

FEBRUARY 2021

# CURRENT HISTORY

A Journal of Contemporary World Affairs



## LATIN AMERICA

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# CURRENT HISTORY

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## COMING IN MARCH

# Europe

EUROPE HAS RELIED ON SOLIDARITY to make it through the pandemic. Social programs helped people hold onto jobs and kept children in day care and schools. But others were left unprotected. The European Union agreed for the first time to issue common debt to finance a recovery fund, but a dispute over democratic values nearly derailed the plan. And Britain headed for the exit after more than four years of negotiations ended in a last-minute trade agreement that left much unsettled about its future relations with the EU. *Current History's* March issue will cover these and other developments across the region. Topics scheduled to appear include:

- **Social Solidarity and Pandemic Policy**  
Kimberly J. Morgan, George Washington University
- **A Hamiltonian Moment for Europe?**  
Erik Jones, Johns Hopkins University
- **What Next for Britons Living in the EU?**  
Michaela Benson, Goldsmiths, University of London
- **Why Greeks and Turks Keep Fighting**  
Costas M. Constantinou, University of Cyprus
- **How European Rights Exclude Roma**  
Julija Sardelić, Wellington University
- **Europe's Ambiguous Borderlands**  
Alexander Clarkson, King's College London
- **Absolutisms Old and New**  
Holly Case, Brown University

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# CURRENT HISTORY

February 2021

*“Social movements often score some policy wins, but they rarely provoke the kind of sweeping institutional change that Chile will now attempt.”*

## Chile’s Constitutional Moment

JENNIFER M. PISCOPO AND PETER M. SIAVELIS

O vernight on October 18, 2019, violent, destructive, and deadly protests exploded in Chile. Not since the end of the 1973–90 dictatorship of General Augusto Pinochet had Chile experienced such unrest. The protests shattered the country’s reputation as an island of political stability and economic success in South America, a region often viewed as restive and unpredictable. Yet social discontent had simmered under the surface for about two decades. The slow burn ignited when President Sebastián Piñera’s government hiked transit fares. Students, workers, pensioners, feminists, Indigenous peoples, and other disaffected citizens united to protest not just the fare hike itself, but a political and economic system they perceived as unjust and unresponsive.

The protests paralyzed the country for weeks and forced reluctant authorities into a massive concession: the Chilean people would decide whether or not the country needed a reboot. Protesters and critics traced Chile’s woes to the 1980 constitution, written during the dictatorship and still in force. An agreement forged on November 15, 2019, would send Chileans to the polls to answer two questions: Should the country write a new constitution? And if so, who should write it—members of Congress alongside everyday citizens, or citizens on their own? When Chileans voted on October 25, 2020, the proposal for an all-citizens constitutional convention won in a landslide.

In a span of just 12 months, Chile had made history several times over. Social movements often score some policy wins, but they rarely provoke the kind of sweeping institutional change that

Chile will now attempt. Constitutional conventions—especially those composed of specially elected delegates—are exceedingly rare in the modern era. Such conventions are usually convened immediately after countries conclude civil wars, as in Nepal in 2008, or during a transition from dictatorship to democracy, as in Tunisia in 2011, after the Arab Spring. Moreover, Chile’s constitutional convention will be the first in the world where men and women participate in equal numbers, since the rules require gender parity among the delegates.

There is still more drama to come. Chile will hold elections for convention delegates as the coronavirus pandemic continues and probably before any vaccine becomes widely available. The country next will face the daunting tasks of getting diverse stakeholders to agree on a new charter—and then getting voters to approve it in yet another referendum. If this process succeeds, Chileans will finally leave the legacy of Pinochet behind, more than thirty years after his departure from office.

### PROTEST EXPLOSION

Widespread discontent had manifested itself in Chile in the years before 2019’s *estallido*, or explosion. In 2006, nearly 800,000 high school and university students participated in strikes and occupations, demanding an end to the inequities between the public and private education systems. In 2016, hundreds of thousands of Chileans took to the streets in anger over the inadequate retirement support offered by the Pinochet-era private pension scheme. And in 2018, feminists protesting sexual abuse and patriarchal privilege marched throughout the country, while university students seized buildings and even entire campuses to denounce sexual harassment in education. That same year, Indigenous peoples—long subject to

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political, social, and economic exclusion and state violence—demonstrated after an armored police unit killed the grandson of a respected Mapuche leader. The unarmed youth was beaten and shot in the back of the head during a police raid.

The awakening that began in October 2019 carried new urgency, some of it violent. Entire swaths of the capital, Santiago, were destroyed by looting and attacks on property. No fewer than 80 of Santiago's 136 metro stations were damaged, and 11 were completely destroyed by fire. Similar riots broke out across the country. Demonstrations and property damage continued for weeks. Nearly 1 million people marched in Santiago at one point, about 5 percent of Chile's total population.

Throughout the country, police responded violently, drawing allegations of excessive force and human rights abuses, including torture. The Piñera administration ordered the military to patrol the streets and implemented the first curfew since the Pinochet regime, evoking jarring memories for those who had lived through the dictatorship.

The international media depicted the protests mainly as a response to the increased transport fees, but the fare hike was merely the tip of the iceberg. Protesters were reacting to three decades of injustice and inequality, fundamental problems that the political elite had frequently ignored. The privatized education, health care, and pension systems—all legacies of the Pinochet era—effectively created two Chiles: one where the rich enjoy high-quality private services, and another where the poor navigate threadbare, inferior public systems.

The police are viewed as corrupt. Members of Congress earn the highest salaries among lawmakers in the region. Companies profit at the public's expense: private enterprises charge high utility rates, collude to set prices for basic staples, and rake in fees for administering pensions. Overseeing all this was Piñera, a conservative who returned to the presidency in 2018 for a second term—a billionaire and one of the richest people in Chile.

Demonstrating the political elites' tone-deafness to protesters' systemic critiques, Finance Minister Juan Andrés Fontaine responded by suggesting that Chilean workers simply "get up earlier" to

avoid the subway's rush-hour rate. But the government's harsh response went beyond such ham-handedness. When political leaders dubbed protesters "terrorists and delinquents" and contended that the country was "at war with itself," they raised uncomfortable parallels with Pinochet's rhetoric. The late dictator had overseen one of the most brutal and violent regimes in Latin American history, with human rights abuses, disappearances, and torture—mostly of leftists.

Yet the government's response only threw more fuel on the fire. The protests continued and grew, making it clear that Chile had reached an inflection point. In the south, Indigenous protesters toppled statues of military generals associated with Spanish colonial rule. In Santiago, people continued marching even as hospitals filled with victims shot with *balines*—marble-sized bullets that punctured lungs and eyes. Far from deterring demonstrators, elite chastisement and state violence only spurred them further. Protesters called for Piñera's removal.

Piñera eventually did try to meet some of the protesters' demands. His government raised pension payments and the minimum wage, suspended the transit fare increases, reduced prices for medicine and electricity, and raised taxes on the rich while cutting salaries for members of Congress. Yet these reforms were too little, too late.

Protesters' initial demands had expanded to include scrapping the 1980 constitution. For many, it symbolized Pinochet's enduring political and policy influence, years after his death in 2006. By early November 2019, the Piñera government recognized that only a dramatic concession—agreeing to a process for writing a new constitution—could calm the nation.

## PINOCHET'S STRAITJACKET

The 1980 constitution was written by the Pinochet regime with no popular input. Pinochet came to power by overthrowing the democratically elected government of President Salvador Allende in 1973. Allende had promised a "Chilean road to socialism," drawing decisive battle lines between the right and the left. Three years into Allende's term, amid escalating violence, the military firebombed the presidential palace. Allende committed suicide rather than surrender. Pinochet set out to completely remake Chile.

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*Pinochet's system had the outward appearance of democracy while limiting popular sovereignty.*

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Pinochet's project was both economic and political, though his economic transformation is better known. He imposed on Chile a neoliberal economic model designed by the "Chicago Boys"—a group of University of Chicago-based economists inspired by Milton Friedman and joined by colleagues at the conservative Catholic University of Chile. They were committed to free markets, deregulation, and shrinking the state. Pinochet's constitution protected private property to such an extent that Chile became the only country in the world where even the water supply was privatized.

The constitution also implemented Pinochet's political goals. Pinochet and his advisers envisioned a system that had the outward appearance of democracy while actually limiting popular sovereignty, constraining policy options and making change difficult. Conservative Catholic jurist Jaime Guzmán led a group of 12 authors who drafted a constitution to implement this controlled, authoritarian vision of democracy. The charter cemented Pinochet's legacy and ensured his future influence in politics.

First, the constitution's authors concentrated policymaking authority in the president. Even today, the Chilean president is among the world's most powerful governing executives, enjoying broad budgetary discretion and lawmaking powers, including the ability to fast-track bills through the legislature. The Congress is correspondingly weak, with few capabilities to oversee or check the executive branch.

Second, the framers designed an electoral system for deputies and senators that would advantage the right and constrain the left. By allocating two seats per district for both houses of Congress, but requiring that the first-place party win double the votes garnered by the second-place party in order to take both seats, the system reduced parties' chances of sweeping any given district. Even if the right-wing coalition won just a third of a district's vote, it would be assured of winning one of its two seats.

Thanks to these electoral rules, known as the binomial system, the right became overrepresented in Congress when elections resumed. The constitution also bolstered the right's congressional veto power by requiring high quorums for legislative changes and constitutional reforms. As a further check, Guzmán and his allies created a Constitutional Tribunal, which could judge the constitutionality of legislation at any point in the

lawmaking process and thereby derail undesirable reforms.

Third, the constitution's authors protected the armed forces. The 1980 constitution prohibited presidents from hiring, promoting, or firing senior military leaders. Those in power during the dictatorship—including General Pinochet—retained their positions after the return of democracy. The constitution also established a National Security Council that could evaluate any issue that in its view might challenge "the bases of the institutional order or could threaten national security." Finally, the constitution gave the armed forces, and other institutions packed full of Pinochet appointees, the right to appoint 9 of the 38 senators.

Essentially, the 1980 constitution amounted to an institutional straitjacket. Elites had few ways and little inclination to alter the status quo, even after Pinochet left office. At first, their reluctance stemmed from fears that too much reform would generate the same instability that fueled Pinochet's 1973 coup. As time went on, the institutional design of the executive, legislative, and judicial branches bequeathed by the 1980 constitution circumscribed the ambition of any would-be reformers. The barriers to system-wide change were too high.

Nonetheless, Chile's process of democratization began to untie the straitjacket. Pinochet gambled and lost in a 1988 referendum on his rule, and democracy returned. The center-left governed for the next two decades and gradually replaced Pinochet appointees in key institutions, eroding the right's stranglehold on power. Popular mobilization ramped up in the mid-2000s, compelling the right to accept some reforms.

Presidents regained the ability to appoint, dismiss, and promote senior military officers. The appointed senators were eliminated, and limits were placed on the powers of the Constitutional Tribunal. Political authority was decentralized throughout the 2000s and 2010s, allowing for direct election of mayors and the creation of new regional councils.

Most notably, Piñera's predecessor, President Michelle Bachelet, spearheaded constitutional reforms that replaced the binomial system. These 2015–16 reforms created a new proportional representation system with new districts. New political parties formed, and more outsiders ran and won in the 2017 elections.

These piecemeal reforms could not fix economic and social inequality. Chilean elites might

tinker with the political system, but most appeared unable or unwilling to alter Chile's extreme version of the neoliberal model. The divide between the haves and have-nots continued to widen.

Yet generational replacement was occurring. Younger leaders like Giorgio Jackson, Camila Vallejo, Gabriel Boric, and Karol Cariola emerged, with no real memory of the 1973 coup or the dictatorship. They represented a new "generation without fear." Their visions were bolder and less constrained by the status quo bias that plagued Chilean politics in the aftermath of the Pinochet regime. When the younger generation's demands for economic and social justice exploded, the traditional political and economic elites were caught off guard.

## A CITIZENS CONVENTION?

In mid-November 2019, Piñera recognized the urgency of committing to a new constitution to quell the unrest, even though he believed that such a change was neither necessary nor wise. An initial proposal made by Interior Minister Gonzalo Blumel called for Congress to draft the new charter, but protesters immediately signaled that a replacement written by the same elites would have no popular legitimacy. They demanded a "constitutional assembly or nothing," insisting on a specially elected body that would allow citizen participation. Opposition parties and some political leaders agreed. The Association of Chilean Cities—representing the country's 340 mayors—said voters should decide how the new constitution would be written.

Governing and opposition parties reached a "12-Point Agreement for Social Peace and a New Constitution" on November 15, 2019. The pact called for an institutional solution to Chile's crisis, but one that placed decision-making power back in the people's hands. The process to "reestablish peace and public order in Chile" would begin with a popular referendum containing two questions. The first was, "Do you want a new constitution?"

Regardless of whether voters responded "yes" or "no," they would then be asked, "What type of body should carry out the elaboration of a new constitution?" There would be two options: a mixed constitutional convention, half of which would comprise members of Congress and the other half specially elected representatives; or

a convention consisting entirely of the latter. The agreement stipulated that any officeholders seeking election to the constitutional assembly would be required to first resign their positions.

The decision to call the referendum was a victory for the protesters: voters would choose, and if they wanted a new constitution, citizen participation was assured, either wholly or in part. Over the next month, Congress hammered out the details. The agreement stipulated that the electoral system adopted in the 2015–16 reforms and used for the first time in 2017—which included a 40 percent quota for women candidates—would also be used to select the convention's representatives. For feminists, though, a 40 percent quota for women candidates seemed woefully insufficient for electing a body designed to represent all Chileans. The quota did not even work especially well: in 2017, women won only 22 percent of seats in the Chamber of Deputies and 23 percent in the Senate.

Women in Congress, working with feminists in academia and civil society, pushed their colleagues to add a gender parity rule for the constitutional assembly elections and their outcomes. As early as 2007, the Quito Consensus—adopted by 33 Latin American and Caribbean governments—called for "consolidating gender parity as a policy of the State." Eight Latin American countries, including neighboring Argentina, elected their Congresses using gender parity among candidates. Feminists argued that Chile's 40 percent gender quota was not only numerically insufficient, but also practically outdated.

Even more important, gender parity constituted a democratic best practice. There were only two women among the 12 authors of Pinochet's constitution; until 2017, women had never comprised more than 20 percent of Congress. Now, Chilean women adopted the slogan, "Never again without us." Early in December 2019, congresswomen standing inside the Chamber of Deputies chanted, "We are more than half, and in the constitutional assembly, we want half." Their campaign echoed the refrain of feminists throughout Latin America and the world: "There is no democracy without women."

The next agreement in Congress, brokered in mid-December, met those demands. First, Congress established that candidate lists for the

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*Chile's constitutional convention will be the first where men and women participate equally.*

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constitutional convention would be required to respect gender parity: parties would have to select candidates comprising 50 percent men and 50 percent women to run in each district. Second, the elected representatives themselves would have to reflect gender parity. Later, Congress would approve the exact mechanism: if a district did not elect an equal number of men and women, the men who won with the fewest votes (the worst winners) would be replaced by the women who lost with the most votes (the best losers). This latter requirement made history: Tunisia's 2011 constitutional assembly was elected with gender parity among the candidates, but women did not win 50 percent of the seats. By requiring parity among both candidates and winners, Chile became poised to deliver the world's first constitution authored equally by men and women.

## A PANDEMIC PLEBISCITE

When Congress recessed for the 2019 winter holidays, the referendum was scheduled for April 26, 2020, and the elections for the constitutional assembly were set for October 25. Then the coronavirus arrived in March 2020, making these dates infeasible. That month, Congress agreed to delay the process, pushing the referendum back to October 25 and the constitutional convention elections to April 2021.

As the pandemic continued, the government instituted rolling lockdowns throughout fall and winter (which last from April to August in the Southern Hemisphere). In August, it announced that the referendum would go ahead as planned, but with special safety protocols. Residents of locked-down districts would be granted an exemption to leave their homes to vote; more polling places were added, and voting hours were extended to allow for social distancing; certain hours were reserved for seniors, and face masks were required. In September, election authorities ordered further precautions, telling voters to bring their own blue pens to mark the ballots.

