

# HUDSON INSTITUTE

## **RADICAL POPULISM IN LATIN AMERICA**

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### **KEYNOTES:**

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JAIME DAREMBLUM: Good afternoon, ladies and gentlemen, members of the diplomatic community here in Washington. On behalf of Hudson Center for Latin American Studies and our cosponsor, the Institute for Foreign Policy Analysis, we would like to welcome you to today's conference on radical populism in Latin America. The size and makeup of such a distinguished audience reflects the growing importance of the topic that brings us together today.

Populism has old roots in our region. However, it has recently taken a more radical turn as leaders like Hugo Chavez, Evo Morales, Rafael Correa, and Daniel Ortega have co-opted the populist cause and are using it to further their political goals. Whether or not this brand of populism becomes a recurrent trend is a question that deserves a thorough analysis. Democracies in Latin America may be able to articulate an adequate response to the challenges posed by the new brand of radicalism only by gaining a better understanding of its genesis and dynamics. After all, as Tina Rosenberg reminded us in Sunday's New York Times, Chavez is a prophet in search of disciples.

The issues related to populism are something that we at Hudson and our colleagues at the Institute for Foreign Policy Analysis take very seriously. As some of you may remember, over the summer, we held an excellent discussion featuring Professor Javier Corrales of Amherst College who gave us his learned views on whether chavismo is contagious in Latin America. For those of you who missed it, the transcript and audio are available on our website.

Today, we hope to expand upon the theme of Professor Corrales' presentation by looking at radical populism in the more ample Latin American framework. For this event, we're honored to have with us today some outstanding social scientists from Latin America and the United States. The program begins with Dr. Francis Fukuyama, speaking on the wider theme of populism in the world today. Dr. Fukuyama's presentation will be followed by a brief question and answer session.

We will then move onto a panel discussion chaired by the well-known and highly respected journalist Jorge Gestoso, president of Gestoso Television and former chief Latin American anchor for CNN. As part of the panel, we'll hear presentations by Professor Anibal Romero of the Simon Bolivar University in Caracas, and Dr. Julio Cirino, director of international relations at the Fundacion Pensar in Buenos Aires. The conference then will be brought to a close by a keynote address of Dr. Luis Rubio, president of the Center for Research and Development in Mexico City, plus a question and answer period.

Once again, I would like to welcome you all to what undoubtedly is a unique event. And once again, we express our gratitude to the Lindy and Harry Bradley Foundation for its generous support to this conference series. I call now on Dr. Ken Weinstein, the CEO of Hudson, who will introduce Professor Fukuyama.

KEN WEINSTEIN: Thank you, Ambassador Daremblum. We're distinctly honored here at Hudson Institute to have such a wonderful audience here for today's presentation, both from the press, the scholars, and also the diplomatic community. I think I have the easiest job of the day here. I need to introduce someone who needs absolutely no introduction, so I will be extraordinarily brief.

Francis Fukuyama is a distinguished social theorist, one of our nation's most distinguished social theorist, and obviously a leading public intellectual in the United States, in Europe, and in Asia. He is the Bernard Schwartz professor of international political economy at the Johns Hopkins University Paul Nitze School of Advanced International Studies just a few blocks away. And we are very fortunate to consider him a friend of Hudson Institute. We're also very fortunate to be able to listen as he turns his penetrating mind to the question of populism in Latin America.

Frank?

(Applause.)

FRANCIS FUKUYAMA: Well, thank you very much, Ken. I'm really delighted that Hudson is holding a conference on this topic, which I think is an extremely important one. And I'm actually not going to talk about populism in general; I'm going to talk about it in Latin America. I've actually developed a little bit of a relationship with Hugo Chavez. I've been to Venezuela several times in the past decade. We don't know each other personally.

But before he was elected the first time back in the late 1990s, he gave an interview in a Venezuelan paper. And he was asked, well, what do you think about the thesis about the end of history or history leading to liberal democracy? And he said, no, I don't believe that at all. So the interviewer said, well, what do you think lies beyond the end of history? And he said chavismo. And ever since then, he and Carlos Rangel and other people connected with that regime have had it in for me. And so I get quite a lot of negative coverage in the press there.

I'm going to give a simple presentation. I'm going to explain to you why, in my view, I believe populism exists, and then I'm going to describe what I believe is the proper course for combating populism in this hemisphere.

So let me start with the first topic about the sources of populism. I believe that populism is a symptom and not a disease in itself and therefore that the strategy, the appropriate way to go about dealing with it is not to attack populism itself, but rather to look at the underlying causes. And I think the underlying cause is one that has been

fairly well recognized by most observers of Latin America over the years, which has to do with the structural inequalities in that region. I have edited my first book on Latin America; it has already been published in Spanish under the title of “La Brecha Entre los Estados Unidos y America Latina.” It will be out next spring, published by Oxford University Press under the title “Falling Behind: Explaining the Development Gap Between Latin America and the United States.”

So, if I can do a little self-advertisement, this book actually has a number of very interesting chapters that trace over the last 400 years the development path of both parts of North and South America. And the pattern that you see, if you look at it in that long of a perspective, is really quite revealing because in any 30, 40 years time period, it is actually possible to achieve a very high level of economic growth in Latin America, and in several of those time periods, the gap between the United States and Latin America has narrowed. The problem is that every generation or two, that growth pattern is interrupted not by an economic crisis, but by a political crisis. It happens in different places in different countries, but the political crisis is ultimately driven by the fact that there is not a social consensus over the division of gains. And therefore, if you look back, at the end of the 1800s, the sugar island of Cuba actually had a higher per capita GDP than the state of Massachusetts.

But then, there was a big interruption in the 1820s and the ‘30s with the wars of independence throughout the continent; there was a long period of falling behind. The late 19<sup>th</sup> century was one in which the region caught up again and actually there was some convergence with North America, but then you had interruptions at different points and different parts of the 20<sup>th</sup> century. So, Mexico is a classic case during the Porfiriato, you had actually very strong economic growth based on a very oligarchic set of property rights and very poorly distributed growth that then gave way to the Mexican Revolution and a very long interruption in that growth path, and similar stories can be told in other parts of the continent. In this century, you had very strong economic growth in the 1950s and 1960s, interrupted by a number of events, the Cuban Revolution, political instability, and then the debt crisis that, again, set the region back for basically a whole generation.

And so, it is not that Latin America cannot grow appropriately, but without solving that underlying so-called fight for shares that interrupts politically that long-term growth path, it is very hard to close the development gap and so, I believe that unless you do something to address the underlying conditions, you’re not ultimately going to deal with populism. And just to give you a preview of my conclusion, I believe in slow and steady reform that deals with social issues seriously and in which people who are committed democrats in this hemisphere also have a social agenda. It has to be a smart social policy because it is very easy to make mistakes in this realm; we’ve made them before. And therefore, the nature of that policy is very important. But that, coupled with a pro-growth policy is, I think, the only thing that will address the longer-term problem, out of which populism springs.

Now, there are some interesting questions as to whether the problem is poverty or inequality. And I think you can make the argument politically that it’s obviously a little

bit of both. Clearly, if you can alleviate absolute poverty, that's just a good thing in itself, and it will solve some part of the question. But, on the other hand, I think you still have a problem if you have growth that is unevenly shared for all social classes.

If you read Tocqueville's "Old Regime in the French Revolution," he points out that in the two or three decades prior to the French Revolution, France was actually doing very well economically, it was growing rather rapidly, but the real problem was the perception that the bourgeoisie was falling behind, and did not have access to political power. And it was those rising expectations in a period of growth that actually was tremendously politically destabilizing. So, I think that you need to do something both on the poverty side and on the inequality side. And I think that without these kinds of bows in your quiver, it's going to be very hard for committed democrats to make much headway against this, as I said, this symptom, radical populism.

Now, how do you deal with either poverty or inequality? Out of this town, out of Washington, over the past generation, the central message has been economic growth, and I think this is a very good solution. It has been shown, I think quite conclusively, that economic – rapid economic growth is the best way to combat poverty. So, if you look at the world as a whole, several hundred million people have been pulled out of poverty over the past 20, 25 years in countries like China and India because they had been able to achieve 7, 8, 9 percent year-on-year growth for an extended period of time. And so, in many respects, a lot of that social problem can be addressed by having good economic policies, basically being connected to the global economy, free trade, access to capital, technology, and the like, is all critical in that success story. And a number of countries in Latin America, Chile most notably, but I think also Brazil after President Cardoso and a number of other countries, have also raised their growth rates quite successfully as a result of liberalizing macroeconomic policy and basically openness to the global economy.

