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Latin America’s New Political Leaders: Walking on a Wire

MICHAEL SHIFTER

In 1970, Salvador Allende finally ascended to the Chilean presidency on his fourth attempt. The Socialist candidate with a radical agenda won the prize that had long eluded him—only to be overthrown in a generation-defining military coup led by General Augusto Pinochet on September 11, 1973.

Nearly three decades after the Chilean coup, new faces of political leadership are emerging in Latin America, giving form and definition to the next generation. The sharply drawn left-right battles and schisms intrinsic to the cold war no longer drive politics. Rather, today’s underlying political currents in Latin America are less about ideology and more about a public desire to find leaders who can effectively address everyday problems, and who do so honestly. The formulas of the past—whether “socialism” in the 1970s or “neoliberalism” in the 1990s—have been widely questioned, and largely dismissed. With traditional ideas and structures breaking apart, new leaders are being called on to produce results.

In 2003, Luiz Inácio da Silva, widely known as “Lula,” is the principal focus of regional attention. Lula was resoundingly elected Brazil’s president after he had failed, like Allende, in three previous attempts. Predictably, as the leader of the Workers’ Party took the reins of Latin America’s largest and most significant country, all eyes have turned to the region’s new, charismatic leader—and the most promising experiment for social renewal.

Will Lula balance Brazil’s mounting demands for greater social justice and equality with the formidable constraints and pressures imposed by international financial institutions? Will the United States not only recognize the need for but also help support Lula’s alternative social policies? In short, will Lula succeed in charting a new path?

Brazil’s passing of the guard from President Fernando Henrique Cardoso to Lula epitomizes the shift in Latin America in the political winds, and in political leadership, over the course of the past decade. Cardoso, not long ago considered the quintessential leftist intellectual, served two terms as president of a center-right government whose main achievements included democratic continuity and economic stability. At the same time, Cardoso’s government accumulated a huge public debt, failed to achieve sustained growth, and, despite improvements in many social indicators, could not make a significant dent in Brazil’s vast disparities in wealth. Brazilians—from the poor to a sizeable share of the business community—in the end clamored for political change.

A SOUR MOOD

For Latin America, Lula’s election to the Brazilian presidency comes at a critical moment. Stories abound in publications such as *The Economist*, *Financial Times*, and *Newsweek* about a backlash against neoliberalism, a resurgent populism, and a decided turn to the left in Latin America. The high hopes and expectations that accompanied the early 1990s, when free trade and spreading democracy were widely touted, are a fading memory.

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The regional economic picture is especially gloomy and dramatic. According to the World Bank, Latin America in 2002 suffered its most disastrous economic performance in nearly two decades, with a negative growth rate of 1.1 percent. In Argentina and Venezuela the outlook is notably grim, marked by stunning economic declines and social disintegration. Experts argue that even under the most sanguine scenarios, any substantial economic rebound in these countries will take years, if not decades. Moreover, since 1998, for the region as a whole, per capita income has dropped some 0.3 percent per year. Although projections for 2003 are slightly more upbeat, with the regional growth rate possibly reaching 2 percent, it is difficult to imagine that such a modest performance will bring much relief to Latin America's acute social conditions.

Public opinion survey data also offer little to cheer about. According to the respected *Latino-barómetro*, which has conducted a comparative survey annually since 1995, public dissatisfaction with government performance has steadily risen because of stubbornly poor and disappointing economic results. The inability of governments in many countries to reduce mounting unemployment and crime has also fueled enormous citizen discontent. Although the survey findings reveal that most Latin Americans continue to see democracy as the preferred political model and that they have not given up on market-oriented prescriptions for economic difficulties, these views are largely arrived at by default and are far from a ringing endorsement of the core ideas that were expected to deliver improvements in citizens' lives. Frustration with economic policies that have yielded few tangible benefits runs deep throughout the region.

Despite so many profound problems, elections remain the accepted way to select leaders. Viewed in wider historical perspective, this adherence to the democratic norm is remarkable and cause for optimism. But the signs suggest voters are groping for fresh answers and alternatives to the status quo. The profile of a Latin American leader—perhaps exemplified by Cardoso—who is an internationalist and blends technical or academic prowess and sophistication with a knack for politics—appears to be receding. “Populist” or “leftist” may be the most convenient and common terms employed to characterize new leaders who deviate from this model, and who represent the promise of a more thoroughgoing and committed social agenda. But there are scant resources available to fund meaningful social programs. And at a time that has seen the questioning

and dissolution of traditional political structures and ideas, these labels obscure more than they illuminate.

