of its former self, possessing a scant 17 senators and 39 deputies. While its six governors and nearly 500 mayors make the UCR the country’s only opposition party with an effective national organization, the growing number of Radical governors, mayors, and legislators who have declared themselves Kirchner supporters or sympathizers has undermined the UCR’s ability to function as an effective opposition party. Faced with persisting economic needs that can only be addressed via funds provided by the national government, a majority of opposition governors and mayors (and the legislators who respond to their directives) eschew most opposition to Kirchner’s proposals and actions in exchange for the transfer of badly needed financial and material resources.

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 are also spread among a multitude of minor parties, with only one, ARU (15 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. Among these latter parties, it is true that Peronist lists were defeated on October 23 in three of the four most populous provinces after the FRA, the victorious candidate/party in each province was different: the PRO of Mauricio Macri (president of Argentina’s most successful political party); the Socialista Party of Hernán Binner in Santa Fe; 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 diminished his sole remaining rival, the duhaldean machine in the FRA, 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 Felipe Márquez, then paying off all outstanding Argentine debts 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 unchallenged leader of Argentina, facing few checks on his power from within Peronism, the opposition parties, or the other constitutional branches of government.

Last 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 will therefore continue as long as he has access to the ample financial and material resources that are necessary to retain the loyalty of 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 re-election through 2011.

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Bachelet’s Election in Chile
The 2006 Presidential Contest
By Patricia Navia

Although Michelle Bachelet’s presidential election victory has understandably made news as she becomes the first woman president in Chile (and the first woman who is not a 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 (and 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 the 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 Electoración among the Mapuche, Puerto Dominguez, Chile, early 20th century
Although Bachet 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.

In January of 2002 – following a midterm parliamentary election in which the ruling coalition lost votes and seats – President Vicente Fox appointed him 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 officer, she was sympathetic to the socialist cause and served under Salvador Allende. Bachet was arrested and tortured after the military coup in 1973. Her father was killed when he was being held by the military, and her mother was also arrested and tortured.

After her father’s death, Bachet 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, Bachet 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 persecution 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 democratization, divided in which she committed herself as Defense Minister and her ability to elicit the national desire for reconciliation and closure strengthened her position as the most popular minister in the government 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 development of the political scene has brought Bachet into the mix of socialist, agrarian, and former political exile as the Concertación’s standard bearer seemed too wild to be true.

As the campaign gained momentum, Bachet’s victory can hardly be seen as a Chilean turn to the left. Moreover, the government’s economic policies, particularly the privatization of the state-owned copper mines, have not been well received.

Her campaign sought to promote a bottom-up approach to complement a successful, yet distant, top-down model implemented by Concertación technocrats.

She came ahead of right-of-center candidate Sebastián Piñera (25.4 percent), conservative candidate José Montt (25.2 percent) and Christian Democrat Tomás Hirsch (5.4 percent). Because she is a woman (which scared some male voters away) and because she played her proximity to Lagos, Bachet was forced into a runoff with Piñera. She went on to obtain 55.5 percent of the vote to become the first woman to be elected President in Chile.

Despite her electoral victories, Bachet successfully attracted women 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 Angeles Piñera obtained only 44 percent of the vote in 1998, he brought his party and his brother of three Socialist, agrarian, and former political exile as the Concertación’s standard bearer seemed too wild to be true.

As Bachet 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 democracy,” she told me once during the campaign. Bottom-up to complement a top-down model has become the mantra of the election 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 before), Bachet’s 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 that of Chile, where parties are stable and structured, as well as much to do with change in style as with continuity in politics. Bachet is determined to go beyond the Concertación’s celebrated successful but top-down social policies designed to reduce poverty and raise growth.

Bachet 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 equilibria 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, Bachet’s electoral victory in Chile is not a front for a leftward turn in Latin American politics 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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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.

Constitutional Reform in Bolivia

The 2005 Presidential Election

BY DAVID KING

I
n the weeks leading up to the December 18, 2005 presidential elections in Bolivia, most observers in the United States viewed Evo Morales with dread. 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 “elites” friends who quietly heaped for 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’ 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 wretely 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 untoldands and highlands: one country or two?
Yet the process for developing the new constitution may be most important of all, because this time — for the first time — independent people will have a voice.

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 new members of the professional classes of landowners and natu-

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. In one of the December 2005 elections, political leaders in Santa Cruz and Potosí Aiquara talked openly of dividing the country in half. lowland and high-

land. Meanwhile indigenous leaders were growing in confidence and strength, the result of an after-effect of an expansion of democracy in the region, brought about in 1994, which allowed local governments to elect their own popular assemblies. The "Evolution" of democracy in Bolivia would have been more difficult, and probably not as a result of the trade 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 subsequently 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 — independent people will have a voice.

Does Bolivia need a new Constitution? Several countries, not-

necessarily Britain, do not even have one. Other countries, such as Norway, Belgium, and the United States, have constitutions that stood the
tests of centuries. Norway since 1814, Belgium since 1831, and the United States since 1789. Of course each of those constitutions has been amended, but on balance the civilian democracy that is based on the relationships between citizens and the state have remained largely the same.

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 can become a facade of democracy in order for citizens to think it legitimate. However, as political scientist Hans Dieter Klennergans notes, government regimes need at least two of three things: public support for the windows of public participation in the larger political process (in a democracy these are democratic principles), and approval of a regime’s performance. In Bolivia today, the overwhelming majority of citizens do not support the national political community, do not approve of the nation’s 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 better 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 science. Of the political scientists among them is Professor Andrés Torres of the Catho-

lic University in Bolivia. In 2005 Torres 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 rife for corruption and precludes confrontation over compromise.

