



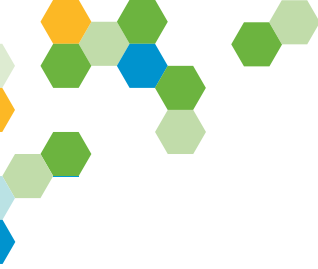
SPECIAL REPORT

Winds of change in the Latin American political arena for 2017

Madrid, January 2017

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From an electoral point of view, 2017 will be a relatively low-profile year for Latin America. There will be only three presidential elections (Ecuador, Honduras and Chile) and three polls, only one of which will be legislative (Argentina). There will also be two local elections in several Mexican states and municipal elections in Nicaragua.

In short, this year will be similar to 2015 and 2016 in terms of its small number of elections. In 2015, the only presidential elections that took place were in Guatemala and Argentina, and in 2016, the re-election of the incumbent presidents in the Dominican Republic, Peru and Nicaragua.

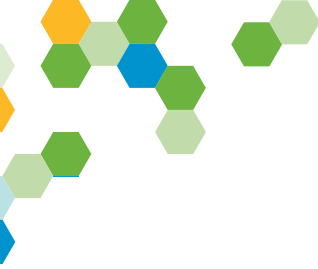
Either way, we should not focus solely on the number of elections, but also on their significance.

Mauricio Macri's inauguration in Argentina in 2015 represented a "parting of the waters" in terms of regional political tendencies, with the start of what could be a new era in the area (the famous and subtle "right turn"), which in some respects the 2016 elections have affirmed.

In the same vein, the 2017 ballots will help draw a new electoral map, not only for the countries involved but for the region as a whole. Presidential changes in Latin America's principal economies (Mexico and Brazil) in 2018 fuel expectations that it will be a decisive year, as do the elections in two equally significant countries, Colombia and Venezuela, due to the internal processes they are currently experiencing. In addition, Paraguay and Costa Rica will also hold elections.

From an electoral point of view, 2017 is more important and formative as it would first appear. As former Argentinian President Eduardo Duhalde warned in 2016, "If Macri doesn't win next year's legislative elections, Argentina could face some difficult times."

Ecuadorian opposition has more opportunities than ever to end a decade of hegemony under Rafael Correa's firm leadership, while Honduras could see the end of a historical tradition dating back more than half a century with the approval and re-election of its current president, Juan Orlando Hernández.



“The current situation is not the only factor influencing the transformation of economic models. Political systems themselves are also under pressure due to slower economic growth”

It seems clear that Latin America is experiencing a period of both economic and political change, and 2017 will be no exception. The end of the Golden Decade (2003–2013), sustained by the boom in raw material prices, gave way to a period of economic downturn (2013–2017) that gave countries no choice but to rethink their growth and development models.

In today’s global context, a productive matrix can no longer depend on export commodities alone, without added value. Today’s challenge is to build more productive and competitive economies with an emphasis on quality education and improved infrastructure, as well as a more efficient and effective state that favors innovation and entrepreneurship to diversify the production and exportation markets.

The current situation is not the only factor influencing the transformation of economic models. Political systems themselves are also under pressure due to slower economic growth, citizens’ increasing aversion to political parties, the rise in fiscal pressure and the deterioration of public services.

The region cannot escape, but it is not alone—in fact, becoming detached is impossible—. Global, geopolitical and economic changes are causing a fast and powerful wave in the region.

The new political dynamic in Latin America is diverse. Though parallels exist between certain countries, which can be summarized by the electoral victories of right or center-right candidates or powers; the progressive weakening of the “Socialism of the 21st Century” leaders, parties and movements; the popularity of candidates with anti-establishment or anti-elite political stances; tight electoral victories that go to a second round, even at presidential levels; and the ever-increasing existence of “divided governments” resulting from feuds between legislative and executive branches with different political viewpoints.

The 2017 elections will strengthen many of these characteristics, setting a precedent for what may happen at the polls in 2018.