With in-person activities limited, much of the referendum campaign unfolded on social media. Some political parties that backed a new constitution focused entirely on digital campaigning. The assurance that women would participate in framing a new charter shaped some of the messaging. Since gender parity rules would apply only to representatives elected to the constitutional convention—not to any delegates selected by members of Congress—Chile would make history

only if voters chose the all-citizens assembly. Infographics and hashtags on social media, created and disseminated by feminist advocates, reminded voters that a constitutional convention with 50 percent of the seats held by women depended on selecting the all-citizens option.

Similarly, advocates hoped that an all-citizens assembly would reserve seats for Chile's nine First Nations. Although Congress had adjourned in December 2019 without reaching an agreement on Indigenous representation, reserved seats remained on the table. Supporters argued that Indigenous voices were necessary for building a more just and inclusive society.

The campaign did not unfold entirely in cyberspace. Protests resumed in the weeks before the referendum, and became especially volatile on September 11, the anniversary of Pinochet's 1973 military coup, and in response to fresh reports of police brutality. On October 18, the one-year anniversary of the *estallido*, thousands marched and destroyed symbols of power, torching churches and private businesses. Throughout the campaign, protesters made plain their preference in the upcoming referendum, waving banners saying, "Chile Decides"—an endorsement of a "yes" vote for a new constitution.

The coronavirus did not deter voters. On election day, turnout was the highest since Chile ended mandatory voting in 2012. Polls had indicated overwhelming support for change: in September 2020, a month before the vote, 67 percent of Chileans expressed support for a new constitution, and 53 percent preferred the all-citizens constitutional convention. Even larger majorities backed these options in the referendum itself: 78 percent approved of writing a new constitution, and 79 percent chose a constitutional convention composed wholly of specially elected representatives. As the final vote tallies emerged on the evening of October 25, 2020, thousands of people danced and cheered in Santiago's main avenues. Some unfolded a banner with a message for the deceased Pinochet: "Erasing your legacy will be our legacy." The people had spoken, and they wanted reform.

## PROMISE AND PITFALLS

In Chile today, optimism runs high that the country will finally throw off the yoke of the Pinochet constitution and adopt a new founding document—a revision of the social contract. Progressive-minded reformers want a framework



that transforms policy in every sector, from business to health. Yet the referendum is just the first step, and the road ahead contains many obstacles.

The first challenge comes from the traditional elites, who have the most to lose. Most Chileans voted for a new constitution written by citizen-delegates, but Santiago's three wealthiest districts voted "no" to a new constitution. Conservative resistance was further laid bare in November 2020 as Congress resumed debate over reserved seats for Indigenous peoples in the constitutional convention. With the number of delegates capped at 155, Piñera and his allies fear that reserved seats would give Indigenous representatives too much decision-making power. The president of one right-wing party suggested that if Indigenous peoples merited reserved seats, so did Christians and evangelicals.

The next challenges come from the constitutional process itself. The idea of an all-citizens assembly may conjure images of regular people coming together to draft a new constitution. But that is not quite how the delegate selection process will work.

Candidates for the constitutional convention must be selected and registered by political parties, or else collect enough signatures to run as independents. The patina of an independent candidacy could help attract voters, but that may not be enough to overcome the material and organizational resources that parties provide. In addition, officeholders can run if they resign their posts—and they only have to remain out of office for one year after the assembly disbands.

These rules give the traditional parties outsized influence over who becomes a candidate and ultimately a delegate, offering an advantage to political insiders even as Chileans express high levels of distrust in parties and legislators. Many of the usual suspects have thrown their hats in the ring. The economic and political elites may have voted "no" in the referendum, but they will still participate in the process and attempt to shape its results. At the same time, well-known figures from the feminist movement, the student movement, the nonprofit sector, and academia are also joining the contest. These outsiders are running both as independents and as party candidates.

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*If this process succeeds, Chileans  
will finally leave the legacy of  
Pinochet behind.*

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The constitutional process will overlap with regular elections, dragging party politics further into the fray. The elections for convention delegates are scheduled for April 2021. The convention will open the next month, and will have one year to write the new charter. By May 2022, either the convention will have produced a constitution to be ratified by a popular referendum, or it will have failed to do so, in which case it must either disband or ask Congress for a one-year extension. At that point, Chileans already will have gone to the polls six times, voting in primary and general elections for president, governors, mayors, senators, and deputies. Whatever debates and controversies occur at the constitutional convention will affect parties' positioning in the regular elections, and vice versa.

There is no guarantee that the convention will succeed. The rules require that two-thirds of the delegates approve all elements of the new constitution. The need for a supermajority is a daunting obstacle, given that every aspect of Chilean politics and society is on the table, from institutional design to citizens' rights. Delegates could decide,

for instance, to replace the presidential system with a parliamentary one, or to make Chile's state structure federal rather than unitary, giving provinces greater autonomy and more policy-making power. They could

include provisions recognizing that Chile is a multicultural and pluri-ethnic country, with autonomy and rights for Indigenous peoples, as Bolivia and Ecuador did when they rewrote their constitutions in the mid-2000s. They could also make gender parity an organizing principle of government, as Mexico did in 2019.

But a two-thirds supermajority requirement does more than make it harder to approve such dramatic changes. It raises the possibility of deadlock. Progressives could face a lose-lose scenario: either they accept the limitations demanded by right-wing delegates, or they walk away.

## WRITING THE FUTURE

Chile is in a tough spot. On the one hand, the 2019 protests and the referendum outcome reflect most Chileans' strong desire for an economic system that provides more equality of opportunity and a political system that is more accountable, representative, and responsive. Chileans have

sacrificed during months of protest and pandemic. Activists were injured and killed by the police. If the new constitution does not meet the social movements' demands, many Chileans will have paid a high price for little gain. So the privileged elite cannot use the specter of left-wing radicalism to stall or halt the process. If the assembly writes a new charter that merely repackages the status quo, restive voters will surely reject it. The 1980 Constitution would stay in force, appeasing conservatives, but this would do nothing to address Chile's deep economic and social divides, and it would raise the possibility of continued unrest.

On the other hand, Chile's conservatives as well as some moderates fear a constitutional assembly dominated by populist forces. They worry that reformers will pursue fairness and justice not just by writing a broader set of rights into the new charter, but by framing these rights as guarantees. For example, a right to health care offers policymakers a guiding principle, whereas

a guarantee of state-provided health care ties their hands. Constitutions usually do the former: they design institutions and enumerate rights, while leaving policy details—such as who pays for what—for lawmakers to determine down the road. Conservatives are apprehensive that a new constitution will promise more than the state can realistically deliver.

Of course, for a country that respected the status quo and curtailed the influence of leftists, women, Indigenous peoples, youth, and the poor for so long, any moment of change feels dramatic and uncertain. That Chile will now even attempt system-level reforms marks a victory for the social movements that seized the streets in 2019. Activists forced the economic and political elites to take their criticisms seriously. Next, Chileans will undertake a collective exercise in self-determination. They will have difficult conversations and tough negotiations, but they are poised to cast aside a past overshadowed by a dictatorship and write their own future. ■

“Through much of 2020, Bolivians were confronted with what many now call the double pandemic: a repressive government and a deadly virus.”

## Bolivia’s Double Pandemic: A Coup and COVID-19

BRET GUSTAFSON

**B**olivia had a tumultuous year starting in November 2019, when President Evo Morales was ousted in what most observers saw as a coup. An interim government stepped in. Although tasked only with calling elections, this administration revealed itself to be both corrupt and brutal—and, once the COVID-19 pandemic hit, incompetent.

Morales, both celebrated and vilified for having held power for fourteen years, was Bolivia’s first Indigenous president. He steered the country to the left with a bold redistributionist agenda. But his bid for a fourth term, based on a court ruling that overturned constitutional term limits, led many to question the vote from the outset. He was toppled amid allegations of electoral fraud, street protests, a police mutiny, and a suggestion from military leaders that it was time for him to resign. He complied and left the country. Just a few days after the interim government took over, two protest marches were met by troops with gunfire that killed twenty unarmed civilians. Widespread persecution of former Morales administration officials began, and many were jailed.

Then, on March 10, 2020, COVID-19 arrived with two Bolivians returning home from Europe. Twelve days later, a national quarantine was put in place. Through much of 2020, Bolivians were confronted with what many now call the double pandemic: a repressive government and a deadly virus. When elections were finally held in October 2020, Morales’ Movement Toward Socialism (MAS) party, led by presidential candidate Luís Arce, won in a landslide. MAS reclaimed a majority in the legislature along with the presidency. Although the pandemic

has not gone away, Bolivia’s simultaneous passage through COVID-19 and the coup is a remarkable testament to the country’s commitment to democracy and its unbreakable human spirit.

By most measures, the interim government did a bad job in dealing with the pandemic. Bolivia, with a largely poor population of 11 million, certainly faced infrastructural challenges, even though the Morales government had invested heavily in public health over recent years. Morales had used revenues from natural gas exports to expand the public sector, invest in infrastructure, and launch several cash transfer programs to alleviate poverty. In addition, Morales tripled the budget for health between 2006 and 2019. Indices of infant mortality, hunger, and care for expectant mothers all improved. A universal health care system was launched in 2010 and was set to expand starting in March 2019.

But Morales had a running political feud with the organization representing professional physicians. Doctors in Bolivia work in both public and private clinics. The latter are invariably better equipped and, of course, more expensive. The result is health segregation: those who can afford it enjoy access to private clinics, and those who cannot are consigned to underfunded, understaffed, and overcrowded public facilities. Even in public clinics, doctors often charge patients extra for equipment, treatments, and drugs.

The expanded national health program was intended to improve the public sector situation, but it threatened the private interests of doctors. In the lead-up to the 2019 election, they opposed not only its implementation, but Morales himself, joining the coalition of groups that demanded his ouster after the disputed vote. With Morales out and the new health program not yet fully implemented, COVID-19 arrived at a point of acute political and

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institutional instability that increased the likelihood of an inadequate response.

The lack of preparation for the virus was not entirely the interim government's fault. Yet this administration, seen by many as illegitimate, did not instill confidence. Indeed, it did not really seem to care that much about the poor majority of the country's people.

The new president, Jeanine Añez, was a senator from a right-wing party that had little national support, garnering only 4 percent of the vote in the disputed election. After Morales and his vice president had fled and others in the line of succession had resigned, Congress elected Añez, the second vice president of the Senate, to the presidency in a procedure lacking a quorum and of dubious legality.

As president, Añez had one job: to call new elections. But she soon declared herself a presidential candidate and set about using her grip on the state to build political alliances, campaign, and distribute patronage jobs.

Alongside rising political tension and repression, the interim government's actions revealed a troubling lack of knowledge about the virus. In one telling example, in the early days of the outbreak, Añez and her close circle of advisers were seen wearing "virus shut out necklaces," said to emit a disinfecting cloud of chlorine dioxide that protects the wearer. Hucksters hawk them on the Internet and on the streets of New York City, but the US Environmental Protection Agency has banned them. When Bolivia's new leaders fell prey to such a scam, it was a harbinger of what was to come.

## HEAVY-HANDED RESPONSE

The interim government was politically aligned with the doctors, but nobody seemed very sure what to do about the pandemic. The Añez administration made clumsy efforts to inform the population and enforce a quarantine. Yet its primary goals seemed to be persecuting figures from the previous government and repressing lingering discontent over the coup. Rather than a logic of care, the government operated with a mindset reminiscent of the Cold War years when Bolivia was ruled by a succession of military dictatorships preoccupied with national security.

Critics of the government were deemed "seditious" and "terrorists." The police and the

army were designated as the primary actors in the "war" against COVID-19. People said to be possibly infected were deemed "suspicious cases." Those who did not obey quarantine orders or wear masks were labeled "infractors," a term used for criminals. Under cover of the quarantine, or in its name, the government jailed a number of Morales sympathizers. One was imprisoned after police interrupted a dinner party at her house. Public protests were treated as both a security and a health threat, drawing heavy-handed police responses.

The interim government exacerbated tensions with its barely-masked racism toward Indigenous people, who comprise the majority of the Bolivian population. Representatives of the interim government, largely made up of lighter-skinned Bolivians from the old-guard elite, referred to the darker-skinned protesters as "hordes." Añez herself described Morales supporters as "savages."

The government's attempts to educate people about the virus also took on an aggressive tone. Administration officials berated community leaders, blaming them for the virus's spread. After

a national quarantine was declared in mid-March, those who broke it faced criminal charges, and hundreds were jailed.

As with the "shut out" necklaces, repression could abruptly give way to parody.

At one point, the minister of public works, tasked with educating the public, came to a press conference armed with action figures of the Avengers and the villain Thanos. Holding them up to stage a mock battle, he explained to the viewers (whom he evidently presumed to be child-like) that Thanos, like the virus, was evil and had to be fought. He was widely ridiculed on social media.

This incompetence tinged with racism was compounded by Bolivians' economic reality. Almost 80 percent of the economy comprises the informal sector, where people work as street merchants, day laborers, market vendors, and the like. This is a population that largely has no formal contracts, salaries, benefits, job protections, or even a fixed place of work. For them, working from home is not difficult—it is impossible. A massive government aid program might have alleviated the pressure of the lockdown. In the absence of such aid, people had no choice. They went out in the streets to work, while the government complained of unruly and disobedient

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*COVID-19 arrived at a point  
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institutional instability.*

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citizens. People from the privileged classes were also out and about, but the government was mainly concerned about segments of society it deemed a risk to itself.

Among these was La Paz's sister city, El Alto. The city's largely Aymara Indigenous population was at the core of opposition to the interim government. When its residents spearheaded protests back in November 2019, the army killed ten civilians (one of two mass killings that month). The interim government responded to the perceived political threat of El Alto by deeming the city an unruly public health risk and enforcing harsh lockdown measures. At one point, a coliseum was used as a giant holding pen for "infractors."

A second target was the tropical region known as the Chapare, Morales's primary base of support. Among a range of other threats to "cordon off" and "contain" the region, the minister of government (equivalent to an interior minister), Arturo Murillo, Añez's main enforcer, warned that anyone trying to "escape" would be treated as a criminal. Backed by a draconian decree on the health emergency, he threatened those who broke quarantine with ten years in prison. Murillo vowed to declare a state of siege and impose martial law if people did not stay at home.

The health emergency decree also directed threats against anyone who "generated uncertainty" among the population, an ill-defined phrase that could apply to almost any form of speech. The US-based nongovernmental organization Human Rights Watch denounced the decree as a thinly veiled political attack on freedom of speech and called on the government to suspend it. Just two weeks after the decree was issued, the government announced that it had detained 67 Internet activists, opponents of the government who were alleged to have "generated uncertainty."

By the end of March, the national electoral commission called for the suspension of political campaigns. It seemed reasonable, given the pandemic. Yet the lack of public confidence in a government that many considered illegitimate led some to see this as a bid to stay in power.

Meanwhile, the police appeared to be the only effective arm of the state. In one April weekend, they announced 839 arrests for lockdown violations, followed by similar figures over the ensuing weeks. But this seemed counterproductive, since Bolivia's prisons were already notoriously overcrowded and were becoming COVID-19 hotspots. Detaining more people verged on the absurd. For

their efforts, police officers were among those worst affected by the virus, with many deaths in their ranks.

## DISASTER GRAFT

As the government tried to put on a more serious face, Añez formed a "scientific committee" of advisers in April. Many of them were not actually scientists, though much attention was given to one young man, Mohammed Mostajo. Said to be a close friend of the president's daughter, he was a US-based Bolivian scientist who flew in to join the effort. Añez also named a new health minister, pulmonologist and surgeon Marcelo Navajas. Yet the scientific committee seemed to be focused more on postponing the elections than on fighting COVID-19.

The elections originally scheduled for May were first postponed indefinitely due to the pandemic. On May 2, the MAS-dominated Congress passed a measure calling for elections within 90 days. Añez refused to sign it and tried to delay it with a court challenge. By mid-May, protests and road blockades to demand elections had spread throughout the country.

In June, after a dialogue that included representatives of the United Nations, the European Union, and the Catholic Church, Congress passed another law postponing the election date to September 6. By July, the virus was spiraling out of control; Añez herself, along with five cabinet members, reportedly tested positive. Despite the protests of the MAS, the electoral commission postponed the vote a final time, to October 18.

Meanwhile, there was growing instability in the government: the interim president's decision to become a candidate herself led to a reshuffling of cabinet members and ruptured the unwieldy coalition that had backed regime change. Corruption scandals were rife. Ministries saw the arrival of new personnel aligned with the coup regime, but with little real experience. The health minister who preceded Navajas had been given the post as a reward to the doctor's association for supporting the putsch.