A successful 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 that would constitute the country should take a close and first to several features of successful

First, equality of opportunity — not equality of outcomes — is the basis of every democratic constitution written anywhere in the world. In the last fifty years, the United States suffered greatly, and for more than nearly two centuries, because the mechanisms of equality of outcome were not in place. We can’t save the United States by writing more constitutions. We can’t save the United States by writing more constitutions. Yet, for a hundred and fifty years before our Constitution, our system was imperfect, yet it was a success — it was fought by blacks and whites against whites — to free African-Americans. These slaves were freed, on paper, by 1865, though the laws that gave them freedom were not fully realized. By 1905, African-23

Americans were hanged by angry white mobs on a weekly basis. Thousands were killed. Millions were discriminated against. And it took another century for that violation to be redressed and to give rise to the right to vote the Quicheum and Aymara that Africans-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

The men and women who write Bolivia’s next constitution may well discover that they are, indeed, a common people who share core values.

The American way that can only be achieved by the rights to speak, to organize, to march, to hold a demonstration. Constitutions are about shared public values supporting a political process.

Presidential candidates are to write long-promised public policies into law. That would be a mistake. Bolivians face a choice between two kinds of constitutions. One kind, the one we are trying to achieve, 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 Venez-

uela’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 noble legacy. The task of creating a new constitution is as much a task of policymaking up to deliberative legislatures year-in and year-out. The new legislature will be a milestone in South American history. The authors of a new constitution that would constitute the country should take a close look at the features of successful constitutions.

First, equality of opportunity — not equality of outcomes — is the basis of every democratic constitution written anywhere in the world. In the last fifty years, the United States suffered greatly, and for more than nearly two centuries, because the mechanisms of equality of outcome were not in place. We can’t save the United States by writing more constitutions. We can’t save the United States by writing more constitutions. Yet, for a hundred and fifty years before our Constitution, our system was imperfect, yet it was a success — it was fought by blacks and whites against whites — to free African-Americans. These slaves were freed, on paper, by 1865, though the laws that gave them freedom were not fully realized. By 1905, African-23

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Ambivalence in the Tropics

The 2006 Elections in Costa Rica
BY FABRICE LEHOUQ

After weeks of sitting on the edge of their seats, election junkies learned in early March that in 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 Justice spent more than 3 weeks manually recounting all of the ballots. That Arias did not truncate his opponents came as a shock. In the weeks before election day, polls had 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 upset candidate of the Citizen Action Party (PAC), Octón 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, and who won in the February direct elections. Arias barely satisfied the constitutional requirement that the victor must obtain a plurality and at least 40 percent of the 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 quadrupled 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 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 specter of having two of its former presidents. Rafael Angel Calderón Fernández (1994-98) and Miguel Angel Rodriguez (1998-2002), land in jail in 2004 as a result of accusations of influence peddling and corruption (charges for which neither has yet stood trial). In contrast, the PLN and the PUSC obtained more than 90 percent of the valid vote between 1982 and 1998.

A school in Amanal, Talamanca, Costa Rica

The Arias bid for the presidency is the old party's system's best hope for renewal. An increasingly skeptical electorate, many of whose members are too young to remember his father's 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 sitting in a joust he was expected to win handily. Arias is also the first president to run for re-election in decades. A 1971 constitutional amendment banned former presidents from ever standing for re-election. 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.

Aggregated 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 more to educated and urban voters, who have become increasingly discontented 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 46.6 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" voters.

Of these 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 35.1 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) and the United States helped swing many voters away from 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 seats (25), 4.5 percent of the absolute majority needed to select the preceding 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 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 is now hard in a multiparty Assembly to build consensus in favor of further structural reforms and for an urgent need to 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 securities 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 under-funded state, an admittedly hard sell in any political system. The central state now devotes 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 constitute a third of current 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 of the elderly demographic trend, the rapid rate 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 reduce the number of deaths in the early 1980s, 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 the Assembly support experiencing one act of corruption per year (ranging with Colombia for the lowest rate among the three countries).

As a result of these factors, 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 Bettermann Management Index, a composite measure of the ability of a political system to forge political consensus, also shows that Costa Rica has slipped from 6th to 19th place since 2003.

The Arias administration therefore has its work cut out for itself. Not only must it administer a negotiate a series of easing economic and social reform agreements through tens of thousands of Assembly, but Arias must oversee the overhaul of the ship of state. Even though the early 1990s, citizens have been demanding the repeal 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 representation. It is currently active on a project entitled "Political Institutions, Instability, and Democratic Performance in Latin America."
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.

The Challenges of Democratic Consolidation in Mexico

BY LUIS CARLOS UGALDE

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 sectors. 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.

Latin American Tower, downtown Mexico City

PHOTOGRAPh BY CARIN ZIESSS

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.
YEAR OF ELECTIONS

The year of elections has brought hope and fear to the people of Peru. The victory of the socialist candidates in the general election and the subsequent election of the new president, Alan García, has brought both promise and uncertainty. García, who had previously been an influential defense minister in the Peruvian army, has promised to bring social and economic change to the country.

