

# The Forgotten Progress of Latin America

By **NORMAN GALL**, executive director of the Fernand Braudel Institute of World Economics in São Paulo, has been engaged in research and reporting on Latin America since 1961.

*Forgotten Continent: The Battle for Latin America's Soul* by Michael Reid. Yale University Press, 2007.

Michael Reid, Latin America editor of *The Economist*, draws a hopeful picture in this excellent book. The main point of this work, a fruitful combination of reportage and scholarship, is that Latin America in recent decades has achieved dramatic progress, but this progress has remained outside political discourse, involving what Reid calls “the persistent denial of progress by many academics, journalists and politicians, both from within the region and among those who observe it from the United States and Europe.” The main achievements have been consolidation of democracy and the ending of decades of chronic inflation, which in the 1980s and 1990s were punctuated by hyperinflations in Argentina, Bolivia, Peru, Brazil and Nicaragua.

Reid explains “the gigantic process of social change that has transformed Peru and many other countries in the region over the past two generations. The migrants who streamed to Lima and other coastal cities were leaving behind conditions of servitude, misery and isolation in the Andes. The city has not offered jobs to all of their children, and the services they receive may be deficient, but most are far better off than they would be in rural areas. The presence of the migrants and their descendants has democratized the country from the bottom up. Peru still bears the traces of a caste society with a racial white elite. But the march of *mestizaje* is unstoppable, the elite is less white and less homogeneous than it was in the 1970s and there is more social mobility.”

Progress in Latin America involves long-term trends that can be understood most clearly by first-hand observation over decades. Reid has been reporting on Latin America since 1980, residing in Peru, Mexico and Brazil and, since 1999, traveling often from his London base, covering major events and interviewing their protagonists. One of his recent excursions was coverage of the Venezuelan referendum that denied dictatorial powers to Hugo Chávez, that tropical Mussolini, a protagonist in what Reid calls “The Battle for Latin America’s Soul.”

Progress over the past half-century has been enormous. Since 1950 the population of Latin America

and the Caribbean has more than tripled, while life-expectancy at birth rose from 51 to 73 years and infant mortality fell by 83%, from 128 to 22 per 1,000 live births. Literacy and school enrollments have expanded hugely, although the poor quality of instruction wastes a large part of public investment in education. Improved transportation enables poor people to migrate, visit and trade over long distances. Near-universal access to radio and television provides them with entertainment and information never available to previous generations. Expansion of electricity grids enabled millions of families to buy refrigerators and other domestic appliances that improved food preservation and preparation, enhancing nutrition and reducing household drudgery. The spread of cheap cell phones over the past decade developed the logistical capacity and productivity of low-income populations, especially in big cities. All these improvements have strengthened the vocation for democracy. Nevertheless, there persist classic problems of distributing power and benefits that have bred tensions in civilized communities since ancient times.



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Foreign commentators have paid too much attention to Hugo Chávez and his protégés, Presidents Evo Morales in Bolivia and Rafael Correa of Ecuador, two marginal and chronically unstable countries, while overlooking the trend toward democratic stability in the more important republics of Argentina, Brazil, Chile, Peru, Colombia and Mexico. To cite one instance of progress, Peru achieved democratic stability while overcoming a guerrilla insurrection that cost some 70,000 lives in the 1980s and 1990s, a hyperinflation in 1990 and a major cholera epidemic in 1991-92.

By 1992 per capita income in Peru had fallen to 70% of its 1981 level, with two-thirds of Peruvians living in poverty. After an aroused citizenry thwarted the dictatorial pretensions of President Alberto Fujimori (1990-2000), politicians continued to be held in low esteem. But they withstood unpopularity to run a balanced fiscal policy, creating conditions for low inflation and economic growth averaging 6% since 2002. Buoyed by soaring demand and liquidity in an expanding world economy, Latin America grew by 5.4% yearly since 2003, with significant reductions in poverty. While this economic success is commonly attributed to the current commodity boom, it also reflects an effort to overcome institutional weakness. Reid stresses the weaknesses of political parties and distortions in electoral systems and then adds: "Until the quality and quantity of education in Latin America improves, and until poverty and inequality diminish, some voters will continue to be tempted both by the clientelistic of votes for favors, and the miracle preachings of populists." A question on the horizon is whether Latin America's institutional resilience can withstand a harsher climate in the world economy.

One reason for the consolidation of democracy and economic stability in Latin America is that poor people had tired of dictatorships, tired of inflation, tired of convulsions, a revulsion that seems now to be spreading to Venezuela and Bolivia as well. One reason for the success of Luiz Inácio Lula da Silva, the poor man's president of Brazil, was that, even before financial markets panicked at the prospect of his election in 2002, he had the wisdom to understand that the people of Brazil would not accept a revival of chronic inflation. Despite distortions and injustices that were institutionalized in chronic inflation, Brazil led all major economies in growth from 1870 to around 1980. Yet high rates of economic expansion foundered since 1980 on institutional weaknesses leading to surging urban violence, recurrent debt crises and two brushes with hyperinflation. Lula understood that the main thrust of government policy would have to be the maintenance of stability, upon which his political survival and the viability of democracy depended.

Latin America is one of the world's privileged regions, with abundant resources in proportion to population. It has plentiful energy supplies; few ethnic, religious or linguistic conflicts, and is far from the main areas of international tension. The spread of democracy in Latin America was supported by a favorable international climate fostered since the 1970s, yet the advantages of democracy are reduced by the weakness of institutions. One criticism of this book is that Reid neglected to explore more deeply the failures in public education, an institutional weakness that undermines the capacity of several republics to manage complex societies and to rationally develop their human and natural resources.

Stability has brought improvement in living conditions in poor neighborhoods, as in São Paulo, which now may be the most successful metropolis among developing countries. Reid observes: "São Paulo has re-invented itself as a financial and service center, the only truly global city in Latin America." Returning to San Juan de Lurigancho, home to 830,000 people on the desert hills north of Lima, Reid finds that "the main avenues are asphalted right to the end of the valley with trim grass on the central reservations. There is a hypermarket on the main avenue, while other streets are lined with *cebicherias* and *chifas* (seafood and Chinese restaurants), small general stores, car-repair workshops, gyms and private schools advertising English lessons. There is a profusion of evangelical Protestant churches and two Mormon temples. Most houses have electricity, water and sewage; the smell of excrement no longer pervades the district."

Gains like these make a critical difference, but often go unrecognized. In *Forgotten Continent*, Reid offers us a rare gift of perspective.