BRAZIL'S “AMERICAN DREAM”

Lula differs fundamentally from many of the other political leaders who have recently emerged on Latin America's political stage. What sets him apart is his longstanding dedication to building the Workers' Party (PT), widely regarded not only as the most solid and coherent political party in Brazil, but as among the most effective parties in Latin America. Lula's two-decade project—born under a Brazilian dictatorship that began in the 1960s and only came to an end in 1985—is especially noteworthy in a region where political parties are in deep crisis, broadly discredited, and perceived as ossified and corrupt.

Although the PT has yet to be tested at the national level, it has had ample—and successful—governing experience at the state and especially municipal levels in Brazil. The PT is far from the amorphous movements and inchoate groupings that often pose as political parties in other Latin American countries. Yet it is not monolithic but composed of factions that range from decidedly hard-line to pragmatic.

Lula himself has undergone a remarkable political evolution. Over the years his positions on a variety of issues have moderated. In the 2002 election campaign he was referred to as “Lula lite” because of the alliances he made with more conservative factions, a move that would have been difficult to imagine just a few years ago. Moreover, his personal story is extraordinary, embodying the “American dream” with his rise from poverty through the ranks of the powerful metalworkers' union and eventually to party leader. It also testifies to the vitality of Brazil's democracy and the gradual loosening of its rigid social structures.

Lula's call for a “social pact”—agreements involving government, business, and labor unions aimed at assuring economic and political stability—signals a shift to an alternative political arrangement, perhaps more in line with European concepts. Still, it will not be easy for Lula to contend with pressures from members of his own base, who see the PT in power as “their turn.” Demands made by the international financial community will similarly test Lula's political talents. His administration's success may hinge less on the ideological direction Lula decides to pursue than on the competence of his team and the ability to devise sound and coherent policies that deliver growth and some social progress while maintaining economic stability.

CHÁVEZ'S VENEZUELA: REVOLUTION OR CHAOS?

Nearly four years before Brazilians elected Lula as president, the majority of Venezuelans put their confidence in Hugo Chávez. Chávez, a former paratrooper who led a failed military coup in February 1992, was the product and beneficiary of a traditional political party system that had collapsed from decades of corruption and mismanagement. Since the early 1980s, no Latin American country has suffered the precipitous economic decline and social decay that has struck Venezuela, made all the more egregious when viewed against the country's substantial oil wealth. A succession of failed administrations and a protracted period of party unresponsiveness led to a sharp public repudiation. Chávez, a superb orator who issued a scathing indictment of the old order, took advantage of the political vacuum.

While there is still some question about which of the "two" Lulas will ultimately leave his mark on Brazil's presidency, there is little doubt that Chávez's authoritarian instincts are stronger than his democratic tendencies. He has often defied and violated the constitution and has constantly lashed out at key elements of Venezuelan civil society, such as the media, the Roman Catholic Church, and unions. Gabriel García Márquez, Colombia's Nobel Prize-winning author, wrote an especially prescient profile of Chávez just before he took office in February 1999: "I was overwhelmed by the feeling that I had just been traveling and chatting pleasantly with two opposing men. One to whom the caprices of fate had given an opportunity to save his country. The other, an illusionist, who could pass into the history books as just another despot."

Although Chávez has been variously described as a "populist," "revolutionary," and "leftist," he has been so in rhetoric only. He seems, rather, a throwback, a figure who more closely resembles Argentina's legendary Juan Domingo Perón of the 1950s and 1960s. His actions and policies have been erratic and inept, with detrimental results for Venezuela. (The poorest Venezuelans, Chávez's core constituency, have suffered most from the country's prolonged drift and chaos.) Moreover, his confrontational style, with the charged rhetoric about Venezuela's "rancid oligarchy," has only exacerbated social tensions.

