

## **Neo-Liberal and Socialist: Lessons from the Ricardo Lagos Government for Leftist Leaders in Latin America**

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As Latin American countries increasingly show symptoms of discontent with neo-liberal policies and voters support leftist leaders opposed to neo-liberalism, the socialist government of President Ricardo Lagos in Chile (2000-2006) stands as a notable exception of economically and politically successful leftwing commitment to neo-liberalism. Having led one of the countries with the strongest economic growth in the region in the past years, Ricardo Lagos also successfully combined a social democratic set of policies—and rhetoric—with an outstanding fiscal discipline. Lagos's impressive approval ratings, especially in his last year in office, underline his political success and the wide popular acceptance of his economic policies. The electoral strength of the *Concertación* coalition—which partially helps explain Michelle Bachelet's presidential victory in January of 2006—also supports the view that President Lagos successfully combined neo-liberalism and socialism—or at least social-democratic ideals. Under the *Concertación's* watch, poverty in Chile was reduced more so than anywhere else in Latin America. In addition, a number of social programs aimed at lowering inequality in the long term were strengthened during Lagos' term. Unlike other leftist governments in Latin America, President Lagos' tenure was unequivocally successful. Here, after justifying and qualifying the definition of Lagos as a socialist president, I discuss the reasons that explain his personal success and the renewed strength of his center-left multiparty coalition. I argue that President Lagos's high approval ratings are evidence of his success but also largely help explain the center-left coalition's presidential and parliamentary electoral success. I then discuss the situation of four other Latin American leaders—President Néstor Kirchner of Argentina, President Alejandro Toledo of Peru and President Vicente Fox of Mexico—analyzing their standings in polls and their approval ratings. Those four leaders ruled contemporaneously with President Lagos and represented a wide ideological spectrum, with Kirchner and Lula situating on the left, Toledo claiming to be a center-leftist and Fox positioning himself on the center-right. I highlight the differences between those leaders and Ricardo Lagos. While the rest of Latin American presidents experience either low approval ratings or poor economic performance, Lagos is a left-leaning leader who has successfully combined the promotion of a healthy economic environment with good approval ratings. I then discuss the limited lessons that can be drawn by other leaders (leftists and non-leftists) and applied to other countries in the region. I finish by highlighting the combination of personal leadership qualities and institutional arrangements that have allowed Chile to enjoy a successful leftist government both in terms of economic results and in terms of popular support.

## **Ricardo Lagos: A Socialist Leader**

Although many have claimed that the Chilean *Concertación* has adopted and embraced policies associated with neoliberalism and free market economics (Petras 1999, Petras and Silva 1994, Oxfhorn and Ducatenzeiler 1998, Collins and Lear 1995, Winn 2004), the identification of the Chilean *Concertación* with a center-left ideology has not been questioned. To the contrary, it has been highlighted that Chile's left can be seen as an example to be followed by other leftwing parties in the region (Castañeda 2006, Navia 2006). It is certainly debatable to what extent the policies implemented by the Chilean left can be easily adopted by other leftist groups and, moreover, it can be argued that the Chilean left defends some policies that are more associated with the right in other Latin American countries. Yet, the fact that the *Concertación* self-identifies as leftist, the fact that other parties in Chile see the *Concertación* as leftist and the fact that most observers and other parties elsewhere define the *Concertación* as leftist justify the leftwing label that I attach to the Lagos government and the *Concertación* coalition in this chapter.

Former President Ricardo Lagos (2000-2006) will likely be remembered in history for having led one of the most successful presidential terms in Chile. Having led the country through a period of increasing democratic consolidation, further deepening of its export-oriented growth strategy and profound social and cultural reforms, Lagos completed his term with the highest approval ratings of any Chilean president since democracy was restored in 1990. An undoubtedly successful President, Lagos's legacy stands in sharp contrast to that of the previous socialist president of Chile, Salvador Allende (1970-73), whose controversial term abruptly came to an end with the September 11, 1973 military coup.

Lagos is formally a militant of the Party for Democracy (PPD), a social-democratic party created in 1987, at the end of the military dictatorship. Because the PPD was formed when the socialist party was formally outlawed, many socialist militants, including Lagos, joined the PPD without formally renouncing their allegiance to the banned Socialist Party. For that reason, the Chilean Socialist Party also considers Lagos a militant, although the President is formally a PPD militant (Politzer 1998).

Although Lagos (born in 1939) did not occupy political posts before the Pinochet dictatorship (1973-1990), he was a strong supporter of the Salvador Allende government (1970-1973). After graduating with a Law Degree from the Universidad de Chile (1962), Lagos traveled to the U.S. to obtain a Ph.D. in Economics from Duke University. Back in Chile, Lagos joined the faculty of the economics department at the Universidad de Chile. He was elected Secretary General of the Universidad de Chile in 1969, at age 31. Although he was an academic, the post of Secretary General was a political position democratically elected by faculty members, students and staff. Lagos was the candidate of the leftwing parties, although he was not formally a member of any political party. In 1972, President Allende nominated Lagos as ambassador to the Soviet Union, but the Senate never ratified his appointment. Lagos was a professor at the Universidad de Chile

at the time of the 1973 military coup. After a period in Argentina working for the different United Nations agencies, Lagos returned to Chile to continue working for a United Nations employment research agency, the PREAL (Presidencia de la República, 2005). By that time, Lagos was already a militant of the Socialist Party, since he joined the group in his self-imposed exile in Argentina in the mid 1970s (Massis and Hidalgo 1999).

Back in Chile, Lagos became a leading opponent of the Pinochet dictatorship. Because of his affiliation with an international organization and because he was not tainted by the political disputes among Pinochet opponents who had supported and opposed the Allende government, Lagos became a socialist leader that could easily gain the trust of PDC leaders. Because the PDC had strongly opposed the Allende government, it was difficult for PDC and socialist leaders to work together to form a unified coalition to oppose military rule. Ricardo Lagos emerged as a leader who could be trusted by socialists but who did not raise concerns among the PDC, a party that had historically opposed the Marxist views of most socialists. In the 1980s, as protests against the Pinochet dictatorship increased, Ricardo Lagos consolidated his position as one of the better-known moderate socialist leader. By 1988, as the dictatorship was coming to an end and as Chileans were getting ready to vote in a plebiscite to decide on the future of the military regime, Lagos was already the best known and most popular figure from among socialist leaders (Cavallo 1992).

Partially, Lagos's leadership resulted from the ideological renewal of the socialists and other leftist groups in Chile. The traumatic experience of the Allende government and the repression and result of the economic policies implemented during the dictatorship, together with personal experiences in exile in European countries, led the socialist party into a profound revisiting of its previous ideological positions and policy recommendations. The Socialist Party's long embrace of Marxism was replaced by a more moderate social democratic stance developed among the elites during the years of exile (Drake and Jaksic 1995, Constable and Valenzuela 1991). Because Lagos had not previously personally occupied leadership positions within the more radicalized left of the Allende years, his reputation as a moderate helped him consolidate his leadership position as the socialist party became itself more moderate in the 1980s.

### **The Ricardo Lagos Tenure in the Context of the *Concertación***

The center-left *Concertación por la Democracia* is a multi-party coalition formed in 1988 by Christian Democratic, Socialist and other center and left-leaning parties to oppose the right-wing military dictatorship headed by General Augusto Pinochet (1973-1990). After the *Concertación* successfully organized the opposition to the dictatorship, Pinochet was defeated in a plebiscite in 1988. Democratic elections were held a year later. Christian Democratic (PDC) Patricio Aylwin, the *Concertación* presidential candidate easily achieved a victory. The *Concertación* also achieved a victory in the parliamentary elections held concurrently with the presidential contest, but deadlock provisions left in place by the outgoing dictatorship in its custom-made 1980 Constitution gave the forces

loyal to the military a majority control of the Senate. The *Concertación*, having gained control of the Presidency and the Chamber of Deputies was thus forced to negotiate and bargain with the conservative parties all legislations and most policies that it sought to implement during the first democratic government after the dictatorship. Because Pinochet managed to remain in charge of the Army and a number of pressing issues on a legacy of human rights violations, widespread poverty and growing inequality—together with the limits put upon the new democratic government by the 1980 Constitution—made the challenge of conducting a successful transition to democracy particularly difficult to accomplish, the left-leaning parties displayed special restraint in pushing for their social and political demands (Constable and Valenzuela 1991, Cavallo 1998). The decision to support a PDC candidate—rather than to attempt to impose one of their own—was the most important evidence that socialists and other left-leaning parties were prepared to make social and political concessions to their centrist *Concertación* partners in order to facilitate the transition to democracy and democratic consolidation (Cavallo 1998).

