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FEATURED Q&A

Is Anti-Americanism Good Politics in Latin America?

Q The presidents of Ecuador, Bolivia, Nicaragua and Venezuela—the Latin American leaders who have been most at odds with the United States—are the ones with the highest public support in the region, according to a compilation of polls released earlier this month by Mexico's Consulta Mitofsky. The compilation, called "Approval of Leaders: Latin America and the World," also shows that the top U.S. allies in the region, such as the presidents of Chile, Colombia and Peru, have dismal public approval ratings. What do the leaders at the top of the ranking share that have boosted their approval ratings? Why is public support so low for those at the bottom of the list? To what extent are cordial relations with the United States—or the lack thereof—involved?

A Peter Hakim, member of the *Advisor* board and president emeritus of the Inter-American Dialogue: "From this poll, one could conclude that anti-Americanism is good politics in Latin America. But it would probably be wrong. U.S. opponents hold power in three of seven countries where presidents enjoy public support of more than 50 percent. But these countries, Ecuador, Bolivia and Nicaragua, were also dismally governed for years and their political systems had mostly collapsed. Moreover, Nicaragua is by no means a consistent U.S. adversary. Three other popular governments (in the Dominican Republic, Panama and Mexico) are strong U.S. allies and partners. El Salvador, despite a left-leaning government, is another friend of the United States and a large recipient of its aid. Washington's most virulent opponent in the hemisphere, President Nicolás Maduro of Venezuela, holds a mid-level ranking of 48 percent after eight months in office. Only two other presidents (in Uruguay and Guatemala) have support in the 40 to 50 percent range, and both have a strong, amiable relationship with the

Continued on page 3

Ruling Party Dealt Setback in Argentine Mid-Term Elections

Argentina's ruling party lost ground in Sunday's mid-term congressional elections as early results showed Sergio Massa (pictured) and other opposition candidates defeating candidates backed by President Cristina Fernández de Kirchner. See story on page 2.

Photo: Municipality of Tigre.

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NEWS BRIEFS

Colombia's FARC Releases Former U.S. Marine

The Revolutionary Armed Forces of Colombia, or FARC, rebels on Sunday morning released a former U.S. Marine, whom the group had held since his capture on June 20 in the Guaviare region of Colombia, Agence France-Presse reported. Last month, the FARC rebels requested that U.S. civil rights activist Jesse Jackson assist in negotiations for 27-year old Kevin Sutay's freedom.

Bolivia Expecting More Than 6 Percent Growth This Year

Bolivia's economy will grow at more than 6 percent this year, the country's economic minister said Oct. 24, according to Reuters. Bolivia's economic growth will exceed the government's goal of 5.5 percent growth and the International Monetary Fund's forecast of 5.4 percent expansion in 2013. A rise in natural gas exports to Argentina and Brazil and increasing consumer demand are driving the country's growth.

NCB Renews Partnership With Jamaica's Crime Stop

Jamaica's **National Commercial Bank** has renewed its partnership with the Caribbean nation's Crime Stop program, the *Jamaica Gleaner* reported Saturday. NCB spokeswoman Mukisa Wilson Ricketts told the newspaper that the bank has invested approximately $9.5 million over the past five years in the program, which is a partnership between businesses, the police, the media and other community groups. Crime Stop gives the public a platform to report information about illegal acts while ensuring anonymity and offering cash rewards.