In 2002, Venezuela endured unprecedented political and social polarization, along with extraor-

dinary bitterness and mistrust. The government and its supporters jockeyed for position with opposition forces—made up of an array of nongovernmental and professional groups and diverse political figures organized under the umbrella Democratic Coordinator—that mounted a strike to press for Chávez's ouster, either through his resignation or through new elections. With each side digging in, the prospects for any reconciliation seemed negligible. In the unfolding crisis, critical factors included Chávez's ability to figure out how to keep the oil flowing. For the world's fifth-largest supplier of oil, the fate of the petroleum sector and the state-run oil company *Petróleos de Venezuela, SA*, is decisive.

Another key factor is the Venezuelan military, which has also been badly divided between forces that support and those that oppose Chávez. As the violence has escalated and threatens to erupt into something that could conceivably resemble a civil

war, many observers have tried to anticipate how, and at what point, the armed forces might react.

When this crisis is resolved, Venezuela will need considerable time to

heal the deep wounds that have for many years run through society and have been aggravated under Chávez. But an opposition that lacks effective political leadership, a clear strategic focus, and any vision for a post-Chávez Venezuela—especially ideas about how to unite the country, including Chávez's mostly poor constituency—does not augur well for a swift reconciliation. Chávez's ability to hold on to a core base of support in the context of such a disastrous performance underscores the depth of rage and mistrust many Venezuelans feel toward an old order in need of deep-seated reform.

ECUADOR'S CONSUMMATE OUTSIDER

Ecuador also has seen a former coup plotter elected to the presidency. Like Chávez, Lucio Gutiérrez was a former army lieutenant colonel who tried to topple a democratically elected government. Joining with Ecuador's powerful indigenous movement and other military officials, Gutiérrez, unlike Chávez, succeeded in his January 2000 attempt. Although short lived, the coup catapulted Gutiérrez onto Ecuador's political stage and, less than three years later he was, to the surprise of many, overwhelmingly elected president.

Although Gutiérrez expressed admiration for Chávez at the time of the coup, he has since sought

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to distance himself from the controversial Venezuelan president. The initial signs suggest that, unlike Chávez, Gutiérrez will attempt to reach out and engage with his country's broad-based civil society and managerial and entrepreneurial sectors. The new Ecuadoran president's announcement of his intention to seek an agreement with the International Monetary Fund, his acceptance of the country's "dollarization" scheme (under which the United States dollar became the official currency in January 2000), and his emphasis on fiscal discipline do not signal a shift to the left or the beginning of a resurgent populism.

Yet Gutiérrez is, in one key sense, similar to Chávez. He too is the product of the wholesale rejection of his country's traditional political class, which has generally failed to deliver tangible benefits to vast sectors of the population. That Gutiérrez—as well as his rival in the second round of voting, banana magnate Álvaro Noboa—are the consummate political "outsiders" shows that most Ecuadorans have little appetite for "more of the same" (Ecuador's politics has been notably unsettled; Gutiérrez is the country's fifth president in six years). To be politically successful, he will have to produce results for the country's most marginal groups, especially the poorest sectors and a sizable indigenous population.

At the same time, Gutiérrez faces formidable challenges. He inherits an enormously difficult economic situation. Although he can count on the important support of the Confederation of Indigenous Peoples of Ecuador, Latin America's strongest and most coherent indigenous confederation, to pursue his reform agenda, Gutiérrez will nonetheless have to deal with a broad array of parties represented in a remarkably fragmented Congress. In a country distinguished by notoriously sharp geographic, ethnic, and social divisions, Gutiérrez, a political neophyte, will find it difficult to forge alliances and build coalitions to accomplish his goals of reducing corruption, making the Ecuadoran economy more competitive, and working toward greater social equality.

THE EXPECTATIONS GAME

In taking on such a mammoth political task, Gutiérrez may find the experiences of other current Latin American presidents instructive. With their parties failing to enjoy a majority in their respective

legislatures, Mexican President Vicente Fox (in office since December 2000) and Peruvian President Alejandro Toledo (elected to the post in June 2001) have had some difficulty constructing coalition governments to implement their agendas.

After more than seven decades of single-party authoritarian rule, Mexico expressed its profound desire for change by voting for a former Coca-Cola executive and National Action Party governor from Guanajuato. But Fox has failed to satisfy the high—perhaps unrealistic—expectations that were generated by his administration. To be sure, Mexico's political system has opened up considerably—indeed, irreversibly. And the Fox government has escaped the many serious charges of corruption that had been leveled against previous Institutional Revolutionary Party (PRI) administrations. After more than two years in office, his approval rating is still roughly 50 percent.