“One cannot speak of a homogenous “right-turn,” as such an ambiguous expression masks many significant differences”

1. THE RISE OF THE CENTER-RIGHT

The region is experiencing a process of economic transition and a change in its political cycle. Left-wing presidents and parties (moderate or new left, or otherwise ascribing to “Socialism of the 21st Century”) led from 1998 to 2015, when the center-right began to win important electoral races: Jimmy Morales won the presidency in Guatemala, Mauricio Macri won in Argentina and the Democratic Unity Roundtable (MUD) won in Venezuela.

One cannot speak of a homogenous “right-turn,” as such an ambiguous expression masks many significant differences. Mauricio Macri is one example. He positions himself as an example and archetype of the “right-turn” as a pragmatic “liberal” and businessman who leads a coalition government in which the center-right (represented by Pro, his own party) and

center-left (*Coalición Cívica*, linked to the international Social Democratic party *La Unión Cívica Radical*) work together.

Beyond these important nuances, it is true that this center-right wave will be put to the test in Honduras and Chile, where presidential hopefuls and center-right forces have the advantage and may prolong the emerging tendency for change in the region, which only deepened last year.

The local elections that took place June 2016 in Mexico and October 2016 in Chile and in Brazil reinforced this shift, as all three elections proved a strong advance for the center-right and a significant loss for the center-left. These results came about in part due to the growing frustration toward the governing parties (such as Chile’s *Nueva Mayoría*), or those that were in power until very recently (such as Brazil’s PT).

The defeat of these various left-wing parties, including the *Nueva Mayoría* in the local 2016 Chilean elections and Chavism in the 2015 Venezuelan legislative elections, has coincided with the emergence of new figures from the center-right, such as Mauricio Macri in Argentina or Pedro Pablo Kuczynski in Peru.

As shown in the following table, victories for the right and center-right have occurred in

Table 1. Latin American Elections in 2017

| COUNTRY | DATE |
|-----------|--|
| ECUADOR | 19 February (presidential and legislative elections) 2 April (second round of presidential elections) |
| MEXICO | 4 June (local elections in the Mexican states of Veracruz, Coahuila and Nayarit) |
| ARGENTINA | 27 October (legislative elections) |
| CHILE | 19 November (presidential and legislative elections) |
| HONDURAS | 26 November (presidential and legislative elections) |
| NICARAGUA | November (municipal elections) |
| CHILE | 17 December (second round of presidential) |

“The defeats of ruling government parties continued in 2016, with two exceptions: Daniel Medina’s win in the Dominican Republic and Daniel Ortega’s victory in Nicaragua”

eight of the nine elections or polls that took place in Latin America from the end of 2015 to the end of 2016. The only exception was the re-election of Daniel Ortega in Nicaragua. The 2016 Mexican elections are not included as they only ran in certain states, and not the whole country:

The 2015 elections proved a very symbolic snapshot of the retribution left-wing parties are suffering: in Argentina, Kirchnerism was ousted from the *Casa Rosada* after 12 years in power. Another left-wing party defeat occurred in Venezuela, also in 2015. In December that year, the anti-Chavist opposition, assembled in the form of the MUD, achieved an electoral win over Chavism for the first time since 1998 and became the majority party in the legislative government.

The defeats of ruling government parties continued in 2016, with two exceptions: Daniel Medina’s win in the Dominican Republic and Daniel Ortega’s victory in Nicaragua. By contrast, Evo Morales saw his approach rejected in a February referendum.

The 2017 elections indicate center-right coalition opposition, with *Chile Vamos* and their possible presidential candidate Sebastián Piñera, the favorite to win the presidential elections, though their advantage has been decreasing with the emergence of Alejandro Guillier, a politician who aims to embody a change from the current center-left government.

Piñera is a solid and experienced candidate (he was president from 2010 to 2014) with no real rivals in his own coalition. He was the clear favorite to win in 2016, though this has come to a standstill due to a slight drop in expected voter turnout. His advantage has been dwindling as a result, almost to the point of disappearance.