Political News

Ruling Party Loses Ground in Argentine Mid-Term Elections

The party of Argentine President Cristina Fernández de Kirchner lost ground in Sunday's mid-term congressional elections, dashing Fernández's hopes for pushing through a constitutional change to allow her to run for a third term. "Seven of every 10 votes cast today went against the government," said local political analyst Rosendo Fraga, Reuters reported. "This election was a triumph for the opposition." Candidates backed by opposition leader Sergio Massa led the legislative races in Buenos Aires province, 43 percent to 32 percent, said Interior Minister Florencio Randazzo, citing partial results. Massa, the mayor of the affluent town of Tigre, is viewed as a likely presidential candidate in 2015. Massa was leading in his race with 44 percent of the vote, a 12 percent lead over Fernández's handpicked candidate, Martín Insaurralde, with 95 percent of the votes counted, Bloomberg News reported. "Tomorrow, we start with a new political map," said another possible market-friendly presidential contender, Buenos Aires Mayor Mauricio Macri, Reuters reported. Exit polls late Sunday showed candidates allied with the ruling party losing in provinces throughout the country. In order to run for a third term, Fernández would need the support of two-thirds of the legislators in each chamber to win a constitutional amendment. However, ruling party-allied candidates appeared not to come close to that level. Turnout was approximately 77 percent of the country's 31 million registered voters, said Randazzo, Bloomberg News reported. Voters on Sunday selected half of the lower house of Congress and a third of the Senate. Fernández was unable to campaign for candidates allied with the ruling party since she underwent surgery on Oct. 8 to treat a blood clot on her brain that resulted from a fall in August. [Editor's note: See related Q&A in the Oct. 23 issue of the *Advisor*.]

> "Tomorrow, we start with a new political map."
>
> — *Mauricio Macri*

Movement of Colombia's Uribe Taps Zuluaga as Presidential Candidate

The political movement of former Colombian President Álvaro Uribe has selected economist Óscar Iván Zuluaga as its presidential candidate ahead of a nationwide vote in May, Reuters reported. Zuluaga, a businessman who served as finance minister under Uribe, Zuluaga would be a top opponent of current President Juan Manuel Santos if he decides to seek another term. Santos would have to announce his candidacy by late November if he intends to run. Santos, who was defense minister under Uribe, ran as Uribe's successor in 2010. However, Santos has pursued peace talks with the Revolutionary Armed Forces of Colombia, or FARC, rebels, a decision that Uribe has strongly denounced. The talks, which mark their one-year anniversary next month, have progressed slowly. "The country will recover what it should never have lost—its freedom," Zuluaga announced in a speech after being named the candidate of Uribe's movement. Since leaving office, Uribe has consistently criticized his successor in television appearances and postings on Twitter. "This act is the beginning of the repeal of the voice they have given to terrorism in Colombia, contrary to what was promised when they came to the polls," Uribe said, referring to the peace talks. Santos has said that he wants the policies he initiated, including efforts to end Colombia's armed conflict, to continue after the election. If he runs

Zuluaga

File Photo: Colombian Government.

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for another term, which is widely expected, he will be able to point to steady economic policies that have led to growth with low levels of inflation. Uribe, who was president from 2002 to 2010, is constitutionally barred from seeking another presidential term. However, he has said that he intends to run for a Senate seat.

Company News

Mexico's Banorte Announces 27 Percent Jump in Net Profit

Grupo Financiero Banorte announced Thursday that its net profit for the third quarter increased 27 percent on the year to 3.53 billion pesos ($272 million) amid double-digit annual deposit growth and a smaller credit-portfolio expansion, *The Wall Street Journal* reported. Mexico's third-largest bank by assets added that it also had a higher financial margin as well as lower operational expenses and fewer bad-debt provisions. The lender's banking division, as usual, accounted for the majority of the group's profit, approximately 2.27 billion pesos in the third quarter. Banorte said that it experienced 14 percent growth in deposits to 364 billion pesos in the quarter, a 6 percent expansion from June. The bank's loan portfolio amounted to 413 billion pesos, a 6 percent increase on the year, but an expansion of only 0.5 percent over the past three months. Banorte saw weaknesses in commercial credit. The bank's chief financial officer, David Suárez, said the weakness in corporate lending happened primarily because clients prepaid loans with proceeds from offerings in the capital markets. Mexico has seen a boom in equity and debt offerings this year. Banorte added that its nonperforming loans increased in the third quarter, mainly because of nonpayment from troubled home builders. Approximately 3.2 percent of Banorte's credit portfolio was bad debt, as compared to 1.9 percent at the end of September. Setting aside the nonperforming loans to home builders, Banorte said its bad debt amounted to 1.8 percent last month.

