

# A historic electoral triumph: Why now?

## POPULIST POLITICS IN A NEW GUISE

On December 6, 2009, Evo Morales was re-elected for a second term as Bolivia's president, with an unprecedented 62 percent of the vote. Despite a difficult initial term, which even saw the rise of a secessionist movement, Morales once again received the support of a majority of the Bolivian electorate, in a country where minority governments had been the rule. At least one of the reasons for his victory was Bolivia's remarkable 2009 economic performance. Its 3.5 percent economic growth in the midst of the global financial crisis was the highest in the region.

What explains this remarkable feat, after four years of applying allegedly populist policies, including a controversial partial nationalization of its gas and oil fields?

The response to this question goes beyond Bolivia. For the first time in Latin America's two centuries of independent history, as Arturo Porzecanski has put it, "a contraction and financial calamity in the industrialized world has not caused a wave of currency crises, sovereign debt, or the banks in the region to collapse." In fact, the region in 2009 had a better economic performance than either the United States or Europe. Being the traditional market for Latin American exports had given rise to the well-known adage, "when the United States catches a cold, Latin America gets pneumonia." Yet, all projections indicate that the region will have an accelerated recovery in 2010, with higher growth than the average for OECD members.

What accounts for this, precisely at a time when a majority of Latin American governments are on the left, some facing accusations of populism?

## THE SMART LATIN AMERICAN LEFT: WHY NOW?

The answer is that, with a few exceptions, the vast majority of the left or centre-left governments that have come

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to power in the region in the course of the last decade *have not applied populist policies*. If we leave out Venezuela, whose oil riches put it in a separate category, these governments have applied responsible economic policies, often in conjunction with social policies that have cut down poverty.

The numerous governments on the left that have emerged in this period have been described as falling into two categories. The social-democratic governments formed by Luiz Inácio Lula in Brazil, Ricardo Lagos and Michelle Bachelet in Chile, and Tabaré Vázquez and José Mujica in Uruguay. The populist governments formed by Hugo Chávez in Venezuela, Morales in Bolivia, and Rafael Correa in Ecuador, with Néstor Kirchner and Cristina Fernández de Kirchner in Argentina falling somewhere in between. This rise of the left has also

reached Central America, with the election of the FMLN (Farabundo Martí National Liberation Front) candidate Mauricio Funes, to the presidency of El Salvador, and before that, the election of social-democrat Alvaro Colom in Guatemala and Sandinista Daniel Ortega in Nicaragua.

The case of Venezuela and its "petro-populism" is unique. The experiences of Bolivia and Ecuador, on the other hand, underscore the need to unpack the true meaning of the term "populism." Recent political developments in those countries do reflect certain populist elements—including the role of the charismatic leader, his direct relation with the people, and the strong nationalist appeal, something undergirded by the nationalization of natural resources. However, it is one thing for a movement and its leader to have certain populist features, and quite another for the government it directs to apply populist programs and/or policies.

## MACROECONOMIC FUNDAMENTALS AND NEO-POPULISM

In fact, one of the characteristics of the so-called Latin American neo-populism is the application of responsible macroeconomic policies. This has allowed these nations to not only benefit from the commodity boom of 2003–2008 (in which the region grew at an annual average rate of 5.5 percent), but also to confront the Great Recession of 2008–2009 in much better shape than preceding governments did on previous occasions with similar crises.

Starting with the classic distinction made by Jorge Castañeda in 2006 between the "two lefts" in Latin America, it has become commonplace to turn this into a somewhat Manichean categorization, which distorts and lessens its analytical usefulness. The governments of Brazil, Chile (Lagos and Bachelet), and Uruguay, according to this reading,

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would be the “good ones”—committed to democratic rule and institutions, based on coalitions and strong political parties, and noted for effective public policies and programs. On the other hand, the governments of Bolivia, Ecuador, and Venezuela would be the “bad ones.” Their efforts to come up with new constitutions that open the door to presidential re-elections, their personalization of politics, the weakness of political parties, and the application of non-sustainable redistributionist policies would be the hallmarks of this group.

Yet, this distinction, based on some real factors, mixes apples and oranges. The societies and political systems of the Southern Cone—in this case, Brazil, Chile, and Uruguay—have levels of development that are very different from those of Andean nations like Bolivia, Ecuador, and Venezuela. Their degree of institutionalization and political maturity is also more advanced. Brazil’s accomplishments under Lula’s presidency (2003–2011) have lifted Brazil to the high table of nations. Those of Uruguay under Vázquez (2006–2010) are a role model of how a small country can sort out and overcome enormous challenges, despite being subject to the unpredictable swings of two giant neighbours. In addition, the accomplishments of Chile under the Concertación, a coalition of centre-left parties, which since 1990 has had the highest annual average growth rate of any country outside Asia, and which in 2010 became the first South American nation to join the OECD, speak for themselves.

## REBALANCING THE STATE–MARKET RELATIONSHIP

In all of the previous cases, the state played a key role in these accomplishments, and sophisticated public policies that found the right balance between state and market lie behind these successes. In the Andean countries, however, the state has traditionally been weak. In Peru, until the 1950s, a private firm collected taxes. In Colombia, vast swathes of

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national territory are beyond the reach of the state. These countries have had great difficulty inserting themselves into the global economy (if we set aside its “star export product,” narcotics). Bolivia and Ecuador are the poorest nations in the subregion and the most affected by these difficulties. This despite the radical implementation of the “Washington Consensus” reforms in the 1990s, which Ecuador took so far as to take up the US dollar as its national currency, with the attendant inflationary consequences.

All of this triggered chronic political instability in the decade leading up to 2006, the year in which Correa and Morales came to power. In those ten years, Ecuador had seven presidents and Bolivia eight. The emergent “neo-populist” movements that displaced traditional parties and leaders did so in response to that crisis. The success that both Correa and Morales have had since then reflects the degree to which their governments have developed inclusive policies toward the aboriginal populations, traditionally excluded from the political system and discriminated against by the white and *mestizo* population. These leaders have brought stability and policy continuity to countries desperately in need of them. Accusations of excessive presidential power and of centralization of decision policy-making are misplaced in highly fragmented and

unstable polities clamouring for some form of centralized authority.

## THE ANDEAN MODEL: IS THERE ONE?

In an ideal world, all Latin American countries would be “little Switzerlands” (which is how Uruguay has been described) in terms of economic development and political institutionalization. The region is still far from reaching that stage. However, the first decade of this century has shown much progress, especially in South America. This has been evident in countries like Brazil, Chile, and Uruguay, where social-democratic governments have successfully applied effective public policies that have brought not only economic growth but also a greater measure of social justice.

However, this should not lead us to minimize (and even less so to demonize) the experience of alternative progressive approaches to governing, like those followed by “neo-populist” movements in Bolivia and Ecuador. In response to economic, social, and political conditions that are very different from those prevailing in the Southern Cone, in the brief lapse of four years, these Andean nations have managed to bring to an end the game of musical chairs afflicting the presidency. They have given themselves new constitutions that strengthen the executive and give an explicit recognition to aboriginal peoples and their rights, and re-established national control over their valuable natural resources, while turning in (especially in the case of Bolivia) a good economic performance. This is not a bad record, yet one that is largely ignored by those that continue to look at Latin America through the lenses of the past, ignoring the enormous changes that have taken place in this last decade. 

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