Navajas himself did not come with a gleaming reputation. He had been accused in the past of selling overpriced chemotherapy treatments. His scheme was to buy the drugs in Chile, falsify receipts, and then resell them at a markup to his patients in Bolivia. He declared his innocence, and Añez affirmed her confidence in him. Shortly after he took office, he advocated a policy of herd immunity, announcing that everyone was going to catch the virus anyway. The only thing to avoid,

he said, was the collapse of the health system. Yet it seemed as if the collapse was already well under way, if not complete.

As more and more Bolivians contracted the virus and the death toll rose, bodies started appearing in the streets. Morgues were filling and mortuaries were backed up. Domestic violence was on the rise. Some cities and towns deemed hot spots were subject to “encapsulation,” cordoned off for ten to fourteen days. In these areas, police and health workers went from house to house to seek out infected patients. The military was also deployed in some places to reinforce these operations. The government issued yet another decree, expanding the definition of pandemic-related misinformation and increasing the punishments for alleged perpetrators. Human Rights Watch, the Inter-American Human Rights Commission, and Bolivian rights organizations all declared it another attack on the press and free speech.

Meanwhile, with great fanfare, the government announced that soon the country would benefit from a new shipment of ventilators. Navajas’ office oversaw the purchase, financed by the Inter-American Development Bank (IDB). As details of the deal came to light, questions were raised. An expert who reviewed the contract said the ventilators were designed to address short-term emergencies rather than the longer-term intensive care that COVID-19 patients would need. Others raised questions about their high price, at \$28,000 apiece, compared with the normal cost of around \$7,000.

Mostajo, serving as ambassador for science, technology, and innovation, tried to explain away the irregularities, claiming that oversight by the IDB ensured absolute transparency. Two days later, two high officials in the health ministry were arrested. The deal was exposed as corrupt, yielding huge kickbacks to various middlemen. Then two consultants working for the IDB were arrested, and Navajas himself was jailed. Mostajo quietly caught a plane back to the United States and has not resurfaced since. The ventilators were never put into service.

To add insult to injury, the government was using the pandemic as a smokescreen for other interests. With the backing of the powerful agro-industrial lobby, which had placed many representatives in the interim administration, Añez quietly tried to authorize the expanded use of genetically

modified seeds—a highly contentious issue, given the problems associated with pesticides, herbicides, and threats to native crop species. Another decree authorized the highway department to award exceptional no-bid contracts, which clearly had no relevance to COVID-19 but allowed for public funds to be disbursed with little oversight.

A further scandal tied to no-bid contracts embroiled the national hydrocarbons company YPFB. In another case, the government transferred extra funds to the Ministry of Defense, ostensibly to buy more tear gas—apparently deemed a crucial resource amid the pandemic. The “ventilator affair” was soon complemented by the “tear gas affair,” since the chemicals were also allegedly bought at a fraudulent markup.

### TOKEN ASSISTANCE

The interim government was less active when it came to making policy to ameliorate the pandemic’s effects. It delivered only a one-time direct cash transfer to families, of some 500 bolivianos (roughly \$70). The payment was provided first to families with children in public schools, and later to households with children in private schools as well. While assistance was certainly welcome, the amount was minuscule. Furthermore, claiming the transfers required people to stand in long lines at banks, clearly raising the risk of the virus spreading. Critics were quick to point out that the government’s scientific committee had deemed elections too risky, but seemed willing to overlook the risks of lines outside banks in order to score popularity points with these micro-transfers.

Education was another area of contention. Students were kept at home without classes or any remote learning options, starting in mid-March. Once the quarantine was slightly loosened in June, the government declared that schools had the obligation to come up with their own plans for dealing with the crisis. The Defensoría del Pueblo (Defender of the People), a human rights oversight body, cried foul. UNICEF’s office in Bolivia tried to put together a proposal to create better conditions for virtual schooling, yet the government seemed unwilling to commit resources to such an effort.

At the end of July, with students still at home, the government simply declared the school year over.

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*The government operated with  
a mindset reminiscent of  
the Cold War years.*

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(It usually runs from February to November.) All students were automatically promoted to the next grade. There would be no remote schooling.

The Ministry of Education had made a few statements about plans for holding classes via radio and television, but there was no serious effort to organize such programs. Nor were schools or students equipped for such a contingency. About 40 percent of Bolivians own a computer, while only 10 percent have Internet access at home. The figures are even lower in rural areas, where barely 3 percent of households are connected to the Internet.

The public schools and teachers were unprepared and unequipped for online education, whether the students had Internet access or not. But private schools, generally catering to the wealthier urban classes, had the resources for remote schooling. The cancellation of the school year for the public system had a deeply unequal impact.

Once again, the government's approach seemed to be as much about political control as it was about public health. Bolivian teachers have well-organized and often militant unions. They were quick to argue that the school shutdown was meant to keep them off the streets. To quiet such complaints, the government continued to pay teachers' salaries for the rest of the year, even though they would not be teaching.

Civil society organizations challenged the decision to cancel the school year in court, arguing that the government was denying children the right to education. The court sided with the citizens and gave the ministry ten days to come up with a plan. Minister of Government Murillo, whose role was to defend all government decisions, shrugged it off. In his words, he would rather have children be ignorant than send them to school during the pandemic, and he was willing to go to prison if he had to. The schools stayed closed.

## INDIGENOUS EXPOSURE

As has been the case in Brazil, Ecuador, Peru, and Colombia, Indigenous peoples, particularly in Bolivia's lowlands and Amazon regions, were especially hard hit by the pandemic. Rural Indigenous peoples have less access to health care than urban Bolivians, but are often subject to higher contagion risks.

The case of the Guaraní, who comprise Bolivia's third-largest Indigenous population, is illustrative. Rural farmers for the most part, the Guaraní are

now surrounded by large natural gas extraction facilities. Some Guaraní communities were able to enforce their own kind of lockdown by blocking access roads, but in others, the influx of gas workers, who come and go from the cities and interact with local people in various ways, was a vehicle for the virus. Guaraní organizations demanded that drilling be halted to reduce such movement, but the gas operations continued, and outbreaks followed.

In parts of the Amazon, gold mining activities were the culprit. Gold mining, much of it financed by Chinese capital, involves dragging Amazonian rivers. The need for gasoline and other machinery means heavy movement of trucks and workers in and out of rural regions. Already destructive in environmental and social terms, gold mining operations brought the coronavirus from the cities into isolated regions. Mining activities initially slowed when the national lockdown was imposed, but as the quarantine weakened, they picked up again.

Since many Indigenous people work in the gold mining economy, they were exposed to this movement of people. In April, Indigenous organizations signed a joint letter demanding that all extractive activities, like mining and gas drilling, be suspended. In June, Indigenous and other civil society groups also wrote a joint letter to Añez complaining of their lack of access to regional health care infrastructures and asking for health personnel, protective gear, and treatment. The government did nothing in response to either letter. By October, even the most isolated Indigenous communities had felt the impact of the virus.

## BRIGHT SPOTS

Against the backdrop of corruption, incompetence, and repression, there were bright spots. Some regional officials, like Santa Cruz health secretary Óscar Urenda, did yeoman's work in marshalling resources and pushing the national government to do better. Much like US senior health official Anthony Fauci or New York Governor Andrew Cuomo, he drew notice by holding press conferences to provide public updates that were frank, sincere, and honest, clearly explaining why the quarantine was necessary. Sadly, he himself caught the virus not once but twice. After recovering from the first bout, he worked to open a new hospital and helped the neighboring state of Beni develop a strategic plan. Then, after coming down with COVID-19 again, he spent a month on one of the city's few ventilators. The disease killed him on July 24.

Another glimmer of positivity emerged in the Chapare region. Although the government called them unruly and seditious, farmers in the Chapare collected surplus vegetables and fruits and formed “solidarity caravans” to deliver them to poor neighborhoods in the city of Cochabamba. There are surely thousands more such stories yet to be told about the time of the pandemic in Bolivia, where collective solidarity is deeply woven into the fabric of civil society. It was the interim regime, rather than the population at large, that was the major problem with the pandemic response.

As of late November 2020, official figures suggest that there have been around 145,000 cases and 9,000 deaths in Bolivia. In a country of 11 million, these numbers may not seem so high. But as the *New York Times* reported in August, the real numbers are likely as much as five times what the official statistics show. At its peak, Bolivia had “one of the world’s worst epidemics,” as the *Times* article put it. The Bolivian independent news website *Muy Waso* dug deeper, finding that between June and August alone, 20,000 more people died than in the same period the previous year—suggesting that Bolivia’s death rate per capita was up to twice as high as that of the United States.

With widespread testing and treatment unavailable, an accurate count is impossible. Bolivia appears to have seen its worst peak in August, when its death rate ranked among the top ten highest in the world. As the hotter months of the Southern Hemisphere summer arrived, the virus seems to have stabilized at a lower rate, at least for the moment. Whether a second wave will come remains to be seen.

## DECIDING MOMENT

When the general election was finally held on October 18, 2020, the resilient spirit of Bolivia was put on display. In a massive turnout, citizens stood in line for hours to vote, waiting patiently and wearing masks. In the wake of the tumult that followed the 2019 election—the accusations of fraud, and the intervention of the police and military—most saw the 2020 election as a deciding moment for the country’s democracy.

Opponents of Evo Morales, divided into three major coalitions, hoped that Lu s Arce, the candidate of Morales’s MAS party, would be forced into

a runoff. Had this happened, the other parties might have unified around Carlos Mesa, the centrist candidate thought by many to have a fair chance at beating Arce in a head-to-head vote. Supporters of Morales believed that the country’s democratic process had been interrupted; they viewed the election, and a MAS victory, as the only clear path to its restoration. Tensions were high. Yet the election went off with only minor disruptions. As the vote count continued that night, exit polling data showed a clear MAS victory. Arce won 55 percent of the vote, avoiding a runoff.

The country had withstood a brutal and incompetent regime and faced down the virus. Now it had also demonstrated a deep commitment to the ballot box. Still wearing masks, jubilant crowds poured into the streets. As the newspaper *El Pa s* in the southern city of Tarija later editorialized, not all of those who voted for Arce may have been enthralled with Morales or his party, but they had seen what kind of government they did not want, and voted to rid themselves of it.

The ex–health minister, Navajas, remains under house arrest pending the outcome of the “ventilator affair.” Murillo, the former government minister who threatened to jail anyone who broke quarantine, fled the country after the November 2020 election and is now

a fugitive in the United States. Along with the former defense minister, now at large in Brazil, he is wanted on charges related to the “tear gas affair.”

Jeanine A nez, the former interim president, is still in Bolivia, though that may not last long. The new government has already arrested one military officer in connection with the killings of protesters. The Inter-American Commission on Human Rights is currently carrying out an investigation that may lead to criminal charges against A nez as well. The victims’ families have also been in discussions with Harvard Law School’s International Human Rights Clinic. The clinic represents Bolivian families who are using the US civil court system to sue former President Gonzalo S nchez de Lozada, now living in Maryland, over an army massacre in 2003. Should A nez also flee Bolivia to avoid charges, she may think twice about going to the United States.

For his part, Evo Morales returned from exile on November 9, a day after Arce was sworn in as

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*Even the most isolated Indigenous communities felt the impact of the virus.*

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president. Throwing caution to the wind, Morales organized a two-day car caravan from the Argentine border back to the Chapare. At every town, city, village, and hamlet along the way, he stopped to greet jubilant supporters. Masks were not much in evidence, and the rallies looked like potential super-spreader events.

Now the COVID-19 emergency confronts a new government. The economic growth and stability of the past fourteen years are under threat. Natural gas prices are down, depleting government revenue. Arce says the country will need at least two years to get back on its feet after the pandemic and the coup. Although there are eager expectations of a return to the relative prosperity of the recent past, Arce pledged in his inaugural speech that his

government will be an “austere” one. He will not enjoy the same bonanza of gas revenues that bolstered Morales for 14 years, and he has tried to dampen hopes that the boom will return. He will have to maneuver between both the centrist and the hard-line right-wing opposition, the MAS base, and Morales himself.

As of early November, the number of newly reported COVID-19 cases was low and stable, at around 100 per day. Despite the severe challenges of the past year, Bolivia had shown its commitment to the idea that a government should care for its people, not criminalize them. Wherever one stands on Evo Morales, there can be no doubt that Bolivians gave the world a lesson in democracy, amidst the tragedy of the pandemic. ■

“Brazil and Mexico display the potentially severe effects of COVID-19 on inequality and poverty, as well as the importance of governments’ responses to mitigate those effects.”

## How Brazil and Mexico Diverged on Social Protection in the Pandemic

NORA LUSTIG AND MART TRASBERG

Although the numbers of infected people and death rates in the region were initially low, Latin America soon emerged as one of the hotspots of the COVID-19 pandemic. By the end of October 2020, Argentina, Brazil, Colombia, Mexico, and Peru were among the top ten countries in the world by number of infections. Bolivia, Brazil, Chile, Ecuador, Mexico, and Peru were among the top ten in terms of deaths per hundred thousand inhabitants. With only 8.2 percent of the world population (640 million people), Latin America and the Caribbean had 28 percent of all cases (9.3 million) and 34 percent of all deaths (341,000).

The pandemic, people’s behavioral responses to fend off contagion, and the measures designed by governments to contain the spread of the virus took an enormous toll on the region’s economies and living standards. Adverse external shocks—falling demand for exports and tourism, declining commodity prices, and unprecedented capital outflows—compounded the negative effects. The contraction of economic activity was extremely sharp during the second quarter of 2020. Some countries experienced their largest quarterly declines on record. Since then, most have begun to recover, but not fast enough to compensate for this dramatic slump.

In its Regional Economic Outlook released in October, the International Monetary Fund (IMF) projected that Latin American economies would contract by 8.1 percent in 2020. Latin America has

been hit particularly hard because (among other things) the composition of the workforce makes the region more vulnerable to the damaging effects of lockdowns than other parts of the world. The share of employment in contact-intensive sectors such as restaurants and retail stores is around 45 percent, compared with 35 percent in advanced economies and 27 percent in low-income countries, according to the IMF. The share of workers in jobs that can be done remotely is around 40 percent in the advanced countries, compared with less than 20 percent in Latin America.

In the first decade of this century, the region achieved notable progress in the reduction of inequality and poverty. There were also gains in intergenerational mobility. That progress was peetering out before the pandemic, but COVID-19 is putting the gains at serious risk as a consequence of the unprecedentedly sharp reduction in employment, especially for low-skilled workers.

More importantly, the risk of retrogression goes well beyond the short-term impact on inequality and poverty caused by the pandemic-induced economic dislocation. Higher levels of malnutrition and interruptions to schooling are likely to have irreversible effects on the human capital of today’s poor children and young people. These lasting effects in turn will shape how poverty and inequality evolve in Latin America.

Meanwhile, the region has minted, on average, one new billionaire every two weeks during the pandemic. According to Oxfam, the fortunes of Latin America’s 73 billionaires surged by a combined \$48.2 billion, or 17 percent, between March and July 2020.

Most countries in Latin America deployed vigorous policy responses to mitigate the immediate health and socioeconomic fallout of the pandemic.

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They introduced fiscal support packages amounting to about 8 percent of gross domestic product, on average (including spending, loans, and guarantees). Variation among countries was wide, however, with Brazil's fiscal stimulus among the highest and Mexico's among the lowest.

To mitigate the impact of COVID-19 on living standards, most countries' stimulus packages included increased spending on existing or new social protection programs. On average, the region spent around 2.5 percent of GDP on the expansion of social assistance to households. These programs usually have taken the form of cash transfers, in-kind food assistance, and measures to protect households' access to basic utilities.

In a September 2020 report for the United Nations Economic Commission for Latin America and the Caribbean, Merike Blofield, Cecilia Giambruno, and Fernando Filgueira argue that governments confronted a triple challenge in delivering social protection during the pandemic. They had to provide resources to people included in the existing contributory social security schemes, to those included in noncontributory schemes and government-run assistance programs, and to those who fall through the net and are covered by none of these programs.

Some governments were able to rise to the challenge better than others. Comparing the experiences of Brazil and Mexico is especially revealing. They are two of the largest countries in the region, with roughly similar socioeconomic development levels, and they faced similar challenges in terms of intensity of the COVID-19 shock. Yet their social policy responses varied considerably during the crisis. We compare the potential effects of COVID-19 on inequality and poverty and the two governments' divergent responses to mitigate these effects.