The success of the Aylwin government (1990-1994) was evident in the impressive economic growth experienced by the country during those years. But significant reductions in inflation, unemployment and—perhaps most importantly for left-leaning parties—poverty also demonstrated that the *Concertación* could manage the economy much better than the outgoing dictatorship did in Chile during its last years in power in an context of impressively high economic expansion. The *Concertación* also managed to promote democratic consolidation and to reduce the influence and scope of the protected democracy framework that had been left by the military before leaving office. As the Aylwin government was coming to an end, the two main leftist parties, the Socialist Party (PS) and Party for Democracy (PPD) abandoned their previous restraint and sought to increase its influence in the multi-party *Concertación* coalition by naming socialist leader and PPD founder Ricardo Lagos as presidential candidate. Lagos was to face the PDC presidential candidate Eduardo Frei for the *Concertación* 1993 presidential nomination (Navia 2005).

Although the *Concertación* had been initially formed by 17 center and leftist parties and groups, by the end of the Aylwin government, there were four parties that had survived a dynamic process of party-merging and fusion that had taken place during the last months of the outgoing dictatorship and the first months of the democratic transition. The PDC had managed to become the only centrist party in the coalition, while the Radical Party (PRSD since 1994) occupied a left-of-center position. In the *Concertación* left, the PS and PPD coexisted and often struggled to dominate the progressive end. The PPD was a party formed in 1987 when the PS was formally proscribed by the 1980 Constitution. Created as an instrumental party, the PPD took a life of its own as many left-leaning voters showed an uneasiness to support the PS, a party that had undergone a profound ideological renewal in the 1980s but still housed many who considered themselves Marxists. Although there were significant differences between them, the PS and PPD agreed on the need to strengthen the *Concertación* left and took on the challenge to lead the *Concertación* 1993 with the nomination of PPD founder and PS militant Ricardo Lagos.

Ricardo Lagos had emerged as a natural leader of both parties during the campaign against Pinochet in the 1988 plebiscite. Together with PDC leader Patricio Aylwin, Lagos represented the most visible *Concertación* leadership in Chile's transition to democracy. Having decided to withdraw his presidential ambitions in favor of Patricio Aylwin, Lagos went on to an unexpected defeat in the 1989 senatorial elections. President Aylwin appointed Lagos as Minister of Education, where he led an aggressive reform aimed at increasing government spending in education, regulating the growing private sector in primary, secondary and tertiary education and—most importantly for left-leaning parties—increasing government efforts to provide better-quality education for the poor and marginalized. Lagos was also able to consolidate its position as natural leader—and most likely presidential hopeful—for the PS and PPD. Although both parties developed and strengthened autonomous identities during the Aylwin government, Lagos remained as the de-facto presidential candidate for both parties. Both parties granted Lagos membership in their organizations, thus underlining his position as supra-party leftist leader.

In 1993, Lagos sought the *Concertación* presidential nomination. Yet, the electoral strength of the PDC and the overwhelming popularity of PDC candidate Eduardo Frei Ruiz-Tagle (son of former president Eduardo Frei (1964-1970) and Senator from Santiago) made it difficult for Lagos to achieve the government coalition presidential nomination. Nonetheless, Lagos pushed for the *Concertación* to adopt primaries to elect the coalition candidate. Semi-open primaries were held in May of 1993—with party militants automatically eligible to vote and *Concertación* sympathizers eligible to vote provided that they previously registered—thus marking the beginning of an open democratic confrontation between centrist PDC and left-leaning parties for the control of the *Concertación*. As expected, Eduardo Frei easily won the *Concertación* nomination—thus securing the presidential candidacy for the PDC for a second consecutive election—but leftist *Concertación* parties felt strengthened by the fact that voters, rather than party leaders, were the ones that decided the name of the coalition candidate (Navia 2005).

During the economically successful—but politically weak—Frei tenure, Ricardo Lagos and leftist parties continued to strengthen their position within the *Concertación* government. While the center-left coalition retained its electoral strength, within the *Concertación*, the left-leaning parties increased their share of the vote while the centrist PDC lost votes. Appointed Minister of Public Works by President Frei, Ricardo Lagos masterfully converted such high profile post in an effective launching pad for his presidential bid for the 1999 election. In addition to promoting an aggressive public works program, Lagos introduced the private sector into infrastructural developments previously controlled solely by the government. Through a Build-Operate-and-Transfer (BOT) scheme, the socialist leader helped raised billions of private investment funds to help develop new roads and other infrastructure projects. Private companies built roads and other infrastructural developments and collected government-set user fees. Thus, public projects were built with private funds and paid for with user fees. The government could use its scarce resources to develop infrastructure in areas where private investors would not find it profitable. Thus, not only were there much more infrastructure

developed, the government also targeted its funds to areas most in need, promoting government spending that could reduce existing inequality.

Lagos's success as Minister of Public Works consolidated his position as leader of the leftist *Concertación* parties and successfully prevented challenges from other leftist leaders for that sector's presidential nomination. During the works he served as Minister of Public works (1994-1998), Lagos also led an ambitious effort to put together a presidential platform that could make it possible for the left to take control of the *Concertación* and replace the centrist PDC as the main force behind that multiparty coalition. The creation of the Chile 21 Foundation, a leftist *Concertación* think-tank allowed for the creation of a space where new ideas and policies could be discussed in a setting related to but independent of existing left-wing political parties (PS and PPD). Because Chile 21 was associated more with Lagos' presidential ambitions than with the existing leftist parties, the think-tank could freely engage individuals from both leftist parties without undermining political parties and without getting involved in the occasional tensions that arose between the two parties that comprised the leftwing of the *Concertación* coalition.

In mid 1998, when it became evident that his presidential aspirations were getting on the way of his cabinet duties Ricardo Lagos was asked to leave the Ministry of Public Works. President Frei reshuffled his cabinet to prepare for his last months in office and for the upcoming 1999 presidential elections. As soon as he left office, Lagos aggressively initiated his presidential campaign. Just as it had happened in 1993, the *Concertación* parties agreed to hold primaries for the nomination of the coalition's presidential candidate. However, unlike in 1993, the 1999 primaries were designed in such a way that all Chileans eligible to vote (and formally registered to do so)—except those who were militants of non-*Concertación* parties—could participate in the primaries. Because the special registration required in 1993 was eliminated for the 1999 elections, the expectations were that more people would participate in the 1999 primaries than in 1993. Moreover, because more people would participate, it was more likely that the preferences reported in polls and surveys would be reflected in the primary election results. Since his defeat in the 1993 *Concertación* presidential primaries, Ricardo Lagos had consolidated as front-runner for the 1999 presidential elections. His poll ratings strengthened as a result of his widely celebrated performance as Minister of Public Works. When he was replaced as cabinet minister and formally initiated his presidential election campaign, he consolidated his position as favorite to win the 1999 election (Navia and Joignant 2000).

Notwithstanding Lagos' overwhelming popularity, the PDC decided to present its own candidate for the 1999 *Concertación* primaries. Senator Andrés Zaldívar—who incidentally had narrowly defeated Lagos in 1989 in a senatorial election race—was named PDC candidate and faced Lagos in the May 23, 1999 primaries. Lagos went on to win by a 71.4% to 28.6% margin, with almost 1.4 million *Concertación* militants and sympathizers voting (about 18% of the registered voting national population). Lagos's impressive victory led many to mistakenly believe that the socialist candidate had already secured a victory in the December 1999 presidential elections (Angell and Pollack 2000).

In October of 1998, during a private trip to England, former dictator Augusto Pinochet was surprisingly arrested by British authorities after a Spanish judge issued an international warrant for his arrest on charges of crimes against humanity. Pinochet, who had stepped down from power in 1990 but had remained as head of the Army had retired from the army in March of 1988. He had immediately assumed a lifetime post in the Senate, according to an existing provision put in place in the custom-made 1980 Constitution. Despite allegations of diplomatic immunity for being a Senator and former president, the British government repeatedly denied requests to release Pinochet during 1998 and 1999. Inevitably, the presidential election was marked by the political implications of Pinochet's arrest in London. Unexpectedly, the conservative candidate that stood in Lagos' way to become the first socialist president in Chile since Salvador Allende (1970-1973) indirectly benefited from Pinochet's arrest. Joaquín Lavín, a militant of the conservative UDI party, was a strong supporter of the Pinochet dictatorship in the 1980s, had reinvented himself as a moderate conservative. He had successfully governed as mayor the most affluent municipality in Chile since 1992. His political party, the Independent Democratic Union (UDI) has consolidated as the most important conservative force in the multi-party Alianza conservative coalition. Yet, with Pinochet's arrest, Lavín successfully distanced himself from the unpopular legacy of the dictatorship and presented himself as a moderate candidate. Because Lagos was the *Concertación* presidential candidate and, unlike previous elections, no PDC candidate was in the field, the quest for moderate voters proved to be a far more complicated affair than many in the Lagos camp had initially predicted. Lavín successfully positioned himself as a moderate and captured much more support from moderates than previous conservative presidential candidates had been able to do (Angell and Pollack 2000, Navia and Joignant 2000).