And in fact, Brazil, it's interesting, Brazil's inequality has fallen; the Gini coefficient in 1996 was around, close to 60, and it's fallen about three points. It's now a little over 57. And the econometric studies that I have seen analyzing why that fall has happened, say that about three to four-fifths was simply because under Cardoso you opened up the economy; you stopped protecting a kind of labor aristocracy, and this actually helped equalize incomes and resulted in a modest 3, 4, 5 percent growth over this period.

However, I think that growth itself and that whole agenda, the free trade agenda, is good but it is not sufficient to deal politically with the issue of populism in this hemisphere, for a number of reasons. First of all, with the possible exception of Chile, no Latin American economy has been yet able to achieve East Asian rates of growth, which I think are necessary to politically demonstrate the positive effects of globalization and that economic growth agenda. I think part of the problem is that the policy constraints that prevent a country like Brazil, for example, from raising its growth rate from let's say, 4 percent up to 7 or 8 percent, are politically extremely difficult. They have to do with the tax structure, with certain embedded things in the labor market that are just very

difficult to get rid of. It's possible as a long-term agenda that you can keep working at that, but I just don't think it's going to be a South Korea or Taiwan or any of the fast-growing countries in East Asia.

Second problem is that, in many ways, this kind of rapid growth based on globalization actually exacerbates – it may solve the poverty problem, but it actually exacerbates the inequality problem. If you look at China's Gini coefficient, it's been going up steadily and it's actually almost as high as Brazil's right now, despite that fact that they've taken several hundred million people out of poverty. Now, if you have that very high growth rate combined with increasing inequality, you can maybe ride the tiger; if you have increasing inequality combined with middling or low growth, I think politically, it's a lot harder to do.

And then finally, although growth is extremely important and keeping your eye on economic growth is critical, the impact of that and the impact of policies designed to promote growth like Free Trade Area of the Americas and so forth, the political connection that people make between that and actual improvements in their lives, particularly when they are below the 50 percent mark in terms of the income distribution, tends to be relatively small. And therefore, it is something that does not appeal to poor people, basically, in many countries in this hemisphere.

And therefore, I think that the other approach that needs to be thought through very carefully and has been addressed by a number of countries has to do with more targeted social policies that directly deal with the problem of poverty. Just to go back to the Brazil example. Of that three point fall in Brazil's Gini coefficient, they believe that approximately 20 to 25 percent of that fall was actually the result of Bolsa Escola or Bolsa Familia, the conditional cash transfer program that the Brazilians have been running over the past few years. And so, I think that there is actually evidence that targeted social programs can actually yield measurable results, but let me expand on that a little bit.

There's a great distrust in Washington and in parts of Latin America about social policy generically because in many respects, the Reagan Revolution or the Thatcher Revolution 25, 30 years ago was carried out in order to get rid of social policy because there was a feeling that entitlement, welfare, or the welfare state was destructive of growth, it created moral hazard, it undermined incentives, and so forth. And I think that that was, in fact, a powerful argument and a lot of the social programs, poorly designed social programs actually needed to be cut back. And indeed, part of the Washington consensus, one of the inevitable effects of seeking fiscal discipline in your macroeconomic policy was, in fact, a cut, you know, in budgets for a lot of social sector spending. That was not a terrible thing in the context of 25 years ago because it's very easy to have bad social policy, and Latin America is full of it.

You know, Brazil and Argentina in the 1940s and '50s put into place European-style social protections and labor rigidities in their labor market that they simply are not in any position to afford. Right now there's still a big agenda in liberalizing the labor

market throughout the continent, including in relatively successful countries like Chile because those kinds of social protections actually do damage growth considerably.

And so, what I think you need is what I would label smart social policy that is well designed, politically supported, and able to address some of these deeper problems to give democratic politicians a real agenda in this area without damaging the long-term prospects for growth. And fortunately, I believe that in many respects, some of the bigger countries in Latin America like Mexico and Brazil have actually stumbled onto this to their great benefit.

Let me just give you, again, the example of the conditional cash transfer programs. This really started in Mexico, it was designed by an economist, Santiago Levy; it was implemented first under President Zedillo when the PRI was still in power in Mexico. It's a program that tests certain neighborhoods and if you're below a certain income level, you get a cash transfer if you send your children to school or if you're an expecting mother, you have to sign up for certain pre-natal health care and this sort of thing. Because it was designed by an economist, it actually was designed with a lot of double-blind testing and it had in mind well over a decade of econometric studies of the impact of Progresa, now Oportunidades, and the results are very positive, they're very encouraging. It has raised rates of school attendance in Mexico.

What's not clear is whether this has actually, in the long run, raised educational achievement in Mexico because if you motivate a poor family to send their children to a very bad school, then they're not going to get educated. So, there's another part to this that needs to be put in place. But clearly, in terms of just raising school attendance for poor people, it's been quite successful. It's been imitated all over the hemisphere. Bolsa Familia in Brazil is a huge program; it reaches something like 15 million Brazilian families, which, then you multiply that by the average family size and that's a very substantial part of the poor population in that region.

There are other really urgent issues. I would say that the one thing that holds the region back in terms of its global competitiveness which means that very few countries in the region have been able to achieve anything close to East Asian growth rates, is human resource development, a very poor quality of education throughout the hemisphere. Actually, rates of education over the past 30 years in Peru, in Bolivia, and in a lot of other countries have gone up very impressively, but it is a very low quality education. This is a much more difficult kind of problem to solve because it's based on kind of entrenched social groups.

So, in Mexico and Argentina, you've got these big centralized labor and teachers unions that have a hammer lock on the educational system and you've got to come up with a strategy for loosening that lock if you're going to make any progress. But it is something that has been addressed; it's been addressed to some extent already in Chile through privatization of a part of the educational system, through other techniques. It is something on the agenda that is very critical.

Other aspects of reform: judicial reform. There's a very nice book that the Inter-American Development Bank published last year called *The State of State Reform in Latin America*, and if you want a clear, empirical picture of where these different reform programs are sector by sector, pensions, health care, education, poverty and the like, it's a very good summary. There are some areas where you've made very little headway. The most crying need I think is in rule of law; there have been a lot of judicial reforms launched in the hemisphere over the last couple of decades and the results from that have been fairly meager. And I think, you know, corruption and weak judicial systems are really at the core of what gets people upset at their existing democratic governments.

In fact, Scott Mainwaring had an interesting article in the *Journal of Democracy* a couple of issues ago talking about Bolivia, saying that if you actually look at why people were voting for Morales, it was not a question of social exclusion per se because indigenous people in Bolivia had been voting in ever higher numbers over the past few decades. In fact, that's how Morales got elected in the first place, but what they're really upset about is the abysmally low quality of public services in that country. And so, if you want to increase the legitimacy of democratic governments, you've got to figure out a way to reduce crime levels, to deliver basic public goods, and social services like health and education.

Now, this leads me to the larger point about how this relates to the overall politics of the region because obviously one of the reasons that radical populism is able to make the kinds of gains it is, is by appealing in a very demagogic way to these social grievances and they've all got very powerful social agendas, or not powerful, but they've got social agendas. So, Chavez has all these Cuban eye clinics and the like, but I think that one of the reasons that it is hard for people to make headway against that kind of demagoguery is that they do not have, first of all, in many cases, an adequate social agenda to appeal to non-middle class people in their countries.

And it's driven further by a certain pessimism about the prospects for incremental, democratic reformism. And I believe that it is a self-defeating attitude to believe that you've got these really big problems and there's really no way that a democratic politician can really fix any of them, so then you are simply going to leave the field to people that come up with really bad, unsustainable kinds of solutions, which, you're now seeing a lot in the Andean region.

And I think it's important to recognize that, in fact, there is another story besides the radical populist story that has unfolded that is really not recognized, which is the success of a lot of the, especially the bigger countries in the region, in dealing with some of these problems, not across the board, but bit by bit, and to improve both the quality of democracy – and not just the quality of democracy, not just the rate of economic growth, but also the way that that economic growth is distributed.