### **BRAZIL'S PROACTIVE MEASURES**

The first case of COVID-19 in Latin America was diagnosed in Brazil on February 26, 2020. On March 16, the first death in the country was confirmed. Between January and October, more than 150,000 people died in Brazil, placing the country first among Latin American nations and second globally, after the United States.

The pandemic's effects on economic activity were likely to be devastating in Brazil, possibly

wiping out a large share of the country's considerable gains in poverty reduction made over the previous two decades. Nearly 40 percent of Brazilian workers are in the informal sector. Informal workers do not have formal labor contracts, and they usually lack access to unemployment benefits and contributory old-age pensions, which put them in an especially vulnerable situation when the pandemic hit.

In the absence of any mitigating measures, the incidence of poverty in Brazil, as measured by the international poverty line of \$5.50 per day (in terms of purchasing power parity, or PPP, in 2011) would have increased from around 25 percent to roughly 30 percent, according to an analysis by Nora Lustig, Valentina Martinez, Federico Sanz, and Stephen Younger in an October 2020 Commitment to Equity (CEQ) Institute working paper. Using Brazil's national poverty line (\$6.30, in PPP), the poverty rate could have risen from around 28 to 32 percent. The number of people living in poverty could have risen by as much as 9 million. Inequality would have

increased markedly, too: from an already very high pre-pandemic Gini coefficient of 0.55, it could have risen as high as 0.58. (The Gini coefficient is the most common measure of income dispersion, with zero expressing perfect equality and one maximal inequality.)

Even as the death toll increased rapidly, President Jair Bolsonaro, a right-wing populist elected in 2018, sought to downplay the pandemic and its effects, opposing quarantine measures and ousting two health ministers in quick succession. Since no mandatory physical distancing measures were enacted at the federal level, responsibility for mounting a response largely fell to the governments of the country's 27 states. Several governors imposed mandatory quarantines and closed schools in their states.

Despite Bolsonaro's rejection of social distancing requirements and his erratic leadership, Brazil's social protection response turned out to be surprisingly dynamic and proactive. Over the course of March and April 2020, the federal government enacted unprecedented measures to offset the economic effects of lockdowns. To mitigate the effect on formal employment, it created a credit line to help small and medium-sized companies continue to pay workers' salaries for two months,

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*Higher levels of malnutrition and interruptions to schooling are likely to have irreversible effects.*

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up to twice the monthly minimum wage. It also paid for a share of formal workers' wages on behalf of firms that decided to introduce temporary furloughs rather than resort to layoffs. These measures were expected to benefit nearly 25 million workers.

The government's efforts to provide income support to informal workers reached even farther. Bolsa Família—Brazil's flagship conditional cash transfer program—was scaled up through the inclusion of 1.2 million people that had been on the program's waiting list, increasing the number of recipient households to 14.3 million by May. However, since many households experiencing income losses did not qualify for Bolsa Família or other noncontributory transfer programs, this measure was criticized as insufficient by the Brazilian Congress and civil society organizations from the start. As a result of this pressure, the government launched a new temporary cash transfer program in April.

This program, Emergency Aid (Auxílio Emergencial, or AE), targets low-income informal workers, the self-employed, and those already registered in Bolsa Família (who are eligible to receive this transfer in lieu of their regular payment). By October, spending on the new program amounted to around 2 percent of GDP, and it reached nearly a third of Brazilians. AE is by far the largest social protection program to mitigate the effects of COVID-19 in Latin America. The monthly transfer of 600 reales (about \$107 dollars) represents roughly 120 percent of the national poverty line.

The initiative to adopt these measures stemmed not from the executive branch, but from the Congress. In this fragmented legislature, where more than twenty political parties hold seats and both Bolsonaro and the leftist opposition lack solid majorities, a clear consensus emerged on the necessity of new social protection measures that would go beyond expanding Bolsa Família. The government's initial proposal for the monthly AE transfer—200 reales per month—was widely criticized as insufficient. A coalition of legislators and civil society actors called for a payment of 600 reales—the equivalent of the national urban poverty line in 2018. At the end of March, Congress unanimously approved legislation to set the benefit at that level. Lawmakers also approved monthly payments of 1,200 reales for single-parent households, which had been a proposal from the congressional women's caucus.

Bolsonaro, evidently seeking to play a more active role in the pandemic response and improve his plunging approval ratings, signed the measure into law on April 1. He subsequently issued several executive decrees to extend AE until the end of 2020.

## GAPS AND GAINS

As with other emergency cash transfer programs in Latin America, the implementation of AE has been plagued by recurrent problems. Blofield and her coauthors summarized some of these shortcomings. First, AE's reliance on electronic applications and delivery resulted in the exclusion of at least 7.4 million eligible Brazilians who lacked access to the Internet. In the poor northeast, over 30 percent of households lack Internet access.

Second, AE has been overly centralized. The execution of the program did not make sufficient use of the state- and municipal-level bureaucracies and existing databases developed over the past twenty years. Federal administrators failed to collaborate with state governments.

Third, the AE program left out a large share of the population located in the "middle" of the income distribution. These are individuals who lack the income floor provided by the preexisting cash transfers and often move in and out of poverty. The risk is that some could get trapped in poverty by a major shock at the household level, such as an illness or the economic effects of the pandemic. Of special concern are the negative effects on these households' children. If the losses in human capital experienced during the pandemic are of an irreversible kind, these children will be worse off in the future.

Notwithstanding these shortcomings, the program was successful in supplementing the incomes of the poorest deciles. Microsimulations explained by Nora Lustig and coauthors in their October 2020 working paper indicate that AE largely mitigated the effect of the pandemic on the three poorest income deciles. Thanks to this expanded social assistance, inequality may have not risen at all, and the number of the newly poor could end up being less than a million, instead of the 9 million that would have been expected in the absence of income support programs for households (both existing programs such as Bolsa Família and new ones like AE).

Given the size of the AE program, under some of the simulated scenarios, poverty could even be lower than pre-pandemic levels. Preliminary

analyses of household survey data made available by the Brazilian statistics agency confirm this. According to a study carried out by Daniel Duque of Fundação Getúlio Vargas (FGV), a leading Brazilian research institution, the number of severely impoverished people in the country—families living on less than \$1.90 per day—declined to 2.3 percent of the population in August 2020, a dramatic fall from the 6.9 percent recorded in 2019. Meanwhile, the rate of households earning less than \$5.50 a day dropped to 18.4 percent, down almost five percentage points from August 2019.

The AE program provided an unlikely popularity boost for Bolsonaro. The far-right president had constantly insulted welfare recipients and denied the need for social distancing measures even as Brazil endured one of the world's largest coronavirus outbreaks. But ahead of local elections in November 2020, when nearly 5,600 Brazilian municipalities would select their mayors, Bolsonaro was eager to throw his support behind emergency aid.

According to Brazilian pollster Datafolha, approval for Bolsonaro rose to 37 percent in August 2020, from 32 percent in June, giving him his highest rating since taking office in January 2019. Datafolha found that much of his increased popularity came from the demographic groups eligible for the new stipend, especially in the poor northeast region.

Uncertainty over the extent of the pandemic's economic effects has raised concerns about how long AE will remain in effect. In October 2020, the government halved the monthly emergency payments, to about \$54. The research by Duque at FGV shows that this reduction will likely result in an increase in poverty; ending the payments completely could send 15 million people back into poverty.

Another major question concerns the fiscal sustainability of the new social assistance initiatives. In late 2020, both the executive branch and opposition politicians, as well as economists, were working on ambitious proposals for a permanent cash transfer program called Income Brazil (Renda Brasil). This program would replace or overhaul the existing noncontributory social protection schemes, including Bolsa Família.

However, the Brazilian economy is projected to contract by 5.8 percent in 2020 and to grow by only 2.8 percent in 2021, according to IMF

estimates from October. The fiscal deficit for 2020 is projected to reach the sky-high level of over 10 percent of GDP. Given these weak growth prospects and fragile federal finances, it is unlikely that the trend of rising social spending will remain sustainable in the long term.

Beyond its short-term impact on inequality and poverty, the pandemic could leave lasting effects on Brazilian poor children by limiting their human capital gains. One of the key areas to watch is how much the pandemic limits access to schooling. Here, four main factors are in play: the closure of educational institutions, the income losses suffered by families, the health consequences related to the spread of the virus, and the ability of households to replace in-school instruction with alternative forms of homeschooling.

Public interventions are needed to cushion the educational, economic, and social impacts of the crisis. In another October 2020 CEQ Institute working paper, Lustig, Guido Neidhöfer, and Mariano Tommasi quantified the effects of the pandemic on potential educational achievements of children

with different parental socioeconomic backgrounds in Argentina, Brazil, Colombia, and Mexico. Their results showed that in families with relatively highly educated parents (having completed the secondary level or more),

the probability of the children completing high school was around 90 percent before the pandemic, and was unaffected by the crisis. For households with less educated parents, in contrast, the likelihood of completing high school was near 60 percent before the pandemic, and fell below 25 percent during the emergency despite the government's mitigation policies.

This drop occurred primarily because less-educated parents are much less able to replace normal schooling with home schooling. The projections are based on past observations that when they miss a certain portion of the last year of high school, some of these students drop out and never return. School reopenings, curricula reform, and remedial actions will be needed to target the children who are most at risk of dropping out or not learning.

## MEXICO'S ILL-TIMED AUSTERITY

Between February and October 2020, at least 87,000 people died due to COVID-19 in Mexico,

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*Brazil's social protection response turned out to be surprisingly dynamic and proactive.*

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giving the country the world's fourth-highest death toll to date, behind only the United States, Brazil, and India. Preexisting social and economic conditions made Mexico particularly vulnerable to the pandemic's effects. More than 55 percent of Mexicans were employed in the informal sector, 54 percent were below the national poverty line, and 55 percent of households reported experiencing food insecurity before the pandemic.

Much like Bolsonaro in Brazil, Mexican President Andrés Manuel López Obrador (commonly known as AMLO) took a dismissive attitude toward COVID-19. Also as in Brazil, city- and state-level officials—including some of López Obrador's closest allies—have been at the forefront of the crisis response, imposing lockdowns, urging use of face-masks, and promoting other measures to counter the spread of the virus.

Yet in terms of providing support to workers and households, the Mexican government's response differed crucially from those of Brazil and most other governments in the region. While the rest of Latin America's largest countries implemented large-scale fiscal stimulus packages and social spending initiatives, Mexico's response has been extremely limited. As a result, the IMF projects that the Mexican economy will contract by 9 percent in 2020, while Lustig, Martinez, Sanz, and Younger foresee a potentially sharp increase in poverty.

Mexico's relative inaction is puzzling, since López Obrador and his MORENA (National Regeneration Movement) party won the 2018 elections with a leftist platform promising to improve the well-being of the poor. So far, though, AMLO's record as a pro-poor president has been checkered, to say the least. His government did raise the daily minimum wage from 103 pesos (roughly \$5) to 123 pesos, approximately a 20 percent increase. But López Obrador abolished practically all early childhood programs, including the conditional cash transfer program Prospera, as well as support for organizations that cater to the needs of Indigenous women. During the pandemic, no real effort has been made to protect the poor, the vulnerable (households above but close to the poverty line), and the unemployed from the brunt of the crisis.

Some limited measures to protect formal sector workers were put in place, however. In March 2020, the Mexican Health Ministry granted permission for employees in high-risk groups—such as those over 65 years of age and pregnant women—to stay home without working but

continue to receive their salaries. The government sought to prevent mass unemployment by banning firms from unilaterally laying off workers without just cause (it imposed legal and financial sanctions for violations), while requiring them to pay salaries in full during the health emergency. The government also provided loans of 25,000 pesos (roughly \$1,150) each for about one million proprietors of small and medium-sized enterprises in the formal and informal sectors. It also paid two months of old-age pensions in advance.

López Obrador reaffirmed his commitment to austerity in an economic plan announced at the beginning of April. He vowed not to increase either taxes or borrowing, instead claiming that he could fund emergency spending with measures such as cutting the salaries of high-level public officials. He also pledged to create two million new jobs through public works projects such as the construction of a new oil refinery and the Mayan Train, an intercity railway that would traverse the Yucatán Peninsula, as well as a massive tree-planting initiative. Opposition parties and the media have questioned the effectiveness of such measures in shoring up the incomes of people whose livelihoods have been damaged due to the pandemic.

The president's plan did not call for additional subsidies to protect formal sector employment, as other countries had done. Nor did it provide for new cash transfers to the poor and unemployed. Instead, López Obrador largely relied on noncontributory programs that were already in place before the pandemic. But they have proved insufficient to alleviate the income losses incurred during the emergency.

In 2019, AMLO had replaced the previous conditional cash transfer program, Prospera. Prospera and its predecessors, Progresa (1997–2002) and Oportunidades (2002–14), were the second-largest conditional cash transfer programs in Latin America after Bolsa Família in Brazil, covering more than 6 million households. These programs have been credited with reducing poverty and inequality in Mexico. The decision to end Prospera drew criticism from opposition parties and the media, but AMLO went ahead and replaced it with two new, smaller cash transfer programs for schoolchildren living in poverty and unemployed youth. A third program provides income support for citizens 65 and older.

In combination, the new programs cover nearly 16 million people. But the problem with these

transfers is that they primarily target people above or below working age; they do not provide an income floor for the working-age population, which is needed especially by those in the informal sector. A December 2019 Oxfam report found that 60 percent of Mexicans below the poverty line did not meet the requirements to access these programs.

## COSTS OF INACTION

In the absence of mitigating measures, unemployment in Mexico has massively increased during the pandemic. In just March and April 2020, the number of people working fell from 55.8 million to 43.3 million, with two million jobs lost in the formal economy and 10 million in the informal economy, according to data from the National Statistics Institute. A survey conducted by Ibero-American University found that nearly a third of Mexican households experienced a loss of income of 50 percent or more between March and April.

Food insecurity also rose among Mexican households. A survey conducted by UNICEF in September found that almost 80 percent of households with children were unable to meet basic nutritional requirements.

For the year as a whole, Lustig, Martinez, Sanz, and Younger estimate that the incidence of poverty in Mexico, as measured by the international poverty line of \$5.50 per day (in purchasing power parity), could increase from around 35 percent to roughly 42 percent. Based on the national poverty line (\$7.80 at 2011 purchasing power parity), the poverty rate could potentially increase from around 54 to near 60 percent. The number of people in poverty could rise by up to 9 million. Inequality could rise markedly too, as high as a 0.50 Gini coefficient, from a pre-pandemic level of 0.46.

What explains this Mexican government's failure to act to protect the livelihoods of the poor? López Obrador's MORENA party and its allies held majorities in both houses of Congress and could have passed bold mitigation measures. However, the president lacked the political will to enact them. He appeared to hold a mistaken belief that the existing social protection programs would be sufficient and already covered the people who would be worst affected by the pandemic.

As political analyst Viri Ríos noted in a June *New York Times* op-ed piece, López Obrador also has long been hostile toward fiscal deficits and public debt, which he believes benefit socioeconomic elites and the business sector and might lead to international financial institutions, such as the IMF, dictating Mexico's domestic policies. By contrast, he sees fiscal austerity as "pro-poor" and "pro-worker" because it avoids the damaging effects of an IMF stabilization program, which would put his other policies and spending priorities under threat.

So far, the president's inaction has not hurt his approval ratings. Oráculos, a polling firm that aggregates results from different Mexican surveys, shows that AMLO has continued to enjoy a level of popularity that other presidents in the region would envy. During the pandemic in 2020, his approval ratings declined only slightly, from 65 percent in January to 59 percent in September. This might be partly explained by the weakened state of the main opposition parties, the Institutional Revolutionary Party (PRI) and the National Action Party (PAN), which took turns in power

until 2018. Burdened by past corruption scandals and policy failures, they are not currently seen as viable governing alternatives.

As in Brazil, Mexican state governments have shouldered a crucial role in the

pandemic by providing social protection services in the absence of federal action. Mexico City Mayor Claudia Scheinbaum, a key ally of the president, launched a small-scale unemployment insurance program. Most Mexican states have provided some food assistance to their populations. Some instituted emergency cash transfer programs for informal sector workers and for small and mid-size enterprises, temporary employment programs, and subsidies covering basic utilities and providing Internet service to poor neighborhoods. Due to the limited fiscal resources of state governments, however, these measures could not compensate for the federal government's inaction.

