



Piranhas and pariahs

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This is a busy year in Latin America; it will be because of electoral, rather than economic, activity with over 50% of Latin American citizens in several countries casting their vote on who is to become their next president. (See also last month's column, "Alliances and Handshakes"). In Central America Costa Rica and El Salvador have already had elections and this month it will be Panama's turn whose constitution only allows for one-term presidencies, so, even if the party doesn't change the president will. After that the focus will be on South America and by 2016 all of Latin America's countries (except Mexico) will have held elections.

Panama remains one of the region's shining stars and despite earlier delays in financial structuring of its canal expansion, which will put back completion until at least nearer the end of next year, the economy itself hasn't stumbled. Trading Economics, which provides data on 196 countries, expects inflation to dip below 2% in 2015 (the rate in 2014 might increase slightly from 3.45% last year) and the International Monetary Fund remains very optimistic about the economy.

The economy is not the only thing shining in Panama and by the end of the year the country is expected to have the region's first diamond exchange (there are 28 worldwide) providing an alternative to exchanges in the United States of America and Europe. The fine jewellery retail business in Latin America is reckoned to be worth USD8 billion and the new exchange in the region's fastest growing economy could push the growth of the business to at least USD10 billion by 2017, in a region that has been described as the world's last frontier in the jewellery market. The jewel in Panama's crown is still its canal, but diamonds would be a welcome adornment.

Less positively, the region has a few populist regimes, despite the fact that democracy, overall, is gaining ground – unlike in parts of the West (see last month's column) where it has slipped, brought on by disillusionment following the financial floundering and behaviour of both governments and regulators in this century's first decade.

In December, Bolivia – a member of the 21st-century socialism club which, until his death, was led by Hugo Chávez – will probably see President Evo Morales retain power. Meanwhile, the present mix of moderate left, right and centre-right and 21st-century socialists is likely to remain in place and facing the same challenges with still over 160 million or so Latins experiencing extreme poverty, coupled with demands from a new generation, and which has already seen student demonstrations last year in stable Chile (newly-elected President Michelle Bachelet has an ambitious reform agenda which, besides addressing education, includes fiscal, political and constitutional changes). Protests in Argentina, Brazil, Colombia and Perú have focused on improved public services and those old chestnuts, corruption and transparency.

Despite, however, democracy's firmer grip, the temptation to tinker with constitutions continues – especially by those wanting to stay in power. In January we saw Nicaragua (see "Folly or Destiny?" – issue 244) change the restrictions placed on presidential terms, following the example set by Daniel Ortega's mentor, the late Hugo Chávez, in 2009. Even President Rafael Correa in Ecuador is thinking about the two-term limitation his very own 2008 constitution imposed (he leaves office – perhaps – in 2017).

Certainly, Latin America is notorious for changing constitutions far more than the average elsewhere. Ecuador, for instance, has produced 20 versions to date and Venezuela's 26th constitution was introduced in 1999. In fact, constitutions in Western Europe have lasted more than four times longer than the average one in Latin America has.

What has caused further problems is the complexity of many Latin American constitutions, being the absolute opposite of the short, and straightforward, US version. The

likelihood of replacing any constitution with a simpler one is remote indeed. The tendency has been to weigh the provisions down with superfluous verbosity and dispensable detail; no, this is not an oblique reference to the administration of trusts today, and which is a subject covered in this month's issue.

Simón Bolívar, standard bearer of independence for all countries in Latin America, was described as "Liberator of Nations, Homeland Creator" in the title of a pamphlet published in 2006 by the Venezuelan government. He believed in a constitution which allowed a president to rule for life and who could appoint a successor. No wonder it is the Bolivarian Republic of Venezuela.

But that's only half the story; he also wanted to avoid "...any mischievous excess of popular power", as one of his contemporaries, a British Consul, put it. Simón Bolívar was a contradictory and complex man and although he was born into a new generation in Venezuela that abhorred the centralism of Bourbon Spain, he enjoyed the privileges of wealth and status, being a seventh generation descendant of Basque immigrants. Not much is known about his life but he did enjoy an upper class education, which included a grand tour of Spain when he was 15. Returning to Europe in 1803, he went to Italy and France, soaking up the ideas of the French writers of the Age of Reason.

He wanted Venezuela to have a republican government but one that adhered to sovereignty of the people, civil liberty, and most importantly, division of powers. Independence was at the forefront of his ideology and he understood Thomas Paine's reasoning about independence from England; "there is something absurd in supposing a continent to be perpetually ruled by an island".

Still, Bolívar's efforts, following the revolt against Spanish rule, to achieve a unified continent failed. He held a congress of the Americas in Panama in 1826 but the resulting disagreements proved too much and he returned to Bogotá to face discord not only there but revolts in Bolivia, Perú, Ecuador and Venezuela. He died, defeated, on his way to self-imposed exile in Europe; in his own words, he felt that his Americas was ungovernable and that those who serve revolutions "plough the sea".

There will be legislative elections in the US in November and although some issues will relate to Latin America (principally, I suspect, immigration) the president's attention will be directed elsewhere, perpetuating a belief that Latin America will continue to be a low priority. This is supported by the story – of doubtful authenticity – about vice-president Dan Quayle, who served in George Bush senior's administration: when asked about visiting Latin America he said he was reluctant to go down there because he didn't know any Latin. Some may recall the spelling bee incident back in 1992 when the vice-president "corrected" a student's spelling of potato by adding an "e" at the end; one could say that this brought peels of laughter for a very long time. (Incidentally, the only place today that he should steer clear of is the Vatican which runs its own in-house bank and has the world's only ATM machine with instructions in Latin.) Nevertheless, the power of the story is that it reminds us that the US has not truly engaged with much of Latin America for a very long time; the exception would be Mexico which was featured also in last month's column ("Alliances and Handshakes").

Most of South America's economies will be trading water this year, even although they will have little difficulty in keeping their heads above it, as economic growth across the region should achieve at least 3%. In fact, fresh water is one commodity that is increasing in value in a thirsty world, whether or not economies such as China pull back their imports of raw materials from the continent. Latin America holds 30% of the world's fresh water, with Brazil and Colombia, together with Russia, Canada and Indonesia actually accounting for 50% of the world's supply.

It is wise to remember that just like its politics, South America's fresh water is full of surprises and in this case it is the flesh-eating, voracious piranha fish living in its rivers, particularly the Amazon and Orinoco. Even, however, allowing for any extremes of the pariah governments, led by Nicolás Maduro, it must be said that politics today, as this year's seven presidential elections will bear out, are no longer the savage variety that Simón Bolívar encountered.

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