Featured Q&A

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United States. To be sure, there are six countries that enjoy friendly relations with the United States—Brazil, Chile, Colombia, Costa Rica, Honduras and Peru—whose presidents have all watched their public support drop below 40 percent. But there is no single explanation for their political difficulties. They emerge from complex national situations and some bad luck—as well as strikingly disparate talent for leadership. Interestingly, the two presidents among them eligible for re-election, in Colombia and Brazil, are now considered front runners despite their low poll numbers. The popular anti-American presidents of Ecuador, Bolivia and Nicaragua have all governed for six years or more. In part, their support reflects political skill and real achievement—improved public services, economic growth and social advances. But it also reflects a feeble opposition increasingly debilitated by restrictions on press freedom, misuse of judicial and police power, and electoral manipulation."

Javier Ciurlizza, director of the Latin America and the Caribbean Program at the International Crisis Group: "Divergence in popular support may reflect responsiveness with social demands. It is remarkable that Presidents Correa and Morales have managed to retain that connection, as it is telling that Presidents Santos, Humala and Piñera are failing to respond to the urgencies of the public. In all cases, it seems that majorities tend to punish those governments that appear too distant from very practical priorities. Notwithstanding the authoritarian tendencies witnessed in Bolivia and Ecuador, both Morales and Correa effectively respond to the most urgent needs of the majority. Income redistribution and more attention to collective rights and demands explain this effective connection. The cases of Nicaragua and Venezuela are different. President Ortega has efficiently played the nationalist card, with a leftist rhetoric and signs of crony capitalism. In the case of Venezuela, this is not good news for Maduro, who seems to be rapidly spending down the overwhelming support of his popular predecessor. Low levels of support in Chile, Colombia, and Peru may have in common the lack of connection to social and immediate demands. Beyond that, there are other explanations, linked with effectiveness, sensibility or security concerns. For example, President Santos will have a hard time convincing Colombians that the peace agenda with the FARC is enough for him to re-elected next May. As relative as these polls can be, what is clear is that connection between rulers and majorities is essential to keep support alive, and it is not simply a matter of Latin Americans' tendency to support strongmen."

> "Both Morales and Correa effectively respond to the most urgent needs of the majority."
>
> — *Javier Ciurlizza*

Maria Velez de Berliner, president of Latin Intelligence Corporation: "Cordial relationships between these countries and the United States are no longer what they used to be. Consequently, they have moved past the acquiescence conditionality the U.S. demands. Therefore, on one hand, the poll reflects the difference between the challenges to effective governance by opposition parties and non-state actors; on the other, it reflects the politics of cult of personality and populist promises. All this is taking place within a global context defined by a tide of rising expectations among the young and the fear of instability of income and social protections among the old and the

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Featured Q&A

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aging. Into this context enters social media, which has restructured the ways in which politics is conducted, frequently distorting policy objectives, amplifying the effects of opposing views and giving voice to marginalized groups. Were it not for social media that reminds Chileans of better days under Concertación, the spread among the presidential candidates would not be as wide. Were it not for the constant, derogatory tweets of the opposition, President Santos would probably have been more successful in his negotiations with FARC and in the implementation of land and restitution laws. Were it not for the myriad grievances aired on mobile phones, President Humala would probably have had better results in his handling of the uprisings in Ayacucho and Amazonia. As a counterpoint, the leaders of Nicaragua, Bolivia, Ecuador and Venezuela have neutralized or demonized any viable opposition and, therefore, their publics believe there is no better alternative for now. They use the megaphone of social media to reinforce their quasi-messianic message and to propagandize their failed promises of prosperity for all. This is why they have higher approval than those who are trying to govern despite the challenges of social media."

> "The leaders of Nicaragua, Bolivia, Ecuador and Venezuela have neutralized or demonized any viable opposition..."
>
> — *Maria Velez de Berliner*

The Advisor *welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org with comments.*

WHAT'S KEEPING YOU UP AT NIGHT?

The **Latin America Advisor** gets **answers** to the **questions** that informed executives are asking, every business day, so that you can rest easy.

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