Beyond its short-term impacts on inequality and poverty, the pandemic could leave lasting effects on the educational levels of Mexico's poor children, just as in Brazil. Lustig, Neidhöfer, and Tommasi have shown that in Mexican families with relatively highly educated parents (those who completed secondary level or more), the

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*Unemployment in Mexico has  
massively increased during  
the pandemic.*

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likelihood of children completing high school was around 90 percent before the pandemic and remained unaffected despite its effects in 2020. For households with less-educated parents, though, the likelihood of completing high school was near 55 percent before 2020, and it fell below 25 percent during the pandemic.

This will result in rising inequality of opportunities and potentially an increase in wage inequality. With fewer people completing secondary education, the wage gap between workers with at least a high school degree and those who drop out will widen.

### **CHOICES AND CONSEQUENCES**

Brazil and Mexico display the potentially severe effects of COVID-19 on inequality and poverty, as well as the importance of governments' responses to mitigate those effects. Although the negative impact of the pandemic on inequality and poverty has been significant in both

countries, the expansion of cash transfers in Brazil, through both existing and new programs, provided an important income floor for the population, mitigating the worst effects of the crisis—at least temporarily. In contrast, both a social protection response and countercyclical macroeconomic policies have been largely missing in Mexico, leaving most of its people to fend for themselves through the crisis without active government support.

As for the long-term effects, in both countries the disruption to education due primarily to school closures is disproportionately hitting those who were already disadvantaged. Even after mitigation policies are accounted for, secondary school completion rates for children with less-educated parents could fall by 30 percent in Mexico and 35 percent in Brazil. This means that in the future, opportunities will become even more unequal in countries where inequality across many dimensions is already pervasive. ■



“Bukele came to power by capitalizing on citizens’ discontent with establishment parties.”

## A Populist President Tests El Salvador’s Democracy

SONJA WOLF

Nayib Bukele won a surprising victory in the February 2019 presidential election in El Salvador, a country that has long been struggling with gang violence and a weak economy. The 39-year-old law school dropout and former publicist typically wears jeans, a leather jacket, and a backward baseball cap, and has described politics as a hobby. He comes from a family of Palestinian descent that controls a diverse business empire including advertising, textile, pharmaceutical, beverage, and automobile companies.

Bukele started his political career in 2012 in the Farabundo Martí National Liberation Front (FMLN) and went on to serve as mayor of San Salvador, the capital. Despite his family’s long-standing ties to the former guerrilla movement, the party expelled Bukele in 2017 for violations of its internal rules. The following year, he and his circle of relatives and friends created a party called New Ideas, but failed to register it in time for the 2019 election. He ran for the presidency with the support of the Grand Alliance for National Unity (GANU), an offshoot of the right-wing Nationalist Republican Alliance (ARENA).

Behind the youthful, modern image that Bukele tries to convey is a social conservative opposed to same-sex marriage and abortion. Although he portrayed himself as an anti-establishment candidate during the campaign, his government has since displayed more continuities than ruptures with deeply ingrained practices and policies.

ARENA and the FMLN had taken turns governing El Salvador after the 1980–92 civil war, and both parties were disgraced by corruption scandals. Three former presidents have been charged

with illicit self-enrichment: Francisco Flores died while awaiting trial, Antonio Saca was convicted and sentenced to prison, and Mauricio Funes fled to Nicaragua.

Bukele blamed both parties for the country’s precarious security situation, lack of economic opportunities, and depleted public finances. Under the campaign slogan “Return what you stole,” he promised transparency and an end to corruption. Effective use of social media and the electorate’s discontent with the major parties paved the way for Bukele’s triumph in the first round of the election with 53 percent of the vote, avoiding a runoff.

Since taking office in June 2019, he has maintained a business-friendly administration while pursuing ill-defined policies, with a centralized governing style that leaves little space for citizens’ participation or dissent. The president has no stated religious affiliation, but in a veiled threat to those who interfere with his political agenda, he frequently proclaims that “nobody will stand between God and the people.”

Polls conducted by Central American University’s Public Opinion Institute (IUDOP) showed that in his first 100 days in office, Bukele had a higher approval rating than any other postwar president. After a year of clashes with the legislature and the judiciary, his public support had declined, but 80 percent of respondents continued to endorse his government, with the strongest support coming from Salvadorans who have limited literacy and live in marginal and rural areas. At least until the February 2021 midterm elections, though, the president has few allies in the Legislative Assembly.

### GOVERNING BY TWEET

Bukele uses technology to great effect, relying heavily on Twitter to stay in touch with citizens

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and cabinet members. He even took a selfie as he addressed the United Nations General Assembly in September 2019. Yet his strained relations with the media, particularly investigative reporters, have escalated into fierce and unprecedented attacks on critics of his administration.

In his rare public appearances, Bukele delivers monologues from a podium and avoids questions from the audience. Twitter has become the government's main communications channel, even though the social networking platform is barely used in El Salvador. According to Internet World Stats, only 58 percent of Salvadorans were Internet users as of June 2020. StatCounter data reveal that in September 2020, Twitter accounted for a mere 5 percent of the country's social media traffic.

Nonetheless, Bukele and his ministers on a daily basis churn out tweets about government decisions and policies, staged cabinet meetings, or last-minute press conferences. But the president and his staff rarely respond to online queries. The official information, or rather publicity, that they share is not designed to help citizens make educated decisions and hold the administration accountable. On the contrary, it is intended to shape emotionally driven, symbolic politics. Social media posts, typically accompanied by copious photos, tout spectacular advances in areas such as infrastructure, health care, education, and security. These statements tend to generate considerable social media noise and reach the wider population through the national press, but the reality is often very different than they claim.

A notable example is Bukele's relationship with the armed forces. On his inauguration day, he ordered the military, in a tweet, to remove Colonel Domingo Monterrosa's name from military barracks. Monterrosa had served as commander of a counterinsurgency battalion responsible for the killing of nearly 1,000 people in the notorious 1981 El Mozote massacre. Since previous governments had avoided confronting the military over civil war crimes, Bukele's directive came as a welcome surprise for human rights groups and the victims' families. The new commander-in-chief declared that relevant military archives would be opened "from A to Z." Yet Bukele later backed the armed forces in denying access to its records, on

the grounds that opening them would compromise his administration's military plans.

Bukele has also launched relentless attacks on press freedom. He grants few interviews, and most of those are to the international media. He has prohibited his ministers from speaking to some outlets and excluded investigative journalists from press conferences or refused to take their questions, giving preference to compliant reporters. *El Diario de Hoy*, one of El Salvador's largest mainstream newspapers, had its government advertising contracts canceled after publishing an article noting that journalists had been barred from a press conference. And by blocking reporters from his Twitter account, Bukele obstructs their access to public information.

Smears and insults are incessantly hurled at government critics. There is no evidence that Bukele is behind the online slurs and sexualized threats that journalists have received. But nor has he acted to stem the abuse that rains down on anyone who questions his administration. Rather, he openly derides and mocks political adversaries,

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*Behind Bukele's youthful, modern image is a social conservative opposed to same-sex marriage and abortion.*

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journalists, human rights defenders, judges, and even the attorney general (who is elected by the legislature), alleging that they all belong to an oppositional network that seeks to undermine his government. On the first anniversary of his inaugura-

tion, he claimed that such internal enemies now pose the greatest threat to the nation.

Bukele has shown particular animosity toward *El Faro*, *Revista Factum*, and *Gato Encerrado*, publications that have run damning exposés about his government's corruption, secret negotiations with gangs, and haphazard response to the COVID-19 pandemic. Some media outlets' operations were disrupted by cyberattacks or break-ins. *La Página*, an online news portal currently administered by the Salvadoran state, asserted that an *El Faro* journalist sexually assaulted a female colleague and the newspaper covered up the crime. Both *El Faro* and the alleged victim denied the allegations, but the attorney general opened a criminal investigation. The Ministry of Finance is conducting an invasive tax audit of *El Faro* that the president has described as part of a money laundering case. US lawmakers have sent letters expressing alarm at the Bukele administration's mounting hostility toward investigative journalism.

## BLOCKING SCRUTINY

Frenetic Twitter sprees mask the opacity that has characterized Bukele's presidency, reducing accountability and facilitating corruption. The 2011 Law on Access to Public Information (LAIP) aims to make public institutions accountable by requiring them to turn over the data they generate or administer to anyone who files a request. During the COVID-19 pandemic, however, Bukele has limited government transparency in different ways.

Since the arrival of the virus in El Salvador, online transparency portals have not been updated, and the offices handling information requests have been closed. The state of emergency permitted the administration to operate without following standard procedures established in the Public Sector Procurement and Hiring Act (LACAP). But it did not exempt officials from reporting expenditures to the Legislative Assembly and the Court of Auditors. Since March 2020, the Bukele administration has reported \$3 billion in spending on items such as medical supplies, stimulus payments, and the construction of a hospital, often under contracts awarded to companies with ties to government officials. The administration has resisted calls to explain to auditors the details of how those funds were used.

After journalists uncovered numerous corruption cases, the president signed two executive decrees in August 2020. The first loosened the LACAP regulations, enabling public institutions to receive tenders by email. Previously, the entire procurement process could be tracked through the Ministry of Finance's electronic Comprasal system. Removed from public scrutiny, the process is now easier to manipulate and more open to irregularities. The second decree amends the LAIP regulations, making it more difficult for citizens to request public information and eroding the autonomy of the commissioners tasked with overseeing the transparency law's application.

The ability to request the full or partial disclosure of official information allows citizens, journalists, and researchers to scrutinize government activities and contributes to a functioning democracy. Bukele not only has created more hurdles for those seeking access to agency records, but he also interfered in the election of a commissioner nominated by journalists' associations. (The LAIP stipulates that the commissioners be elected from short lists provided by duly registered business and professional associations, universities, and labor

unions.) In a flawed and surreptitious vote, the president managed to install an official sympathetic to his aim of increasing government secrecy.

## EXECUTIVE OVERREACH

Bitter confrontations with other organs of the state have marred Bukele's time in office. In the early days of his administration, he tweeted instructions to summarily dismiss hundreds of state employees, claiming that the previous FMLN governments had hired them without merit. Dozens of the laid-off workers asked the Supreme Court to protect their basic rights. In some cases, they won reinstatement orders, though Bukele warned the magistrates not to block the dismissals.

Such frictions intensified during the pandemic when the Constitutional Chamber of the Supreme Court overturned nearly a dozen executive decrees. The president had taken urgent measures to stop the spread of the coronavirus, including a national quarantine that severely constrained public mobility and required the arrest of lockdown violators. The Legislative Assembly, leery of such restrictions on constitutionally guaranteed rights, decided to renew the quarantine only once. The Supreme Court ruled against detentions of lockdown violators in confinement centers and prohibited the security forces from entering homes and forcing people to stay inside. It also warned the president that he could not declare a state of emergency or a national quarantine without a proper legal foundation.

Bukele publicly refused to accept these decisions and made veiled threats against the judges. He delegated the vice president to lead closed-door discussions about a constitutional reform process meant to culminate in September 2021. The modifications would involve the separation of the Constitutional Chamber from the Supreme Court, the selection of candidates for top-level judicial positions (such as Supreme Court judges and the attorney general), and the functioning of the electoral system.

The amendments, if passed, would prevent conflicts between the three branches of government, but at the cost of limiting the powers of the Legislative Assembly and the Supreme Court. Changes to the Constitution must be approved by two consecutive legislatures and would therefore be ratified after 2024, when Bukele is supposed to have left office. He may nevertheless benefit from these amendments, especially if his New Ideas party proves to be an enduring political force.

Bukele has made no secret of his disdain for the Legislative Assembly. In the 84-member unicameral body, he has the support of GANA's 10 deputies. But ARENA and the FMLN, with 35 and 23 deputies respectively, have enough votes to thwart his initiatives, including his annual budget plan.

Tension peaked just eight months into Bukele's term. Threatening to dissolve the legislature, he summoned lawmakers for an extraordinary session on February 9, 2020, demanding that they authorize him to negotiate a \$109 million loan from the Central American Bank for Economic Integration to fund his security policy. On that date, a Sunday, Bukele arrived at the Assembly accompanied by riot police and heavily armed soldiers who filled the debate chamber. New Ideas supporters heeding his call for a popular insurrection against the legislature surrounded the building, along with government employees who were strong-armed into joining the rally. But there was no quorum for a vote. Bukele sat in the speaker's chair to pray, then left the chamber claiming that God had counseled him to remain patient.

Approval to negotiate the loan had been held up because lawmakers had expressed reservations about some of the items included in the proposal, such as a ship, rather than small boats, to counter drug trafficking. The president orchestrated the occupation of the Assembly not just to force a vote, but also to restore the government's image for decisiveness following a water-supply crisis in greater San Salvador. Administration officials underestimated the reactions that this spectacle would provoke.

The deployment of the military to intimidate another organ of the state was unprecedented in the postwar period, and was widely condemned abroad. In response to a complaint brought by a group of citizens, the Supreme Court ordered Bukele not to make illegitimate use of the army and the police. But many citizens appeared untroubled by the president's blatant disregard for the separation of powers. His persistent diatribes against the Assembly have eroded its legitimacy, leaving it with little credibility to provide adequate checks on the executive.

## GANG POLITICS

In the past two decades, repressive iron-fist policies inadvertently helped transform El Salvador's street gangs into more ruthless organizations,

more involved in illicit economies, with strengthened leadership and territorial controls. In a December 2019 interview on the US television news show "60 Minutes," Bukele acknowledged that the gangs had become a parallel state in some communities.

Bukele's 2019 campaign called for a security policy that would combine technology-aided law enforcement with social programs aimed at preventing gang recruitment and rehabilitating offenders. His administration's security strategy, encapsulated in the unpublished Territorial Control Plan, has prioritized recovering territories from the gangs, hitting their finances, and interrupting their communications. The plan entails an increased police and military presence in the municipalities worst afflicted by gangs, particularly in commercial areas where extortion is endemic. The government has refused to make the plan publicly available on the grounds that doing so would reveal sensitive law-enforcement information, which makes it difficult to assess its impact.

Although El Salvador's 1992 peace accords relieved the armed forces of domestic security responsibilities, Bukele has given the military a greater role in anti-crime operations than his predecessors did, in violation of the peace accords and the

Constitution, which allows the president to use the armed forces only in exceptional circumstances. In its first year, his administration stepped up military recruitment and granted the Ministry of Defense a generous budget increase. Meanwhile, the president has demonstrated no interest in increasing police accountability; instead, he has encouraged officers to use lethal force if they feel threatened.

El Salvador's homicide rate, until recently among the world's highest, has markedly declined in recent years, from a daily average of 18 killings in 2015 to 9 in 2018. In 2014, the first year of President Salvador Sánchez Cerén's term, 13 murders were recorded each day, on average. In Bukele's first year, the average daily toll of murders dropped to four per day. Judging by the available statistics, 2020 is on course to overtake 2019 as the most peaceful year of the postwar era, though transparency restrictions make it difficult to measure violence reduction with certainty. The police and the attorney general stopped publishing homicide data when Bukele took office.

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*The gangs developed a capacity to block or facilitate governance.*

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The president credits the Territorial Control Plan for the nationwide drop in murders, even though this downward trend had begun under the previous administration. According to an IUDOP poll, 72 percent of respondents agreed that Bukele's initiative helped lower crime. Yet some of the municipalities covered by the plan did not experience a decrease in murders, while the most marked declines occurred in towns it excludes. Furthermore, some days saw unusual spikes or drops in violence. There were days with zero homicides and one long weekend in late April 2020 when 84 killings occurred.

Bukele held imprisoned gang leaders responsible for the April explosion of bloodshed. He retaliated by imposing drastic new constraints on incarcerated gang members: a suspension of visits, cell lockdowns, and an end to the segregation of rival gang members. His staff flooded social media with photos showing hundreds of detainees clad only in underwear and face masks, jammed together on the floor without regard for social distancing. This performance of repression seemed designed to draw the approval of a population accustomed to, and tolerant of, hardline policing. It was also a cynical simulation of a clampdown, disguising the government's behind-the-scenes negotiations with Mara Salvatrucha, the gang known as MS-13, to reduce the violence by noninstitutional means.

Secret pacts between politicians and gangs are nothing new in El Salvador. In 2012, the Funes administration sought a truce—though it publicly denied doing so—by offering gang members jobs and improved penitentiary conditions in return for a halt in murders. The cease-fire promptly halved the homicide rate. But it disintegrated after a year, as political infighting between Funes and the FMLN increased and the promised economic opportunities failed to materialize.