CERTAINTIES AND QUALMS

It is by no means certain that Humala, the candidate of the angry masses, will win even if that sentiment of revolt against the elites.

groups have deepened the sentiment of revolt 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 Peru's voters expressed 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 for half a decade to extricate himself 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 under Fujimori's family), the popular sentiment has been captured by Ollanta Humala (though the Fujimori movement still managed to obtain 7 percent of the vote in April.) Humala, who led a chaotic coup attempt against Fujimori in the final months of his second term, he was brought up by a father who was a Communist and who believed in racial discrimination in favor of "corn-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 "nationalization" and revives nationalization for Juan Velasco, another nationalist army officer who led a coup against the democratically elected government of Fernando Belaunde in 1968.

What we have seen in the last couple of months is now 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. Posing a woman in a country that has never had a female ruler has helped give somewhat of a disqualifying character to a candidate 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, has led 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 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 so 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 sentiments 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 votes in the second round of legislative elections (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 reforms brings into government a new Humala (or Humala himself, as was the case with Evo Morales in Bolivia, who lost in October but was re-elected in this time). If, 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 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 Stanislav Andreski a few decades ago in a book about Latin America: "Once a society is pervaded by paranoia, it can only be trusted by a person who has nowhere else to go or by a person who is already known to 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 civic society.
Colombian presidential elections are scheduled for May, but with only ten weeks to election day, the field of presidential candidates is still quite limited. Congressional elections, held two months prior to presidential elections, have frequently served to indicate which pre-candidates were more viable. Lists of congressional candidates associated with presidential hopefuls helped build one another's image and popularity amongst voters 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 are not only unifying among parties but even among contenders in the same party.

This forecasting tool has been made more murky by an ongoing trend by and large institutional alignments. First, there is a trend toward independent presidential candidates. 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 rather than majoritarian sub-party 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 perennial candidate Howard 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, Anacrus Mosquera, the only one with any significant 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 elections, the decision was the result of a public consultation – 72% in 2005 – in which 67% of the sample of the nation's 10 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 Colombia's 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 2003 Congress approved a constitutional amendment allowing for immediate reelection of presidential candidates (with a two-term limit). Both the new amendment itself and the widening acceptance among political constituencies as well as determine which presidential candidate was most likely to be able to form a legislative majority. Given that congressional candidates allowed multiple lists from the same party to compete against one another, they are not only unifying among parties but even among contenders in the same party.

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Mexico’s Presidential Election
Taking the Chávez Out of López Obrador
BY ALLYSON LUCINDA BENTON

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 sanity 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 country’s 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 Inácio “Lula” da Silva, a Ricardo Lagos or Michelle Bachelet, or a Tabaré Vázquez. 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 eventual 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.

Will investors 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 his 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 can also maintain free-market economic policies, a broad domestic tax base, and access to cheap credit in international capital markets when they are more constrained in their capacities to pursue left-leaning policy objectives, even with a pliant Congress. Statist policy moves often lead to negative reactions by investors, triggering capital flight, rises in the cost of financing debt, and economic downturns. Indeed, it is these 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 PAN’s 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 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 boost 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. He has called on tax evasion by businesses and elites and a significant reduction in redundant governmental spending and thus would give him extra resources to pay for such spending initiatives. 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 not to undertake economic development. However, López Obrador’s plan 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 humble classes. He rejects the notion of energy reforms that would allow private investment in this highly regulated, tightly closed, and thus extremely expensive sector, claiming that energy (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 defined 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 underwrite structural reforms to attract foreign investment and ensure economic growth. Indeed, he believes that foreign direct investment and macroeconomic stabil- ity, 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 takes an alienating supporters. Madrazo appears to have come to terms with 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 does not have what it takes to truly move left

Mexico’s upcoming presidential elections reflect a competition among economic sectors for state control that stems from 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 liberalization and privatization reforms like Fox’s? While the 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.
Many newly elected leaders have won elections by advocating for an increased role of the state in the economy. Mexico is no exception to this trend. The 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 market risks raising interest rates and thus debt payment obligations, something that can hurt fiscal coffers severely. This tendency works 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 in suspect in most of the streamline-

sional support, and this means that the Congress could be divided about even more than the coalition led by PRD (with the Partido del Trabajo and Convencional) and the PRI (with the Partido Verde Ecologista de México), and the PAN (ruling by itself). The PAN would never support measures implying increased state control. So as part of the reforms, López Obrador would need to build a coalition with his party’s closest political counterpart, 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 would win 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 views 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 commodity exports and which count on retaining their stability through an exchange rate and budget deficits. Mexico is not Venezuela, whose oil reserves are much larger and which counts on private investment in the sector to bring those reserves to market (land taxes and royalties to governmental coffers). Mexico is not 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. In Mexico, Radner, 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 president and congressional candidates, 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.

Allyson Lucinda Berton is a professor and research associate at CIDE in Mexico City. She has worked as a political risk analyst in New York for five years. She currently serves as international consultant through Medley Global Advisors. She has published academic articles on voting behavior, party factionalism, and economic trends in Latin America.

From Revolution to Rouba Mas Faz!

Lula's Redecision Campaign in Brazil

BY SCOTT W. DESPOSATO

President Lula came to office promising wages, or change. He delivered, but in a very unexpected way. Many observers were hopeful that the inauguration of Luiz Inácio 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 rose from poverty to become president of the fifth largest country in the world—a well-known and inspiring story. Born in poverty in the northeastern state of Para- manbuco, 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 elec-

2002 campaign poster; Sílvia, Amazonas, Brazil
programe 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 serious, 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 rate 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 sector 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 vandalismizing the building. The hardline movement ramped up occupations at property in response to slow land reform, and labor protests accompanied rising unemployment.