In 1999, Chile had also experienced its first economic recession after 15 years of continuous economic growth (Larraín and Vergara 2000). The 1999 presidential election was, as a result, the most hotly contested election since Chile experienced its transition to democracy in 1990. In fact, Lagos—who as the *Concertación* candidate was the early favorite to win the election—was surprisingly forced into a runoff by conservative candidate Joaquín Lavín. Lavín proved to be a tough campaigner who intelligently designed a strategy to benefit from the overall discontent produced by the 1999 economic recession. Lagos narrowly edged Lavín by a 48 to 47.5% margin, but he was forced to face Lavín in a runoff election in early 2000. Lagos went on to win the runoff by a 51.3% to 48.7%. But he was inevitably marked by the fact that he was the first post-authoritarian president to win in a runoff election.

Lagos' electoral difficulties had a lot to do with the economic troubles Chile was going through in 1999. The *Concertación* candidate inevitably had to pay the costs of popular discontent with the economy. In September of 1999, 58% of Chileans believed the country was headed in the wrong direction (CEP 1999). Yet, Lagos was also the first *Concertación* presidential candidate who was not a member of the centrist Christian Democratic Party. As the first leftist presidential candidate since Salvador Allende won the highly contested 1970 election, Lagos had a difficult mission ahead of him. Many observers expected that moderate *Concertación* sympathizers would have a difficult time

supporting a leftist candidate. Although moderates had overwhelmingly supported Patricio Aylwin and Eduardo Frei, the presence of a leftist politician in the *Concertación* presidential ticket made it easier for Joaquín Lavín to lure moderate voters away from the *Concertación*.

Thus, socialist Ricardo Lagos took office as Chile's president at a very difficult time in March of 2000. Unlike former presidents Aylwin and Frei, who started their terms with the country in good economic shape and with most people sensing the country was heading in the right direction, Lagos began his period as the country was slowly emerging from a recession (see Table 1). To top thing off, Lagos was inaugurated only a week after former dictator Augusto Pinochet was sent back to Chile from his house arrest in London on humanitarian grounds. The Chilean government of President Frei had actively lobbied the British authorities to free Pinochet on humanitarian grounds while promising to get Chilean courts to try Pinochet in Chile. Crimes committed in Chile must be tried in Chile, the Frei government successfully argued. Among Lagos immediate challenges, together with promoting an economic recovery, the divisive Pinochet situation and the complicated legacy of human rights violations was one of the most difficult to face.

The combination of difficult economic times and the leftward shift in the political party militancy of the *Concertación* candidate combined to make the 1999 presidential extremely difficult for the center-left government coalition. Nonetheless, and despite having been forced into a runoff election, Ricardo Lagos became the third consecutive Chilean president from the *Concertación* coalition. Perhaps more symbolically importantly, he was the first socialist to become president since Salvador Allende. Lagos's challenge as president was, thus, twofold. While he needed to help steer the country out of the economic downturn, he also needed to conduct a successful government that would diminish the argument that Chilean socialists could not govern effectively.

### **The Lagos Presidency**

Lagos' tenure was tainted during its first three years by economic difficulties and surprising corruption scandals that involved government officials and *Concertación* legislators. However, Lagos's term was overwhelmingly successful because of a number of legislative initiatives that were passed by the legislature, several important policy initiatives that were implemented by the executive and, perhaps most notably, by the signing of long-awaited free trade agreements with the United States and the European Union. A comprehensive health care reform (which was eventually scaled down to secure legislative approval), a profound labor union reform (including the adoption of an unemployment insurance scheme), a state modernization initiative (that created a civil service bureaucracy independent of government turnovers), campaign finance reform (which included government financing for political parties), and a number of economic modernization initiatives made the Lagos tenure a fruitful one in terms of legislative initiatives and policy reforms. The direct election of municipal mayors and—a yet to be



finalized—constitutional reform that eliminates most pending authoritarian enclaves from the 1980 Constitution are also among the most noted successes of Lagos’ tenure. A program aimed at better combating poverty by targeting government resources to those most in need—the *Chile Solidario* program—also helped further alleviate poverty. In addition to the above-mentioned free trade agreements, a number of other measures to promote exports and eliminate import barriers helped made Chile’s economy more competitive under Lagos’ watch. Finally, Chile’s aggressive international commitment to the promotion of democracy and international rule of law (which included Lagos’ opposition in the United Nation’s Security Council to authorize the U.S. request to use force to remove Saddam Hussein from power in Iraq) also gave Lagos a well-deserved reputation as an independent and democratically-minded leader, perhaps among the most admired ones in Latin America today.

As it can be inferred from Table 1, Chile’s economy performed remarkably better than Latin America as a whole during the six-year Lagos administration. Though the 1999 economic downturn affected Chile more strongly than the rest of Latin America, the national economy outperformed the region even in the first year of the Lagos administration. While Latin America grew at a 3.7% rate, Chile’s economy expanded at a healthy 4.5% in 2000. In 2001 and 2002, while Latin America stagnated, Chile grew by a modest 3.5% and 2% respectively. Finally, as Latin American economies began to recover in 2003, Chile recovered more strongly with a 3.3% rate. In 2004, as Latin America experienced its best good year in almost a decade, Chile’s economy expanded by a healthy 5.8% (to be sure, the Chilean Central Bank announced in late March 2004 that the corrected figure was 6.1% for 2004). In the last year of the Lagos administration, Chile’s economy expanded by 6%, substantially more than the 4.3% expansion for the region as a whole.

Yet, Chile’s economy was not free of complications during the Lagos administration. Unemployment remained high after the 1999 recession. Although the economy expanded a decent rate, the unemployment levels remained almost as high in Chile as in the rest of Latin America throughout the entire Lagos period. Inflation, on the other hand, was kept under control in Chile. In 2003, the country experienced its lowest inflation on record and in 2004 and 2005 the inflation rate was kept considerably low given the upsurge of economic activity observed in the country.

**Table 1. Selected Economic Indicators in Chile and Latin America, 2000-2004**

Indicator	1998	1999	2000	2001	2002	2003	2004	2005
GDP Growth Chile	3.3	-0.5	4.5	3.5	2.0	3.3	5.8	6.0
GDP Growth 20 Latin American Countries*	2.3	0.5	3.7	0.4	-0.5	1.9	5.5	4.3
Unemployment Chile	6.4	9.8	9.2	9.1	9.0	8.5	8.8	8.1
Unemployment Latin America	10.0	10.7	10.2	9.9	10.8	10.7	10.0	9.3
Inflation Chile	4.7	2.3	4.5	2.6	2.8	1.1	2.5	3.6
Inflation Latin America	10.0	9.7	9.0	6.1	12.2	8.5	7.7	6.3

Source: CEPAL 2004, CEPAL 2005.

\* 18 most populated continental Latin American countries plus Cuba and the Dominican Republic

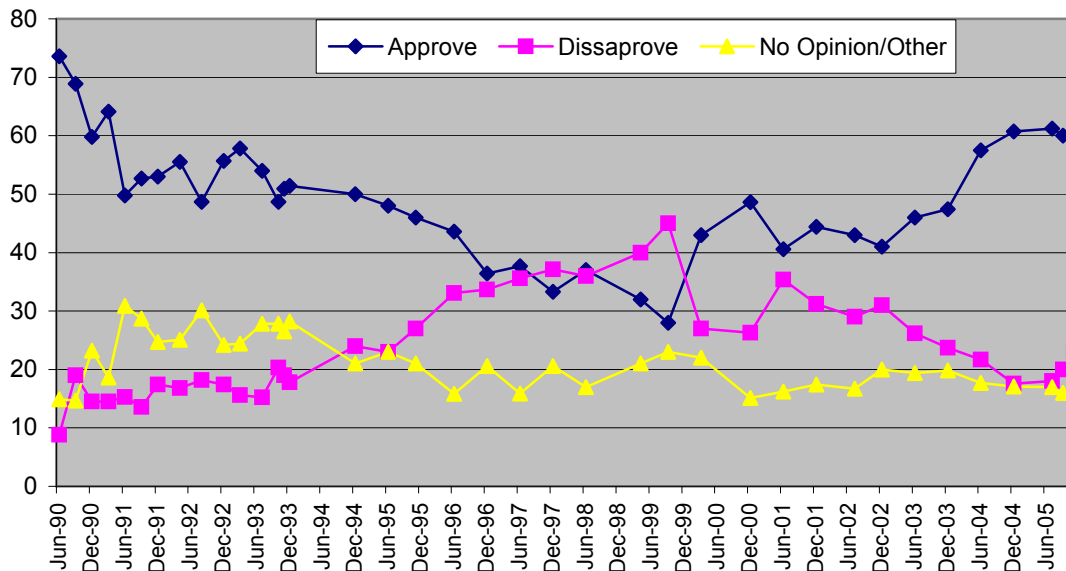
When compared to the rest of Latin America, Chile's economic performance during the Lagos administration was patently successful. Chile's growth in 2004 was the fourth highest among the 20 largest countries in the region. In the 2005, Chile again occupied the fourth place. Overall, Chile grew between 2000 and 2005 as a faster rate than any other Latin American country. Chile's inflation was also markedly lower than the rest of Latin America. Although there seems to be a regional convergence towards lower inflation levels in recent years, Chile has continued to maintain particularly low inflation rates. Because inflation usually becomes a threatening factor when countries come out of long periods of economic stagnation, concern over inflation pressures in Latin America will surely arise again as the regional economy begins to show signs of recovery. Inflation concerns in Chile, however, remain almost non-existent.