To conclude, part of this untold story is in things like the following. In Brazil, which was classically the home of patronage politics, I believe as a result of Brazilian federalism and devolution of authority to lower levels within the political system and a

lot of innovation, there have been changes in voting patterns. Classically, especially in the northeastern part of Brazil, you'd vote for the leader, the one politician that distributes patronage. There's now serious evidence that across many Brazilian states, voters are actually punishing politicians that distribute public resources in that fashion.

In Colombia, there's been, following the '91 revision of their constitution, there's actually been a lot of very interesting experiments carried out by elected mayors in Bogotá and Medellín and other cities, to deal with gangs, drugs, and the like; it's working the way that federalism and decentralization is supposed to work. It allows for innovation, it allows for creative social policy at a sub-national level. And so, it's not just that voting rates have increased across many countries in the region, it's also that the quality of democracy, the degree of participation, and the actual services delivered have been improving. It is, in a lot of cases, not enough to counter the radical populist trends in the region, but I believe that if you do not have an agenda of this sort, and if true democrats in the region do not pay more serious attention to this, they're going to lose that race.

Finally, I'll just say one thing about Washington. It's interesting that the conditional cash transfers were actually Latin American inventions that have largely spread in Latin America without any input from this town, and I think that's fine. I think that social policy does need to be locally generated. I would say that the United States has had an agenda for the region of basically democracy and free trade; that is a fine agenda, I would not change either of those pillars. I just think that in terms of American policy and the way we talk about the region and the way that we deal with the region that we need to add a third leg to it, which is a concern for this group of social issues that are basically what poor people in these countries hoped would be the payoff from a return to democracy throughout the region.

So, I think we've got in this respect, many Latin American countries that are ahead of where the – oh, let me add one final fact, the political incentives. I'll give you one more, I think really powerful, example about why this agenda works electorally. As I said, Progresas was started under the PRI; it was vastly expanded by President Fox as Oportunidades that started to reach many, many more Mexicans. In the last election, which as you recall, Felipe Calderon lost that; he won it – (chuckles) – he won it by only 250,000 votes.

Of course, Lopez Obrador actually wanted to dismantle that program, he's of old-style, and basically he wanted more patronage-type social programs. There is evidence that about 15 percent of Calderon's vote came from poor Mexicans that normally would not vote for a PAN candidate, but voted for Calderon because they were so grateful for Oportunidades and did not want to see the left wing candidate dismantle this important social program. So, Felipe Calderon would not be president of Mexico today if they had not invested in this.

And so, I think this is the logic, and there are lots of other issues to talk about with regard to this agenda because conditional cash transfers can also be misused. I think one

of the problems with Daniel Ortega now is that he's using this program, this Red de Protección Social, to actually reward supporters and that's not the way they're supposed to be implemented. And so, there are a lot of issues in this agenda, but I believe that substantively, this is where any program against radical populism has got to devote some attention. Thank you very much.

(Applause.)

MR. DAREMBLUM: Dr. Fukuyama will take a few questions. We have a microphone on; we would appreciate the person asking the question to identify them self.

Q: Thank you; I'm John Utley with the American Conservative. What's not focused upon, for example, in your whole speech are the electoral systems in these countries and the fact that democracy doesn't always work in these places with proportional representation, and that's not focused on by our academic community. A proportional system means party lists where the bosses decide the whole party; there's not even a word for accountability in Spanish, or French for that matter, but especially it doesn't exist in these countries. And I wish you all would focus on that, and the Asian democracies do not use proportional representation. One reason they work, they're patterned on the Anglo-Saxon one, and I wish you all would focus on that more.

MR. FUKUYAMA: Well I'm actually not going to be able to join you this afternoon because I have to go back to SAIS and lecture in my comparative politics course and we talk about electoral systems, you know, quite extensively. The problem is not proportional representation per se; all of Western Europe with the exception of Britain has – well, I mean now, some of them have got mixed systems like Italy and France – but mostly Western Europe has had stable, democratic government with PR systems. There is a particular problem in a number of Latin American countries because you have a combination of presidentialism with basically open list PR, which makes it extremely difficult to generate legislative majorities. Classic cases of this were Brazil and Colombia.

Colombia, until they changed the electoral law about three years ago, the parties did not even control who could run under a party affiliation. And so, you're elected in one party and then you immediately start negotiating for a payoff to your district so the president can get his agenda through. In Brazil, you have open list PR, which means that anyone can vote for anybody and you can change parties once you're elected under one party label; no Brazilian party gets more than 15 percent of the popular vote and therefore not more than 15 percent of the seats in the Brazilian lower house. So, again, it's extraordinarily difficult for presidents to get legislative majorities.

I would beg to differ; I think actually, that if you had true close list systems where the parties could exercise much more discipline, then you would get much more disciplined voting and it would be much easier to get electoral majorities put through. And in fact, some countries have done that so the Colombian electoral reform a few years ago was precisely designed to help the parties to be able to control the way they voted. I

think all of these issues are quite important. The design of democratic institutions does affect these outcomes.

I think, ultimately that the deeper problem is the social one and the political system is just a filter by which these different social actors are able to either enter or not enter the political contestation. Brazil is a case of a country where that 1988 constitution, I think, is one of the most badly designed constitutions I can imagine, and so if I were Brazilian, there are plenty of things that I would fix in their overall constitutional setup. So, I do agree there is an agenda there; I just think it's not – you can't just pick out proportional representation and say that that's the problem.

Q: You mentioned the Washington Consensus, nowadays people are also talking about a Peking consensus, so it seems that there are different approaches. We see the situation in China, their free market reform, and probably in the future, political reform, so what do you think about the strategy, I mean, should Latin American countries try to follow? Should they have economic reform first and do you think those economic reforms will win political reforms or not necessarily?

MR. FUKUYAMA: Well – yeah, we discuss this quite a lot in my business about development strategies and there's a strong view that says that authoritarian development is the way to go and you have to sequence democracy later because only a strong authoritarian government can administer the harsh medicine that's needed for economic growth. And in Latin America, people point to Pinochet obviously as the one exemplar of this. But I think that the problem with this, as a general strategy, is that if you look at the cases where authoritarian modernization has been successful, they are almost all in East Asia. And I believe that there is a deep cultural reason why it works better in East Asia; there is a tradition of competent, technocratic, bureaucratic government there, deference to that kind of technocratic authority, and that just doesn't exist in most Latin American countries.

And so, there are very few authoritarian leaders in that part of the world, other than Pinochet, that had picked good economic policies. Look at Velasco or the Brazilian generals or you know, any number of other people that have completely, under authoritarian conditions, had completely screwed up economic policy. So it's fine if someone in Latin American can find a Lee Kuan Yew to run their country in a clean, very efficient manner, fine with me. But I just think it's hard to come across that sort of leader.

MR. DAREMBLUM: Well, there are no more questions and we thank very much Dr. Fukuyama.

MR. FUKUYAMA: Thank you.

(Applause.)

(Break.)

JORGE GESTOSO: I was coming back in the wee hours of this very morning from Ciudad de Guatemala, where on Sunday there were elections, presidential elections. Over there, I did have the opportunity yesterday to talk to the new president, Álvaro Colón, very interesting, that election. And before that, I was in Costa Rica; I was going straight from Costa Rica to Guatemala, where that referendum about the free trade agreement was taking place, another very interesting chapter in the history of Costa Rica.

I was amazed by a very interesting presentation from Mr. Fukuyama. I've been traveling and reporting on Latin America for about 20 years, the last 20 years. And many of the names of presidents and leaders of the region, I did have the opportunity and the honor to interview them, so I tend to know them a little bit personally. And I've seen Latin America quite different from some of the comments that Mr. Fukuyama was making remarks. So that makes it interesting because to have different points of view or visions about a region is always very constructive.

But first thing, I would like to introduce to you, on this very interesting panel, of "Radical Population in Latin America," Mr. Anibal Romero. He is a professor of political theory at Simon Bolivar University in Caracas, Venezuela, and has published various books and articles on Venezuelan politics and Venezuelan president, Hugo Chavez. Please welcome Mr. Anibal Romero.

(Applause.)

ANIBAL ROMERO: Good afternoon and thank you for being here. I want to thank Jaime Darembaum and the Hudson Institute for their kind invitation. I'm delighted to be here. I enjoyed Dr. Fukuyama's presentation. I thought it was interesting and enlightening. And it made me think again about the serious shortcomings of the Venezuelan democratic opposition.