However, in view 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—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 rating 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 fell to a manageable 7.6 percent. The recovery plus a feeling 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 assured. The president was popular, the economy was growing, and the PT had "solved" 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 candidates, José Serra. However, the PT's winning was not yet complete. The party had transitioned from opposition to government, and from left to center-right, but had one more major change to store. In 2009, a corruption scandal was tied directly to the president's closest advisors. The scandal implicated 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, Mauricio Marinho. They secretly taped the conversations, 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 threat to "tell all." However, once cornered, he started naming names, and the scheme he described was impressive in its scope and audacity.

Barry Atten wiems in 1995 that "sox buys deputies"—that legislators' support can be bought with building bridges, roads, medical clinics for legislators' constituents. 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 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, bi-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 tried to buy enough 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 investigations proposal received multi-party support, including members of the governing coalition (PT: PMDB, PP, PL, PDC, 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 disoriented and depressed Brazil. In a 2004 Latinobarometre 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 re-election bid in 2006. Before the mensalão scandal, Lula had 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 caressed 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 points victory over his leading opponent. His recovery has several sources. First, Brazil's macroeconomy 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 succeeful 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 "nossa mãe fá— he steals, but he gets things done. Historically, this has only been used to describe demimetic old-style Brazilian politicians, but now it may be the..."
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 Sandinistas 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 source, 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 Sandinista “terrorists,” and is doing the same regarding Nicaragua’s upcoming November 2006 elections.

It is scarcely possible, indeed somewhat disconcerting, 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 elected the FSLN to promoting neoliberal economic policies to replace social programs, U.S. administrations have prevented Nicaragua from experiencing basic national sovereignty.

The FSLN took power in Nicaragua in 1979, when its two-decade insurgency led to man uprisings against the dictator Anastasio Somoza, who was the third in succession of Somoza family members to rule Nicaragua as dictators for nearly a half century, initially Installed through the puppet Somoza, his U.S. administration backed. Following the Sandinista triumph, the Reagan administration began in 1981 to form and finance former Somoza national guard members and members of the disposed oligarchy to overthrow the Sandinistas. Determined to continue its military footing to resist the counter-revolution (Contras 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 essentially by halftime of the FSLN and the elections also created a multi-party 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, costing tens of thousands of civilian casualties and destruction of the already underdeveloped economic infrastructure, raged on into the George H.W. Bush administration.

Under previous 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) and friendly 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 force that had supported the Nicaragua ambassador in Panama, a clear provocation and warning to the Nicaraguan people of what would transpire if the FSLN was re-elected. Not surprisingly, the FSLN won only 60.8 percent of the vote and 39 in the 92-seat National Assembly, while the National Opposition Union (UNO), the U.S.-supported coalition 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 brook 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 committees 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 Contras war and has made clear its intention to prevent the FSLN from regaining power through the electoral system. Bush’s first term of office, Otto Reich, followed by Roger Noriega, served as Assistant Secretary of State for the Western Hemisphere Affairs. Reich had directed the Reagan administration’s Office of Public Diplomacy, a propaganda mechanism for pushing 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 as the Assistant Secretary 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
The 2006 Presidential Election in Venezuela

Electoral Competition and Regime Change

BY ANGEL I. ALVAREZ AND YORELIS J. ACOSTA

INTRODUCTION

BETWEEN 1999 AND 2006, VENEZUELANs HAVE BEEN CALLED TO THE BOOTH TO VOTE FOR THE PRESIDENT. At least five federal 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 main features of the Bolivarian revolution include frequent and mass electoral mobilization; permanent political mobilization against alleged anti-revolutionary forces; 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-orient socialism. He has attempted to build a network of public-private partnerships and farmer cooperatives not determined by profits but oriented to solidarity. The so-called "model of endogenous development" are the seeds of this allegedly new economic system of the 21st century. The Chávez government is implementing a radical agrarian reform, has promoted the distribution of urban land (including illegal takeovers of properties of Natives), 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 conceived policies, regulated the economy and restricted civil 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.

The current 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 mass electoral mobilization; permanent political mobilization against alleged anti-revolutionary forces; 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-orient socialism. He has attempted to build a network of public-private partnerships and farmer cooperatives not determined by profits but oriented to solidarity. The so-called "model of endogenous development" are the seeds of this allegedly new economic system of the 21st century. The Chávez government is implementing a radical agrarian reform, has promoted the distribution of urban land (including illegal takeovers of properties of Natives), 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 conceived policies, regulated the economy and restricted civil 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.