Chilean public opinion apparently agrees with this assessment. While 63% of those polled by the highly reputed CEP survey in 1999 believed that the country's economic situation was in bad shape, that number was 36% by the end of 2005. Similarly, those who believed the country was making progress increased from a low of 22% in mid 1999 to 49.7% in 2004. President Lagos approval ratings also reflect the upbeat feeling among Chileans. While he enjoyed a 43% approval rating during his first month in office, in mid 2004 Lagos' approval ratings were at 57.5%. A year later, right before the 2005 presidential election campaign officially kicked off, Lagos' approval rating peaked at 60%. More importantly, Lagos was the first president since transition to democracy to experience a higher approval rating during the second half of his government than during his honeymoon period. As Figure 1 shows, Lagos approval ratings during his last two years in office are markedly higher than those of president Frei, even though Frei enjoyed better years in terms of economic expansion than Lagos did during his term.

Whereas president Frei's approval ratings decreased constantly after he was inaugurated, President Lagos approval ratings declined after the typical honeymoon period enjoyed by most presidents but then picked up again starting in 2003. Unlike his predecessors, Ricardo Lagos completed his term with an approval rating higher than that which he enjoyed when he was first inaugurated. Patricio Aylwin, the first democratic elected president in Chile after Pinochet, will likely go down in history as the architect of Chile's imperfect and yet successful transition to democracy, but his approval ratings were much higher during his first year than during his last year in power. Eduardo Frei, who led the nation through a period of sustained and impressive economic growth, will be remembered—as he initially hoped—for his modernization efforts, rather than his democratic consolidation initiatives. Frei also experienced higher approval ratings during his first years than during his last few years in power. Ricardo Lagos will be remembered both for his democratic consolidation legacy and his modernization initiatives. The constitutional reforms he championed—which passed in 2005—finally eliminated from the constitution most remaining authoritarian enclaves provisions. In that sense, Lagos completed the long awaited end of Chile's transition to democracy. Although the risk of an authoritarian reversal was long gone before Lagos came into office, the fact that all the remaining protected democracy provisions were eliminated during Lagos's term makes

him a key player in Chile's democratic restoration. The impressive set of modernization initiatives (which include infrastructure development, but also state modernization efforts, transparency initiatives and health and educational reforms) put Lagos at the same footing as his predecessor Eduardo Frei in terms of modernizing the country. Yet, Lagos's legacy seems to reach beyond those of his predecessors. Because he is the first socialist to occupy the presidential palace since Salvador Allende, Lagos's electoral and political success as president has finally erased all suspicions about a possible inability of leftwing governments to be successful. After Lagos, no leftwing presidential candidate has to face doubts about the left's ability to govern successfully. In that sense, Lagos' success is impressive because of the actual results but also because it puts an end to an existing debate in Chile about the left's ability to govern.

Figure 1. Presidential Performance Approval Ratings, 1990-2005



Source: Compiled by author with data from [www.cepchile.cl](http://www.cepchile.cl)

Both, when looking at economic performance indicators and when analyzing public opinion polls, President Lagos' tenure can only be described as successful. Chileans seem to agree. In addition to giving him good marks in polls, the *Concertación* coalition won all four elections held between 2000 and 2005. The 2000 municipal election left a sour note with the *Concertación*, as its internal disputes prevented that coalition from transforming its electoral majority into a resounding majority control of municipal governments. Similarly, the 2001 parliamentary election constituted only a partial victory for the *Concertación*. Although that coalition came up ahead, it lost seats in the Chamber of Deputies. In 2004, however, and partly because of president Lagos' popularity, the *Concertación* scored an impressive victory in the municipal elections. Although the government coalition felt short of an electoral majority, it widened its electoral advantage

over the conservative *Alianza* coalition. Finally, in 2005, the Concertación presidential candidate, Michelle Bachelet, won the runoff election, becoming the fourth consecutive Chilean President from the *Concertación* coalition. The ruling coalition increased its majority control of the Chamber of Deputies and achieved an absolute majority in the Senate, where there were no longer non-elected members. The *Concertación* victory can be safely attributed, at least in part, to the popularity of former President Lagos. It was the first time that a center-left coalition has won four consecutive presidential elections in Latin America. In fact, the only other party that has won four consecutive presidential elections in the region in the last decades is the rightwing ARENA party in El Salvador. But the *Concertación* tenure will be the longest serving tenure by any democratically elected (beyond questions or special qualifications) party or coalition in the history of Latin American democracy. The fact that such stability, built on the success of economic policies and widespread improvements in the quality of life, occurs in a country led by a coalition comprised of socialists and most recently led by a socialist president himself is, no doubt, sufficient merit for other leftwing leaders in Latin America to draw lessons for their own countries. Yet, as I attempt to show in the next section, few of those lessons can be readily implemented by other leftwing Latin American leaders.

### **Other Leftist Leaders in Latin America**

In this section, I discuss the economic performance and approval ratings for 4 other Latin American leaders: center-left president Alejandro Toledo of Peru, center-right Vicente Fox of Mexico, leftist Lula da Silva of Brazil and leftist Néstor Kirchner of Argentina. I have chosen them because they are democratic leaders that broadly represent the political spectrum. While Lula and Kirchner are generally identified with the left, Toledo can be considered a centrist moderate and Fox belongs in the center-right. I also chose Brazil and Mexico because those are the two most populated countries in Latin America, while Peru and Argentina are Chile's neighbors but most importantly, Kirchner—and to a lesser extent Toledo—also consider themselves as left-of-center leaders.

But first, let me share some thoughts on presidential approval ratings and democratic legitimacy. As public opinion polls have become a central component of political life everywhere, presidential approval ratings are often used as proxies to measure the legitimacy of sitting presidents. In Latin America, where the strong presidential systems have historically made presidents the center of attention as powers and attributions are primarily concentrated in the executive, presidential approval ratings are almost synonyms with presidential success. Low approval ratings are often perceived as signaling troubling times ahead and political instability. Lipset (1994) has suggested that the strength of democratic institutional development confers legitimacy to regimes. In Latin America, where individual leadership often replaces institutional strengths, the legitimacy of individual leaders is regularly validated by electoral victories and, increasingly, good standing in polls.

Although enjoying high approval ratings definitely makes life easier for any president, high approval ratings should not be automatically associated with high levels of

legitimacy. It might in fact be that a president who undertakes highly personalistic government strategies and concentrates power well beyond his/her constitutional prerogatives can enjoy high approval ratings. Yet, that president should not be considered legitimate if democratic institutions are severely undermined. For example, populism was historically associated with the successful incorporation of excluded masses to the political process but not necessarily with strong democracies (Weyland 1999). One could argue that most than likely, classic populist leaders in Latin America enjoyed high approval ratings. Yet, they did not consolidate democracy. To the contrary, they usually undermined democratic institutions and obstructed the development of a democratic opposition, free press and organized political parties. High approval ratings, in and of themselves, should not be considered evidence of democratic legitimacy.

Obviously, low approval ratings should raise concern. It turns out to be very difficult for democratically elected president to govern successfully when they enjoy low approval ratings. Either because they find it more difficult to form effective coalitions to advance their legislative agendas or because opposition leaders try to build on their low popular support to get them out of office before the end of their terms, low approval ratings should be understood as symptoms of deeper problems and potential threats to democratic stability in Latin America.

Table 2 shows approval ratings for presidents from 17 countries in the Americas, including the United States and Canada, in early 2004. Presidential approval ratings vary widely across countries. Partially, that has to do with the amount of time presidents have served. Usually, new presidents enjoy a honeymoon period when their approval ratings are high. With little over a month in power, Bolivian president Carlos Mesa was enjoying a healthy 80% approval rating, a dream honeymoon for a president who took office without democratic legitimacy and in the midst of a social and political crisis. Néstor Kirchner of Argentina was also enjoying a rather long honeymoon. Having been elected with less than 25% of the vote (as first round winner Carlos Menem opted out of the runoff election which Kirchner was widely expected to win), Kirchner high approval ratings during the first year of his administration vested him—or so his sympathizers argued—with sufficient democratic legitimacy to undertake ambitious reforms and to concentrate enormous amounts of power in the executive. Colombia's Álvaro Uribe—with 21 months into his administration—placed third as the most popular president in Latin America. With a healthy 63% (January 2004), President Lagos of Chile was the fourth most popular president in the region.