I have to say, however, that it is not easy to compete with a populist with lots of money. And this leads me to a second point, which I want to emphasize in my talk. Hugo Chavez is a populist. He fits the basic criteria of what populism has historically been in Latin America. He is not, however, merely a populist. There is much more to it than that. And this is what makes him particularly interesting as a political phenomenon. If he were merely a populist with money, we wouldn't have much to say about him, his policies, and the probable consequences that would follow from them.

Being more than merely a populist is what, as I said earlier, makes him particularly interesting as a political phenomenon and makes the current political situation in Venezuela and its prospects something that concerns democratic Venezuelans quite a lot. Historically speaking, populism in Latin America has been composed of four key ingredients—frustrated masses, charismatic leadership, a messianic impulse, and the ability of the charismatic leader to provide economic and/or symbolic gratifications to the masses.

Up to now, the Chavez experience, in my view, has not produced a revolution domestically in Venezuela. What we have had in Venezuela under Chavez up to now has basically been populism. I will argue, however, two things, first, that we have had radical change, a revolution in foreign policy. And also, that we may be entering a new phase in the domestic sphere with Chavez. I repeat, until now, we have had, domestically, populism. From now on, we may be entering a new phase in the development of these political phenomena as a result of the project for constitutional reform presented by President Chavez last August. And I left Venezuela a few days ago; I have to confess; I have not kept track of events, but I think that the national assembly has not yet approved the reform. They are still discussing it.

So two things – one, we have had a revolution in foreign policy. I want to talk about its implications. Two, we may be entering a new phase domestically because until now, there has been a wide gap between rhetoric and reality in the Venezuelan situation. If any of us were parachuted onto a shopping mall in Caracas today, you could easily think that you were still in a Georgetown shopping mall in Washington, D.C. It's the same old Venezuela of conspicuous consumption, the dodge disease, the impact of oil, and a concern on the part of the government about the economic consequences of this process, if we had, for instance, a reduction in the price of oil. And even without that, the government has been spending widely and finds itself, as I'm sure many of you know, in a difficult economic situation.

What makes the Chavez case, the Venezuelan political situation, particularly interesting is that it has certain peculiarities which differentiate it from other previous populist experiences in the region. It is interesting; if you think, for instance – I'm not trying to make a comparison between these historical processes. I'm just trying to make an analogy. If you think, for instance, about what happened in the French Revolution, the Russian Revolution, the Cuban Revolution, basically these political experiments first consolidated themselves domestically and only after they projected themselves beyond their borders to other countries.

In Venezuela, we have had the opposite taking place, in that from the point of view of the international relations of Venezuela, we have had radical change under Chavez; we have had a revolution and not yet what you would expect domestically. But wait, I'm not saying that we haven't had suffering, that we haven't had problems; I'm not saying that there are not certain positive things that you may think about in the Chavez experiment although I have my doubts about it.

What I'm saying is that there has not been a revolution in spite of the rhetoric. And what are the peculiarities of the Venezuelan case? First, Chavez's self-conception or vision of his role in history, it is a magnified vision; it lacks a sense of proportion, but it is there and it plays an important role. Second, the seriousness with which he assumes his fundamental aim as stated many times and corroborated in this document, his aim being to contribute, to carry forward a shift in the global geopolitical balance of power against the United States, the West, representative democracy, and capitalism.

I'm not arguing that he can't do that, that he can't do that efficiently. I'm only saying that this is an aim that he assumes very seriously. And finally, of course, oil is peculiar to the Venezuelan case and I think has helped Chavez, and perhaps will help him, to survive in power easier than would have been the case without oil. Populism in Latin America has been, in many ways, connected to the uses or to the use, rather, of ambiguity as an instrument of politics, of finding a middle way between totalitarianism and democracy, between autocracy and freedom. What we are seeing in Venezuela over the course of the last few months and years is a narrowing of the field of ambiguity. Chavez is now about to close the door, perhaps completely, to – or try to close the door to ambiguity in the domestic arena. And it is important, in my view, that you read carefully the project of constitutional reform to understand what he wants to do.

Briefly, the new constitution embodies a new constitution and philosophy. This is not a series of principles to guide the behavior of a society, as for instance the constitution of the United States has been, in a very general way, no. The constitutional philosophy of this document conceives the new text as an instrument for revolutionary change that, as the president himself says in its preface, will be changed when the needs of the people demand so. So this is a new constitutional philosophy, the constitution conceived as an instrument for revolutionary change.

There is also a new structure of the state with a definite concentration of power, on the one hand, in the hands of the president and the proviso, and an article establishing the indefinite reelection of the president of the republic. The armed forces are defined as anti-imperialist, many anti-American, and a new strategic doctrine is set out for the Venezuelan military, quote, "la guerra de resistencia popular," or war of popular resistance. Private property is very narrowly defined and subjected to the arbitrary power of the state. A new, let's say, more rigorous, more firm conception of the state of exception and what would be allowed for the government to do in that situation is established with the suspension of fundamental rights, in case the government needs things in a state of emergency or exception is needed. And – and this is very important in my view – the possibility is opened to establishing a confederation of states with other Latin American countries, for instance, with Cuba. And President Chavez has recently been repeating this very often in his numerous speeches. He's been talking about a confederation of republics.

And this leads me to the revolution in foreign policy. Before, we were friends of the United States. Today, the regime in Venezuela considers that the United States is the enemy, the strategic enemy of Venezuela. We have had a revolution in our strategic alliances. The new Venezuelan regime – well, not so new; it's already been there for almost nine years – has allied itself closely with Cuba, with Iran, and with, and supports radical movements in the Islamic world and of course, also in Latin America. And President Chavez seems to think very strongly that he can contribute to a shift in the geopolitical balance of power.

Now, from the point of view of political theory, I think there are three or four interesting points that merit deep research about the Chavez case. I like to emphasize that

if it were merely populism, what we are talking about, it wouldn't be of much interest because populism and money go very well together. The interesting thing is, how far will President Chavez be prepared to go in his opposition to the United States, to the West, to representative democracy, to capitalism? Will he be prepared to actually put his money where his mouth is and transform, radically, Venezuelan society in the socialist direction, because the great problem he has had in the domestic front has been that there is a great gap between his intention to emulate Cuba and the Cuban Revolution and the fact that a large majority of Venezuelans simply don't want that. We already know what happened in Cuba, and many poor Venezuelans who one way or another have benefited from Chavez's social policies, still reject radically the Cuban model.

Another important point is that the Venezuelan case under Chavez shows that there are different kinds of charismatic leaders. I think, for instance, that Castro, even though I personally detest him – I think he's been terrible for Cuba and its people – is I think a serious person. I'm afraid, and I'm sorry to say, that the Venezuelan president many times strikes me as not very serious, but dangerous. I didn't know Chavez personally during my 25 years as a professor in different Venezuelan military academies, but I think I know his type very well, the Bolivarian Venezuelan army officers with a messianic impulse to produce revolutionary change in Latin America. And this is the aspect of his personality and what he still may be able to do which I think should call our attention to the Venezuelan situation.

Third, another point I like to emphasize has to do with the question that Professor Fukuyama formulated, how can you combat against a populist with money? In Venezuela, there are two challenges for the democratic opposition. One has to do with social policy, how to respond to all of these programs that Chavez has introduced for the poorer Venezuelans and which may have increased their disposable income in the sectors called D and E of our population. They have not created stable jobs; they may not be sustainable; they have come at a price in freedom and democracy, but they need to be countered. And smart social policy is something that the Venezuelan opposition needs to develop. But the main challenge for those in Venezuela who believe in freedom and democracy is precisely the issue of freedom.

Fourth and finally, the Venezuelan case is, I think, extremely interesting in its implications for the inter-American system and the problem of freedom and democracy in the region. It is the problem of what will happen to Venezuela and what has happened to it is for us Venezuelans to face up to and resolve. I am not one of those who thinks that others should solve it for us. But still, there exists something called the inter-American democratic shutter. And in the past, and I have to say this, Venezuela was during the '60s until the '90s, a refuge for persecuted Latin Americans who fought for the cause of freedom and democracy.

In my university, the Simon Bolivar University, I still remember seeing dozens of professors from Chile, from Uruguay, from Argentina, from Peru being received very generously, given jobs and all kinds of support. I still remember that it was the Venezuelan government the only one that protested when President Fujimori carried out

his coup in Peru. It is a sad fact that badly reflects on the inter-American system that so little has been said and done, not for the Venezuelan democratic opposition, for democracy in Venezuela. And I cannot understand why the secretary general of the OAS has been so passive while democracy in Venezuela is being dismantled.