As of Jan. 18, 2017, Guillier is *Nueva Mayoría*’s most competitive option and the only one who could defeat Piñera in the second round. The former president is leading the polls in the lead up to this November’s elections, but independent candidate

Table 2. The electoral results in Latin America during the last semester

| COUNTRY | RESULT |
|---------------------------|---|
| GUATEMALA (2015) | Jimmy Morales' victory in the presidential elections (right) |
| ARGENTINA (2015) | Mauricio Macri's triumph in the presidential elections (centre-right) |
| VENEZUELA (2015) | The anti-Chavist Mesa de Unidad Democrática are victorious in the legislative elections |
| BOLIVIA (2016) | Evo Morales is defeated in the referendum for constitutional reform |
| PERU (2016) | Victory for liberal Pedro Pablo Kuczynski in the presidential elections |
| DOMINICAN REPUBLIC (2016) | Re-election of Danilo Medina (centre-right) |
| CHILE (2016) | Victory for Chile Vamos, the centre-right coalition in the local elections |
| BRAZIL (2016) | Centre-right parties triumph in municipal elections |
| NICARAGUA (2016) | Re-election of Daniel Ortega (left) |

“A portion of the electorate seems more receptive toward messages from those outside of politics”

Senator Alejandro Guillier has solidified his position in the electoral race, according to the CEP’s (Centre of Public Studies) January survey. Piñera is preferred by 20 percent of voters, 6 points up from the previous CEP survey, published August of last year.

Guillier, who is close to the *Partido Radical* (a social democratic party), is in second place at 14 percent, 13 points up from the last survey in mid-2016. Guillier’s candidacy has left former President Ricardo Lagos’ chances of winning in the dust, with only 5 percent in the polls, the same as in August 2016.

One place where retribution toward the governing party seems unlikely and a center-right shift could be confirmed is Honduras. In this Central American country, everything suggests a victory for Juan Orlando Hernandez, who has received permission to stand for reelection through the electoral tribunal and who has strong social support: the results of the latest Cid Gallup Poll show Hernandez as the most popular candidate, with 54 percent of the public in his favor.

3. ANTI-ESTABLISHMENT CANDIDATES

One repercussion of the economic crisis at the end of the last decade and beginning

of this one has been increased aversion toward political party systems and the “political class.” This has brought about new leadership and different political alternatives, which jeopardized development models (Brexit) and traditional leadership (Donald Trump).

A portion of the electorate seems more receptive toward messages from those outside of politics, detached from opaque patronage practices and using clear and direct language, different from the ways and methods traditional politicians and parties employ.

This global tendency (in Spain we have seen this with the growth of parties like *Podemos* and in the United States with Trump’s victory) is also echoed in Latin America. In reality, this happened in the 2015 elections, with comedian Jimmy Morales’s victory in Guatemala. A television actor, and therefore an outsider to the world of politics, he used his inexperience as his main—and practically only—electoral weapon, winning with the slogan “Neither corrupt nor a thief.”

In the 2017 elections, the strongest case for emerging leadership that speaks out against the traditional political class can be found in Chile, where popular discontent with the downturn and the failure of the Michelle Bachelet government’s reformist agenda

“The region is facing a time when, one way or another, it must implement deep structural reform to get out of the current slow growth”

has created a breeding ground for the rise of “outsiders” with anti-establishment ideals.

In Chile, this rejection of parties and the political class, disenchantment with the system and deep discontent has provoked the emergence of figures such as Alejandro Guillier, who represents an alternative to historic politicians like Ricardo Lagos and Sebastian Piñera.

Cadem’s weekly opinion poll at the end of 2016 revealed that the legislator is still the ruling party’s best candidate, with 15 percent of people in his favor, while Lagos managed only 6 percent. In addition, the Ceri-Mori survey indicated Guillier would win the second round against former President Sebastian Piñera.

Independent Senator Guillier, who spreads anti-political messaging and embodies the independent revolt against the traditional elite, presents himself as a politician who has worked his way up, in contrast to businessmen-turned-politicians. “I admire [Piñera] greatly,” said Guillier. “I think he’s very capable, but I prefer he focus on business and leave politics to the politicians to avoid conflicts of interest... A president cannot concentrate on earning money as well as running the country; it’s either one or the other.”