Criticism has revolved around Fox's inability to "get things done," most notably in fiscal reform as well as other areas. The Mexican president has struggled to strike deals and work effectively with a Congress still dominated by the PRI. Fox's cabinet and advisers are capable, but have not come together as an effective team. Still open to question is Fox's ability to articulate a clear program for the country, devise a political strategy, and instill the necessary discipline to achieve his main policy aims.

Peru's Toledo came to office following an eight-month transition government in Peru that had been preceded by the highly corrupt and decade-long authoritarian regime of President Alberto Fujimori and his national security chief, Vladimiro Montesinos. Unlike Fox, Toledo—born in poverty and proudly indigenous—had virtually no political background, apart from leading the opposition against the previous government, which he did with great courage. In addition, his political party, *Péru Posible*, is very heterogeneous and does not have programmatic coherence or discipline.

Toledo's lack of political experience and struggle to gain some traction have exacted a heavy toll. After his first year in office, Toledo's approval rating had dropped from a high of nearly 70 percent to below 20 percent. Toledo promised considerably more—"thousands of jobs"—than he has been able to deliver, frustrating many Peruvians. He has had difficulty making decisions and outlining a coherent policy course. In June 2002, Toledo's failure to

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consult with local officials about the privatization of electrical companies in Peru's second-largest city of Arequipa helped spark widespread protests, with huge political costs. Toledo's self-inflicted difficulties have been compounded by the ferocity of opposition politics and signs that remnants of the Fujimori regime may be trying to sabotage the current administration.

Toledo's slide—and the mounting protests and unrest in the streets—are all the more remarkable in light of the country's 4 percent growth rate in 2002, the region's highest. In addition, the Toledo government has vigorously pursued human rights abuses and corruption that occurred under previous governments. After resolving a paternity suit and recognizing his daughter in October 2002, Toledo, who had mishandled the controversy, recovered some public support. The change did not, however, translate into an electoral victory for his party in Peru's regional elections in November.

The ability to master coalition politics and shape a governing consensus will also be the crucial question in Bolivia, under the administration of Gonzalo Sánchez de Lozada, who assumed office in August 2002. Sánchez de Lozada, who previously served as president from 1993 to 1997 and presided over wide-ranging reforms, including innovative capitalization and privatization schemes, faces an even more monumental task than he did in his first term. His relationship with his coalition partner, Jaime Paz Zamora of the Movement of the Revolutionary Left, is strained. Most significantly, Sánchez de Lozada will have to learn how to work with Evo Morales, the popular indigenous figure and leader of the numerous and increasingly mobilized coca growers. Morales, who is pressing for major social changes and could upset Bolivia's political system, registered stunningly strong support in the last election. As in Ecuador, the indigenous population in Bolivia is an important actor in shaping the country's politics.

Also in August 2002, Colombia, the only Latin American country in the midst of a civil conflict, elected a new leadership when Álvaro Uribe succeeded Andrés Pastrana as president. Uribe won a resounding victory and secured an impressive mandate in the May 2002 elections. He promised to implement his vision of "democratic security," applying a firm hand to the country's armed actors. With the collapse of peace talks in February 2002 and the hardening of domestic and international public opinion, Colombians have rallied around their new president's plan to make the country's security forces more effective. Five months into his

term, Uribe enjoyed a 75 percent approval rating, the highest of any elected leader in Latin America.

Although Uribe successfully obtained public backing for his agenda, it is uncertain whether that backing will be fleeting or enduring. Much, of course, will depend on his administration's ability to reassert government authority and control over the country and protect Colombians against widespread violence. Colombia's fiscal imbalance is also serious, and it will be hard to adopt the familiar formula for greater spending restraint within a "war economy." Sharp cutbacks could well increase the risk of greater social polarization. Still, Uribe's leadership style—he is indefatigable and has built a highly disciplined cabinet and team of advisers—has broad appeal in Colombia, and he appears to have taken welcome initiative and generated some momentum. To the delight of most Colombians, Uribe is genuinely in charge.