The truce was deeply unpopular with Salvadorans because of the cover-up and the perception that the government had made excessive concessions. The deal also showed that the gangs had developed a formidable capacity to block or facilitate governance. In the run-up to the 2014 presidential election, ARENA and the FMLN each covertly paid the gangs substantial amounts of money to manipulate voter turnout in their favor.

Controversies over these deals led to legal consequences. Several officials involved in the earlier truce have faced criminal prosecutions. A 2015 Supreme Court ruling declared the gangs

terrorist organizations, making it illegal to cooperate with them.

Bukele denounced the two major parties for holding such talks, and he has publicly taken a stance of never negotiating with the gangs, in order to avoid granting them legitimacy. However, during his tenure as mayor of San Salvador (2015–18), his staff routinely offered privileges to gangs, including jobs or market stalls in prime locations, to clear the way for his flagship projects, such as the redevelopment of the historic center. His team also reportedly paid gangs to gain their support in the 2015 municipal elections.

Despite the president's bellicose rhetoric, an *El Faro* exposé revealed that his office moved quickly to win a commitment from MS-13 to reduce violence and support New Ideas in the February 2021 elections. In return, the government agreed to allow inmates access to better food, transfer strict guards, and reverse its decision to desegregate prisons. It even implied that it was open to the possibility of softening the maximum-security regime in prisons or repealing certain laws. The unexpected April upsurge in violence, it turned out, was the gang's way of reminding the administration to keep its promises.

But the apparent security improvements under Bukele are deceptive. The decline in murders may take law enforcement pressure off the gangs, but they continue to maintain strangleholds over neighborhoods and terrorize residents. Reports of extortion—the gangs' main source of income—were rising before the pandemic.

## CORRUPTION QUESTIONS

As a presidential candidate, Bukele pledged to create an International Commission against Impunity in El Salvador (CICIES). This agency would be modeled after Central America's gold standard for anticorruption mechanisms, the UN-backed International Commission against Impunity in Guatemala (CICIG). For 12 years, that independent investigative body worked closely with local prosecutors and police to build their capabilities and help them dismantle criminal networks. It was widely praised for its work, which resulted in the detention of powerful drug traffickers, the prosecution of dozens of senior Guatemalan government officials, and the indictment of former President Otto Pérez Molina and his vice president, Roxana Baldetti. Despite, or because of, its many accomplishments, the CICIG closed in 2019 after it opened an investigation of illegal campaign

financing involving then-President Jimmy Morales, and he refused to renew its mandate.

Bukele opted to avoid the independence and oversight that the UN considers necessary for this kind of agency. Instead, in September 2019, he signed a cooperation agreement with the Organization of American States. The resultant CICIPES is an extension of the executive branch, and thus unlikely to act impartially. Not only does it lack independence, but its role is limited to providing technical assistance to the attorney general. Aside from an audit of pandemic-related government spending, which found irregularities and led to an investigation by the attorney general, the CICIPES's activities to date are unclear.

Despite his public stance against corruption, Bukele himself has faced allegations of improprieties. During his first term as San Salvador mayor, he was implicated in a money laundering case involving Alba Petróleos, a subsidiary of the Venezuelan state-owned oil company. As president, he has made generous use of a discretionary spending account after promising to eliminate the fund, which served as a source of illicit enrichment for his predecessors.

Throughout the pandemic, the government has evaded transparency requirements for the use of emergency funds. It has awarded public procurement contracts for overpriced medical goods and services to companies linked to administration officials, their relatives, or politicians close to Bukele. Some of these contracts have apparently violated the Government Ethics Law.

In one of the more notorious cases, the Ministry of Agriculture purchased \$1.6 million in groceries for emergency food packages from a company owned by the head of the state-run Environment Fund. The Ministry of Health bought face shields for \$250,000 from the same official, masks for \$344,000 from a lawmaker, and boots for \$225,000 from a company owned by relatives of the health minister. The Ministry of Tourism temporarily rented, from a relative of the health minister, an overpriced COVID-19 containment center that was not on the list of authorized facilities.

The president has tried to dismiss these scandals with frequent complaints about “fake news.” Meanwhile, he converted a taxpayer-funded television network, Channel 10, into the government’s propaganda arm. So far, his promises to eradicate corruption and favoritism have yielded more

façade than substance. Upon coming to power, he fired hundreds of civil servants, claiming that the previous administration had hired them based on family ties or political loyalties rather than merit. He quickly moved to fill these positions with his own relatives, friends, business partners, and former employees.

Three of Bukele’s brothers wield enormous influence in his government, though they hold no official positions and therefore cannot be held accountable. Instead of promoting a culture of integrity in the Salvadoran public administration, the president is implementing a corporatist project designed to consolidate the power and privileges of his family and its associates.

## TWO CONTAGIONS

In March 2020, Bukele imposed a series of stringent measures to halt the transmission of COVID-19. After closing El Salvador’s borders to foreigners, he declared a national quarantine on March 12—before the country had any confirmed cases of the coronavirus—and ordered police and the military to enforce compulsory stay-at-home orders.

The government then offered a one-time \$300 subsidy to the neediest households, while suspending public transportation and limiting access to shops, pharmacies, and banks to twice a week, using the numbers on citizens’ identity cards to track them. It also announced plans to convert San Salvador’s international convention center into a public hospital for COVID-19 patients.

These responses soon drew criticism. The interruption of bus and taxi service forced residents of peripheral neighborhoods to walk many miles to buy food or keep critical medical appointments. The face masks purchased by the Ministry of Health were found to be inadequate for use by health care professionals and were passed on to law enforcement and military personnel.

The Human Rights Ombudsperson’s Office received hundreds of complaints about abuses committed by the security forces, including illegal detentions and illtreatment. The containment centers where more than 4,000 people were quarantined after violating the lockdown, some for more than 30 days, operated in such unsanitary conditions that they became sources of contagion. The Ministry of Health frequently moved people between these facilities and Saldaña Hospital in

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*Bukele has launched relentless attacks on press freedom.*

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San Salvador, the city's main treatment hub for COVID-19 patients.

In the ensuing confusion, patients who had tested positive for COVID-19 were kept near people being treated for diabetes and asthma. Some of the infected died due to lack of adequate medical attention. Three months after its inauguration in June 2020, the converted convention center, now known as Hospital El Salvador, still lacked basic necessities, such as a sterilization facility and a laundry.

Back in March, the Legislative Assembly had authorized the disbursement of \$2 billion in emergency funds on the condition that a supervisory committee, comprising government officials and representatives of civil society groups, would audit the allocated resources. After less than two months, the civil society members resigned, declaring that the administration's lack of transparency made proper oversight impossible.

Despite these controversies, IUDOP polls indicate that Bukele's handling of the pandemic is widely considered one of the main achievements of his first year in office. In a survey by Francisco Gavidia University, 48 percent of respondents were inclined to back New Ideas in the February

2021 municipal and legislative elections. ARENA and the FMLN were trailing far behind Bukele's party, at 4 percent and 3 percent, respectively. Voter support for other parties reached at most 1 percent.

The government is pulling out all the stops to sideline its rivals, including Our Time, a new centrist party that promotes evidence-based policymaking and integrity in public service. The agriculture minister retaliated with defamation lawsuits against Our Time candidates who filed criminal complaints against the minister and other officials, alleging corruption and other irregularities.

Bukele came to power by capitalizing on citizens' discontent with establishment parties. His populist rhetoric of sweeping transformations resonates with a population tired of violence, economic woes, and corruption. Absent genuine policy reforms and structural change, his approach is deepening polarization and conflict. If he leads New Ideas to a resounding midterm election victory, existing checks and balances will be corroded even further. Without a serious political opposition, a free press, or a robust civil society, El Salvador's democracy is slowly being extinguished. ■

“Guyana’s weak economic base, volatile ethnic relations, and unsuitable constitutional and legal framework have combined to generate enduring political and social instability.”

## Oil Fuels Guyana’s Internecine Conflict

ARIF BULKAN AND ALISSA TROTZ

In an ignominious first for the Commonwealth Caribbean, the aftermath of Guyana’s March 2020 general election dragged on with no officially declared result for five agonizing months. The voting itself had been long delayed: after the government was defeated in a no-confidence motion in December 2018, fresh elections were constitutionally required within three months unless an extension was obtained. But thanks to a series of court challenges and delaying tactics, the government bought itself another year in office in a caretaker role. Similar delays followed the voting, creating the unprecedented impasse.

It was not until August 2020 that Irfaan Ali, the candidate of the opposition People’s Progressive Party/Civic (PPP/C), was sworn in as president and his party was invited to form a new government. During the tense interregnum, the caretaker government seemed more interested in clinging to power than in responding to the COVID-19 pandemic. Racial hostilities—never far beneath the surface—played out in full view on social media, and sporadic violence erupted in various communities across the country.

As unusual as it was to have to wait five months for an election result, the underlying cause—racial division—is a long-standing problem that has dogged and on occasion convulsed the country. In the formative colonial period, racialized tensions were harnessed to an extractive sugar monocrop regime that delivered enormous wealth to the British imperial power.

Today, continuing internecine conflict masks entrenched privation produced by new extractivist and predatory capitalist models of economic development. Oil has emerged as the new sugar, and the political elites serve as managers on behalf of international capital. This is Guyana’s tragedy: historically oppressed peoples direct their hostility at each other while neo-imperial powers hide in plain sight and reap the country’s wealth.

### ELECTION TROUBLES

Guyana’s motto, “One people, one nation, one destiny,” adorns its coat of arms, complementing the country’s official name: the Cooperative Republic of Guyana. This is more aspirational than reality; few would dispute that sociopolitical relations in the republic are anything but cooperative. The contemporary politics of division among descendants of enslaved Africans, indentured Indians, the Indigenous population, and the few Portuguese and Chinese indentured laborers were produced and nurtured by the colonial administration as a central mechanism in the apparatus of rule, ensuring that the real business of wealth extraction could continue unimpeded.

Labor and other anticolonial movements of the early to mid-twentieth century awakened a broad and multiracial consciousness that found an outlet under the leadership of the charismatic Cheddi Jagan, a dentist turned social activist. The first election under universal suffrage was held in 1953, with eligibility to vote extended to all adults over 21 years of age. Jagan’s People’s Progressive Party (PPP) secured a landslide victory, winning 18 of the 24 legislative seats. Setting the tone for future elections, however, the grassroots triumph of 1953 and its promise of structural transformation evaporated quickly.

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Barely four months into its term, the democratically elected government was unseated by an executive order from London. The British dispatched troops on the pretext of forestalling arson and unrest, though life in the colony was as normal as ever. A state of emergency was declared, assemblies were banned, and in a coup d'état from above, the Constitution was suspended. The state of emergency facilitated suppression of civil liberties, including the imprisonment of prominent members of the PPP.

The most damaging of these imperial machinations was engineering a split in the PPP along racialized lines. In Forbes Burnham, a charismatic Afro-Guyanese lawyer, the Colonial Office divined (incorrectly, as it turned out) a more palatable and moderate alternative to Jagan, and it actively connived to assist his ascension to power. Elections in 1957 were again convincingly won by the PPP, but this time there were two wings of the party—one led by Jagan and the other by Burnham—drawing support from what were becoming their respective ethnic bases. This was the genesis of an enduring racialized bifurcation in the colony's political arrangements, but worse was to come.

After yet another PPP victory in a 1961 election, the United Kingdom—with US assistance—orchestrated and financed a program of destabilization. Strikes and social unrest morphed into rioting and communal violence, primarily between African and Indian Guyanese. The British imposition of a system of proportional representation in 1964 delivered the first PPP loss. Burnham's People's National Congress (PNC) joined with the United Force (UF), led by Peter D'Aguiar, a businessman of Portuguese descent, to form a coalition government. The Colonial Office finally granted Guyana political independence in 1966.

Burnham's initially legitimate acquisition of power in 1964 was the beginning of a long, repressive era in the country's history. The first casualty was the UF partnership, which barely lasted two years. For more than two decades thereafter, the PNC remained in power by rigging successive elections, while the US and UK governments looked the other way. Burnham's rule would come to an end only with his death in 1985, but free and fair elections did not return

for another seven years. By that time, the Cold War had ended, and Guyana's geopolitical significance had temporarily waned.

The PPP united with a so-called Civic component and contested the 1992 election as the PPP/C, emerging victorious after 28 years in opposition. However, there was little break with the past, and even if subsequent elections were free and fair, they have certainly not been free from controversy. Another PPP/C victory in December 1997 was followed by a now-familiar pattern of demonstrations, looting, and racialized violence, which ended only after an intervention by representatives of the intergovernmental Caribbean Community (CARICOM). The brokered truce, dubbed the "Herdmanston Accord," mandated constitutional reform within a strict time frame and fresh elections immediately thereafter, truncating the PPP/C's term by almost two years. Yet elections in 2001 and 2006 delivered successive PPP/C victories, albeit with declining majorities.

The Alliance for Change (AFC), a new political party formed in 2005 by defectors from both the PPP/C and the PNC, performed surprisingly well in the 2006 election, garnering six seats. It managed to add another seat in the next election, in 2011—when, for the first time in its history, the PPP/C had to form a minority government, though it retained the presidency by virtue of winning a plurality of the vote.

After almost a decade of violence that heightened racial tensions in the country, the administration faced mounting evidence of its corruption and racial patronage, and was unable to pass legislation easily. With rumors swirling that the AFC intended to table a no-confidence vote, then-President Donald Ramotar preemptively prorogued Parliament in November 2014. Riding the crest of their tactical successes, the PNC and AFC, along with the remaining smaller parties, joined forces in a grand coalition dubbed A Partnership for National Unity (APNU). In the next election in 2015, the combined opposition was finally victorious, unseating the PPP/C after its 23 consecutive years in government. Once again the margin was slim—less than 5,000 votes—which translated into a mere one-seat majority in Parliament.

Given this volatile history, there was little reason to expect any dramatic change, and in fact

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*The constitutional framework is manifestly unsuited to the country's demographic realities.*

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none materialized. One of the first acts of the new coalition government was to authorize substantial pay increases for ministers, even as wages in the public sector remained low. Former and currently serving military men were installed in key positions throughout the government.

These actions paled next to the abrupt closure of several sugar estates, a process that had already been started by the previous administration, but whose accelerated completion by the coalition government, with no safety net or alternative in place, plunged thousands into unemployment and instant poverty. Given that the affected constituency predominantly comprised Indo-Guyanese, reliable supporters of the opposition PPP, it was impossible to ignore the racialized subtext of this decision. It would be a disastrous miscalculation, contributing in no small measure to the coalition's defeat in the 2020 election.

## AN EPIC STANDOFF

When the chairman of the Elections Commission retired in December 2016, the controversy that erupted over the selection of his replacement exposed the hollowness of the coalition's claims of national unity, as well as President David Granger's disregard for constitutional processes. Granger rejected three lists of candidates submitted by the leader of the opposition—many of them outstanding citizens with impeccable records of service—as “not fit and proper,” before making a unilateral appointment. Ensuing litigation resulted in the appointment being invalidated as flawed and unconstitutional by the Caribbean Court of Justice (CCJ). Only then were the president and leader of the opposition able to agree on a replacement, more than two and a half years after the position became vacant.

Capitalizing on its resounding win in local government elections in 2016, the first to be held in 22 years—and in which low turnout in traditional PNC constituencies signaled some dissatisfaction with the coalition's performance—the PPP/C tabled a motion of no confidence in the coalition government on December 21, 2018. Its passage with a slim majority of 33 votes was a seismic turn of events, made possible by a member of the ruling coalition who voted with the opposition, and later explained his decision with reference to the catastrophic impacts of the sugar estates' shuttering. An inherited feature of British constitutional practice institutionalized in Guyana's Constitution, a successful no-confidence motion requires the

government to resign and call elections within three months. Instead, the coalition government pursued fruitless litigation in a seemingly endless pattern of resorting to the courts to address intractable political issues.

One of its more specious arguments, rejected by the chief justice and on final appeal at the CCJ, was that a parliamentary majority had to be obtained by rounding up from half the number of seats, from 32.5 to 33, and then adding one to make 34. In what seemed more like an elementary lesson in mathematics than high constitutional reasoning, the CCJ's president concluded that the motion had been validly passed, noting drily that “majority” means the greater of two parts.