4. DIVIDED GOVERNMENTS AND STRUCTURAL REFORMS

In general terms, the region is facing a time when, one way or another, it must implement deep structural reform to get out of the current slow growth situation, which is a crisis or steep downturn in some cases.

This necessity coincides with a historical situation in which the vote has become fragmented and divided and the old parties have disappeared, gone into decline or lost their share of power and influence. This has resulted in “divided governments,” where the executive political ideology is different from the one that predominates in legislative politics: as a direct consequence, legislative paralysis is common, as agreements cannot be reached between the president and opposition groups with either majorities or strong blocks in the chambers.

The Americas are becoming increasingly populated by countries with “divided governments,” where the heads of state have neither the majority nor sufficient legislative support. This causes significant governability issues if political pacts for boosting reforms cannot be achieved.

“In this way, the Latin American presidential model, often termed “hyper-presidentialism,” collides with heterogeneous parliaments”

A similar situation of divided government exists in Latin America, with greater or lesser intensity. In Argentina, there is a complex coexistence between Macri and the different Peronisms, and this was also the case in Brazil, especially during the administration of former President Dilma Rousseff. In Pedro Pablo Kuczynski's Peru, he performs a difficult balancing act with Fujimorism, which has an absolute majority in the legislative chamber.

Similar situations can be seen in Guatemala, El Salvador, Costa Rica, Panama and Mexico, particularly since the failure of the “Pact for Mexico,” driven by both Peña Nieto's government and opposition parties PAN and PRD. The Pact facilitated advancements for major reforms, such as those in telecommunications or energy.

In some cases of “divided government,” the situation can devolve into a true divide between a president elected by direct popular vote and legislative opposition to him or her from officials who were also legally appointed by ballot.

In this way, the Latin American presidential model, often termed “hyper-presidentialism,” collides with heterogeneous parliaments. The current scenario presents many examples of this executive-legislative tension, the most

striking being the institutional train crash in Venezuela after the 6-D legislative elections in 2015: anti-Chavism, in the form of the MUD, who have held the majority in the National Assembly since then, has repeatedly clashed with the Chavist presidency (Nicolas Maduro), judiciary (the Supreme Court of Justice) and communal power, leading the country to a legislative paralysis and an institutional crisis.

In 2016, Peru began to feel the deep effects of a government divided between President Pedro Pablo Kuczynski, who defeated Keiko by only a tight margin in the second round of the presidential elections, and a legislative chamber where the Fujimorist *Fuerza Popular* hold an absolute majority of 72 seats in the chamber of 120 deputies. The Kuczynski administration benefited from Fujimorist opposition support during its initial stages; since it gave a vote of confidence to the Cabinet headed by Fernando Zavala and later supported granting extraordinary powers to the government. Nevertheless, at the end of 2016 the cracks in the relationship were wide enough that Cardinal Juan Luis Cipriani, the Archbishop of Lima, had to act as a moderator for a meeting between Keiko Fujimori and the president to break the stalemate.

“There will be no great changes in legislative equilibrium. None of the powers, according to the polls, have an absolute or decisive victory in their hands”

The three countries holding presidential elections and the two with legislative or local elections in 2017 face complex circumstances where, in the short term, major adjustments will be necessary (as in Ecuador), along with the extension of reforms already in progress (Argentina) or the stimulation of new ones (Chile). These circumstances will produce parliaments with no clear majorities (Argentina), or perhaps extremely fragmented ones (Chile and Ecuador).

Argentina’s legislative elections in October are particularly important for the governability of the country and to gauge the level of support for Macri’s government following three years administration, as well as determine Argentina’s political future after the 2019 presidential elections.

During his first months of government, Macri demonstrated sound political flexibility, which enabled him to make agreements with his presumed rivals, Peronism and Gremialism, and maintain the solid heterogeneous alliance that sustains his government. The scenario is changing in 2017 because of Argentina’s midterm elections. Macri’s government and *Cambiamos*, the coalition that sustains it, will risk part of their political capital in elections for half the chamber of deputies and a third of the Senate.

