

## A New Path for Latin America?

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Paradoxes abound in Hugo Chávez's Venezuela. The Venezuelan president sells most of the oil that has enabled him to accumulate power at home and abroad to his chief political adversary, the United States. Chávez justly criticizes the coup attempt that was made against him in April 2002, but he was only catapulted to national political prominence a decade earlier after he led a failed coup against a democratically elected government. In yet another twist, on December 2, 2007, Chávez lost a popular vote for the first time—along with his aura of invincibility—precisely as oil prices approached a record \$100 per barrel.

In spite of his control of key Venezuelan institutions and of untold billions of dollars, Chávez failed to gain approval of a constitutional reform referendum on his plan for "twenty-first century socialism." The proposed changes would have allowed for the president's indefinite reelection and imposed what Chávez ominously called a new "geometry of power," in which elected local officials would have been supplanted with his own appointees.

Even for many *chavistas*, or Chávez supporters, a power grab as flagrant as this one crossed the line. His overreaching led university students to protest in the streets and pushed a former close ally of the president to decry the reform package as a "constitutional coup." Chávez, despite the many advantages he enjoys, lost the referendum because he could not generate enthusiasm for his proposed governing model or obscure its inherent defects.

Even without the constitutional amendments, Chávez's unbridled ambition and appetite for power have already produced virtual one-man rule, devoid of any institutional checks or constraints. For some time, the Venezuelan president has exhibited little inclination or capacity to actu-

ally govern the country, and has focused instead on consolidating his own power and building regional and international alliances. As a result, political vulnerabilities have emerged and multiplied. Chávez's core constituency, the very poor, has been hit particularly hard by a combination of inflation (at more than 20 percent, the highest rate in Latin America last year) and a scarcity of basic goods such as milk and sugar. Common crime, to some degree fueled by drug trafficking, is affecting more and more Venezuelans. And, unsurprisingly, absolute power has been accompanied by increasing accusations of government corruption. Latin America, it appears, must find other models for effective governance and sustainable prosperity.

### SAYING "NO" TO CHÁVEZ

Even more than many of its neighbors in booming Latin America, Venezuela has experienced impressively high growth rates in recent years. In addition, the government has prioritized its distributive and social-welfare functions to address the needs of those who have been marginalized and denied the fruits of economic progress. In this respect, Chávez is just one part of a region-wide pattern. Indeed, the principal message one can take from the 2006 wave of eleven Latin American presidential elections—as well as from the two that took place in 2007, in Guatemala and Argentina—is that the social agenda is of central importance in the region.

A social agenda, however, is not incompatible with democratic institutions. Although many observers believed that heightened attention to economic inequality in the region might presage a Chávez-led populist wave throughout Latin America, the Venezuelan president's defeat at the polls in December demonstrates that autocratic governance has limited appeal and, ultimately, does not work.

Chávez, the standard-bearer of this populist movement, was unable to muster sufficient support for his president-for-life ambitions despite the ample resources he devotes to social programs

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and despite his strong, personal bond with many Venezuelans. Indeed, the Venezuela vote can be plausibly construed as a proxy for popular rejection of any “twenty-first century socialism” in an authoritarian form. Chávez’s experience should serve as a cautionary tale for other Latin American leaders on a similar course.

Two examples are especially relevant. Chavez’s main South American ally, Bolivian President Evo Morales, has encountered tremendous resistance in his efforts to pass a new constitution that centralizes power and loosens term limits. At the same time, President Rafael Correa in Ecuador is embarking on his own constituent assembly project that also risks eroding checks and balances on executive power.

## CONTINUED FRUSTRATION

To be sure, both in Bolivia and Ecuador, constitutional changes are under way because the status quo had become so discredited that it was no longer workable. It would be a mistake, moreover, to interpret any reaction against the populist politics associated with Chávez

as a ringing endorsement of liberal, representative democracy as practiced in the United States. That model of governance has been tried in Latin America—before Chávez in Venezuela, for instance, and before Morales in Bolivia—and it was deemed deficient in delivering services and satisfying basic demands.

Latin America has experienced sustained economic growth (2003–2007 is the best stretch in the past 25 years) and achieved welcome reductions in poverty and even inequality in some countries. But the most recent edition of the comparative Latin Barometer survey shows that most Latin Americans remain profoundly dissatisfied with their governments’ performances and place scant confidence in key institutions. According to the survey, less than a third of people in the region trust their national legislatures, and only one in five has confidence in political parties. Public security, in particular, has become an increasingly serious problem in a number of countries, as the police and courts have proved ineffective at combatting crime.

Economic statistics, even if encouraging, reveal little about Latin America’s political stability, much less about the quality of democracy in the

region. In fact, dynamic economic performance and a benign international environment have only heightened political expectations. Higher expectations in turn have fostered uncertainty and strained the relatively fragile political institutions in many countries. Citizens have greater access than ever to communications technology and to information about social realities, and are better equipped to articulate grievances. They are aware that money is being made and they are demanding a bigger share of the pie.