But as administrations age, approval ratings tend to diminish in most cases. The natural progression of most administrations reflects a downward slope in presidential approval ratings. The longer the time in office, the more difficult it is for presidents to sustain high approval ratings. Out of the few presidents that enjoyed approval ratings over 60% at the beginning of 2004, only Ricardo Lagos had served for more than 2 years. Argentina's Nestor Kirchner, for example, enjoyed a high approval rating of 80%, but he was just completing his first year in office. More recent data from Argentina (in late 2004), showed that Kirchner's approval ratings had fallen dramatically to about 50%, much

more in tune with those of presidents serving beyond their expectedly popular honeymoon periods.

**Table 2. Presidential Approval Ratings in the Americas, circa January 2004**

Country	President	Date of Poll	Tenure Age (# Months)	% Approval	Polling Company
Argentina	Nestor Kirchner	Jan-04	11	80	Rouvier & Asociados
Bolivia	Carlos Mesa	Jan-04	1	81	Univ. San Francisco de Asís
Brazil	Lula da Silva	Jan-04	14	40	Instituto Sensus
Canada	Paul Martin	Jan-04	3	56	IPSOS-Reid/Globe
Chile	Ricardo Lagos	Jan-04	44	63	Centro de Estudios Públicos
Colombia	Álvaro Uribe	Jan-04	21	81	Revista Cambio
Costa Rica	Abel Pacheco	Jan-04	17	23	UNIMER
Ecuador	Lucio Gutierrez	Jan-04	14	20	Informe Confidencial
El Salvador	Francisco Flores	Feb-04	57	53	CID-Gallup
Guatemala	Alfonso Portillo	Jan-04	1	54	TSE
Honduras	Ricardo Maduro	Jan-04	26	30	Associated Press
Mexico	Vicente Fox	Jan-04	39	54	Consulta Mitofsky
Nicaragua	Enrique Bolaños	Mar-04	24	28	CID-Gallup
Panama	Mireya Moscoso	Jan-04	51	15	CID-Gallup
Peru	Alejandro Toledo	Feb-04	32	8	Datum International
United States	George W. Bush	Jan-04	39	49	Gallup
Venezuela	Hugo Chávez	Jan-04	57	54	Associated Press
Total				45	

Source: Mitofsky, 2004.

Table 3 presents the approval ratings for the presidents of the same countries in mid 2005. Although some countries had new leaders (like Bolivia, Guatemala and Panama) and new countries are included, the majority of those leaders in power in 2004 were still in office in 2005. President Kirchner of Argentina was about to complete his second year in office in mid 2005. His approval ratings remained very high. He clearly benefited from the rapid economy recovery experienced by Argentina after 2003. The President of Brazil, Lula da Silva, had better approval ratings in 2005 than in 2004, as the downfall from the corruption scandal uncovered in 2004 was finally vanishing. The leaders of Mexico and Peru also enjoyed higher approval ratings in 2005 than in 2004.

In general, in part due to the better economic conditions, most leaders in Latin America enjoyed higher approval ratings in 2005 than they did in 2004. In that sense, the pattern observed for Ricardo Lagos in Chile is not unique. However, as will be discussed in the next section, the combination of solid economic policies and democratic consolidation together with good economic results is not a broadly observed trend in Latin America. In that sense, Lagos stands up as a unique example of a popular leader who combined sound economic policies and democratic consolidation initiatives. Under Lagos, democratic institutions were strengthened, and thus presidential legitimacy that, in Latin America, is often associated with high approval ratings does not solely rest on popular approval but also on the long-term legacy of his economic and political initiatives.



**Table 3. Presidential Approval Ratings in the Americas, Mid 2005**

Country	President	Date of Poll	Tenure Age (# Months)	% Approval	Polling Company
Argentina	Nestor Kirchner	May 05	23	77	Rouvier & Asociados
Bolivia	Edo Rodriguez	Aug-05	3	63	Univ. San Francisco de Asís
Brazil	Lula da Silva	Sep-05	3	50	Instituto Sensus
Canada	Paul Martin	May-05	20	29	IPSOS-Reid/Globe
Chile	Ricardo Lagos	Jul-05	62	61	Centro de Estudios Públicos
Colombia	Álvaro Uribe	May 05	37	71	Revista Cambio
Costa Rica	Abel Pacheco	Aug-05	3	44	UNIMER
Dominican R.	Leonel Fernández	Aug-05	11	60	
El Salvador	Antonio Saca	Sep-05	16	57	CID-Gallup
Guatemala	Oscar Berger	Jul-05	18	46	TSE
Honduras	Ricardo Maduro	Jun-05	43	35	Associated Press
Mexico	Vicente Fox	Aug-05	57	59	Consulta Mitofsky
Nicaragua	Enrique Bolaños	Aug-05	40	29	CID-Gallup
Panama	Martín Torrijos	Aug-05	11	34	CID-Gallup
Paraguay	Nicanor Duarte	Aug-05	24	40	
Peru	Alejandro Toledo	Sep-05	51	14	Datum International
United States	George W. Bush	Sep-05	59	41	Gallup
Uruguay	Tabaré Vázquez	Aug-05	6	54	
Venezuela	Hugo Chávez	Jun-05	74	61	Associated Press
Total				45	

Source: Mitofsky, 2005 “Aprobación de mandatarios en América y el mundo” Septiembre 2005.

In the next section, I discuss the approval rating trends observed for four Latin American presidents. In discussing their individual experiences, I show how some presidents achieved popularity by promoting unsound economic policies, others do it despite the mediocre growth numbers while others simply fail to achieve high approval ratings. In the case of Alejandro Toledo, his approval ratings never improved after an initial downfall, despite the good economic performance of the country. He was unable to build personal—or institutional legitimacy—from the good economic performance of Peru during his term. In the case of Argentina’s Néstor Kirchner, his high popularity ratings are associated with unsound economic policies. In the case of Mexico, President Fox’s high ratings are not accompanied by good economic performance of the country. Although Fox remains popular, the economic success of his administration can be properly questioned. Finally, Lula’s popularity has been primarily hurt by corruption scandals, but the President’s personal leadership has helped him recover and the results of fiscal disciplined policies have also helped Brazil advance towards healthier and sustainable economic growth.

### **Peru’s Alejandro Toledo**

Peruvian President Alejandro Toledo’s approval ratings are difficult to decipher. Some analysts have toyed with the idea that the Peruvian president might be the only leader in the world whose approval ratings are lower than the rate of economic growth for the country. Just as Peru’s economy has expanded at annual rates of 4.9% in 2002, 3.8% in

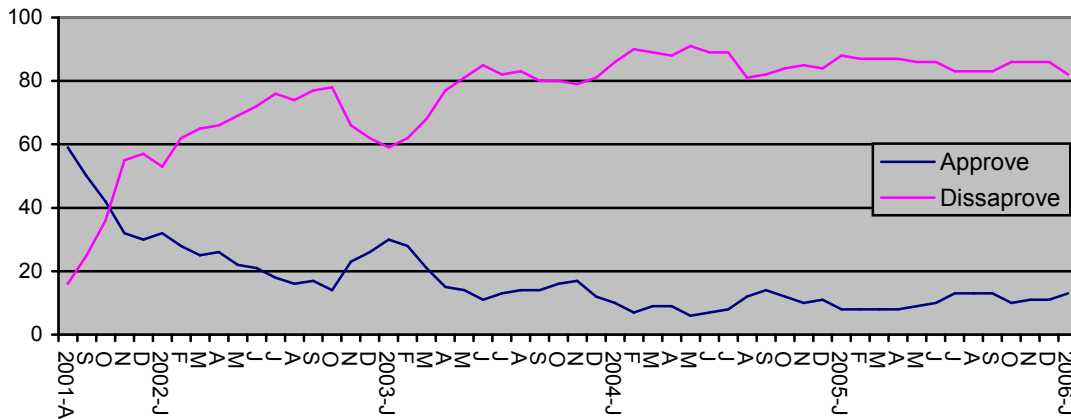


2003 and 4.6% in 2004—the best performance since 1995—the president’s approval rating has plummeted. Having started out his 5-year term with a 60% approval rating in mid 2001, Toledo quickly seemed to have lost the confidence of Peruvian public opinion. Those who disapproved the way the president was handling his job outnumbered those who approved of president Toledo less than a year into his term.

As shown in Figure 2, Toledo’s approval rating plummeted shortly after he took office on July 28, 2001. Before a year into his term, his approval ratings had fallen below the 50% mark. His steady decline continued until past his first year in office. He experienced a timid recovery during his second year, but his approval ratings fell again before he celebrated his second year in power. In fact, after mid 2003, Toledo never passed above the 20% threshold in approval ratings. His negative ratings were higher than his approval since November of 2001.