Until only, and I will conclude with this, until only a few years ago, one came to this country and what one heard was talk on the importance of democratic institutions, of individual liberty. Today, what one hears is talk about smart social policy. I do not think these two things are contradictory. I think they come together, but I would finally point out that we must not forget that, at least in the Venezuelan case today, the issue of freedom and democracy is, to many of us, the most important one. Thank you very much.

(Applause.)

MR. GESTOSO: Thanks very much, Professor Anibal Romero. And now, I would like to introduce Dr. Julio Cirino. He is going to be talking about populism and violence, Argentina and beyond. Julio Cirino is a historian, journalist, and director of international relations with the Fundacion Pensar, in Buenos Aires, Argentina. He has published numerous articles and books on Latin American politics, international relations, and security affairs. Please welcome Dr. Julio Cirino.

(Applause.)

JULIO CIRINO: Y además, una vez, compartimos cámara con Jorge.

MR. GESTOSO: A veces.

MR. CIRINO: A veces. Quiero empezar usando la lengua de Cervantes para agradecer muy especialmente a mi querido amigo, don Jaime Daremblum, cariñosamente, Jaimito, por haberme invitado hoy. Espero que esto no te cueste tu trabajo.

I will try now to move – no, turn it off – I will try now to do the best I can with the poor Shakespeare. Do you have 10 dollars? Okay, then we can talk business. What I am about to share with you, and I am grateful that I can speak after my dear friend, Anibal Romero, because he take the monkey out of my back since he already dealt with Hugito. So I can't concentrate in an idea that I start thinking about two years ago. But since I am kind of a slow thinker, the pieces of the puzzle began falling in place on a specific date.

It was in May 2006, when I read something that I would like to share with you. Don't worry, it will take no more than a minute or a minute and a half. And it's an interview, two persons in this dialogue, and allow me to hold until the end of what I am about to read, who are those two persons. A caveat – the original is in Portuguese, so if I do a lousy job going from English, from Spanish to English, going from Portuguese to

English is going to be even worse. So I will do my best, but hold yourself. Here is the dialogue:

“Are you part of the PCC?” The PCC is the Primeiro Comando da Capital, which is the most important narcotraffic organization in Brazil these days.

Answer: “More than that, I am a signal of the times. I was poor and miserable. You never looked at me. Now, we are rich with the narcotraffic multinational operations and you are scared to death we are the trigger of your social conscience. But the solution is – ”

“Solution? There is no solution brother. The idea of solution is a mistake. Are you afraid to die?”

“You are the one afraid to die, not me. You can’t get into the jail and kill me.”

“But I can order your death very cheap.”

“We are a new species. We are different bichos.” I don’t know how you translate bichos to English. It may be bugs, but – “different from you. Death for you is a Christian drama in a bed because of a heart failure. Death for us is every day’s food. There are no more exploited or proletarians. There are a third thing growing out there, cultivated in the mud in the city corners. There is even a new language. This is the time of the post-misery. It’s a new killer culture,” una cultura asesina, “help by technology, satellites, cell phones, Internet, modern weapons. It’s the era of shit with megabytes. What changed in the barrios? Money, now we do have it. Do you think that a fellow with \$40 million did not command respect? Why with \$40 million, jail is a hotel, an office space. We fight in our own turf. You do it in a foreign land.”

And at the end, he says, “There is no more normalcy. You need to do a self-criticism, auto-crítica, of your own incompetence, but to be honest, to be serious, we are in the center of what can’t be solved.”

What I tried to translate for you is an interview that Diario O Globo from Brazil made on May 23, 2006 to Marcos Camacho, better known as Marcola. Marcola is the head of the Primeiro Comando da Capital. And the estimation, the most conservative estimation, is that he has 25,000 men under his command with approximate budget of \$50 million a year. Of course, his business is cocaine and weapons, weapons and cocaine.

And my comment, my initial comment, was that that interview triggered in me the idea that we are again missing the point. At least in Latin America, terrorism as Washington sees terrorism, Islamic fundamentalist terrorism, is just one component of a much more broad problem, the feeling that we have of insecurity and violence related with populism. Caracas or Sao Paolo, Buenos Aires or Rio de Janeiro or Santiago, Santiago de Chile, show a growing tendency to small anarchies that, in a certain way,

remind me a lot of Robert Kaplan, “The Coming Anarchy,” even if he didn’t almost even mention Latin America.

There is a recipe that some people that don’t know very much about Latin America say is, okay, you fix the social problems, you fix the social inequalities, and everything is going to be fine and dandy. Yeah, maybe. Now, since Aristotle, economy is the son – well, I don’t know if it’s exactly the legitimate son – but it’s the son of philosophy and politics. So the problem in its roots is philosophical, then political, then economical, and then social. What I’m implying is in no way means to deny the existence of social problems. I live in Buenos Aires, so I’m perfectly aware of that. What it means is to put an order because either way, we may think that populism, which is basically a project, a vision of the future that is basically political. I did not accept to call populism philosophy; well, if you want, can be reduced just to a question of social problems. With social problems, you are not going to finish with populism, not at all, because it’s a project of power.

And the other reflection is, I don’t like very much the idea of talking about Latin America facing models. You know, I should just leave the models for the math, for the, you know, the mathematical people. Let’s work better with what are different visions of the future. And I think that’s where the road splits in different visions of the future. And if you think carefully, when I was listening to Anibal talking about Hugito, what Anibal was telling us is Hugo Chavez’s vision of the future for Venezuela. Is that it?

Now, here is the problem, my friends. Hugo Chavez has a vision of the future for Venezuela and for the rest of the region and I’m sorry to say, for the U.S. also. Now, if we think that our thinking is the right one, if we think that we have better ideas, if we think that we have better ideas, if we think that our project is much better than his own, why in Christ’s name we don’t win elections? Can you tell me? Perhaps, perhaps because Hugo Chavez understood we don’t understand, until now at least, which is that the way politics is done changes and changes a lot. And changes a lot in the sense that politics and who win or lose elections became a consequence of images more than ideas. You can work the ideas with the elite; you can work the ideas with the people that think about ideas. But if you want votes, you need to generate images. And Jorge will not allow me to lie about the power of images. It is a question of images.

I mean, I’m not talking about Southeast Asia; I don’t know Southeast Asia; I know Latin America. In Latin America, you manufacture a victory in elections based on two things, money and images, and that’s it. My comment taking me off another idea that I would like to share with you, that is, how we are facing the growing problem of violence in Latin America and the relation of that problem with my visions of terrorism. Can you turn it on now?

I promise you, we aren’t going to die through an overdose of PowerPoint. It’s just two; I swear. I mean, what has been working, and this is a draft in progress, is that the center should be – the center of the graphic should be violence in all their forms of intensities and not terrorism, as many people in Washington think. And again, my caveat

is that I am talking about Latin America. Someone may raise his hand and say, well, you know, in Afghanistan it's a totally different thing. Yes, yes, I know, but I am not talking about Afghanistan; I am talking about Latin America. Why? Because violence is the nexus that has connected the different problems that some people like to call the new threats that are threats that are older than my grandma.

And that connection happened in the middle of a heavily, heavily influenced media as – how do you say in English, *el medio donde algo flota*, Jaime, environment puede ser? In an environment where the visual mass media is all over, and you notice that tendency growing since Vietnam. I mean, every time technology goes further ahead, the more visual, the more immediate violence became. And I can prove it to you in a second; you know this. I can put you on the air in two seconds. I mean, what is happening now is that policies and politics are becoming more and more digital and violence is quite good in terms of attracting the attention of media and visual attention.

What I want to point out is that on one hand, there is a very close relation between populism and the rise of violence basically for two reasons. One, because there is a growing tendency in the society, some people will say, feed by social inequalities. And I will say, yes, that's the case. But I would like to highlight, feed also by a political vision that is trying to elaborate a new way to reach, to grab power, and to stay in power without the old '60s and '70s ideas of the social revolution. And this is, this way, is using democracy to defeat democracy. And it's not new either.