The open and obligatory primary elections in August will turn into something of a rehearsal for the legislative elections, to take place the third week of October. To lose these elections would mean the government would have to begin its last two years (2017–2019) in a vulnerable position, licking its political wounds and needing, more than ever, the support of its most communicative opposition: Sergio Massa and the non-Kirchnerist Peronism, who will be concentrating on a strategy for winning the presidential elections in 2019 rather than ensuring the viability of the Macrist project throughout its full term.

Everything suggests that, either way, there will be no great changes in legislative equilibrium. None of the powers, according to the polls, have an absolute or decisive victory in their hands. The most that can be expected is a slight strengthening, or possible weakening, of the government’s parliamentary situation.

Even if it wins the 2017 elections, *Cambiamos* will not have a majority in Congress: it will improve, predictably, in the Chamber of Deputies, but it would remain a minority in the Senate. The most likely scenario is that the governing party will increase its number of deputies, but not to a great

“Ten years after the famous “left turn” concept was forged, the term overlooked not only the heterogeneity of the movement itself, but also the existence of center-right parties in power”

extent. It seems likely that the government will still depend on the agreements it has been building with Peronism and, above all, with governors, who are instrumental to Senate behavior. But the underlying idea in the government and in public opinion is that the elections will either validate or imply a rejection of the Macri administration, meaning investors are awaiting the election results to see whether the economic reform measures will be maintained between 2017 and 2019, and whether they will be extended into 2020 or beyond.

5. THE WEAKENING OF LEADERSHIP AND PARTIES AFFILIATED WITH OR LINKED TO SOCIALISM OF THE 21ST CENTURY

With the exception of Daniel Ortega’s overwhelming 2016 victory in the Nicaraguan presidential elections, the rest of the powers, leaders and movements linked to, affiliated with or belonging to “Socialism of the 21st Century” have suffered clear setbacks since 2015.

The region went through a heterogeneous “left turn” between 2004 and 2009, with the victories of Evo Morales in Bolivia (2005), Tabare Vazquez in Uruguay (2004), Rafael Correa in Ecuador (2006) and Daniel Ortega in Nicaragua (2007), who joined figures such as Hugo Chavez in

Venezuela (from 1999), Ricardo Lagos in Chile (from 2000) or Lula da Silva in Brazil (from 2003). It was an extremely heterogeneous left-wing that was difficult to encompass with a single category: in reality, three large political trends were coexisting, and still coexist in the region today.

Ten years after the famous “left turn” concept was forged, the term overlooked not only the heterogeneity of the movement itself, but also the existence of center-right parties in power, such as PAN in Mexico and Uribeism in Colombia.

Since 2013, this existence of these parties has become even more pronounced. The center-right has taken majority control in North America (the PRI of Enrique Peña Nieto in Mexico), in Central America (Otto Perez Molina/Jimmy Morales in Guatemala, Porfirio Lobo/José Orlando Hernández in Honduras, Laura Chinchilla in Costa Rica and Ricardo Martinelli/Juan Carlos Varela in Panama) and in the Caribbean (Danilo Medina in the Dominican Republic).

In other words, center-right governments existed in six out of the eight countries in this geographical region in 2013, the exceptions being Mauricio Funes, and later Salvador Sánchez Ceren (a democratic and reformist center-left leader), in El Salvador and Daniel Ortega in Nicaragua.

“In 2017 and 2018 we could witness an avalanche of center-right victories in some countries, while in others, the left could face serious difficulties at the polls”

In terms of South America, three years ago, it had three center-right governments—Juan Manuel Santos in Colombia, Horacio Cartes in Paraguay and Sebastian Piñera in Chile—and three center-left governments—Ollanta Humala in Peru, Dilma Rousseff in Brazil and Jose Mujica in Uruguay. Four others followed the similarly heterogeneous Socialism of the 21st Century tradition or were its allies, such as Nicolas Maduro in Venezuela, Rafael Correa in Ecuador, Evo Morales in Bolivia and Cristina Kirchner in Argentina.

The region was, in fact, divided into three practically equal thirds, where none of the trends were overwhelmingly dominant and where electoral changes maintained the coexistence of these ideologies. Currently, in 2015-2017, the situation is leaning more clearly toward the right, and everything indicates this trend will deepen in coming years: Mauricio Macri’s victory over Peronist Daniel Scioli in 2015 seemed to launch a new era in the region, one marked by governments with center-right tendencies.