Fundamental strategic concerns loom, however. Even under the most optimistic scenario, it will take Colombia years to substantially reverse its long-term deterioration in public order, much less to pursue meaningful social reform and reconciliation. Uribe will have to manage high public expectations and will need to think through—beyond adopting a series of new, albeit risky, security measures—how to end the conflict and successfully incorporate the country's varied armed actors into Colombian society. Whether he will be able to exhibit the necessary flexibility, vision, and commitment to human rights standards under such extraordinarily difficult conditions remains a major question.

WHAT HAPPENED TO POLITICAL RENEWAL?

Rarely has Latin America witnessed the sort of implosion of a major country like that which occurred in Argentina in December 2001. As a result of a series of converging factors both internal and external, the government led by President Fernando de la Rúa collapsed, followed by a foreign debt default of some \$140 billion. The country lived through a rapid succession of presidents and tremendous uncertainty until Congress finally settled on Eduardo Duhalde, a Peronist, as Argentina's leader.

Duhalde's political skills have received mixed reviews as he has struggled to gain the necessary authority to govern the country effectively. According to the current timetable, Argentines will select Duhalde's successor in April 2003. Yet few analysts believe the new president will be able to restore the severely damaged legitimacy and credibility of the country's traditional political class; that is a longer-term challenge. Today, political parties and leaders

are held responsible for Argentina's meltdown, an attitude reflected in the plummeting levels of public confidence in survey after survey. It is instructive that Carlos Menem, Argentina's wily two-term president who brought the country economic stability in the 1990s but has been accused of massive corruption and disregard for democratic institutions, is a serious contender for his old job. His support suggests that, for at least some Argentines, a proven ability to get the job done may trump deep ethical qualms.

Perhaps even more striking is the prospect that Alan García, who presided over Peru's unremitting economic chaos and political violence in the late 1980s, has a good chance of returning to his old job in 2006. In 2001 García, a crafty politician and superb communicator, received more than 48 percent of the vote in the second round runoff election against Toledo. And in November, his American Popular Revolutionary Alliance was the big winner in Peru's regional elections. Further, the headline of a *New York Times* article on December 22, 2002—"Peru's Former President Plots His Return to Power"—suggests a possible comeback as well by Fujimori, who resigned in disgrace and is in exile in Japan. For those who have stood for reform and renovation, few developments would be more dispiriting. While this prospect is hardly reassuring, it highlights the continuing search for political leadership in Latin America.

IS ANYONE PAYING ATTENTION?

Latin America's new cast of political leaders clearly reflects profound changes within the region's complex societies. The landscape is evolving in fundamental ways, conditioned by globalization—its benefits and downsides—and substantially influenced as well by the United States. And the emerging strategic concept, developed in Washington in response to the terrorist attacks on September 11, 2001 and manifested in shifting priorities and resources, has a direct bearing on Latin America's political dynamics. The region's prevailing political uncertainties pose a crucial test for United States policy in the hemisphere.

The key question is whether the United States can be positively and wisely engaged in Latin American affairs so that it can help support leaders committed to democratic politics and economic policies that are market oriented and emphasize a strong social agenda. Such leaders understandably resist the failed formulas for economic reform championed by Washington but are nonetheless generally interested in a cooperative relationship with the United States.

The initial signs from the United States in the post-September 11 period are not encouraging. The principal effect appears to have been distraction, as senior government officials have been consumed by urgent actions and decisions regarding the Middle East and the global effort to combat terrorism. Latin America has seldom been a high priority for the United States, but the lack of high-level sustained attention and engagement has coincided with unprecedented turbulence and deepening crises in many key countries. In the context of globalization, more is at stake for the United States in the region than in the past.

Illustrations of this indifference, or neglect, abound. Perhaps the most dramatic case is Argentina, where the United States treated the country's crisis largely as a fiscal matter, overlooking critical political and foreign policy implications. Former Treasury Secretary Paul O'Neill's remarks were seen as particularly callous. (In an August 2001 interview with CNN, for example, O'Neill said: "We're working to find a way to create a sustainable Argentina, not just one that continues to consume the money of the plumbers and carpenters in the United States who make \$50,000 a year and wonder what in the world we're doing with their money.")

It is not surprising that, according to the *Latino-barómetro*, anti-American sentiment—that is, criticism of United States policies—is appreciably higher in Argentina than anywhere else in the region. Although it would be a stretch to attribute Argentina's political precariousness to the passivity of the United States government at a critical moment, greater political engagement might have reinforced American backing of democratic leaders.

