

The old and new populism

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Leo Tolstoy might have argued that all successful experiments of populism are alike while all failed attempts are different. The problem is that there are no successful experiments: at the end of each such populist experiment, in Mexico and elsewhere, real incomes were always lower. Mariano Grondona, a brilliant observer and essayist says that populists love the poor so much that they multiply them. The most that can be said for the recent examples of populist movements is that they have been fighting for power through democratic means and became attempts to respond to real economic circumstances while, in contrast with the past, not to repressive movements. Equally significant, recent experiments in populism have not been associated with unions or other social organizations. Rather, they have typically grown in urban areas where social fragmentation is the norm.

In Mexico, the rise of populism over the past decade is directly related to the 1995 economic collapse that not only impoverished the middle classes, but also enraged the people for the way the government dealt with the banking rescue. Together, both circumstances produced the *milieu* that a charismatic leader

could exploit. In one word, it was reality that made populism possible and not the other way around.

Populism is not born in a vacuum; otherwise it would be a trait of many a nation around the world. The fact that it is not is indicative of the factors that make it possible. Essentially, populism thrives where there is a fundamental disconnect between the people and the politicians running the government. Lack of representative government and of workable checks and balances are preconditions for populism to thrive. Of course, the big paradox of populism is that it is originated in the discontent of the people with the government, but where the proposed solution is more government, all brokered by a charismatic leader.

This gets even more interesting when one realizes how most Mexicans, and for that matter, most Latin Americans, feel about the government. People distrust the government and all they want is to be left alone. They don't expect much from it, which is paradoxical given the number of people who have joined populist movements in the recent past. In a famous story that Facundo Cabral, a popular Argentinean singer and showman tells, a presidential candidate once asked a modest woman in a distant place what could he do to help her; all the savvy woman could answer was "I'll be all right as long as you don't screw me". Populism and contradiction go hand in hand.

The leader is critical here, for populism requires an individual capable of exploiting, if not creating, the suitable opportunity. Needless to argue, most populist leaders see themselves as great, historical figures claiming that they are the chosen ones who can carry out their own Utopian dream. In Mexico's case, Lopez Obrador was able to inspire his movement on both the poor performance of the economy as well as on the grievances, whether true or imagined, that various, often unspecified, political or government actors had inflicted upon the people.

Populism is driven by real social inequalities, but it is the perception that only a few benefit from the government (or from reforms proposed by the government) that turns it into a true political phenomenon. As a political, as opposed to ideological, phenomenon, populism is characterized by mass mobilization from above. In Mexico there were at least six ingredients present that made it possible for such a movement to take root: poor economic performance, concerns about competition from imports and globalization, unrepresentative political parties, a charismatic leader capable of exploiting the situation, a poor and ineffective political leader in the person of Vicente Fox and, ironically, economic stability. The latter point is important because it made possible the movement's ascent (people saw no immediate economic risk) but also because it proved to be the cause of its demise. Economic stability made it possible to perceive that the risks of changing course were low; however, at the end of the day, the risk of losing

that stability proved to be too heavy in the minds of enough voters to defeat the populist candidate.

At heart, populism is a rebellion against the establishment that sees the State as the solution to the country's problems. In Mexico it was the mix of unrealized expectations, an economic crisis, and a bloated, albeit inefficient, bureaucracy that created the conditions that made it possible for Lopez Obrador to found and later consolidate his political movement. What's interesting is that at least half of the relative success of that movement had to do with actions or decisions made by actors that were opposed to him and were bound on defeating him.

In general terms, Lopez Obrador succeeded in nurturing his movement thanks to two circumstances, one general and difficult to tackle, the other quite specific. Ever since Mexico's governments began to liberalize the economy, back in the mid 1980s, the overarching premise was that free trade (and very limited trade liberalization at that) would bring about economic development. The failure to create a development strategy capable of dealing with the complex adjustment of both firms and people to a competitive environment planted the seeds for the movement to thrive.

Then came the devaluation of 1995 and, with it, a sudden halving in the average family's disposable income; to make matters worse, about one million families had left the extended family home in the previous years to buy houses of their

own, all with adjustable mortgages. Then interest rates went from below 20% to over 180%, shattering not only those families's patrimony, but their expectations as well.

Lopez Obrador exploited the situation to the utmost. He criticized the economic policy that had made it possible for so much impoverishment to happen, exploited the ill-conceived and extremely costly bank rescue, and offered what the government would not: a promise that there were better ways to increase the rate of economic growth while protecting the people's jobs and patrimony. Regardless of their content, he was the only politician offering different solutions and more important, offering hope.

To make matters worse, in a country characterized by an odd mix of lawlessness and rule of rule, the establishment decided to exploit a legal infraction that Lopez Obrador was responsible for. In a law abiding context, failure to execute a judge's ruling would be a serious infraction. In a country where the government seldom enforces the law or executes judicial rulings, the decision to prosecute Lopez Obrador and attempt to make illegal his candidacy was sheer lunacy. Needless to say, every Mexican saw in the so-called "desafuero" (impeachment and thus disqualification to run for office) the travesty that it was and Lopez Obrador gained further popularity.

The failed populist experiment of late will probably not be the last. In contrast with previous experiences, in both the thirties and seventies, the movement headed by Lopez Obrador was competing in a democratic election and clearly spelling out what it stood for. There was no attempt at deceiving anybody. It was the people's fears of a renewed economic crisis that stopped the movement. The memory of 1995 was too fresh in people's minds to take such a risk.

But the seeds of a future experiment are clearly there. Arguing about the defects and failed examples of populism will not solve the problem; those are only too obvious for anyone that wants to see. The problem is not the populism or the populists but the circumstances that make it possible for such a movement to take root.

The real issue lies elsewhere. The notion that a series of reforms or actions, a checklist as it were, will transform a society, has proven wrong in the past two decades in both Mexico and throughout the region. Most people do not have the tools that are required to understand the challenge before them and less so to face it successfully. It bugs the mind to expect that people facing overwhelming odds against will have the imagination to break away from ancestral, and often not so ancestral, forms of producing or doing things. Furthermore, special interests of all kind have successfully thwarted reforms in critical sectors of the economy –from the most fundamental to the simplest-, making it impossible for the average person to succeed in a competitive world.

Mind you that I am not arguing that it is impossible for anyone to succeed. All I'm saying is that the context, the space people relate to and in which they have to work, makes it extremely difficult for them to change. Mexicans living in the United States, often from poor regions of the country and having grown under the same shadow, have no such difficulties and often turn around to become amazingly successful in all walks of life. Context is critical. The context in the US makes it easy to excel; the context in Mexico today is not conducive to such opportunities.

All of which goes to confirm that populism is not an inherently Latin phenomenon or an inevitable one. It thrives because those societies have failed to produce a realm where people can develop and succeed on their own. And nothing suggests that this is about to change anytime soon.