In early 2006, less than 6 months before the next presidential election, Toledo’s approval ratings stood at a dismal 13%. Although that was an improvement over the 8% approval he had when 2005 began, his inability to draw popular support doomed the electoral hopes of his *Perú Posible* political party. Although it is beyond the scope of this paper to explain the reasons behind Toledo’s early failure as President of Peru, it is important to highlight that good economic performance does not automatically transform into high approval ratings for presidents. If good economic performance was sufficient, Toledo should be enjoying approval ratings higher than those of President Lagos in Chile. During his 5-year term, Peru’s economy expanded constantly. Although growth was only 0.2% in 2001 (Toledo took office in late July), the economy grew by 4.9% in 2002, 4.0% in 2003, 4.8% in 2004 and 6.0% in 2005. Peru’s GDP is expected to grow by more than 5% in 2006. However, the benefits of economic growth have apparently not been fairly distributed. Poverty in Peru remained high during the Toledo years. While 54.8% of the entire population lived in poverty in 2001, by 2003 (last figure available), the number had only gone down to 54.7% (CEPAL 2005: 337). The healthy economic growth experienced by Peru during the Toledo term did not bring about an equally healthy reduction in poverty levels. This is especially worrisome, as efforts in reducing are associated both with strong economic growth and with the initial poverty level in every country. Given that more than half of all Peruvians live below poverty, a couple of years of good economic performance should dramatically help reduce poverty if government social programs are properly designed.

**Figure 2. President Alejandro Toledo's Approval Ratings**



Source: Apoyo Opinión y Mercado, 2005, 2006.

As a self-proclaimed leftist—without the support of a well-established leftwing party and without a personal history of unquestionable leftwing militancy—Alejandro Toledo wasted his presidential term. Despite the solid economic growth, poverty was not reduced because the government did not ensure that the benefits of economic expansion were fairly distributed. True, because his tenure is not associated with a particular leftwing party (in fact, he is no longer associated with any party at all), the failure of his tenure does not necessarily mean a high cost for leftwing parties in Peru. In fact, the 2006 presidential elections witnessed the resurgence of one of Peru’s oldest leftwing parties, the APRA. Although some might question the APRA’s current ideological affinity with the left, the fact that APRA associates itself with the same ideological current as Chile’s socialist do (both parties are members of the International Socialist Organization) should serve as an opportunity for APRA leaders—especially its presidential candidate Alan Garcia, former president between 1985 and 1990—to look at the successful Lagos tenure to draw lessons for their own presidential aspirations.

Although the Peruvian presidential election process is being conducted as this chapter is being written, the evidence is unequivocal against President Toledo. Having been elected as a leftist leader, he failed to use the government to help fairly distribute the benefit of economic growth. Though his government must be credited, at least partially, with the healthy growth experienced by Peru, Toledo’s leftwing self-proclaimed inclination did not result in fulfilling leftwing political and social concerns. The economy grew, but its benefits were not fairly distributed. Not surprisingly, Toledo’s approval ratings are in the mid 10s. Because he did not implement policies that would both help produce economic growth and, at the same time, help reduce poverty, Toledo cannot be safely considered a successful leftwing President.

During the 2006 presidential campaign, as candidates competed to present themselves as nationalist and concerned with the well-being of most Peruvians—and thus criticism of Chile’s alleged expansionist interests abounded—references to the successful economic policies adopted by the Chilean *Concertación* governments were also common. While the

rightwing candidate highlighted Chile's commitment to free market policies, one of the leftwing leaders, Alan García, also stressed Chile's commitment to alleviating poverty and expanding opportunities. Although it is too early to speculate as to what will happen with Peru's next government (2006-2011), the road taken by Chile will inevitable be a reference point for whomever becomes the next president of Peru.

### **Mexico's Vicente Fox**

Mexican President Vicente Fox is the first leader of that country who is not a militant of the long governing *Partido Revolucionario Institucional* (PRI). Elected in 2000, Vicente Fox campaigned on a platform promising change and toying with the idea of becoming a moderate, third-way friendly president. Although he formally militates in the conservative *Partido Acción Nacional*, Fox embraced some of the same ideological beliefs of Ricardo Lagos when he was first elected. In fact, Fox made it a point to first visit Chile a few months after he was elected and shortly before he was inaugurated as president of Mexico. Although Fox admittedly belongs to a rightwing party and his politics are clearly right-of-center, the fact that he initially signaled Ricardo Lagos—and the Concertación governments in general—as useful models for Mexico's transition away from PRI rule allows us to measure his performance and compare it with that of Ricardo Lagos.

President Fox's approval ratings have remained satisfactorily high during most of his tenure. Although he did go through a period when his negative ratings were higher than his approval ratings, he has successfully enjoyed higher approval than disapproval ratings for most of his tenure. Yet, unlike president Toledo's Peru, Fox's Mexico has not shown signs of sustained economic growth under the tenure of its first non-PRI president in 80 years. While Mexico's economy expanded at an average 3.6% during the Zedillo administration (1994-2000), the economic performance under Fox has been a mediocre 1.3% growth. In 2005, Mexico had the second lowest growth rate in all of Latin America (3%).

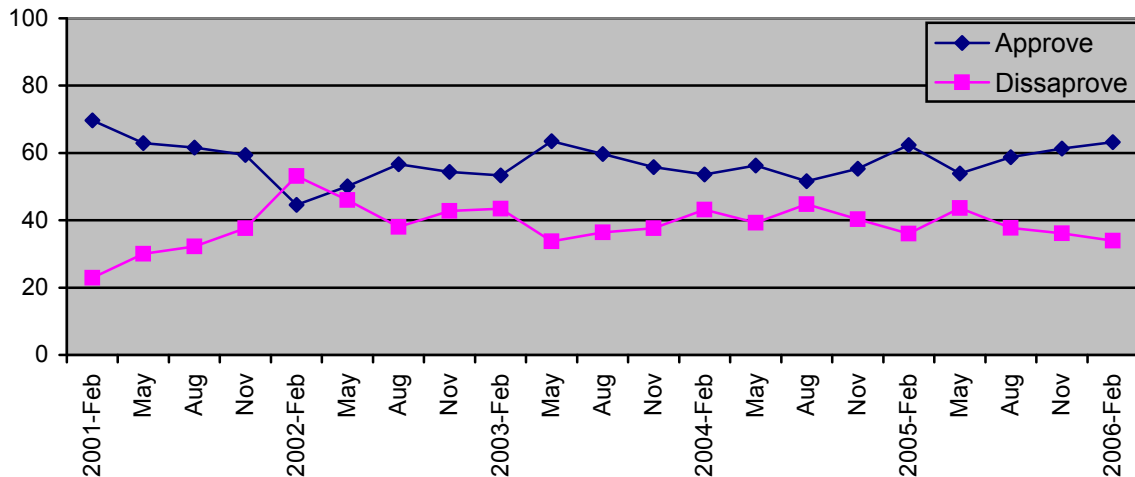
Moreover, whereas Zedillo received the country in the midst of an economic crisis—Mexico experienced a -6.1% growth in 1995—Fox received the country in unquestionably good economic shape. Yet, he has been incapable of reproducing the good economic results that Mexico experience under the government of his predecessor Ernesto Zedillo. True, the slowdown in the U.S. economy, Mexico's most important trading partner, adversely affected Mexico. But as the U.S. economy has begun to recover from its own slump, Mexico has not been able to follow suit. It is true that the Fox government will also turn the country over to the new government with healthy indicators in terms of economic policy. Fiscal stability and a responsible management will make it easier for a new government to implement reforms that can foster economic growth, but the Fox government will be remembered as a lost opportunity to bring Mexico to a higher level of economic development. Democracy consolidated under Fox, but the economy did not grow as much as it could, and should, have.

Thus, even though Fox has successfully avoided paying himself the costs of the economic slowdown, he has not been able to couple his positive evaluations with praiseworthy results in terms of legislative initiatives, political developments and wide improvements in the standards of living. Although his tenure has meant a significant step forward in Mexico's democratic consolidation efforts, he can hardly be described as a politically successful president.

Opinion polls collected in Mexico in recent months underline the president's popularity but also highlight the little chances that Fox's favorite presidential candidate has for the upcoming 2006 presidential elections. Although Fox will likely retain his good approval ratings until the end of his tenure, he seems unable to transform it into an electoral legacy for his party's presidential nominee. Unlike Ricardo Lagos, whose political and approval ratings success unquestionably constitute the basis on which the *Concertación* expects to achieve a fourth consecutive presidential election victory in 2005, Vicente Fox's PAN stands little chances of retaining the presidential palace beyond Fox's tenure.