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VENEZUELAN NATIONAL ELECTIONS DATES AND OUTCOMES, 1998-2005

<table>
<thead>
<tr>
<th>TYPE OF ELECTION</th>
<th>DATE</th>
<th>OUTCOME</th>
<th>TURNOUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presidential Election</td>
<td>December 6, 1998</td>
<td>H. Chávez, 82%</td>
<td>66.5%</td>
</tr>
<tr>
<td>H. Sula, 21%</td>
<td></td>
<td></td>
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<tr>
<td>Constitutional Amendment Referendum</td>
<td>April 25, 1999</td>
<td>Yes, 87.8%</td>
<td>37.6%</td>
</tr>
<tr>
<td>No, 12.2%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>National Constitutional Assembly</td>
<td>July 25, 1999</td>
<td>MP 103 members</td>
<td>46.2%</td>
</tr>
<tr>
<td>Opponents, 7 members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Approval Referendum of the 1999 Constitution</td>
<td>December 15, 1999</td>
<td>Yes, 71.8%</td>
<td>44.4%</td>
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<tr>
<td>No, 28.2%</td>
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<tr>
<td>Referendum on the Law of Native Peoples</td>
<td>December 3, 2000</td>
<td>Yes, 62%</td>
<td>23.3%</td>
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<tr>
<td>No, 38%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presidential Election</td>
<td>July 30, 2000</td>
<td>H. Chávez, 59.8%</td>
<td>55.3%</td>
</tr>
<tr>
<td>F. Aréch, 37.5%</td>
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<tr>
<td>National Assembly</td>
<td>December 3, 2000</td>
<td>MP 44.4%</td>
<td>20.5%</td>
</tr>
<tr>
<td>AD, 16.1%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others, 39.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Elections</td>
<td>December 3, 2000</td>
<td>MP 35.5% (834 concepentes)</td>
<td>23.1%</td>
</tr>
<tr>
<td>AD, 21.4% (100 concepentes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others, 43.1%</td>
<td></td>
<td></td>
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</tbody>
</table>

**Note:** 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.

The opposition boycotted the 2005 National Assembly election. This last-minute decision resulted from the combination of electoral calculations and regime strategy. 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 blackball potential opponents—the so-called Maizanta List. This database contains public information from the electoral register and the list of people who requested the referendum to revoke President Chávez's mandate. The Maizanta 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 disrupt voting decisions. Nonetheless, pre-election surveys predicted voters' willingness to support opposition parties. According to Alfredo Keller and Asoc., the majority party (the Fifth Republic Movement, MVR) was preferred by 55 percent of most likely voters, whereas the sum of all opposition parties (AD, COPEI, PV, MPJ, ABR, UNL, 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 180 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 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 rebellions, and riots). Yet they have been divided and will remain separated by ideological gaps and pragmatic conflicts for offices and leadership, and will probably fail to build successful electoral coalitions, since each party has sought to maximise 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 maintain domestic economic and international legitimacy. Hence the government's dictatorial stance has been and is still to ensure control of power resources to reshape 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 All-Party Presidential (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 fellow legislators 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 Kelley, Chávez is supported by 55 percent of the voters, whereas the most popular of his opponents (Julio Borges, of the MPP) 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 of 14 million potential voters. Thus his most important enemy is not the opposition, but the abstention. The 2005 parliamentary elections demonstrated that his internal and expensive political apparatus (the so-called UNE, Units of Electoral Battle) does not necessarily guarantee a massive turnout.

However, previous elections have taught him to take advantage of every political process. Since 1998, Venezuela's electoral 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 gain up very soon, but probably 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 wrote in the 1960s, a former social 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 (Unidos por el Socialismo). The most right-wing candidate, Ruben 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 are strongly critical of the 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 electoral candidacies, 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 personalized regional party (Nuevos Tiempos), 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 uprisings in 2002 and 2003, whereas Petkoff and his newspaper (Tel Cual) condemned the coup, claiming for moderation, and proposed democratic ways out of the crisis.

Most of these candidates have declared that the opposition should have only one candidate, but they have still not found a way to choose one. Some have proposed a primary election; others propose a national party that would run all or another parties lack mechanisms for the coordination and enforcement of collective decisions. Thus the more likely scenario is that despite their efforts, opposition leaders will run separately for the presidency. Added to the December 2005 experience, this could mean that they could eventually boycott the presidential election in a second attempt to expose the alleged undemocratic nature of the chavista regime. The National Assembly is about to elect new electoral authorities, but there is no reason to think that a single-party legislature will elect a more independent and trustworthy electoral council than the previous multi-party Congress. Additionally, if the public opinion trend persist, opposition candidates would be inexorably defeated. Thus once again they may have incentives to boycott the election.

In this scenario, Chávez will probably emphasize his already strong position on foreign policy issues and will make use of even more radical "anti-imperialist" rhetoric. Lacking a strong domestic menace, Chávez will probably need to fight against a powerful enemy. If he does not find a real threat, he seems to be able to fabricate one.
Goverance, ideology, economic policymaking, and the future of democracy are the issues tackled by our contributors in this section.

Thin Air for Democratic Governance
The 2006 Andean Elections
BY ANDRES MEJIA ACOSTA

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 includes Colombia and Venezuela) is a combination of weak political institutions, politicalized 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 pragmatism. 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 involvement in 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 politics that seems to be fuelling the most successful electoral campaigns.