Perhaps nowhere in Latin America is the combination of robust economic growth and keen political frustration more salient than in Peru. Peru’s economy is booming, growing at around 8 percent per year. A free trade deal with the United States was finalized in December 2007, and there is serious talk about an agreement with China as well. Nevertheless, discontent among Peruvians is widespread. This is reflected in rock-bottom levels of

political satisfaction as measured by the Latin Barometer survey and by plummeting approval ratings for President Alan García—especially in southern Peru, home

to the country’s most impoverished regions. Social indicators, meanwhile, remain dismal. In the World Economic Forum’s 2007 rankings, which cover 130 countries, Peru is in last place in quality of primary education—behind Ethiopia.

## TOP MODELS

The Latin American countries that offer the greatest promise for forging a new course—one that upholds democratic, pluralist politics while using the fruits of growth to enhance social welfare—are Chile, Brazil, and Mexico. Brazil and Mexico, for example, are pioneers of successful conditional cash-transfer programs now being replicated worldwide. The Bolsa Familia and Oportunidades initiatives, respectively, are credited with dramatically reducing hunger and income inequality by giving monetary bonuses to impoverished families that meet certain requirements, such as sending their children to school and taking them to be vaccinated.

In Chile, under a series of democratic governments since the dictator Augusto Pinochet left power in 1990, a range of targeted social programs has helped the country grow at double the regional

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average while poverty levels have been halved. Inequality remains a top issue, and Michelle Bachelet won the presidency in 2006 by promising to focus on the social agenda. Indeed, the slow pace of reforms led to protests in 2006 and other difficulties for Bachelet, prompting her to intensify government efforts to reduce inequality.

Despite significant stumbling blocks, all three countries are, however gradually, strengthening their institutional capacity for democratic governance while also reducing poverty and even inequality. In the October 2007 International Monetary Fund report "Globalization and Inequality," for example, Brazil and Mexico are cited as rare and notable exceptions to a worldwide trend toward rising income inequality. For Presidents Bachelet, Luiz Inácio Lula da Silva of Brazil, and Felipe Calderón of Mexico, the left-right divide is of little relevance as they forge policies to create and distribute wealth, all within the give-and-take of democratic politics.

It is hard to imagine that, in the wake of his December 2 defeat, Chávez will decide to follow the path pursued by these Latin American leaders. In contrast to Bachelet and Lula, who fought against military governments in their countries, Chávez is a consummate military man bound to push ahead doggedly with his grandiose agenda. With his oil money, seductive rhetoric, and shrewd political sense, he should not be underestimated. Despite discernible and growing fissures within *chavismo*, he maintains control of key institutions like the National Assembly and the armed forces. The opposition, moreover, is still highly fragmented. Recent history gives little indication that Chávez's opponents will be able to capitalize on their current opportunity to build an alternative political coalition with a viable social agenda.

## THE TURNING POINT

Nonetheless, the beginnings of decay in Chávez's rule are evident, and the president's problems are bound to intensify in the coming years. Chávez can distribute oil revenues to shore up his

personal power, but that will not resolve problems like inflation, crime, corruption, and food shortages. Problems such as these can only be overcome with long-term, sensible public policies bolstered by democratic safeguards.

Chávez's loss at the polls marked a turning point, both in Venezuela and in the president's own aggressive regional political project. The president's confrontational outbursts in the weeks before the referendum may have appealed to his hard-core base, but it is doubtful that they helped him with undecided Venezuelan voters, let alone people elsewhere in the region. On November 25, 2007, Chávez exchanged verbal barbs with President Alvaro Uribe of Colombia, calling him a "shameless liar" and "pawn of the American empire." He continued his belligerence less than two weeks later at the Ibero-American Summit in Santiago.

In some respects, the summit offered an ideal opportunity for Chávez to assert his regional leadership. After all, the theme was "social cohesion," the meeting was held in Socialist-governed Chile, Cuba had high-level representation, and there was no one present from the United States (as is customary at these summits). Instead, Chávez called former Spanish President José María Aznar a "fascist," famously prompting King Juan Carlos to ask him to "shut up" and causing an intercontinental diplomatic spat. Even otherwise sympathetic leaders are wary of such divisive politics. The referendum setback, coupled with mounting difficulties on the foreign policy front, could well force Chávez to concentrate more on shoring up domestic political support and less on aggressive regional diplomacy.

The question for the longer term is whether Venezuelans and their counterparts across Latin America will be able to find satisfactory responses to the grievances that gave birth to the Chávez phenomenon and its populist analogues elsewhere in the region. Paradoxically, a fluid and dynamic process of constant political experimentation may now be paving the way for a more enduring and effective model of governance in Latin America. ■