Now, let me finish with just a couple of ideas on how violence is changing in the region. There are many things that I can highlight, but I will concentrate in two because it strikes me very much as relevant and as new. I was, about eight months ago, I was doing an interview for TV in one of our villas, which is the equivalent of the favellas in Brazil, shantytowns, gracias, Jorge. And I listened to a dialogue between two persons that have nothing to do with my work. A gentleman told to a woman that apparently was his wife, I'm leaving to work, *me voy a trabajar*. You may say, and then, what? The police that was sitting side-by-side with me and taking care of the cameras and all of the equipment so we return out of the villa with the cameras, touched me with his arm and say, you know what is he going to do? I said, I have no clue.

Oh, he is going to steal cars. That's his job. *Es un ladrón de autos*. *Él sale a robar*. What strikes me as very interesting is a social phenomenon where crime is, A, becoming socially accepted, B, if you looked at this process 20 or 30 years ago and you were a criminal, you will never tell your family what your job is. Now, and among the young people, it's a reason to be proud, say, okay, I mugged an old fellow, 80 years old. I kick him very hard, I killed the guy, and I got five dollars. That is the tendency to violence that concerns me a lot and that in the logic of populism, should not be punished by the law.

Why? Because crime is a social equalizer. And since we are living in a situation of social injustice where the distribution of riches is not fair, the guy that goes and steals from the rich is, at the end, equalizing the situation. It's a kind of underdeveloped, Latino

Robin Hood, Hood Robin. But this is going on in Argentina, in Venezuela, in Brazil, in Mexico, in Central America, and in the States now, because you have the Maras that are coming to visit you. I recall with this coming to visit you, I recall an old signal that I saw in Paris in 1975, '76, that says, visit Moscow before Moscow visits you. I may relate that with the Maras problem. You already have the problem at home. And tell you what, there is no gran muralla china, the great Chinese wall, that will stop that. It's not going to happen.

And just one example and I swear that I finish with this. Just one example of the result of watching the phenomenon and saying, well, as government, we can or we should do nothing about it. In Paraguay, there is a social habit – no offense to Paraguayan citizens – that is called the auto, the car, mau, M-A-U. The mau is a car that circulates in Paraguay that everybody knows that is a stolen car and has papers that allow the car to circulate through Paraguay. Don't take it out of the borders of Paraguay because that car is a car that has been stolen either in Brazil or in Argentina or in Chile.

Well, this phenomenon of the mau car has been going on for, I will say, 10 or 15 years. And well, you know, it was a kind of social habit; it's just a car; the insurance company will pay, yeah, okay. But since two years ago, young people start getting involved in stealing these cars, usually nice cars. I mean, they were not going to steal an Escort of '62, no. They usually steal the four-by-fours and the nice cars. And in a question of 10 hour or 15 hours, they are in Paraguay and became a mau car.

And by the way, if you go to Paraguay, I do have a friend that can give you a nice Mercedes-Benz in about \$10,000. Then, you must stay in Paraguay. But seriously, young people got involved in this activity. And you know what? The social problem here popped up. They get the nasty habit to kill the driver to steal the car. And now, we have a new problem which is car stolen and people getting killed. That is the problem of growing violence. And the problem that violence if you don't stop it is that violence feeds on itself. Es un – it's a process that – ayúdame, Jaime, cómo dice retroalimentación, que retroalimenta? Feedback? – feeds back on itself. And that is something that is happening to us now.

So my conclusion is that the violence problem is becoming the problem for Latin America and the problem for the U.S. And I would like to finish showing you one last graphic. Can you connect the last one? No, the other one. No, it's in the other file. This is the operation of populism in terms of promotion of this idea, how the cycle feeds on itself. And the promotion of populism blaming the neoliberalism – that nobody knows exactly what the neoliberalism is, but it's a real bad thing – to get the founding to influence the people in the academia, to influence the media, to influence the public, to influence the government, and close the cycle. This is the cycle that we should try, politically, to break. And as I promised, thank you very much.

(Applause.)

MR. GESTOSO: Thank you very much, Dr. Julio Cirino. Is it open the mike, yes? In order to stimulate the discussion because I would like really to get a good sense and perspective of the whole subject of radical populism in Latin America, I would like, because that's basically my philosophy as a journalist, every single story, every single coin, has two sides. And in order to stimulate this debate, I would like to bring also the other side of the coin so we can eventually have another element to put in perspective what I believe that is a subject that we are discussing today. And I was mentioning to you that very early this morning, like at 2:00 in the morning, I was coming back to Washington from Guatemala, where on Sunday was the runoff of the presidential elections. And I am willing to share with you because, for me, it's pretty representative of what is exactly the typical situation in many countries of Latin America; I wouldn't say all of them.

There was a political campaign, the supreme electoral tribunal was allowing \$6 million as a maximum to spend on the campaigns. The two candidates that went to the runoff, at that point, were spending \$20 million, three times more than was allowed by the law. In Guatemala, you have 13 million people, the population, eight million out of the 13 are indigenous people. There was just one indigenous candidate; her name is Rigoberta Menchú, a Nobel Laureate. She was spending \$300,000. She was getting 3 percent of the vote against \$20 million. In Guatemala, you have 66 percent of people living under poverty, 90 percent of them are indigenous people. In Guatemala, one child dies with causes related to hunger every five minutes under five years of age.

The observer of the European Union that went to observe the election was saying that the drug traffickers are absolutely inserted in the political parties of Guatemala. Rigoberta Menchú says that politics are conducted by mafias that include narcotraffickers, the business elites, and some other mafias. In Guatemala, you have almost a record of sales of helicopters. Bell has an office there. The elite travel in helicopters. And we are talking, there was a democratic election on Sunday in Guatemala. Going back to the definition of the word democracy means the government of the people. It's up to you to decide if you believe that what we have witnessed in Guatemala 48 hours ago was a process where the people, the 13 million people of that country, was participating in the destination of the country.

So what I want to bring before opening the discussion, that I think that we really need to bring up this afternoon is, when we are talking about populism, we are seeing one frame of a picture. And we are putting all of the energy this afternoon in analyzing that frame of the picture. But we are talking about a movie that was already starting a few minutes, years, even centuries ago in Latin America. Probably, what we are seeing in Latin America about populism is like a pendulum that one extreme is feeding another extreme, and that it's going back and forth. So what I would like to, for example, Professor Anibal Romero just to start the discussion, is to bring that you were mentioning in your session.

And after that, we can open the discussion with your participating. Dr. Romero, you said, "smart social policy is something the opposition needs to develop in

Venezuela.” And then, you mentioned that its already like nine years of the government of President Chavez. Quick question, it’s taken nine years to start to react to develop the smart social policy. What’s going wrong that if you are seeing the situation really bad as you are painting it, the opposition is not organizing and reacting and letting the country go in a direction that you believe that is really not really what would be the best?

MR. ROMERO: That would be your first question?

MR. GESTOSO: Yes.

MR. ROMERO: I also said that it is not easy to combat a populist with lots of money. I see this particular problem on two levels in Venezuela. One has to do with an electoral system and what elections have become under Chavez. The other has to do with the shortcomings and the difficulties of the Venezuelan democratic opposition to present to the pure majority a credible alternative while they are receiving handouts from the government. And they see somebody with the checkbook, ready to sign it.

The first problem is that there are no free, fair, and transparent elections in Venezuela anymore. And that is something that I want you to be clear about. We cannot trust the electoral system any longer. President Chavez has made sure that he either wins or wins. So this creates a very difficult obstacle for democrats because what do you do? How do you – before, we had bad governments that mismanaged the economy and didn’t pay enough attention to the problem of increasing poverty in Venezuela.

But we could change those bad governments through peaceful means. Now, we have a government that cannot be changed through peaceful means. That is one aspect of the problem. The other one has to do with the development of what Professor Fukuyama called smart social policy. I’m not an expert on the matter, but I can figure out that it is not easy to develop smart social policies, because if it were, we would have done it; we would have already done it in Latin America and things would not be as bad as they are.

But let me mention an example that recently took place in Venezuela in the elections for the presidency in December of 2006. Chavez proposed that he would continue with his social programs which are, most importantly, the so-called misiones, or missions to which several millions of Venezuelans are – to which many millions of Venezuelans subscribe to. Okay, the opposition candidate, you know what he did? Which was his social offer to the Venezuelan people? To compete electorally against Chavez, and he did quite well, considering the circumstances. He got about 40 percent of the votes.

