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Leonel Fernandez, president of the Dominican Republic from 1996 to 2000, is back. He won the May 16 elections handily against President Hipolito Mejia, who was seeking re-election, and against Eduardo Estrella. Although the official tally is not yet certified, Fernandez has clearly obtained more than an absolute majority, obviating a second round.

The president-elect is known as a market-friendly, privatization-oriented, inflation-phobic, fiscally disciplined individual who drew criticism for having left the poor behind when he presided over an economy that mushroomed at 8%, with the peso at 16 to the US dollar. But now, with the economy in tatters and the peso topping 45 to US$1, Dominicans are eager for a rerun and appear to have forgotten the corruption scandal in the midst of which Fernandez left office (see NotiCen, 2001-12-13).

Fernandez heads the Partido de la Liberacion Dominicana (PLD). He went to high school in New York and graduated law school at the Universidad Autonoma de Santo Domingo (UASD). Mejia, by contrast, was a populist who resorted to state intervention in the banking system and a couple of nationalizations in the energy sector. He also flirted with price controls, supported a hefty public sector, and resisted reducing the public payroll.

But Mejia, of the Partido Revolucionario Dominicano (PRD), faced far more difficult fiscal problems than did Fernandez, including the largest bank-fraud scandal in the history of the country (see NotiCen, 2003-05-29), one that could easily have broken the country had Mejia not been able to toe the austere line the International Monetary Fund (IMF) drew in return for a bailout. The winner also beat Eduardo Estrella of the Partido Reformista Social Cristiano (PRSC). Estrella was a former secretary of public works, director of the Instituto Nacional de Aguas Potables (INAP), and senator from the province of Santiago.

He began his political career as an advisor to former President Joaquin Balaguer (1960-1962, 1966-1978, 1986-1996) in the 1970s. He trailed Fernandez and Mejia badly. Rough road ahead Fernandez fought hard and well for a prize that few would even want. Typical of the comments surrounding the race was that of director of the Council on Hemispheric Affairs Larry Birns: "This is really a pyrrhic victory because the Dominican Republic is really a basket case. It has a lot of indicators against it inflation, unemployment, and a contraction of the US economy, and excessive foreign debt." Birns said the new president would have to order budget cuts quickly and squeeze unions to bring down wages.

Fernandez will confront an economy that has lost 600,000 jobs, lost about US$2.2 billion from the treasury as a consequence of the scandal, and lost another US$2 billion that foreign investors took with them on their way out. Rekindling the romance with US and Spanish financiers will be high on his agenda, he said on national television. He said his administration's relationship with the

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local private sector is also a priority. A day later, Fernandez told crowds outside the cemetery where former President Juan Bosch (1963), founder of his party, is buried that the dead president is his "spiritual guide" and that his government would bring "more freedom, more social justice, and more progress."

Bosch was elected president in 1962 and was ousted by Cold War-inspired soldiers who accused him of being a communist just seven months after taking office. He never returned to the presidency, but founded the PDL in 1973.

A different breed of economic cat

Fernandez joined the PDL as a university student. While Bosch might be his spiritual guide, he is not his economic mentor. His conservative policies veer far from Bosch's land-reform and anti-poverty ideas. Fernandez said, however, that, with the economy his first priority, he would look to bring down prices and reduce the 17% rate of unemployment.

Other measures will entail spending cuts and renegotiation of the US$7.6 billion foreign debt. "We will give priority to lowering prices, but this needs to be based on a reduction in the exchange rate so that it stabilizes and then leads to a reduction in inflation," Fernandez said. He said he would work to stimulate micro-, small, and medium-sized companies to increase jobs. Fernandez has said he would respect international commitments contracted by the state, specifically mentioning US$1.1 billion issued in sovereign bonds. He also mentioned, however, that his government would consider negotiating a new bond issue to reschedule the money due in 2006.

The first US$500 million of the bonds taken in 2001 expire in 2006. The cemetery crowd seemed hopeful and supportive, but far from delirious. Said 59-year-old waiter Rafael Rodriquez, "The battle ahead is very great, but I think he can do something. Something must be done. Let's give him six months and see." The short honeymoon that Rodriquez is willing to concede is in line with the prediction of Birns, who said that "inflation is not going to be easily tamed" and that, if Fernandez doesn't produce soon, "he could become a very unpopular president very quickly." Interested parties outside the country included investment bankers Goldman Sachs. The bankers are concerned with the country's private debt.

Before the election, the financiers concluded that a Fernandez victory would be better for stability and confidence in the economy and would be more attractive to the private sector for investment purposes, leading to positive expectations that the private debt could be met without a restructuring of sovereign bonds. Nevertheless, Goldman Sachs anticipates that Fernandez will have a difficult job ahead in improving the country's fiscal situation. International observers praised the election.

Andres Pastrana, former president of Colombia (1998-2004) and now coordinator of the International Foundation for Electoral Systems (IFES), called the election a lesson in democracy for other Latin American countries and said he would recommend that other countries use a voting list with color photos of the candidates as was used in this election. Pastrana commended Mejia for providing enough money on time for the electoral authority to do its job. But still there were glitches.

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The electoral authorities were not able to provide official results by 10 p.m. as they had promised, even though most of the electorate knew the results of exit polls, which turned out to have been very accurate. It then became widespread public knowledge, according to reports, that once the votes had been counted, PRD delegates had attempted to delay or impede the validation of voter certificates in almost all the voting stations of the larger cities.

At 11 p.m., an official bulletin was issued with less than 3% of the results. Mejia conceded the election soon after that and almost certainly prevented riots by doing so. Later it was determined that international observers, the Organization of American States (OAS), and the ambassadors of Canada, Spain, the European Union (EU), and the US all lent their authority to the weak electoral officials. Newspapers subsequently reported that groups linked to the government had given instructions that only results from stations with the smallest vote counts should be scanned. There were also reports of armed persons surrounding polling stations.

Mayhem was averted when electoral judges, along with Bishop Nunez Collado, appeared on national TV to assure citizens that exit polls showed Fernandez had swept the election.

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