The Structural Factors
Since their return to democratic politics, the constitutional structure of High Andean 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 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 federalized economy in Ecuador and the fall of President Ramírez Mendoza 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 demo-
cracial politics in Ecuador and Bolivia over
the past decade. In both cases, indigenous
movements turned to competitive politics
to demand formal inclusion in the deci-
making process. In both cases, indige-
nous leaders won elections for municipal,
legislative, and executive offices: the Ecua-
dorian Pachakutik party was part of the
government coalition of President Lacio
Gutiérrez in 2003 and the indigenous lead-
ning Evo Morales became president of
Bolivia in December 2005. The politi-
cal 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 pow-
orous players of terror politics. Indigenous
protests and nationwide blockades over
economic adjustment and privatization of
natural gas directly contributed to the fall
of the government of Ecuador’s Mahuad in
2000 and Bolivia’s Gonzalo Sánchez de
Lozada in 2003. With varying degrees of
intensity, an ambivalent attitude towards
the rules of democratic politics as being
"the only game in town" reflects the unfin-
ished inclusion of indigenous movements
in the political process. In 2004, in Bolivia, the
countervailing pressure of the gas explo-
ation of natural gas was a triggering factor
for Sánchez de Lozada’s fall from government,
and the issue of legalization of coca
through the Lázaro Chávez law in 2005. In
Bolivia, the issue of national sovereignty over
gas and mineral resources appeared in Hamid’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 observers, surveys show a
voters in recent years have tended to favor
policies that address these two traditions in
Peru. On the one hand, his electoral dis-
coursed to mobilize and polarize the
indigenous vote, although they still lack an
presidential candidacy of Ollanta Humala
promises to challenge these two traditions
in Peru. On the one hand, his electoral dis-
course seeks to mobilize and polarize the
indigenous vote, although they still lack an
networks at home, and in the cases of
Gutiérrez and Fujimori, their popular-
ity with some sectors may redirect elec-
tional 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 legis-
latives 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 politi-
cal 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 plausibility model of
government, alternating parental collabora-
tors and seeking support on the streets for
an ambitious agenda of social reforms inde-
pendent of political parties. But evidence
shows that a presidential administration
is unsustainable in the long run unless it
has discretionary control over large flows of
government revenues.

The 2003 election of Lacio Gutiérrez
in Ecuador offers a postcard illustration of
the outsider’s dilemma. A former military
officer, Gutiérrez joined the indigenous
movement to overthrow President Malraux
in 2000 for his orthodox economic policies.
Though he was briefly jilted for insurgency,
he was soon allowed to form his own political
coalition mechanisms that would legitimatize
policy choices and help secure stable govern-
ments. The recent Bolivian election and the
upcoming Peruvian and Ecuadorian ones
suggest that democratic stability will remain
delayed in this region. Whether elected
presidents are outsiders or traditional poli-
ticians, impatient voters will expect them
to come up with an ambitious agenda of

While some democracies have strongly moved in the
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performance, others have experienced significant
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Adenauer, 2002). His current book project
explores the impact of formal and informal
political institutions on the policymaking
process.
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 lose from 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 free trade.

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 flailing talks to promote a hemisphere-wide free trade agreement, President Bush found himself isolated. The summit was dominated by decisions made by several of his fellow presidents as well as thousands of protesters. In his opening remarks, he acknowledged his position: "It's not easy to host all these countries," he said to Argentine President Nestor Kirchner. "It's particularly not easy to host, perhaps, me." He left without any progress toward a deal and even without even a formal communiqué.

What is happening in Latin America is not a mystery. Despite Latin America's record of frequent economic crises and debt problems, countries in which a leftist won do not appear to be in anything like the situation in most other countries in which other parties remained in power. Countries where the left won power did, in general, have slightly lower GDP growth, slightly higher inflation, slightly lower service and higher inflation than countries where the left lost. However, at least some of this difference may be responses to left victories rather than causes of them. And there are already signs that the Socialists were reelection—has done better than average, but hardly a ringing endorsement. In two countries (Brazil and Ecuador), the leftist candidates have not won 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 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 seventh left victory at the start of 2006 very significantly from one another in their ideological positions and leadership styles. The ideological stance of Venezuela is now indistinguishable from that of Hugo Chavez, while Bolivia's style of politics is more like that of Hugo Chavez. In the case of Evo Morales, many observers in Latin America believe that the election of a leftist to office could help the region advance toward greater social justice.

Chávez's chump-trashing tirades could be an indicator of the NEW left's ability to change the game. In many of these countries, the left is not just a force for change but a realistic alternative. This new wave of social democratic parties is making their mark. In Latin America, below the media, below the army, below the police. Outreach presidential candidates have been likely to win precisely because they are outsiders, or are somehow above, political parties. Even when they are popular personally, their popularity is rarely translated into long-term support for their political party. Latin Americans are giving the left a chance to solve their social and economic problems, and the results, if successful, will move on to something else—wherever else—seem likely to do a better job.

"Our research interests include democratization, political parties, and social movements."

Kathleen Bruhn is an Associate Professor of Political Science at Carleton College, specializing in comparative Latin American politics. Her recent research has focused on democratization, political parties, and social movements.

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Cuba, has harnessed anti-American sentiment to bolster its own regime. The opposition led by the traditional left for regulations of capitalism, greater state attention to social needs, and broader democratic participation. They can demand more, because the perception that the alternative may be worse. The potential for the formation of a Latin American leftist bloc allows some policymakers, who see in it the very sort of threat to U.S. interests that used to provide so much enthusiasm. In all likelihood, it will continue to be easier to divide the Latin American countries from one another than it will be for the leftists to create a genuine negotiating bloc, particularly in light of these diverse shades of leftism.

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, in some cases, such as Bolivia and Peru, even majority of the population. Poverty and income inequality increased in nearly all of the 19 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 a brief period in the early 1990s, the reforms of privatization, subsidies and price support generally did not return. Some people became very rich.

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

(Mexico got two new billionaires), but over and against the first generation of Latin American presidents to come of age in functioning democracies experienced little or no improvement in per capita incomes. Unemployment is still quite high, the inflation rate is still high, and the informal sector now accounts for a significant proportion of economic activity. Under these conditions, a political discourse which appeals to patriotic values, is less common.

Following the election of President Vicente Fox in 2000, 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 lose from 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 free trade. wide free trade agreement, President Bush found himself isolated. The summit was dominated by decisions made by several of his fellow presidents as well as thousands of protesters. In his opening remarks, he acknowledged his position: "It's not easy to host all these countries," he said to Argentine President Nestor Kirchner. "It's particularly not easy to host, perhaps, me." He left without any progress toward a deal and even without even a formal communiqué.

