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## **Jorge Batlle Wins Presidential Runoff in Uruguay**

*by LADB Staff*

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In his fifth try for the Uruguayan presidency, Partido Colorado candidate Jorge Batlle won the Nov. 28 runoff, defeating Tabare Vazquez of the Frente Amplio-Encuentro Progresista (EP-FA). In the fourth election since the country returned to democracy in 1985 after 12 years of military rule, Batlle took 51.6% of the vote to Vazquez's 44.1%.

The choice was between Batlle as the guardian of the status quo and Vazquez, who promised a "cautious revolution" and an end to the stranglehold on the presidency by the Partido Colorado and Partido Nacional or Blancos. Batlle's victory was only possible with the crucial support of former president Luis Alberto Lacalle (1990-1995) and his Partido Nacional.

Lacalle, who placed third in the Oct. 31 first-round vote, backed Batlle in exchange for promises of legislative support. Batlle made a commitment to form a "unity government" and to promote measures that the Blancos consider priorities. Batlle promised to convoke the leaders of the business community and unions in December for a "great social dialogue" on topics that include competition, labor negotiations, professional formation, and unemployment insurance.

### ***Tax hike and fear of left hurt Vazquez***

Vazquez, a former mayor of Montevideo and oncologist, promised to spend US\$300 million to create new jobs to respond to the 11% unemployment. His call for a controversial personal income tax on those earning more than US\$1,100 a month was criticized as being too harsh. Batlle said it would ultimately hurt the poor, and he portrayed Vazquez as an extreme leftist who would upset the nation's stability.

In his concession speech, Vazquez said the FA-EP coalition had become a transforming force in a country long dominated by only two parties. The EP-FA is made up of socialists, former Tupamaro guerrillas, communists, Christian democrats, and dissidents from the traditional Colorado and National parties.

"In a sense, the defeat was a victory," said Uruguayan author Eduardo Galeano. "In five years, the left went from 30% to 44%, which is not bad." He said the EP-FA lost because "we did not know how to evaluate the impact of the campaign of fear on important sectors of the population. It was fear that decided." Galeano said that the left overdid its strategy of remaining calm in response to attacks and even "seemed to be apologizing for being what it was."

### ***Batlle victory promises five more years of the same***

In his campaign, Batlle promised to maintain economic stability. The son, grandson, and great-nephew of Uruguayan presidents, Batlle will extend the Partido Colorado rule for another five years when he assumes the presidency from President Julio Maria Sanguinetti March 1, 2000. Batlle,

controversial even within his own party, has frequently clashed with Sanguinetti. Several proposals Battle made during the campaign were called "ridiculous" and "exaggerated" by his opponents.

Those include selling off the central bank's gold reserves, bringing scientists from Russia to develop technologies, raising racehorses for export, and forming alliances with Argentina and Paraguay to compete with Brazil in the Southern Cone Common Market (MERCOSUR). He also proposed negotiating directly with the North American Free Trade Agreement (NAFTA) countries the US, Mexico, and Canada- -while participating less in MERCOSUR. "To the extent that Argentina and Brazil fail to put their affairs in order, and until we reach an honorable understanding as partners, Uruguay should take a break," said Sen. Alejandro Atchugarry, a close associate of Batlle.

But the president-elect also proposed bolstering the state's industrial enterprises, implementing a strong public works policy, and improving education. The strong opposition of the Uruguayan people to privatization and economic liberalization has meant the country has moved more slowly than its neighbors in dismantling its large state sector. However, Batlle "will likely move more firmly in the direction of the free market", said Washington Abdala, a Colorado deputy.

Fernando Antia, director of the Instituto de Economia of the national university, said that, while Batlle will maintain economic stability, he is likely to show a greater concern for implementing social policies. He said the growth of the left is a wake-up call regarding popular discontent, which Batlle should heed.

Political analysts said after the election that a major challenge for the 72-year-old Batlle would be ending the economic recession while contending with an increasingly strong opposition. For many of the country's 3.2 million people, the results will mean "five more years of the same." "From an economic point of view we should have more of the same," said Gabriel Oddone, an economist with the national university. "The challenges remain the same: maintaining stability and improving competitiveness."

Per capita income in the wool- and beef-producing country is second only to Argentina in the region. Uruguay has a high literacy rate, a relatively low level of poverty, and a strong middle class. But crises in Brazil and Argentina have affected its economy, pushing unemployment up and stalling growth.

El Observador newspaper depicted Batlle's victory as a vote of support for Sanguinetti's economic gains, which have included reducing inflation to around 3% this year from an annual average of 30% during the past three decades. "Batlle's victory represents confidence by a clear majority of the population in the guarantee of stability and development...in contrast to the uncertainty transmitted by Tabare Vazquez," El Observador said.

### ***Battle needs to maintain coalition in Congress***

Although, by joining forces, the Colorados and Blancos handed Batlle the presidency, the FA-EP will be the largest bloc in Congress. In the Oct. 31 general election, the FA-EP won 12 of 31 Senate seats and 40 of the 99 seats in the lower house. The Colorado-Blanco coalition will have 18 seats in the Senate and Nuevo Espacio will have one. In the lower house, the Colorado-Blancos will have 55

seats and Nuevo Espacio four. Batlle will have to maintain his alliance with the Partido Nacional to enact his programs.

Constitutional reforms and appointments of the heads of state businesses require two-thirds congressional approval, which the Colorado-Blanco coalition does not have. This is a "mission next-to-impossible," said Arturo Porzecanski, ING Barings chief economist. Both winners and losers declared their commitment to parliamentary cooperation, but ideological differences will make that difficult. "Our avocation for dialogue and finding solutions for the nation is very clear," said Vazquez's running mate, Rodolfo Nin Novoa, but "we cannot ignore that we have two very different outlooks." He said both Batlle and Lacalle have "a more neoliberal orientation, which does not coincide with ours."

Analyst Oscar Botinelli, director of the polling firm Factum, said the runoff had three victors: Batlle for winning the presidency; Vazquez for his impressive electoral showing; and Lacalle for his contribution to the Colorado victory, which will guarantee him a key role in the next administration. [Sources: Associated Press, 11/28/99; Inter Press Service, 11/26/99, 11/29/99; CNN, The Miami Herald, The New York Times, 11/29/99; Reuters, 11/28-30/99; Spanish news service EFE, 11/29/99, 11/30/99; Clarin (Argentina), The Financial Times (London), Notimex, 11/30/99]

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