Though this chapter was written before Mexico's 2006 presidential election, it is clear that the presidential election campaign of the PAN candidate did not see Vicente Fox as an asset. If anything, Fox was widely considered a liability. In fact, the PAN presidential candidate Felipe Calderón unexpectedly defeated Fox's favorite candidate in the party primaries. Fox had expressed his preference for Santiago Creel, the former Minister of Government of the Fox cabinet. Yet, Calderón, campaigning against the government won the PAN nomination. Although it is likely that Fox will actively campaign for Calderón—and might in fact help improve Calderón's chances—the fact that the left leaning candidate Andrés López Obrador led the polls for most of 2005 and early 2006 shows Fox's inability to transfer his personal popularity into his political party.

**Figure 3. President Vicente Fox's Approval Ratings, 2000-2006**



Source: Consulta Mitofsky, 2006.

Although Fox did not claim to be a leftwing leader—like Lagos or Toledo—his performance also shows the possible disassociation of personal approval and economic performance. Unlike Alejandro Toledo in Peru, Fox enjoyed high approval ratings despite the Mexico's lackluster economic performance during his term. The president did well but the country did not do quite as well.

Mexico can learn lessons from Lagos's experience in Chile. Particularly because Andrés Manuel López Obrador—a militant of the leftwing PRD—is likely to win the presidential election in Mexico, the Lagos experience can be quite helpful for Mexico's leftwing party. As long as Andrés Manuel López Obrador—if elected—adopts policies that can both foster economic growth and promote poverty and inequality reductions, the next President can enjoy high approval ratings. In turn, those approval ratings should help the President legitimize democratic institutions rather than concentrate power on his own hands.

### **Brazil's Lula da Silva**

Brasilian President Luiz Inácio Lula Da Silva was inaugurated in January of 2003. He was elected on his fourth run for the presidency. After losing the 1990, 1994 and 1998 presidential elections, Lula successfully became Brazil's third democratically elected president since the end of the military dictatorship in 1984. During the years he unsuccessfully tried to run for president, Lula helped consolidate the leftwing political party he founded during his years as labor union leader under the Brazilian military dictatorship. Although Lula lost three consecutive presidential elections, the party he founded, the Workers' Party (PT) grew to become Brazil's most disciplined and nationally organized political party. In that sense, Lula cleverly used his time as de facto opposition leader to build a party structure that could help him gain political and technical expertise for and when he reached the presidency and the PT became the president's party (Mainwaring 1999).

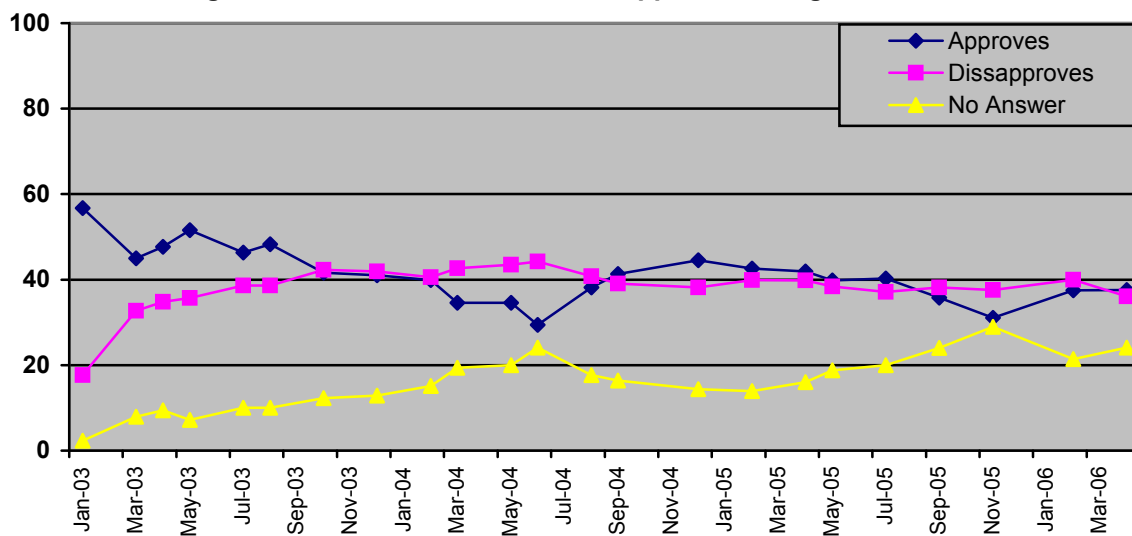
Lula inherited a country with a slow but steady economic growth. Under the 8-year tenure of social democratic (formally associated with rightwing parties) leader Fernando Henrique Cardoso, Brazil experienced some economic growth, poverty reduction and improvements in lowering inequality. But Lula also inherited a heavily indebted country with international obligations that significantly restricted his ability to implement more aggressive social spending policies. During his first year in office, Brazil's economy expanded at a mediocre 0.6%, but the growth rate increased to 4.9% in 2004. Although there was a slow down in 2005 (2.5% growth), the economic growth so far under Lula's term has been larger than under Cardoso's second term. If those economic indicators continue, Lula stands a good chance of following Cardoso's footsteps in 1998 and winning re-election for a second term in late 2006.

Brazil's good economic performance in 2004 seems to be positively correlated with Lula's slight improvement in his approval ratings in polls. Although he started his honeymoon period with almost 60% approval ratings, he became president with a 61.3%

in a runoff election held in October 2002. In that sense, his honeymoon seemed to have simply reflected the electoral support he obtained in the runoff election. Lula's honeymoon was short-term. Less than 9 months into his administration, his approval and disapproval ratings were around 40%, with his disapproval ratings showing an upward trend and his approval ratings showing a downward trend.

Since late 2003—and likely associated with the better economic conditions—Lula's disapproval ratings began to fall again. However, his approval ratings have not changed very much. In fact, since mid 2004, Lula's approval and disapproval ratings have been indistinguishable, statistically speaking. Although it might be too early to appropriately assess the results of his economic policies, his second and third years were much better than his first year in terms of economic results. However, in terms of approval ratings, Lula has not been able to successfully consolidate his approval ratings. Again, it is too early to definitely tell whether that will eventually happen—and whether Lula will be able to win re-election in late 2006—but as the case of Toledo shows, good economic performance does not automatically turn into higher approval ratings. Given the context of political scandals associated to corruption within Lula's cabinet, non-economic issues might end up severely damaging Lula's reelection prospects in late 2006.

**Figure 4. President Lula da Silva's Approval Ratings, 2003-2006**



Source: Sensus Pesquisa e Consultoria 2005, 2006.

Yet, Lula is in a much better position than Toledo to follow on his ideological leftwing partner Ricardo Lagos' footsteps. Brazil's economy is improving and Lula's approval ratings have remained around the 40% mark, a solid base for any electoral campaign. Yet, it remains to be seen whether Lula can muster enough political clout and put together enough political support in Brazil's more complex political party system than Lagos was successful to do in Chile as the third consecutive president elected in a highly stable multiparty coalition. Yet, out of all the Latin American presidents considered in

this article, Lula is the one that stands best chances of duplicating Lagos's success in terms of economic, social and political results and in terms of approval ratings in public polls and surveys. Partially, just as it happened with Lagos, Lula can do this because he inherited a country with solid economic fundamentals. It is always easier to build upon what previous administrations did in terms of economic policies and democratic institutions. But not all good legacies give way to good governments. In that sense, President Lula's ability to continue with the economic policies that were first implemented by President Cardoso and to add new social policies aimed at reducing poverty and providing more opportunities to all might help explain why, despite the corruption scandals that have tainted his government, Lula still stands a very good chance of winning reelection in late 2006.

### **Argentina's Néstor Kirchner**

Argentina's President came into office lacking the democratic legitimacy that was granted to Lula by his impressive electoral performance and even lacking the unquestionable democratic legitimacy earned by Ricardo Lagos in his runoff victory in 2003. Having obtained the second place with 22% of the vote in April 2003, in a field of 7 presidential candidates, Nestor Kirchner automatically became president when the first round winner, Carlos Menem, decided to withdraw from the runoff. After having obtained 24.3% of the vote, Menem opted out of the runoff when public opinion polls clearly indicated that Kirchner was bound to easily win the election. Menem's decision deprived Kirchner of an outright electoral majority and somehow cast as shadow of doubt over Kirchner's democratic legitimacy to assume the presidency.

However, Argentina's public opinion poll results seemed to have offered Kirchner a strong and long lasting honeymoon period. With an approval rating close to 80% when he took office, Kirchner swiftly moved to adopt a number of economic policies that reversed the pro-neo liberal model (generally known as Washington Consensus) championed by his predecessors. Having inherited a country in default on its foreign debt, Kirchner implemented policies that would help promote economic development at home and that further discouraged foreign investment. Using strong-arm tactics to renegotiate Argentina's foreign debt, Kirchner successfully reduced Argentina's debt burden and negotiated much better conditions to begin repaying the national debt. But he also made it more difficult for Argentina to become an attractive destination for future foreign investments.