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Disgust with incumbents seems to have been nearly universal. Sometimes the left benefited. Sometimes another party did.
Old Wine In New Bottles?
Economic Policymaking by Left-of-center Governments in Latin America

BY JUAN CARLOS MORENO-BRIID AND IOAN PANOVIC

INTRODUCTION

We are in the midst of the mainstream economic policies and policies of Latin America, a crucial element to take into consideration is the recent prominence of left-of-center governments in the region. What are the economic policies that they implement? How do they differ from the orthodoxy 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 they perfectly correct in arguing that such alternative economic programs are ramped versions of populist experiments of the past and thus, sooner or later, will reproduce state inflation, huge fiscal deficits, and ultimately push the region into financial crisis and recession? Another key element to consider is the influence of new economic policies imposed by the global outlook, the interdependences of the world economy, and the international financial markets. We here advance a succinct assessment of two critical elements in order to identify the likely changes in the evolution of economic policymaking in Latin America in the near future: the rhetoric, the rules, and the reality.

ECONOMIC ROOTS

One key root in the region's shift to the left is political preferences in the disappoiting results 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, devaluation, and downsizing of public sector, Latin American economies are still unable to enter a path of high and sustained expansion. Inflation has come down, but economic growth has been sluggish. In addition, in the last ten years, the region has suffered acute economic crises among the most conspicuous were the Mexican 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 have been 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 harnessing 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 wary 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' list of priorities.

Rhetoric and Reality

The above mentioned economic factors, combined with other elements of a sociopolitical nature, shifted political preferences 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-of-center 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 of 2.5 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 55 percent of total public revenue. The fiscal situations of both countries are vulnerable and, unless additional sources of tax revenues are explored, 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 as 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 extraor-dinarily 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 margins 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 US$100 billion. 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
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.

Floating exchange rates. Still others are attempting to reduce the external and internal capitalization of financial systems, an unsurprising step given that currency mismatch was a prominent cause of the crisis that swept the region earlier in the 1990s. This involves two measures, together with a growing trend toward central bank independence, are efforts to reorient the economy toward 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 increase tax revenues as a proportion of GDP, at least 5 points above their current range of 10-20 percent of GDP, and implement a more progressive tax system that will affect income distribution. Some advanced economies already have a long way to go. Recently adopted measures to tax exports of certain commodities and financial transactions will likely be only temporary unless they are followed by more far-reaching policies.

Another essential element in considering the advanced New Left economic policies is the extent to which the government intervenes in wage settlements. While Uruguay and Argentina enacted some income policy measures to strengthen the power of low wage 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 perception that policy makers are concerned more with creating jobs than with imposing employees’ earnings in formal labor markets.

It may also reflect the recognition that, unlike in the past, higher production in productivity, reduced input in minimum wages may fuel inflation with no effect on real wages. In any case by 2005, with the exception of Brazil, Uruguay, the real average earnings of workers in countries under left-of-center governments were still below those of 2000.

CONCLUSIONS

The constraints that Latin American governments—left-wing and center-right/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.

Based on the initial data available, the New Left governments in Latin America have not paid their outstanding debt with the IMF, seeking to minimize its influence over government policy. Although its results have not been impressive, the New Left governments’ inflation policy in the United States. Indeed, the Free Trade Area of the Americas (FTAA) project seems to have staled. On the multi-lateral front, in contrast with the passivity in previous rounds, the New Left governments have passed a number of successful trade agreements. Trade liberalization measures threaten to undermine multilateral trade institutions, and governments concerned with employment prospects may likely avoid additional trade liberalization, both to protect existing jobs and to avoid the negative effects of trade liberalization on employment 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—government. In the view, the left 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 more to be 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.
DEMOCRATIC CONTRADICTIONS

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 its ills and purges, democracy as a political system is uncontested. In all countries, with the significant exception 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 governments. Yet, despite their victory, 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 worst worry: some 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 marks in the comparison to Fujimori, but 89 percent of Peruvians say that they are at least moderately unhappy with democracy, and fewer than one in five consider its success and that of its 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 people's 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 woman in Brazil. Democratic practices also seem to be unmasking those uncommitted to them. Roberto Madrazo may lose his position as the leader of the PRR, while "Chiche" Duhaldie cannot win in Buenos Aires and Alan García and Ollanta Humala’s best days may be behind them.

While these 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 the 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; 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, born in the same place and never having lived in misery, miss this couple (and, in full view, extremely wealthy people enjoy a plutocracy). Theories 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 has been no consistent, much less successful, attempts at redistribution. The euphoria of the 1990s, and especially observers that democracy would not necessarily lead to more just societies, and just as predicted, a palpable sense of frustration dog 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 bourgeois 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 seekers of labor, but of arguably less importance to the bottom half of the population outside of the cash nexus.