This defeat prompted no urgency on the part of the coalition government to call elections or seek an extension of the deadline, as was constitutionally required. The parties returned to court, and though the CCJ exercised tremendous restraint by declining to impose any time line for elections, it warned that the rule of law applied to all branches of government. It added that the meaning of the constitutional provisions in question was crystal clear, and that the government was now in an interim period, expected to govern only in a caretaker capacity.

The coalition government would dither for another eight months, eventually scheduling the elections for March 2, a full year after they should have been held. Even then, it would take another five months for an official result. This last delay was triggered by a blatant attempt on the part of Elections Commission officials to distort the outcome. They declared vote totals for one of the country's ten regions—traditionally the stronghold of the coalition government—that did not correspond with the votes counted at the polls, and that would have given the incumbent a victory by a margin of some 7,000 votes.

This maneuver drew swift condemnation from the opposition, civil society, and international and regional observer missions, and precipitated a series of court challenges by private citizens, with backing from both political parties, again seeking judicial remedies to a political crisis. A CARICOM delegation led by Barbadian Prime Minister Mia Mottley persuaded Granger, the caretaker president, to agree to a recount supervised by the regional organization. This was initially stymied by litigation challenging the terms of the CARICOM observer mission, and the recount did

not get underway until May 6. A month later, it confirmed the PPP/C victory.

The chief election officer, acting on his own discretion, then attempted to invalidate more than 100,000 votes cast for the PPP/C, citing alleged irregularities revealed during the recount. This, too, prompted litigation that proceeded all the way to the CCJ. Reversing an appeals court decision, the CCJ ruled that this unilateral action was unjustified, paving the way for an official declaration of the election results. Yet it was only when the US State Department began in late July to impose sanctions on unnamed senior members of the coalition government that the Elections Commission moved to conclude its work, which finally enabled the swearing in of Irfaan Ali as president on August 2.

### COLONIALISM'S LEGACIES

While the adversarial racialized context is a key to understanding Guyana's serial inability to conduct peaceful elections that earn public confidence, another crucial factor is the constitutional framework, which is manifestly unsuited to the country's demographic realities. Among the features that have amplified the risks of authoritarianism and ethnic triumphalism is the absence of mechanisms for compromise and inclusion. Another is a hybrid arrangement that confers enormous power on an executive president.

The Westminster-style winner-take-all electoral model favors a two-party system at the expense of moderate smaller parties. Transplanted onto a racially polarized country where ethnicity is the most important determinant of political support, this system produces elections that have come to reflect demographics rather than parties' track records in and out of office.

These structural deficiencies were amplified by the 1980 Constitution (imposed after a rigged referendum in 1978), which instituted a semi-presidential system, adopting the most undemocratic features of both parliamentary and presidential models of government. The positions of head of state and head of government were merged in an executive presidency with vast powers, insulated by extensive immunities. Since the legislature and executive remained fused as in parliamentary models of government, there would be little chance of cabinet members or members of Parliament acting as a check or balance. A compliant judiciary and weak civil society left no avenue by which the president could be held accountable.

These legal and constitutional structures facilitated Forbes Burnham's increasing autocracy.

The reforms enacted pursuant to the Herdmanston Accord of 1998 focused less on the structural deficiencies of the system than on their symptoms. The constitutional and electoral status quo was retained, ensuring that winner-take-all elections would result in a presidency ascendant over every other branch of government. Additions to the Constitution of palliatives such as aspirational statements in the preamble and expanded human rights provisions were far too peripheral to resolve the fears of ethnic groups in the "losing" camp that they would be subject to political and economic exclusion.

Guyana's weak economic base, volatile ethnic relations, and unsuitable constitutional and legal framework have combined to generate enduring political and social instability. There has never been any reckoning over the violence of the early 1960s, leaving parallel narratives of that traumatic period unmediated and unassuaged, with each group holding on to its own version of injury and injustice—what Trinidadian sociologist Rhoda Reddock calls "competing victimhoods."

Meanwhile, successive governments have each embraced the unaccountable executive powers conferred by the Constitution, resulting in cycles of patronage and exclusion. Free and fair elections consistently deliver a razor-slim majority in the National Assembly, indicating monolithic blocs of African and Indian support for each of the two main parties, irrespective of their actual performance in office. Such evenly balanced ethnic polarization, combined with separate narratives of injustice and exclusion, has been a perfect recipe for combustion, which is reliably catalyzed by elections every five years.

### OIL'S FALSE PROMISE

Zero-sum polarization has left the Guyanese people vulnerable to the latest round of resource extractivism, whose organizers once again stand to profit from these intractable political divisions. This political-economic nexus is encapsulated by the symmetry of two moments, both of which occurred during recent periods of political transition, demonstrating the dramatically heightened stakes in the competition for state power.

The first was the May 2015 announcement by ExxonMobil, just days after the coalition government took office, of a major discovery of oil reserves in the Stabroek Block (current estimates put

the figure at more than 8 billion barrels of crude oil equivalent), located some 120 miles off the Guyanese coast. The second was the commencement of oil production in December 2019, the same month that Guyana's Parliament was finally dissolved in preparation for the March 2020 elections. The discovery has been touted as a windfall for a country with a population of just 800,000.

While today's new trickle-down king is oil, the predatory model of primary resource exploitation—whether it involves sugar, bauxite, gold, diamonds, or forestry—follows a familiar pattern of patronage and corruption. The main beneficiaries are foreign-based multinational corporations and a few key local private actors. Claims of absolute differences between the two major parties contending for state power are belied by their joint complicity as brokers overseeing the massive giveaway of Guyana's resources, a hemorrhaging that continues irrespective of who is in office.

In 1999, the PPP/C government secretly awarded a contract including a ten-year petroleum prospecting license to Esso Exploration and Production Guyana Limited (EEPGL), a consortium including Exxon as oilfield operator. The license covered 6 million hectares, more than 11 times the legal limit, in water depths ranging from 200 to 3,000 meters.

The APNU-AFC coalition government, after taking over in 2015, continued its predecessor's secretive approach to the dispensation of national patrimony. Only after sustained public pressure did the government publish the updated Production Sharing Agreement (PSA) it had signed with EEPGL 18 months earlier, in June 2016. Exxon holds 45 percent, Hess 30 percent, and China National Offshore Oil Company 25 percent of the shares in the consortium.

Local environmental activists have characterized the PSA as the equivalent of handing a blank check to Exxon and its partners. Even the International Monetary Fund has described its terms as "generous to the investor." Guyana is entitled to royalties of 2 percent of gross revenues and 50 percent of profit oil (what remains after recoverable costs are accounted for). But its position is undermined by provisions that enable Exxon to recoup 100 percent of its development costs (estimated at \$960 million in 2019) as well as annual recoverable costs of up to 75 percent of revenues.

The consortium and affiliated companies are also exempt from most taxes.

In addition, a new article in the updated 2016 agreement allows the contractor to maintain that its "overall economic benefits have been materially and adversely affected . . . whether directly or indirectly" if the Guyana government proposes any change in the contract, and to refer the matter to arbitration in the event of a disagreement. But economic benefits are not defined, and there is no guidance as to how material and adverse effects must be calculated and demonstrated. Another article in the 2016 agreement protects the consortium from any amendments made under Guyana's Petroleum (Exploration and Production) Act or associated regulations. Taken together, these provisions pose a challenge to Guyana's sovereign rights.

After coming to power in August 2020, ignoring calls to renegotiate this egregiously lopsided agreement, the PPP/C administration rushed to approve an environmental permit that cleared the way for Exxon to begin exploration of a new oil

field, known as Payara, in the Stabroek Block. This followed the new government's commissioning of a review process headed by Alison Redford, who had been forced to step down as premier of the Canadian province

of Alberta following allegations of excessive travel spending. Her political party, the Progressive Conservatives, had reportedly received contributions from Imperial Oil, an Exxon subsidiary, from 2009 to 2014.

To be sure, oil has placed Guyana firmly on the geopolitical map, given the size of the proven reserves and its long-running border dispute—which includes the offshore oil production sites—with Venezuela. That Guyana has become an important jewel in the crown of fossil fuel neo-imperialism was clearly signaled by the September 2020 arrival of US Secretary of State Mike Pompeo. It was the first visit to Guyana by a US secretary of state, and was part of a Venezuela-focused trip that also took Pompeo to Suriname, Brazil, and Colombia—on the eve of what would turn out to be his country's own controversial election. At a joint press conference with Ali, Pompeo emphasized that they had discussed "the need for democracy in Venezuela and an end to the illegitimate Maduro regime." He also noted Guyana's support

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*Ethnic polarization combines with  
separate narratives of injustice  
and exclusion.*

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for statements issued by the Lima Group, which has recognized opposition leader Juan Guaidó as Venezuela's interim president in response to alleged election rigging by President Nicolás Maduro. The message was clear: Guyana is now expected to be a compliant junior partner not just in multinational-led extractivism, but also in Washington's regional geopolitical projects.

In 1955, two years after the suspension of the Constitution by British colonial authorities, Guyanese poet Martin Carter wrote that "without racial cooperation in the face of imperialist power, we go nowhere." This warning resonates more than ever today, when deeply partisan and racialized loyalties obscure the fact that Exxon needs Guyana more than Guyana or the world needs Exxon. In an October 2020 report, the Institute for Energy Economics and Financial Analysis, a US-based think tank, projected that Guyana's oil revenue over the next five years would not be enough to "close deficits, support new spending, and build a Sovereign Wealth Fund." It also warned that beyond this period the prospects for oil and gas, particularly Exxon's assets, are bleak. As Guyanese lawyer and transparency advocate Melinda Janki has noted, Exxon is cutting capital expenditure and jobs worldwide in the face of declining prices and demand.

The Guyanese people have been invited to pin their hopes for deliverance on a three-card trick. Their futures are being mortgaged for generations to come, saddled with the development costs of a declining industry and the weight of massive debt behind the Oil Dorado promise of windfall revenues. There has been no proper environmental audit of the impact of deep-sea drilling on marine life and on Indigenous and local communities. The tragedy is that this unsustainable pillaging of the national patrimony is taking place in a country with one of the largest standing rainforests in the world, which has the potential to offer a radically different model of value and engagement at a time of existential climate crisis.

## BREAKING THE CYCLE?

In his inaugural address on August 3, 2020, Ali pledged that there would be a place for everyone in his new administration. Invoking the "true Guyanese spirit" of rising above party politics was meant to be reassuring after the drawn-out

election dispute the country had just endured, but one could be forgiven for a sense of cynical *déjà vu*. After all, in 1992, Jagan had called for unity at the opening of Parliament, just as the coalition government promised national unity and constitutional reform when it came to power in 2015.

Tentative hope that the country could be on the verge of a new dispensation was swiftly tempered by the APNU-AFC coalition's continued insistence that the government was illegitimate, and its move to file a petition to overturn the election results even as it took its seats in Parliament. This was a surreal reverse replay of the events of 2015, when it was the PPP/C that declared fraud, called for fresh elections, and filed a petition that has yet to be heard. Now the government has refused to meet with the main opposition party until it recognizes the legitimacy of the PPP/C's victory, and several Elections Commission officials and prominent members of the coalition have been charged with electoral fraud.

Three smaller parties that formed a joint list to secure a rotating parliamentary seat have been more or less neutralized by the election of the Indigenous leader of the Liberty and Justice Party, Lenox Shuman, as deputy speaker of the House and his appointment as a ministerial adviser on civil aviation. And in an all-too-familiar move, there have been widespread purges, across government ministries, agencies, boards, and commissions, of officials associated with the former administration. The most prominent casualty of this recriminatory cycle was the director of the Environmental Protection Agency, by far the country's most qualified expert on oil and gas, who was summarily sent on leave during the controversial review of the Payara oil field exploration plan and was later dismissed.

So what now, in the face of this political impasse and a wearying sense that Guyanese voters will head to the polls in five years surrounded by the same rancor and divisiveness? There have been calls for a government of national unity, as well as for comprehensive constitutional and electoral reform that could bring an end to majoritarian, winner-take-all politics. While there has been no shortage of reports and recommendations (most recently from the CARICOM observer team), the question is whether tinkering from the top can deliver genuine change. The political elites have

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*Oil has placed Guyana firmly on the geopolitical map.*

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demonstrated no interest in challenging a deeply exclusionary system that they played a fundamental role in creating and from which they have benefited greatly.

Electoral reform is necessary but inadequate on its own to accomplish a real transformation. As the late social activist Andaiye commented, “Too many Guyanese these days have a narrow view of politics, because politics has become so over-centralized in Guyana that everything is supposed to be about political parties and government so that we don’t even have what we call politics at the local level or in the sector or in the community or wherever that you live.” What is urgently needed is a more expansive understanding of, and approach to, politics from below. Article 13 of Guyana’s Constitution gestures to this aspiration, envisioning “increasing opportunities for the participation of citizens and their organizations in the management and decision-making processes of the State, with particular emphasis on those areas of decision-making that directly affect their well-being” as the foundation of an inclusionary and multiracial democracy.

There are examples of such engagement in Guyana’s post-independence history. The 1970s saw intercommunity conversations on race organized by the Indian Political Revolutionary Associates and the African Society for Cultural Relations with Independent Africa, and mobilizations to secure land for working-class citizens. The 2005 floods that affected some 40 percent of the country’s population prompted an overwhelming diaspora and local response; women undertook grassroots organizing

across racial divisions to demand compensation and challenge the invisibility of unwaged female labor during the crisis. As the 2020 election standoff dragged on in the midst of the COVID-19 pandemic, Guyanese people raised funds and delivered relief supplies to coastal and Indigenous hinterland communities, offering glimpses of neighborliness and connection beyond partisan divides.

Environmental activists have been mobilizing against Big Oil and the bankrupt model of neo-extractivism. In October 2020, anticorruption activist Troy Thomas successfully challenged Exxon’s environmental permits, which had been issued with a duration of more than two decades. Thomas won a court order that requires the company to conform with local laws mandating a maximum period of five years for such permits.

Only by building and carefully sustaining connections across various struggles and historic divides will the Guyanese people begin to effectively challenge the dominant economic and political arrangements that are reproduced via the politics of racial disunity. Reforming this elitist and exclusionary political culture requires centering the self-organizing capacity of ordinary Guyanese citizens in their communities, homes, and workplaces as they grapple with the business of everyday living. Now that Guyana’s most recent electoral crisis has receded from the headlines and the voters are no longer needed by the major local and foreign players, even as the usual patronage politics keeps churning on behalf of the few, this is the slow, difficult, but necessary work of change to be done. ■

# AMLO's Mexican Time (Business Is Good!)

CLAUDIO LOMNITZ

**M**y father was a seismologist. One of his favorite anecdotes from graduate school concerned one of his professors, Charles Richter—who, together with Beno Gutenberg, created the famous Richter scale. According to my dad, whenever there was a good, strong earthquake somewhere, Richter would run to the seismographs, excitedly rubbing his hands together, and exclaim: “Business is good!”

The lesson was that disasters are relative, and one person's tragedy is another person's business.

Andrés Manuel López Obrador's historically obsessed presidency has put many historians in Richter's position. Mexico's leader, known as AMLO, constantly alludes to one historical grievance or another. Indeed, his government has cast itself as the culmination and resolution of the great struggle of the Mexican people. This conceit of national redemption might help explain why the president, whose grandparents came from Spain, felt authorized to demand that the Spanish monarch apologize for the Conquest. AMLO is there to redeem all of the nation's past wrongs. Rarely has a president been so confident of making history.

From the day of his inauguration, AMLO announced the dawn of a new era, one that he called the Fourth Transformation. National time, as it has long been taught in Mexico's schoolbooks, provides the relevant framework for such a formula. The so-called First Transformation corresponds to national independence (1810–20), and the Second Transformation to the Wars of Reform and against the French intervention (1857–67), whereas the Third Transformation refers to the Mexican Revolution (1910–20). AMLO thus casts himself as the leader of a movement that is the culmination and synthesis of a national historical dialectic.

The world historical currents that should help the nation's citizens get a handle on what is actually

going on in Mexico are thereby minimized or ignored. Rather, López Obrador is insistently and self-consciously provincial. He believes that each country should mind its own business. This quite popular anti-imperialist stance allows the president to channel the local effects of global economic processes into a self-serving and conveniently prepackaged nationalist rhetoric.