This is a trend that was not started, but strengthened, by the victories of Jimmy Morales over Social Democrat Sandra Torres in Guatemala and the triumph of MUD in the Venezuelan legislative elections over the PUSV. The end of Kirchnerism in Argentina,

together with the demise of Chavism in December 2015 or the destitution of Dilma Rousseff in 2016, could be considered the start of a regional shift in ideology.

Last year was unusual, as there were only three presidential elections—one in the Dominican Republic, where Danilo Medina’s PLD dominated; one in Peru where, Pedro Pablo Kuczynski took the win; and one in Nicaragua, where Sandinista Daniel Ortega triumphed effortlessly.

However, in 2017 and 2018 we could witness an avalanche of center-right victories in some countries, while in others, the left could face serious difficulties at the polls. As political scientist Steven Levitsky points out, “The regression of the left has two main causes. First, there is natural fatigue after three or four presidential terms with the same ideology. Few parties win more than three consecutive presidential elections—in the U.S., the last time that happened was 70 years ago. In democracy, almost none win more than four.

“After three terms, governments lose their political reflexes; they become distant from the people, and often, corruption flourishes. Even when they are not that corrupt, as in the case of Concertation governments in Chile, people tire of them. Sooner or later,

“Surveys indicate that Lenin Moreno is the candidate with the highest voting intention”

fatigue affects all governments. A full 12 (Argentina) or 13 years (Brazil) in power is a long time. In a democracy, nothing is permanent. Nobody rules forever.”

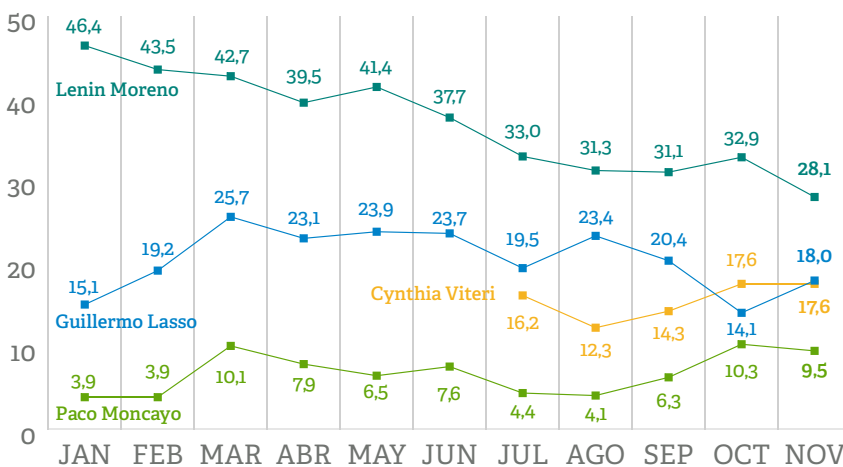
In addition to fatigue in the government’s own administration, there are other structural factors linked to the new regional and international economic context, such as the end of the raw materials boom.

In Ecuador, there will be noticeable difficulties for parties affiliated with the “Bolivian left” or “Socialism of the 21st Century” when they no longer have their leaders to act as main electoral mascots and when the cornerstones of current economic models, which are extremely dependent on oil exports, are damaged

or weakened. The Andean country holds presidential elections in February 2017, and it is unclear whether the governing *Allianza País*, with Lenin Moreno as its candidate, will manage to extend the Correist rule, in power since 2007.

Everything suggests the governing party’s candidate will not win in the first round, breaking the hegemonic tendency from 2009 in 2013, when Rafael Correa dominated the polls such that there was no need to battle out a second round. The current president was reelected in 2009 in the first term with 51.9 percent of the vote, more than 20 points ahead of Lucio Gutierrez, who obtained 28.2. He repeated his victory in 2013 with 57 percent to Guillermo Lasso’s 24 percent.