He proposed to give each Venezuelan a kind of debit card to get every month from the ATMs money without doing nothing else, just being a Venezuelan. I mean, this is populism gone mad. This is the extreme case of an oil state corrupting the mentality of the people and breaking up the crucial link between work and well-being. But apparently, it was quite efficient. It was quite efficient. So what to do next? From the political point of view, the dilemma is quite clear. It’s a difficult one. We will be

probably facing it again next month if we are called to participate in this referendum on the constitutional reform. And the debate is on between those in the opposition who say, we have to vote no matter what, and those who say, there is a matter of principle here. We cannot vote if they are asking us to put an end to our basic rights.

And there is a pragmatic point here involved. There are those who say, we better vote to create a difficult situation for Chavez. But the problem of developing a better, more convincing, more credible social policy to compete with Chavez is still very much on the side.

MR. GESTOSO: This is going to be a joke about Venezuelans. Last time that I did have the opportunity to put a question to Mr. Chavez was in an Ibero-American summit in Argentina, no, the summit of the Americas, where President Bush was attending. And it was pretty convoluted at the end. So he gave a press conference, and I said, Mr. President, would you please, in about one phrase or 20 seconds, give us a basic summary of what happened? It took an hour and 20 minutes. So I don't know if a Venezuelan can give an answer in less.

Just to be an equal opportunity offender and playing the devil's advocate here, a question to Dr. Cirino now. You were talking about violence from Uruguay and the Archbishop of Uruguay, his name is Cotuño, was having a phrase that he says, unemployment is a form of violence. When you are living and you are talking about free trade or the importance of trade, many times, we are pretty naïve when we are not in the little nitty-gritty in the details of how it works. Most of the developed world, the developed countries like the U.S., the European Union, Japan, they are really offenders in terms of using subsidies to their economies. When they cannot compete, they use subsidies. And subsidies accounts for trillions of dollars a year in order to defend the French, the farmers, the Japanese almost are the worse. In the U.S. with the free trade agreement, what is called CAFTA, the Central American Free Trade Agreement, there are a lot of subsidies defending the U.S. sugar growers, small little niches in some parts of the countries, but they wanted to make sure that in that agreement, those sugar cane growers are defended.

MR. ROMERO: But they wanted to make sure that in that agreement, those sugar cane growers are defended. You have to understand that context, again, playing devil's advocate to understand that when first world workers are being defended by a subsidy, it's letting, for example, a Latin American agricultural worker out of work and that person is going to feel that unemployment like a form of violence. In that context, when populist speeches come to those people, they will sound very attractive.

So, basically you have to understand that sometimes, again, all of those extremes are feeding each other because the perception is what, here, you know very well and everybody knows, I'm sure here, in Washington. Arturo Valenzuela, the director of Latin American studies of Georgetown University, Arturo said something that, for me, is very interesting. He said, democracy hasn't failed in Latin America; everybody still believed that democracy is the best way to organize their countries. What it did fail, the

perception of many Latin Americans, are the politicians that was having the responsibility to make democracy work. And because of that failure, I believe that those radical populists have come up to the scenery.

So, my question to Mr. – I look like a Venezuelan, I give long speeches – (chuckles) – the question is, you're mentioning violence, but that violence could be interpreted as a result that the governments of those people were not taking care of their social needs and therefore, they appeal to that. How would you answer that, the best way to resolve the violence is what?

MR. CIRINO: Use the law, use the law; there are laws that exist and need to be applied. Use the law because one of the big lies that populism sells to us is that need creates rights. So, since I need a watch, I will hit Hymeeet (ph) on his head and take the watch. Why not? I need it.

MR. GESTOSO: We open the panel for discussion questions. Yes, and I would like you to please tell us with which organization are you, please?

Q: Diana Negroonte from the Brookings Institution; this is a question for Professor Romero. Professor Romero, you claim that the international aspects of the Venezuelan Revolution have been completed, namely the anti-Americanism, the alliance with Iran. And then you make – you distinguish it from the revolution on the domestic issue, which you said is in process on the issue of the constitution.

I would argue that the two go in parallel, hand in hand, and that a fifth factor for the populist is the mobilization of nationalist sentiment, such that the foreigner becomes a scapegoat and that the populist leader, whether he be Fidel or Juan Peron or Hugo Chavez, must cultivate that foreign enemy because it's so easy.

So, my question to you is, are we in the United States responding appropriately, or are we rising to the bait?

MR. ROMERO: You mean, responding appropriately to the Chavez challenge?

Q: Chavez's anti-Americanism.

MR. ROMERO: Yes, well let me – thank you for your question. Let me say first that I believe Chavez's anti-Americanism, although it plays an instrumental role that you pointed, it's genuine. He's truly anti-American. He hates the United States. If you want to know why, I think we have to read or reread the book by the Venezuelan Carlos Rangel, *Del Buen Salvaje al Buen Revolucionario*, I think that book explains everything what is in Chavez's mind with regard to his anti-Americanism.

I think that right now, the United States is doing what it must with respect to the Venezuelan case. I personally would like it to do more nor less. It would be a mistake to go beyond. A deep concern about Chavez's relations with the Iranians and the extremist

Islamist groups which have bases in Venezuela, particularly on the island of Margarita. Chavez does not appear yet to be a significant security threat to the United States, but that might change. That might change because of Chavez's involvement with the Colombian guerrillas, because of his intervention in other Latin American countries for purposes of destabilization, and for what, I think, he wants to do with respect to the forthcoming Cuban transition, if it occurs.

And I'll finish with this: Chavez is supporting the most radical elements within Cuba, those who want everything to remain the same after Castro dies. And that could lead him, eventually, to participate and intervene more directly in the Cuban evolving political scenario.

MR. GESTOSO: Other questions?

MR. CIRINO: Let me say one word on that concerning the question of the lady. What I would challenge is the idea that the U.S. administration has a policy to Latin America. I think that there is no such thing as a policy and my highlight on that is if you look at the Latin America-U.S., or U.S.-Latin America relation, we must ask ourselves, who's fixing, who's setting up the agenda? Who's setting up the agenda? And I think that that will lead to an answer of what we need – we desperately need a policy.

MR. GESTOSO: More questions, comments? Yes?

MR. CIRINO: Margaret, what a pleasure having you Margaret.

MR. GESTOSO: Please, no editorial comments here – (chuckles).

MR. CIRINO: Well, but I –

Q: Thank you, thank you very much. I'm Margaret Daly Hayes and I'll wear my Georgetown University Security Studies hat for this question, thank you – (chuckles).

MR. GESTOSO: Could you please put your mike a little bit closer? Thanks.

Q: My question is also for Anibal. One of the perplexing things for us who observe Venezuela has been the apparent inability of the opposition to come to grips with its minority vote and to begin to collaborate in a project that might be modeled upon the Concertacion of those Chilean friends of yours. But we're told in the polls that maybe 40 percent of the public is strongly in favor of Hugo Chavez; maybe 40 percent is strongly against and 20 percent are up for grabs. And that would seem to suggest that this opposition would have a constituency with which to build.

I wish you would comment on that apparent inability of the multiple opposition parties to come together. And, in that context, do you believe that it was an error for the opposition not to compete in elections and therefore have at least some representation in the parliament and how do you see this playing out into the long future? Thank you.

MR. CIRINO: Thank you for your question. How does one explain the absence at a particular historical conjuncture of able and credible leaders? I cannot explain it. The old parties have died; the new ones have to be born and they haven't yet. I wish I could say more, but I cannot. It's as simple as that. I mean, we don't have credible – we don't have Corazon Aquino, a Violetta Chamorro; we haven't found our man or woman yet to lead the democratic struggle credibly against Chavez. That is a fact. It may or may not change in the coming months, I don't know. The new element in the field, in the political field of Venezuela is the active involvement of the university students protesting against the regime. That is new and may bring about interesting developments.

One word – I'm sorry, Jorge, one word about the second part of your question. Was it a mistake not to participate? I don't think it was a mistake because the electoral system is based on an institutional front. There is a matter of principle involved here and I think that principles are important in politics.

MR. GESTOSO: Because we're running out of time, we're going to just allow one question, and you are asking me the question here, I'm sorry. Yes? Go ahead, Mr. Ambassador.

Q: Thank you very much for your comments, this has been very interesting –

MR. GESTOSO: They're coming with the mike.

