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Uruguay Elections Governed by New Rules; Usual Practices Prevail

by LADB Staff

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Uruguayans will go to the polls for general elections Oct. 31, governed for the first time by new electoral laws that include the provision for a runoff. Nearly 2.4 million voters are eligible for the balloting that will choose a president, vice president, 30 senators, and 99 deputies. Last April, for the first time, presidential candidates were chosen through party primaries (see NotiSur, 1999-04-30).

Until the change, approved in a 1996 referendum, parties had no limit on the number of candidates they could run. The winner was the person who took the highest number of votes in the party that took the highest number of votes.

In the 1994 presidential elections, the vote was divided almost equally among three parties: the Partido Colorado received 656,428 votes, the Partido Nacional (PN) or Blancos came in second with 633,384, and the Frente Amplio-Encuentro Progresista (FA-EP) coalition received 621,226. The Nuevo Espacio came in a distant fourth with 104,773. Julio Maria Sanguinetti, the top vote-getter among Partido Colorado candidates, became president.

The new electoral laws provide for a runoff election if no candidate receives 50% plus one of the total valid ballots. The changes also include separating the general elections from the municipal elections, which will be held in May 2000. The FA-EP candidate is oncologist Tabare Vazquez, who was mayor of Montevideo home to half the population from 1990 to 1994. In 1994, he took the highest number of votes (about 650,000), but because of the complicated electoral laws did not become president.

Most polls now show Vazquez with a slight advantage, but not enough to win on the first ballot. Vazquez leads in most polls with between 30% and 34% support, Jorge Batlle of the Partido Colorado comes in second with between 27% and 32%, and former president Luis Alberto Lacalle of the Partido Nacional receives between 20% and 23%, while Rafael Michelini of Nuevo Espacio receives about 5%. Traditional parties predict chaos if left wins. The traditional parties, which have alternated power for the past 150 years, campaigned hard to provide for a runoff election under the new rules.

In an eventual runoff between the FA-EP alliance and either the Partido Colorado or the Blancos, the two traditional parties could come together to block the FA-EP. Despite being rivals, they both share the view that the left is a threat.

In the campaign, the traditional parties are relying heavily on tactics that worked in previous elections attacks raising the specter of "Marxist totalitarianism" that would threaten people's liberties and the economy.

As long as Vazquez leads in the polls, his rivals are likely to keep using what worked in 1971, 1984, and 1994. While references to a "communist threat" have been modified now to predictions of "economic chaos" or "reopening the wounds left by the dictatorship (1973-1985)," the message is still meant to instill fear.

President Sanguinetti says the left "continues to dream about a socialist economy," while vice presidential candidate and former interior minister Luis Hierro predicts a confrontation with the military if the FA-EP wins. The traditional parties have both attacked the FA-EP's plan for resolving the country's economic woes.

Business is leery of a left victory, and Vazquez's reassurances have not erased their worries about economic changes and an increase in government spending and the fiscal deficit. The FA-EP plan includes lowering the sales tax, strengthening the state in certain areas, and supporting productive sectors with special measures and an investment of US\$300 million.

Daniel Olesker, economic advisor to the EP and several unions, said the program "will not affect either the exchange policy or the economic policy, and it will not cause instability," although it will bring "important changes in productive, labor, and commercial policies."

In an interview with the weekly *Busqueda*, Sanguinetti said the left "exploits" the difficult regional economic situation but will suffer another defeat in October because to vote for it "is to gamble with destiny."

Sanguinetti said his government has successfully implemented reforms, even though the 1994 economic crisis in Mexico brought hard times in 1995. "But we came out of it and grew 15% in the following three years," he said. "And today we are dealing with the current turbulence with the certainty that the country is on the correct path." Sanguinetti is running for the Senate in the October elections.

Many citizens focus on economic problems not elections

While politicians are immersed in the intensive campaign, other sectors of society are unmoved by the electoral campaign. Unions continue putting forward their demands and holding demonstrations. Agriculture groups have begun a campaign to collect signatures to present a bill to Congress that would reduce by half the number of legislators and senators.

Uruguay, like many of its neighbors, is going through serious economic problems, aggravated by depressed international prices for agricultural products. "Not in years has the country faced such adverse factors," said Economy Minister Luis Mosca, who referred to the devaluation of the Brazilian currency in January, which set off a contraction in the Uruguayan economy that is expected to be 2% in 1999.

Nearly three of every 10 Uruguayans in the economically active population (EAP) either have no job or an unstable job. The *Encuesta Continua de Hogares* de 1998, released by the Instituto Nacional de Estadística (INE) in mid-May, showed that more than half 54.3% of Uruguayans over 13 years of age

work, but only 72% have stable, full-time jobs. Unemployment in the last quarter of 1998 was 10.0% of the EAP, about 1.3 million people. In addition, another 5.2% were underemployed and 15.1% were employed in unstable jobs.

IMF praises Uruguay

On July 27, The International Monetary Fund (IMF) praised Uruguay's economic response to a "challenging year" and approved a government request to ease budget-deficit targets for 1999. A review of the economic plans underpinning a US\$95 million IMF line of credit to Uruguay also said inflation was falling faster than expected. An adjustable exchange rate band linking the peso loosely to the dollar had eased inflationary expectations and had served the country well, the IMF said. "Directors welcomed the progress made by the authorities in maintaining macroeconomic stability in what was shaping up to be a challenging year for Uruguay," IMF Deputy Managing Director Shigemitsu Sugisaki said in a statement.

Sugisaki also praised Uruguay's modest tax cuts, although the IMF complained about a slowdown in implementing structural reforms. The IMF statement gave no new budget targets, but Economy Minister Luis Mosca told the daily El Pais newspaper that Uruguay was seeking a revision of the fiscal-deficit target to 2% of GDP instead of the 1.75% agreed when the IMF loan was signed in March. [Sources: Reuters, 04/26/99, 07/27/99; El Nuevo Herald (Miami), 09/11/99; Notimex, 05/13/99, 09/16/99, 09/20/99; Spanish news service EFE, 04/26/99, 09/18/99, 09/22/99]

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