Figure 1. Electoral preferences: percentages by month of the four most popular candidates (measured between January and November 2016)



Source: table published by El Universo newspaper - Market (Blasco Peñaherrera & Asociados)

Surveys indicate that Lenin Moreno is the candidate with the highest voting intention, but he is a long way from the historic levels set by Correa and has a downward trajectory. The current president has triumphed over the opposition on all fronts since winning the elections in 2006. He won the presidential elections in the second round in 2006, 2009 and in 2013, in referendums from 2008 to 2011 and in the legislative elections for the Constituent Assembly in 2007. In the presidential elections, between 2009 in 2013, Correa went from 51 to 57 percent of the vote and extended his advantage from 23 to 33

“This fight will involve two candidates with similar political profiles: Guillermo Lasso, part of the CREO movement, and Cynthia Viteri with the PSC-MG”

points over the second-place candidate. Having to go to the second round in 2017 would mean that Ecuadoran history between 1978 and 2006 would repeat itself, as it was a period when the new resident of the Palacio de Carondelet was always decided in the second round.

Lenin Moreno, who tries to appear both included in and far from Rafael Correa’s most polarizing speeches, is basing his campaign on attracting his own supporters while avoiding overconfidence and recovering the mysticism of Correism, as well as by pursuing those disenchanted with the “Citizen’s Revolution.”

In addition, he has not hesitated to address the sectors opposed to the current government, and especially businessmen. The current government’s presidential candidate has stated his intention to support private enterprise should he be elected president, saying, “Winston Churchill said we should not be dazzled by a businessman’s wealth, because he’s just like a draft horse pulling a very heavy load. And he was right, because any business owner knows how hard it is to find resources, pay staff salaries, deal with financial responsibilities and industrial expenses; for this reason, business will always have my support if I am elected president.”

Surveys also show that the opposition, or at least the center-right, should almost be able to match Moreno in the first round. Nevertheless, they are a long way from showing any unity. Hence, while we are led to believe Lenin Moreno will receive the most votes in the first round, there is still the question of who will win the fight for second place. This fight will involve two candidates with similar political profiles: Guillermo Lasso, part of the CREO movement, and Cynthia Viteri with the PSC-MG.

A Cedatos survey carried out at the end of December placed the ruling party candidate, Lenin Moreno, in first place in voting intention with 35.6 percent, followed by Lasso with 22.3 percent, a change from November, when Moreno had 36.2 percent and Lasso 22 percent. According to the survey, the Social Christian Viteri was in third place with 10.9 percent, followed by ex-mayor of Quito Paco Moncayo from the Social Democrat party, *Izquierda Democrática*, with 6.9 percent. The remaining four candidates have less than 4 percent each.

6. CONCLUSIONS: A SNAPSHOT OF 2017 AND PREDICTIONS FOR 2018

The elections that will take place in Latin America in 2017 will continue to paint a picture

“Piñera and Ricardo Lagos are a long way from being able to provide this shift. This opens doors to fresh alternatives, such as Alejandro Guillier”

not only of each country’s political situation, but also of the region’s as a whole. It is an image that will take final shape in the decisive year of 2018.

It will show, in Ecuador for example, whether we will see the persistence of the current retraction affecting the movements, parties and leaderships linked to “Socialism of the 21st Century,” which saw the disappearance of its most charismatic leader, Hugo Chavez, in 2013, and which lost another of its role models, Rafael Correa, in 2017.

It’s not only the end of specific leadership, but also a transformation of the political and electoral framework in Ecuador, as Correism does not appear capable of a first-round win and a unified opposition vote (Lasso, Viteri and Moncayo) has a chance of winning in the second round.

What happens in 2017 could also give a good indication of whether the emerging anti-establishment options, not only in the region but also in the world, will have new role models of their own. The presidential elections in Chile will demonstrate the challenges many countries in this region face: slow economic growth that reveals a commodity export model, one that is evidently depleted. In the middle, we have a society that has been through great transformations since 1990

and that demands change, ultimately in how politics are done, and traditional candidates like Sebastian Piñera and Ricardo Lagos are a long way from being able to provide this shift. This opens doors to fresh alternatives, such as Alejandro Guillier. The new face on the political scene, he is considerably younger than Piñera, and especially Lagos, and brings a new way of doing politics, using language that challenges the traditional elite.