Nonetheless, Argentina's economy expanded aggressively in 2003. After negative growth rates of -4.4% and -10.8% in 2001 and 2002, the country recovered with 8.8% growth in 2003. In 2004, the economy expanded at 9%, and in 2005 that figure was 8.6%. Despite the fact that those two first years of impressive growth only put Argentina exactly where it was before 2001, Néstor Kirchner could easily take the credit for the best two years of economic growth in Argentina in more than a decade. Yet, Kirchner's popularity steadily began to decline during his second year in office. Economic analysts have criticized Kirchner because they argue that the president's policies are determined to produce short-

term results but will hinder Argentina's development in the long term. Public opinion seemed to agree with the analysts and, despite the impressive economic results, the president's popularity declined during 2004.

Yet, as economic growth continued to expand in 2005, popular opinion once again began to sway in favor of Kirchner. After having experienced statistically indistinguishable levels of approval and disapproval in late 2004 and early 2005, Kirchner's approval ratings have increased steadily since the second half of 2005. After leading his Peronist Party into an electoral victory in the 2005 congressional midterm elections, Kirchner consolidated his position as the most likely presidential candidate of the Peronist Party in late 2007.

Although the profess allegiance to the same ideological sector, Néstor Kirchner and Chilean President Ricardo Lagos vehemently disagree on the economic policies they have adopted for their countries. While Lagos has further promoted international integration and Chile has consolidates its position as the most reliable Latin American country for foreign investors (Chile's credit rating is the best in the region), Kirchner has based its economic development program and his political support platform on attacks on foreign lenders. While the IMF and foreign banks are quiet partners for economic development for the Chilean government, Kirchner has successfully boosted his own popularity and strength by blasting at international lenders. While Chile has pushed for more commercial and financial integration with the world, President Kirchner has tampered with export and import strategies to favor domestic production and consumption and to control inflation.

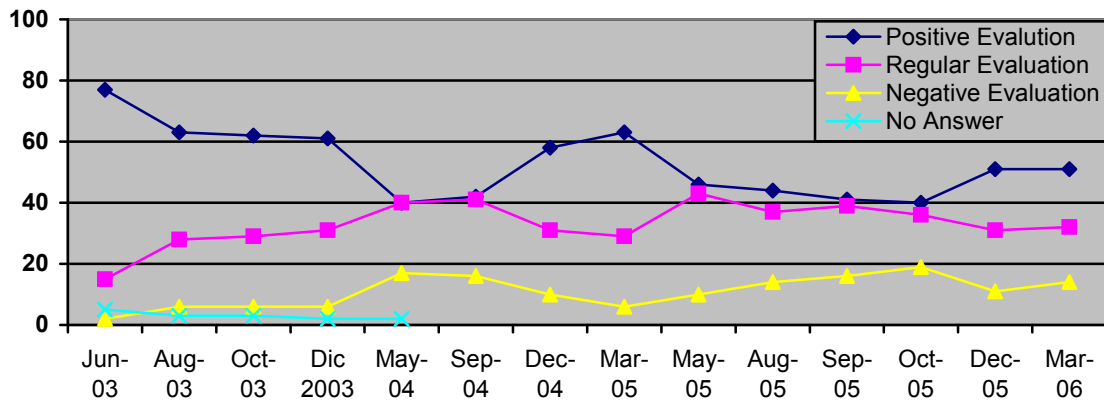
To be sure, it remains to be seen whether Kirchner's strategy will help him succeed politically and whether Argentina's impressive growth in the last three years can be sustained in the future. But the expectations that Argentina's economy will not continue to recover and, moreover, will pay high medium and long-term costs for its short-term growth certainly make Kirchner and Lagos's prospects for future retrospective assessments of their respective tenures radically different. While Lagos received wide praise for his economic policies, Kirchner has been severely criticized for the macroeconomic policies implemented during his term. In addition, Kirchner has also been criticized for tampering with democratic institutions. Although he has championed anti-corruption initiatives, there is fear that many of the appointments he has made to autonomous and independent oversight bodies primarily reflect more personal and political loyalty.

Although it seems implausible that Kirchner will adopt economic policies that resemble those promoted by President Lagos and previous *Concertación* governments, both leaders have experienced a similar trend in their approval ratings. While they both experienced honeymoon periods, their approval ratings decreased later and then recovered towards the second half of their terms. Although economic growth in Argentina has been stronger than in Chile in recent years, the former country has also experienced more social and political instability than Chile during the past few years. In that sense, Chile seems to be more stable in terms of economic and democratic development than Argentina. For that



reason, perhaps, the effect that approval ratings have on the legitimacy of the presidents in both countries is also distinct. While Kirchner's legitimacy depends more on good approval ratings, the legitimacy of Chilean presidents seems to rely less on their approval ratings.

**Figure 5. President Kirchner's Approval Ratings 2003-2006**



Source: Carlos Fara y Asociados, 2004, 2006 (The data is from the Buenos Aires Metropolitan area)

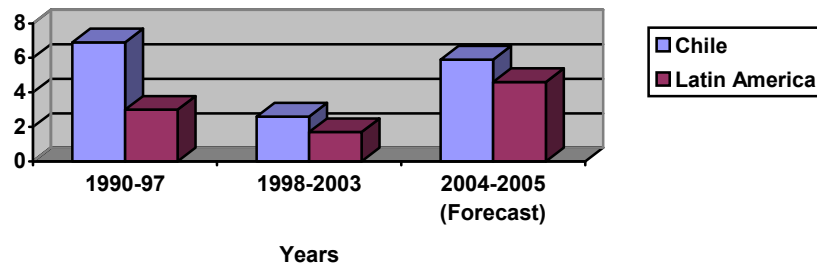
### Lessons from Lagos for Latin American Leftist Leaders

As discussed, the situation that has made Lagos such a popular leftwing president in Chile is difficult to reproduce in other countries where left-leaning leaders are also in power. Either because the economy in those countries does not enjoy the same health as Chile's or because the basis of popular support for those presidents does not rest on the combination of good personality traits and strong political party structure that Lagos has built his popularity on, it is unlikely that the other leftwing presidents in the countries discussed here can enjoy the same success President Ricardo Lagos has enjoyed.

As shown in Figure 7, Chile's economy has outperformed Latin America since 1990. Even when all of Latin America did not do well, as in between 1998 and 2003, Chile did better than the rest. Because Chile's economy has grown faster than those of the rest of the countries, and because Chile has successfully combated poverty—although not necessarily inequality—it is easier for any president in Chile to produce positive results and enjoy higher approval ratings than leaders in other Latin American nations. Yet, as it is clear from the examples of Peru, positive economic results are not sufficient for presidents to enjoy high approval ratings and increase their prospects for re-election (or the prospects for their parties to win future elections). In Mexico, President Fox has enjoyed high approval ratings, but the economy has not performed well. In Argentina, the president seems overly preoccupied with high approval ratings, but the economic challenges ahead are such that it is unlikely that long term good economic results will be achieved and, thus, the presidents' popularity will likely suffer in the future.

True, President Lagos has successfully combined a good economic performance during his tenure with impressive personal approval ratings in a way that no other left-leaning leader in the other five countries—with the exception of Lula, who comes closest to doing what Lagos has successfully done. But the lessons that can be learned from Lagos are not easily applicable to the other countries discussed here.

**Figure 6. Chile and Latin America Economic Growth, 1990-2005**



Source: “Writing the Next Chapter in a Latin American Success Story” *The Economist*, March 31, 2005.

Because Lagos’s success is partially attributable to the strength of the *Concertación* coalition, the absence of strong leftwing parties in Peru and the lack of stable multiparty coalitions in Brazil make it difficult for those leftwing presidents to build personal support as Lagos has done (although Lula can certainly achieve much more success than Toledo ever did). In the case of Argentina and Mexico (where President Fox abandoned its initial pro-social democratic stance), the economic challenges ahead make it difficult for presidents to expect the kind of healthy and sustainable economic growth that Chile is enjoying at the end of Lagos’ term.

Perhaps the leftwing government that could best draw lessons from the Lagos experience in Chile is that of Uruguay, where leftwing leader Tabaré Vázquez was recently inaugurated (March 2005) as that country’s first leftist president. Facing admittedly harder economic challenges than those faced by Lagos when he first came into office, Vázquez seems to have signaled his intention to adopt policies that are similar to those adopted by Lula in Brazil and Lagos in Chile. Yet, unlike Lula, Vázquez enjoys majority control of the legislature. His *Frente Amplio Encuentro Progresista Nueva Mayoría* (aka Frente Amplio) controls 52 of the 99-seat Chamber of Deputies and 17 seats in the 31-seat Senate. If he can successfully lead his leftwing multiparty coalition to support his legislative initiatives and fund his public policy programs, Vázquez will be in a position to replace Lagos (whose term ends in March 2006), as Latin America’s most successful leftwing leader.

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