The first thing to note is the 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 important, when the state creates a market, it is very, 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 personal 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 societal is most 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. Not have democracies solved the classic 19th century liberal dilemma of civil rights. The rule of law remains largely hypothetical in most countries, which further erodes confidence in the government. Finally, measures that may be needed in order to establish public order may also conflict...
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Cuban Scholars at Harvard

By Lorena Barberia

Since the David Rockefeller Center first opened its doors in 1974, it has played host to over 60 Cuban academics and scholars for extended periods of work and collaboration in fields as diverse as archival preservation and indexing, economic 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 denied entry to such a large group of Cuban academics. This year, a significant share 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

scheduled to participate in LASA’s 2003 annual meeting were unable 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 60 scholars one week before the commencement of LASA’s XXV International Congress in Las Vegas. Not since then has the United States again invited Cuban scholars to attend LASA’s International Congress. In the 1970s, the State Department denied entry to such a large group of Cuban emigres. 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 Cuban delegation, once again, from participating at LASA on the basis of their status as officials of the Cuban government. Cuba 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 academics. This has meant a threat to the national security of the United States, barring the entire Cuban delegation, once again, from participating at LASA on the basis of their status as officials of the Cuban government. Cuba 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 academics. This has meant a threat to the national security of the United States. By Lorena Barberia is a Program Associate at the David Rockefeller Center for Latin American Studies at Harvard University and the coeditor of the Cuban Economy at the Start of the Twenty-First Century: David Rockefeller Center Studies in Latin American Studies, published by Harvard University Press, 2004.

Cuban scholars at 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.

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

By Tomás Amorín

Harvard’s David Rockefeller Center for Latin American Studies (ORCLAS) 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 the advocacy of Jorge Paulo Lemann AB ’61, the Harvard Brazil Office in São Paulo will serve the entire University Throughout Brazil.

From its early days, ORCLAS 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 Eli Goldstein, Simon Schwartzman, Teresa Sales, Monica Hirst, and Roberto Santos. This Spring, the Center launched Scholar Professor Raúl Zibechi, who is working on the book Starring and Cross-Cultural

Trade in the Atlantic World: Angola, Brazil, and Congo, 1650-1830. In the Spring of 2005, the Center sponsored a “Brazil Seminar at Harvard” which featured a wide range of seminars, workshops, conferences, and other activities. ORCLAS launched the “Brazil Seminar” with a talk at Sanders Theater by Gilbert 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 Sales. Two of the many leading academics who specialize on Brazil and participate in the “Brazil Seminars” have recently joined the Harvard History and Romance Languages and Literatures Department, further filling laurae in the University’s Brazil offerings. Professor Kenneth Maxwell is teaching Brazilian and comparative colonial history, Professor Ithar Sevcenko literature and popular culture. Coincides with the opening of the Brazil Office in São Paulo, and as a measure intended to strengthen Brazilian Studies at Harvard, ORCLAS will also establish a Brazil Program, in Cambridge, with Professor Maxwell as its director. Following a model pioneered by our successful ORCLAS 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 two graduate and professional schools has identified 85 professors and lecturers with a professional interest in Brazil.
The Brazil Office will also aim to augment faculty support for Brazil in strengthening support for existing projects and facilitating new Harvard faculty activities, graduate students, and scholarly collaborations. The office will include facilities to provide logistical support for faculty research, travel, workshops, and courses as well as assistance in gaining access to libraries, archives, 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, increasingly numbers of Harvard College students are studying and working abroad. Between 2001 and 2003, the total number of undergraduate students studying abroad nearly tripled. In addition, growing numbers of both undergraduate and graduate students have engaged in research, internships, and volunteer work outside the United States. Last year 17 students received grants from DCRLAS and the Wasserman International Internship Program for summer research travel at internships in Brazil. These range from an internship in physiology at the Pontifical Catholic University of Energy-Stores for Ecologia in Belo Horizonte, to a sociology doctoral student research trip to study urbanization in Rio de Janeiro, to a visiting postdoc at Curitiba.

Lemann Fellowships. These will be awarded to selected Brazilian inter- national 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 in the United States, Brazil will benefit signifi- cantly 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.

Dr. Dalas will now be at the University of Sao Paulo — providing services to all Harvard faculty, students, administrators, and staff inter- ested in Brazil and bringing more of Brazil to Harvard. DCRLAS will be the institutional home to Brazil’s intellectual and economic life, underpinning the flow of students and scholars between Harvard and Brazil and enabling Brazil’s connections with the world.

DCRLAS, to establish the Economic Intelligence Unit’s Brazil office. During more than five years in the country, he gained a practitioner’s knowledge of the many challenges and opportunities that are TIMERs have been exposed to. He went out to attract a broad range of visitors to the private sector in both Brazil and the United States. He rejoins DCRLAS from the Corporate Executive Board, a Washington, D.C.-based consultancy that provides executive education to leaders of more than 1,000 of the world’s largest public and private organizations. Deydt obtained a Master of Business Administration in Finance from the University of Chicago’s Graduate School of Business in 2004.

Complementing Deydt’s background in international management consulting and organization building in Brazil is his excellent knowledge of Brazilian culture and Portu- guese. Never one to shy away from international adventures, Jason Deydt — originally from Mass-achusetts — participated in study abroad opportunities both in high school and in college, spending time at the Universidad de Yucatan. The Instituto de Estudios Superiores de la Universidad de Yucatan in Mérida, Mexico, and the Uni-versidade de Granada in Spain. Fluent also in Spanish, Deydt earned his undergraduate degree in Political Science and Spanish from the University of Vermont.

Deydt will be on leave from a full-time post at Harvard College, spending time at the University of California. In all his roles, he is an excellent networker for Brazilian culture and Portuguese. Never one to shy away from international adventures, Jason Deydt — originally from Massachusetts — participated in study abroad opportunities both in high school and in college, spending time at the Universidad de Yucatan in Mérida, Mexico, and the Universidad de Granada in Spain. Fluent also in Spanish, Deydt earned his undergraduate degree in Political Science and Spanish from the University of Vermont.

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