For instance, the government-led process of emancipation that is supposed to be taking place before our very eyes identifies neoliberalism as its antagonist, and the government emphatically frames itself as neoliberalism's opposite (whatever that may be). At the same time, AMLO is always at pains to identify neoliberalism with what he calls “neo-Porfirianism,” in reference to the modernizing dictatorship of Porfirio Díaz (1876–1911), thereby shoehorning neoliberalism into national time. (Porforiato : Revolution :: Neoliberal Era : Fourth Transformation.) Since Mexican history textbooks have cast Díaz as a villain and the leaders of the revolution as heroes, AMLO's cyclical view of national time places his movement squarely on History's right side, while all of his opponents are neatly identified as defenders of a corrupt ancien régime.

In López Obrador's capable hands, national time has proved to be an efficient political instrument, but it can't do much to change Mexico's position in the world economy. National time is instead a device that serves to organize the internal political field into friends and enemies. AMLO claims that before his election to the presidency, Mexico had been misruled by the PRIAN, his mocking combination of the acronyms of the two parties that had taken turns governing Mexico since the country's democratic transition, the Institutional Revolutionary Party (PRI) and the National Action Party (PAN). Thus he collapses any party that lies outside his coalition into an all-embracing ancien régime, even while the National Regeneration Movement (MORENA), the party that he created shortly before the 2018 elections, is teeming with old—indeed, often very old—ancien régime

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cadres. His governing coalition has such strange bedfellows as the Workers Party (which sympathizes with North Korea), the notoriously corrupt and not at all green Green Party, and the socially conservative, evangelical Social Encounter Party.

The political field is thus reduced to a confrontation between the two contrasting pedigrees, that of the eternal “enemies of the people” and that of “the people.” This simple operation allows AMLO to label his opponents as “conservatives,” regardless of the content of their dissent from his policies, while his allies are part of *el pueblo bueno*, the Good People, so long as they toe the party line. In today's Mexico, feminists, anti-militarists, and environmentalists have been called “conservatives,” lumped together with the Catholic right, while tycoons of dubious ethics, such as TV and migrant-remittance mogul Ricardo Salinas Pliego, have taken their seats alongside *el pueblo bueno*. AMLO has conferred upon himself the authority to pardon past wrongs and to welcome old strays back into the fold of the Good People, which explains why and how a number of old-time PRI operators, such as Manuel Bartlett, now director of the National Electric Company, have been offered positions of power.

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*AMLO's cyclical view of national time places his movement squarely on History's right side.*

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## NATIONALIST HUBRIS

There is nothing especially original in much of this. Populism relies on the opposition between an honest, oh-so-national, and well-meaning majority and a minuscule, rootless, and unpatriotic elite. It is by now a well-worn political strategy that is oriented to taking power, and subsequently to organizing the political field into friends and traitors (or “adversaries,” as AMLO most often calls them). Yet this adversarial strategy is one of the few props that the Mexican government can rely on at this time.

Many of AMLO's campaign promises have failed to materialize. Rather than achieving the promised GDP growth of 4 percent per year, the Mexican economy contracted a bit during his first year in office (even while the US economy grew at around 3 percent), and it has tanked since the onset of COVID-19, with an expected 9–10 percent shrinkage of GDP for 2020. Also, contrary to any other left-leaning government in what was once called Latin America's “Pink Wave,” AMLO has promoted stringent budget cuts in the public sector, even during the course of the pandemic.

His government has invested in three areas: direct cash transfer programs; the flailing national oil company PEMEX, whose constantly mounting debts might drag down Mexico's sovereign credit rating within the next year or two; and the military. Despite its investments in the latter, the AMLO government has failed to rein in violence and general insecurity, which was another key campaign promise. Meanwhile, its management of the pandemic has been pretty much on par with the United States' and Brazil's disastrous examples.

Taken together, all of this adds up to a very complicated political situation, with reduced institutional levers for processing a dizzying variety of social conflicts, ranging from #MeToo to environmental protests to the movement led by families of the 66,000 Mexicans who have disappeared since the start of the drug wars in 2006. The bipolar rhetoric produced by a simple manipulation of the national epic helps make the disparate foci of discontent somewhat more manageable. For now at least, the hackneyed national mythology, with its eternal good guys and bad guys, gives at least some semblance of order to the inchoate rumble of concerns that resound across Mexico's fractured and economically depressed geography.

The iconography that accompanies this strategy is also old-school, as one might expect. Upon taking office, AMLO changed the logo of the federal government, replacing the seal bearing an eagle and serpent with an image of five men (yet another instance of nationalism's hopeless entanglement with patriarchy). These men are, from left to right, José María Morelos and Miguel Hidalgo (representing the First Transformation), Benito Juárez (Second Transformation), and Francisco I. Madero and Lázaro Cárdenas (Third Transformation). The sequence implied that López Obrador was a national hero even before he had achieved anything: as the undisputed leader of the Fourth Transformation, he cast himself as a hero equal to the Mexican equivalents of Washington, Lincoln, and FDR. Not surprisingly, this has given rise to a personality cult.

As ever, though, nationalist hubris also has plenty of ridiculous moments, some of which bring to mind Woody Allen's film *Bananas*, in which the guerrilla leader of the imaginary



Republic of San Marcos immediately upon taking power declares that the country's official language, from that point forward, will be Swedish. In a similar spirit, on March 17, 2019, AMLO officially proclaimed that neoliberalism no longer existed in Mexico. His government celebrated this accomplishment by spending the better part of a year yielding to Donald Trump's outrageous demands for Mexico to use its newly founded National Guard to contain and detain Central American migrants, all in exchange for keeping alive the free trade agreement with the United States. But neoliberalism is dead.

The revival of the national fairy tale is also a way of papering over the fact that AMLO's movement does not have an ideology. MORENA has so far been unsuccessful in shaping itself into a true political party with a clear set of principles. Even while the party has recently issued an "Ethics Guide" that

shuns neoliberalism, in the same breath it enshrines the family rather than the state as Mexico's prime guarantor of social security, education, health care, and mutual aid.

None of this means that López Obrador is insincere in his opposition to neoliberalism. Indeed, for better or for worse, he has done much to undermine the institutional framework associated with that form of governance, while promoting an increasing politicization of the Mexican economy. Alongside this complicated politics of constant friction and negotiation, his obsession with national time is an instrument for an authoritarian exercise of power: given the lack of a real party to translate his vision into effective policies, it is ultimately up to the leader to distinguish between the good and the bad people.

For historians, though, it is undoubtedly the case that "business is good." ■

# Does the China Trade Pay for Latin America?

MATT FERCHEN

At a conference in Beijing in the fall of 2008, I was asked to comment on a paper about China's rapidly expanding economic relationship with Latin America. While I had long been interested in the comparative political economy of development in East Asia and Latin America, I was still new to the details of the burgeoning commercial and diplomatic ties between China and Latin America. My comments focused on two issues that stood out in the paper: first, that something happened around 2003 to spark a massive increase in commodity exports from South America to China; and second, that for all of China's talk about "South-South" relations (on a basis of equality among developing nations) with Latin America, the structure of trade ties looked a lot like historical, and controversial, "North-South" commodities-for-manufactures relations.

A dozen years later, questions about the essence of the China-Latin America relationship are just as relevant and contested. Two new books, *Dragonomics* by Carol Wise and *Dependency in the Twenty-First Century?* by Barbara Stallings, come to quite different conclusions on a range of related topics. Both authors are political economists with a strong background in Latin America.

Their answers to three specific questions highlight the advances, as well as the remaining limitations, in our understanding of contemporary China-Latin America relations. What's new (and what isn't) about China's ties with the region? What does the dynamic mean for Latin American development? And how should we understand the

logic and strategy behind China's engagement with Latin America?

## PATTERN RECOGNITION

Both Wise and Stallings begin from largely the same starting point: the dramatic emergence of China as a "new" player in Latin America just after the turn of the millennium. Yet from there, they take different directions to investigate whether China's entry into the region has created new opportunities for its countries as well as risks, or whether it has instead renewed or reignited old patterns of dependence and dysfunction.

Wise is more focused on the novelty of China's commercial activity in the region, and especially the opportunities provided by the China-driven commodity boom that lasted from around 2003 to 2013. For Wise, what is less new, or at least more predictable, is how some Latin American countries (particularly Chile, Peru, and Costa Rica) were able to harness the opportunities provided by the China boom, while others either squandered those chances (Brazil and Argentina) or lost out in a more competitive relationship with China (Mexico).

Whereas Wise explains such different outcomes as a matter of longer-term institutional and governance differences among Latin American states, Stallings situates her much slimmer monograph (at a trim 70 pages; Wise's book is over triple that length) in the rich but largely discredited and maybe even forgotten tradition of Latin American "dependency" theory. (Dependency theories emphasized the obstacles to economic development faced by countries in regions like Latin America due to a combination of entrenched global, as well as local, historical and political forces.) Her title refers to her effort to resuscitate these ideas, which had their heyday in the 1960s

### **Dragonomics: How Latin America is Maximizing (or Missing Out on) China's International Development Strategy**

Carol Wise

Yale University Press, 2020

### **Dependency in the Twenty-First Century? The Political Economy of China-Latin America Relations**

Barbara Stallings

Cambridge University Press, 2020

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and 1970s, and to apply them to contemporary China–Latin America relations.

Stallings views China’s economic entry into Latin America since the early 2000s less as a novel opportunity for the region than as a rerun of a story the region has experienced more than once before. While recognizing important historical differences, she argues that South American exports of raw materials to China are part of a pattern of “reprimarization” of the region’s trade. (In other words, raw materials exports are taking precedence over efforts to diversify economies into manufacturing and higher-value-added sectors.) This means that China holds most of the cards in the relationship.

Wise’s argument, meanwhile, can be boiled down to the proposition (to paraphrase international relations theorist Alexander Wendt) that relations with China are what states make of them. Countries that signed free trade agreements with China, like Chile, Costa Rica, and Peru, were able to capitalize on “openness” as a virtue in their ties with the rising economic power (and more generally).

Although Wise explicitly rejects dependency theory, she argues that Argentina and Brazil squandered their windfalls from the China trade, as well as the space those revenues provided for needed institutional reform during the commodity boom. Both countries fell victim to corruption, budgetary indiscipline, and enhanced protectionism, all signs of what Wise calls the “institutional resource curse.” (Wise also sees countries like Ecuador and Venezuela as irredeemably afflicted by the resource curse in their ties to China, so much so that she mostly leaves them out of her analysis.) Lastly, Wise argues that Mexico failed to pursue effective structural reform policies to allow it to compete more effectively with China in industrial manufacturing and exports, while also missing the chance to take advantage of opportunities for increasing oil sales and infrastructure cooperation.

It’s not obvious that Stallings would quibble with the details of Wise’s case studies, but she looks at the same general picture and sees a much more limited scope for Latin America’s developmental prospects emerging from the region’s ties with China. Her skepticism rests in large part on the structural, commodities-for-manufactures relationship between China and South America. The point is not

that some countries didn’t experience higher growth rates during the China-led 2003–13 commodity boom, or that sustained Chinese demand through the 2008–9 financial crisis didn’t help spare the region from a more severe downturn; it’s that such a relationship was unequal and unsustainable.

Stallings agrees that some countries squandered the gains from the China boom, but she goes a step further. She argues that South American commodity-based exports to China reversed previous advances toward a more diverse manufacturing model in countries like Brazil, and that China has shown little appetite for more value-added Latin American imports or investment. Ties to China based on exports of raw materials have exposed the region once again to volatile, boom-and-bust commodity cycles, doing little to create higher-quality opportunities in manufacturing or the services trade. For its part, Stallings says, China gets what it wants from the region.

## THE CHINA SIDE OF THE STORY

The Chinese appetite for some kinds of Latin American goods and not others points to the all-important question of the role China plays in the relationship. Each author takes up the China side of the story in a different way.

Even though Wise declares, in the first sentence of her book’s preface, “This is not a book about China,” she devotes considerable space to explaining the backstory of China’s own economic reform and development experience since the 1980s, and how it compares with Latin America’s. But her primary emphasis is on what she calls “China’s international development strategy,” which in her telling largely boils down to its global search for mineral, energy, and agricultural commodities that are found in limited supply inside China.

Stallings also focuses on the Chinese side of the story, but with a comparative emphasis on how China has established “asymmetrical” relationships with countries in Southeast Asia, Africa, and Latin America to build “leverage” over them. For Stallings, such asymmetries and leverage relegate these regions to a type of low-quality growth that has “done nothing to help promote inclusive development.”

Both authors emphasize that China has approached its ties to Latin America with an assertive

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*Latin American countries have reacted to China rather than structuring ties in their own interest.*

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and well-established plan, whereas Latin American countries have largely been passive and lacking in a coherent response. Such sentiments about China's strategic engagement with Latin America, and the region's comparatively ill-organized responses, are a common theme among specialists in Latin American political economy who have joined the effort to make sense of China's arrival in the hemisphere. Yet a closer look at the Chinese side of the equation reveals important details of the drivers, dysfunctions, and (mis)perceptions behind the booms and busts, as well as the expectations China has for the developmental potential of its relations with the region.

It turns out that the commodity boom of the early 2000s was not just the result of China's "natural" growth or even its entry into the World Trade Organization (as Wise claims). Instead, it was driven by a shift in China's development trajectory: domestic (over)investment in capital-intensive sectors drew in imports of South American iron ore and copper to feed overcapacity steel-making and other heavy industrial production, which in turn fed into a debt-fueled infrastructure and property development boom. In addition to minerals, Chinese demand for South American oil and soy was likewise a reflection of the vicissitudes of Chinese domestic economic and political forces—forces that both drove the boom and ultimately played into the bust.

Chinese direct investment and lending flows into Latin America similarly reflect specific drivers and dysfunctions on the Chinese side. The China Development Bank, to take one notable example of the latter, made a large and unwise bet on over \$60 billion in loans-for-oil deals with Venezuela. The Chinese—both government agencies and companies—certainly have had strategies for their forays into Latin America, but how well were those strategies thought through and implemented, and how bound up were they with the intricacies of Chinese domestic political economy? These are crucial but largely missing parts of the story in these two otherwise stimulating books.

Chinese perceptions and expectations about the relationship with Latin America are just as important. Wise and Stallings both agree that China has in many ways been in the driver's seat, and that this reality to a certain extent has framed developmental opportunities and limits for Latin American countries. Yet in its official diplomacy, China has consistently portrayed the relationship,

especially the core trade in South American commodities, as "complementary."

Without saying so explicitly, what Chinese officials and researchers have mostly meant when they invoke complementarity is that the raw materials-for-manufactures basis of China-Latin America ties reflects natural comparative advantage, without which the relationship would lose its main source of ballast. They dress this up in the rhetoric of "win-win," "South-South" relations, implying a type of developing world solidarity.

As Stallings points out in exasperation, whenever she raised concerns with Chinese officials about how such talk of "complementarity" masked limited options for Latin American exporters of value-added goods, the answer was, "These problems are up to Latin America to deal with." For Wise, it is indeed up to Latin American countries to effectively organize their relations with China in a way that maximizes the opportunities and minimizes the risks, whereas Stallings sees the cards as stacked against Latin America (as well as Africa and Southeast Asia).

## LEARNING OPPORTUNITIES

These two books point to the need for students of China-Latin America relations to redouble their efforts in three areas. First, researchers and policymakers need to situate detailed studies of trends in a broader comparative framework. Both authors, but especially Stallings, emphasize that the challenges faced by Latin American countries as they navigate the developmental opportunities and limitations presented by ties with China share similarities with regions like Africa and Southeast Asia. Countries in all these regions need to better understand China's political economy. Whether it is a well-oiled strategic machine or improvising and experimenting on the world, China is the elephant in the room.

Second, researchers and policymakers should tap into cutting-edge, comparative academic research about "agency," or the capacity of governments, businesses, and civil society in developing countries to take the initiative to pursue (or sometimes undermine) their own interests in negotiating their countries' ties to China. We need a clearer theoretical and empirical understanding of both the potential and the limitations of such agency. These two books clearly point to the rich possibilities for this kind of analysis.

Lastly, observers of China-Latin America ties must take stock of which actors on both sides have

learned what in the course of the past two decades of this relationship, which is no longer so new. In part because Latin American countries have largely reacted to China, rather than actively structuring these ties in their own interest, the onus is on them to learn how to best maximize the

benefits and minimize the risks of engagement. Depending on China's demand for scarce natural resources may be more precarious than ever, given China's enhanced efforts at self-sufficiency, and at a time when countries around the world are recalibrating the risks of interdependence. ■