He seems to connect with the portion of the population tired of traditional politics and anxious for changes and renewal. For the moment, Piñera has managed to contain the decrease in voting intention, but his growth is small compared to Guillier’s, who has seen a spectacular increase in the second half of 2016. Even so, there are serious doubts as to whether he is capable of maintaining this momentum.

The picture of countries with governments divided between an executive that leans toward one political ideology and a legislative branch that leans toward another, provoking serious governability issues or even institutional paralysis, will have a special chapter on Argentina, whose legislative elections are key to discovering whether the project headed by Mauricio Macri is viable—or not. The presidents elected in

“In all of the 2017 and 2018 elections, tight races will be a constant trend”

2018 will probably not be able to count on a majority vote in the legislative elections in countries such as Costa Rica, Brazil or Mexico.

The picture will be completed in Honduras, where we may see the confirmation of not only the pre-election tendencies that have characterized the region since the 90s and that have been increasing in recent decades, but also of the “right turn.” The National Party, which sits on the right of the political spectrum, has not only convinced the judicial and electoral authorities to allow them the possibility of reelection—the Honduran Supreme Court ratified a resolution allowing presidential re-election in April 2015—but also has the current president, Juan Orlando Hernandez, as the favorite to retain power beyond 2017.

The 2017 elections are not just a reflection; they could also provide a forecast of what might happen in 2018 in, for example, Mexico, where elections for governor of the State of Mexico will take place in 2017. This is an area that has always been in the PRI’s hands and that has produced a president, Enrique Peña Nieto. The PRI has the advantage over the PAN in electoral preferences for Mexico State’s gubernatorial elections, according to surveys by *El Universal* and *Reforma*.

In retrospect, Peña Nieto began to be considered the big favorite in 2012, when his chosen gubernatorial candidate, Eruvuiel Avila, was elected in 2011. The same game is now in play, but with its sights set on 2018. The PRD and PAN seek ways of conquering Mexico State to deal a devastating blow to the PRI and leave it with no chance of winning the presidency in 2018.

Triumphing in Mexico State would leave the PAN, which held power between 2000 and 2012, closer to returning to *Los Pinos*. There is also another option: an anti-PRI alliance, though it is against their nature, between the left-wing PRD and the center-right PRD. The PRI sees a 2017 triumph in Mexico State as a springboard to ongoing control of the presidency from 2018 to 2024. Lastly, Andres Manuel Lopez Obrador, a national leader of the Morena party, sees this as an opportunity to become the main left-wing party by overtaking the PRD.

In all of the 2017 and 2018 elections, tight races will be a constant trend. Landslide victories in the first round or heavily unbalanced second-rounds are, in most cases, a thing of the past.

Lenin Moreno is very likely to face a second round; Piñera may start as the favorite in Chile, but with a only small

“Demagogy and populism are a long way from meeting their downfall or disappearing from Latin America”

lead over the most competitive ruling party candidates, such as Guillier; and in Argentina, neither Macri nor the other ruling party candidates will manage to unbalance the scales in the legislative branch’s midterm elections.

Finally, 2017 and 2018 could end up demonstrating that the defeat of Kirchnerism in Argentina; Chavism in the legislative elections in Venezuela; or Evo Morales in the February 2016 referendum in Bolivia do not mean the end of “populist” models, nor that they are in retreat in a region experiencing a “right turn.”

Demagogy and populism are a long way from meeting their downfall or disappearing from Latin America. In fact, everything suggests that it

will reappear with new faces, though maybe not under the banner of “Socialism of the 21st Century.”

As Jose Joaquin Brunner points out regarding Chile in *El Líbero*, “In the coming months, we will need to not only pay attention to populist developments around the world, but also prevent similar phenomena from happening in Chile. No Democrat is safe from the threat of populism. It is when democracy is weakened that, most of all, the elite roam naked in the streets, the economic situation is tight, and the parties do not have the people’s trust and the current administration heads toward the end of its term with a trail of dashed hopes behind them and public affairs in a real mess.”

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