Q: Dr. Cirino, you mentioned that we are witnessing the phenomenon of democracy being used to defeat democracy, we saw that in Mexico, we saw it in Ecuador, we saw it in Bolivia. Of course, Venezuela is the greatest of all examples. We are seeing it in Costa Rica, by the way, and that's why I was curious about asking this question. I am from the embassy of Costa Rica, by the way.

I would like to ask you what is the latest thought, what is being said, to combat this position of using the democratic system to participate in the democratic system and to run for office and if you're not successful, then you try to defeat or discredit a democratic system. How can we cope with that phenomenon?

MR. CIRINO: Thank you very much. It – your question almost automatically reminded me of a wonderful article that I read some years ago signed by Robert Kaplan, and the article was titled Was Democracy Just A Moment? And to resume the article in a nutshell, Kaplan says that thinking that democracy is the form of government that will govern us forever is another form of determinism. And philosophically, he's right. He's right. What I see now is forms of pursuit of democracies that keep the name of democracy because of the Character Democratica – (unintelligible) – but that really did not follow, in any way, what we should stand for, which is the republican values.

And I'm not talking in the American sense of republican; I'm talking in the sense of republic. And if you test those seeming democracies through the list of republican

values, you will find out that they are not really democracies. They keep the name, but they are what I call empty shell democracies.

MR. GESTOSO: Thank you, Dr. Cirino. Well, we're finishing then this discussion. We want to thank you very much, Professor Anibal Romero, Dr. Julio Cirino, and we would like now to introduce our closing keynote address by Dr. Luis Rubio, who is coming from New York, really – we were really praying that you were arriving on time, so I would like you to please welcome Dr. Luis Rubio that will talk about Mexico, old and new populism.

(Applause.)

LUIS RUBIO: Hello, good afternoon. I was praying for to be here just as well, but the plans did work.

I'd like to talk a little bit about how I see populism in Mexico. Fortunately, for the experiment of Robert Geraldo (sp) last year that might not be failed in the longer term, but that's for history to tell.

Let me start with an analogy. Leo Tolstoy might have argued that all successful experiments of populism are alike, but all failed attempts are different. The problem is that there are no successful experiments of populism. At the end of such experiments, real incomes in Mexico and the crop of experiences in Mexico and most of the rest of Latin America, real incomes are always lower. Mayana Rondonay (ph), a very keen Argentinian observer and essayist, says the 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 all been fighting for power through democratic means, and in that sense that's a break from the recent past because ultimately they are responding, in my mind, to real economic circumstances, no longer to repressive governments as was the tradition or the trend 15-20 years back. Equally significant, recent experiments in populism have not been associated with unions or other social organizations. A lot of sort of those bases had nothing to do with the traditional way to structure a social movement. Rather, they were typically grown in urban areas where social fragmentation is the norm.

In Mexico, the rise of populism over the past decade is directed to economic collapse, to the crisis of 1995, as we call it, that not only impoverished the middle classes but also enraged the people for the way the government dealt with the banking rescue. Together, these two circumstances produced a – (unintelligible) – which a charismatic leader could exploit and take advantage of the opportunity. In one word, it was actually reality that made populism possible, not the other way around.

My sense is that populism is not born in a vacuum; otherwise that would not be a trait of very specific types of nations around the world. The fact that it is not means that it is possible to be born in a number of ways. Essentially, populism thrives where there is

a ferment of disconnect between the people and the politicians running the government. Lack of representative government, which has become the norm in Mexico; lack of workable checks and balances are perfect conditions for populism to thrive. The big products of forces of populism is originated in the discontent and the disconnect of the people with the government, but where the proposed solution is more government or brokered by charismatic leader.

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

The leader in any populist movement is critical; that's where the power ultimately stops. Populism requires an individual capable of exploiting, if not creating, this sort of opportunity. Needless to argue, most populist leaders are 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 where the true are imagined that various, often unspecified political or government actors, neoliberals among them, had inflicted among the people.

My perception is that the key in Lopez Obrador's emergence over the past decade has to do surely with social inequalities, but it is the perception that only a few benefit from the government or from reforms proposed by the government that turns out to be the 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 this movement possible and for it to take root: first, poor economic performance; second, concerns about competition from viewpoints on globalization; third, very representative political parties; fourth, a charismatic leader capable of exploiting the situation; fifth, a poor and ineffective political leader in the person of Vicente Fox, the president at the time; and ironically, sixth, economic stability.

The latter point is very important because it made possible for the movement's ascent. People saw that there was no immediate economic risk so they could take a chance, but also because it proved to be the cause for Lopez Obrador's failure. 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 voters to defeat the populist candidate.

At heart, populism is a rebellion against the establishment that sees the state as a solution to the country's problems. In Mexico's case it was the mix of all realized expectations and economic crisis, as well as a bloated and inefficient bureaucracy that created the conditions that made possible for Lopez Obrador to find and later consolidate his political movement.

What's interesting is that at least half of the relative success of the movement had to do with actions or decisions that were made by actors other than the groups supporting him, and particularly by those that opposed him. The case of *desafuero* I'll come to in a minute is a case in point, the attempt to derail his candidacy through legal charges. In general terms, Lopez Obrador succeeded in nurturing his movement thanks to two circumstances, one that is probably too general and difficult to tackle, the other is very specific.

Ever since Mexico's government began to legalize the economy back in the mid-'80s, 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 a compass adjustment of both fears in people, the – (unintelligible) – environment, planted the seeds for the movement to thrive and continues to do so. Then came the revolution of '95, and with it the sudden halving of 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. The interests then went up from about 20 percent on average to about 180 percent, shattering not only the families' patrimony but their expectations as well. And that's at the end of the day probably the single most specific cause of Lopez Obrador's emergence.

Lopez Obrador exploited that situation to its utmost. He criticized economic policy that had made it possible for so much impoverishment to have happened, exploited the conceived an extremely costly bank rescue, and offered what the government would not: a promise that there could be better ways to increase the rate of economic growth or protecting the people's jobs and patrimony. It didn't matter that this was true or couldn't be done; the question is that he was the only politician offering something different, not something more of the same.

To make matters worse, in a country characterized by an odd mix of lawlessness and the rule of law, the establishment decided to exploit the legal infraction that Lopez Obrador was responsible for. But 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*, which is more or less impeachment but also disqualification for running for office, the travesty that it was and Lopez Obrador gained further popularity. Some people calculated that he gained about 15 percentage points in just that particular case.

The failed populist experiment of late will probably not be the last. In contrast with previous experiences in both the '30s and '70s, the movement headed by Lopez Obrador was competing with 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 '95 was still 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 fact that circumstances that make it possible for such a movement to thrive.

The real issue, in my mind, lies elsewhere. The notion that a series of reforms or actions, a checklist as it were, would 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 are to face them successfully. And by that, I mean to simply compete in an open economy. It boggles the mind to expect that people facing overwhelming odds against will have the imagination to break away from ancestral and often – (unintelligible) – ancestral forms of producing or doing things. Furthermore, special interests of all kinds 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, I am not arguing for that; it is impossible for anyone to succeed. All I'm saying is that in this context the space people relate to, and in which they have to work, makes it extremely difficult for them to change. In a way, Mexico has a perfect laboratory experiment because there are plenty of Mexicans living in the U.S. to compare how they perform in one country vis-à-vis the other. Mexicans living in the States often are from very poor regions of the country, and having lived under the same shadow have also known such difficulties and often turn around to become amazingly successful in all walks of life; context is critical. The fact that they can be successful in the U.S. means that there are fundamental structures, institutions, ways of doing things in Mexico that make it impossible.

The context in the U.S. makes it so easy to excel; the context in Mexico today is not conducive to such opportunities, all of which goes to confirm that populism is not inherently Latin American as a 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 in my mind suggests that that is about to change any time soon, even though some countries may do better than others.

Thank you.

(Applause.)

MR. DAREMBLUM: Dr. Rubio will entertain a few questions. Any questions, comments?

No questions? It was very clear, very good.

I would like to announce, and I'm taking time for a little commercial here, that we're going to hold an event on November 15<sup>th</sup> in which Secretary John Walters, the drug czar of the administration, will speak here about "Cocaine Crossroads: Progress from Columbia, Challenge from Venezuela," on the 15<sup>th</sup> at 8:30.

Thank you very much. We appreciate Dr. Rubio's intervention, and we thank you all for having been here this afternoon.

(Applause.)

(END)