In Venezuela, too, the absence of any strategic engagement is striking, especially in view of a possible war with Iraq and the fact that Venezuela accounts for roughly 15 percent of crude oil imports to the United States. American ineptitude was evident in its handling of both the botched coup in April 2002 and the public call for "early elections" in December 2002. The tacit approval of an unconstitutional act in the former case—the State Department initially failed to express any concern about Chávez's forced ouster—and the public association with opposition forces in the latter have done little to enhance United States credibility on the democracy question in Latin America. (The image of Venezuelan generals standing behind a business leader they had tried to install as president had especially chilling echoes of previous episodes of military takeovers in Latin America, including

the American-backed Chilean coup of 1973.) In the current crisis, Washington has also failed to take full advantage of regional institutions to press for a constitutional resolution.

In Mexico it is difficult to separate Fox's political fortunes from his administration's relationship with the United States. This is especially so in light of the expectations raised by the personal relationship between Fox and Bush and the excitement that accompanied the state dinner for Fox held in Washington just days before the terrorist attacks. Without assigning any responsibility, it is undeniable that Mexico's lower place on the American foreign policy agenda in the post-September 11 period—and growing friction between the two countries—have created some political fallout for Fox. Although bilateral cooperation on myriad issues remains significant, Mexico's domestic politics are unusually sensitive to American actions and decisions.

In country after country, it is clear that what the United States does—or fails to do—is germane to the national political scene, and often affects the prospects of particular leaders. In his first year in office, for example, Toledo went up in opinion polls only on two occasions: first, when President George W. Bush visited Lima and second, when the United States Congress approved Andean trade legislation extending preferences and giving products from Peru, Colombia, Bolivia, and Ecuador greater access to United States markets. The long-anticipated free trade agreement between the United States and Chile, signed in December 2002, gave a political boost to Chile's president, Ricardo Lagos. The Bush administration's bailouts of Uruguay (\$1.5 billion) and Brazil (\$30 billion), which sought to contain contagion from Argentina's collapse and buttress Brazil at a moment of political uncertainty, also yielded political dividends in those countries. And in a telling twist, a critical statement made by the United States ambassador in Bolivia regarding the coca growers' candidate, Evo Morales, nearly succeeded in getting Morales elected! ("I want to remind the Bolivian electorate that if they vote for those who want Bolivia to return to exporting cocaine, that will seriously jeopardize any future aid to Bolivia from the U.S.")

Some in Washington, taking advantage of the transformed climate following September 11, have

referred to a new "axis of evil" in Latin America, with Lula and Gutiérrez joining Chávez and, of course, the stalwart Fidel Castro. Such hysteria even found its way into a disturbing October 24 letter to President Bush from Republican Representative Henry Hyde, the chairman of the House International Relations Committee, who warned that Lula was a dangerous "pro-Castro radical who for electoral purposes had posed as a moderate." If the United States government were to fashion policies based on such simplistic, Manichaeian terms, the Latin American "axis of evil" would risk becoming a self-fulfilling prophecy.

A more apt phrase that captures the political dynamic in much of Latin America is "axis of upheaval." The region's turmoil offers an opportunity for the United States to avoid the sloppiness that often results from neglect—or the hard-line unilateralism that tends to flow from a "good guy versus bad guy" mentality. Positive, sustained, high-level engagement could translate into greater sensitivity to the problems facing Latin American countries. What is required from Washington is increased flexibility that gives struggling leaders in the midst of enormously difficult circumstances more room to maneuver and undertake new social and economic policies. How the Bush administration deals with the Lula presidency is likely to be a major test in this regard.

But the chief responsibility for shaping Latin America's political future rests squarely with a fresh set of political leaders. Their task will be far from easy. Latin America's old problems, such as endemic poverty and fragile institutions, persist and are only aggravated by heightened expectations held by ever-expanding segments of the region's population. Globalization's liberating forces have made this possible. But globalization's dark side is also keenly evident in the region, with a widening schism between intensifying social demands and political institutions in disarray.

In seeking to navigate their way through these complex challenges, Latin America's new political leaders will be put to a severe test. It is clear that honesty and effectiveness—not rigid formulas or sweeping blueprints—are what the current generation is looking for. ■

