

# Latin America After Chavez



# 2002 Attempted Coup: A Pivotal Moment







**Hugo Rafael Chávez Frías**  
**28 July, 1954 - 5 March, 2013**



“Chavez is a genuinely original figure in Latin America. He is not a Marxist like Allende, or a populist like Peron. He is a radical left-wing nationalist, closer in his internationalist vision to that of Fidel Castro than of any other Latin American figure.”

“A spell-binding orator...a messianic officer, using words they understand in the vivid, often biblical, language of an evangelical preacher.”

*Richard Gott, 2005*





“...Two opposing men. One to whom the caprices of fate had given an opportunity to save his country. The other, an illusionist who could pass into the history books as just another despot.”

***Gabriel García Márquez***



**“Something remarkable is happening in Latin America”**  
*The regional performance over the past decade...*



# “Something remarkable is happening in Latin America”:

## 5 Key Developments

1. Democracy has replaced dictatorships
2. Established economic stability and stronger institutions
  - *Impressive economic growth since 2000*
3. Economic growth hand-in-hand with social progress
  - *A growing middle class and greater equality*
4. Rise of the ‘*Multilatinas*’ in domestic capital markets
5. Improvements on all comparative indices:
  - Doing business
  - Business confidence
    - *2011 is the first year Latin America has led the world in business optimism*
  - Transparency and Corruption Perception Index
  - Various Competitiveness Indices



***Following widespread liberalisation and connectedness, AND culminating with the biggest commodity boom in history!***



# Latin America

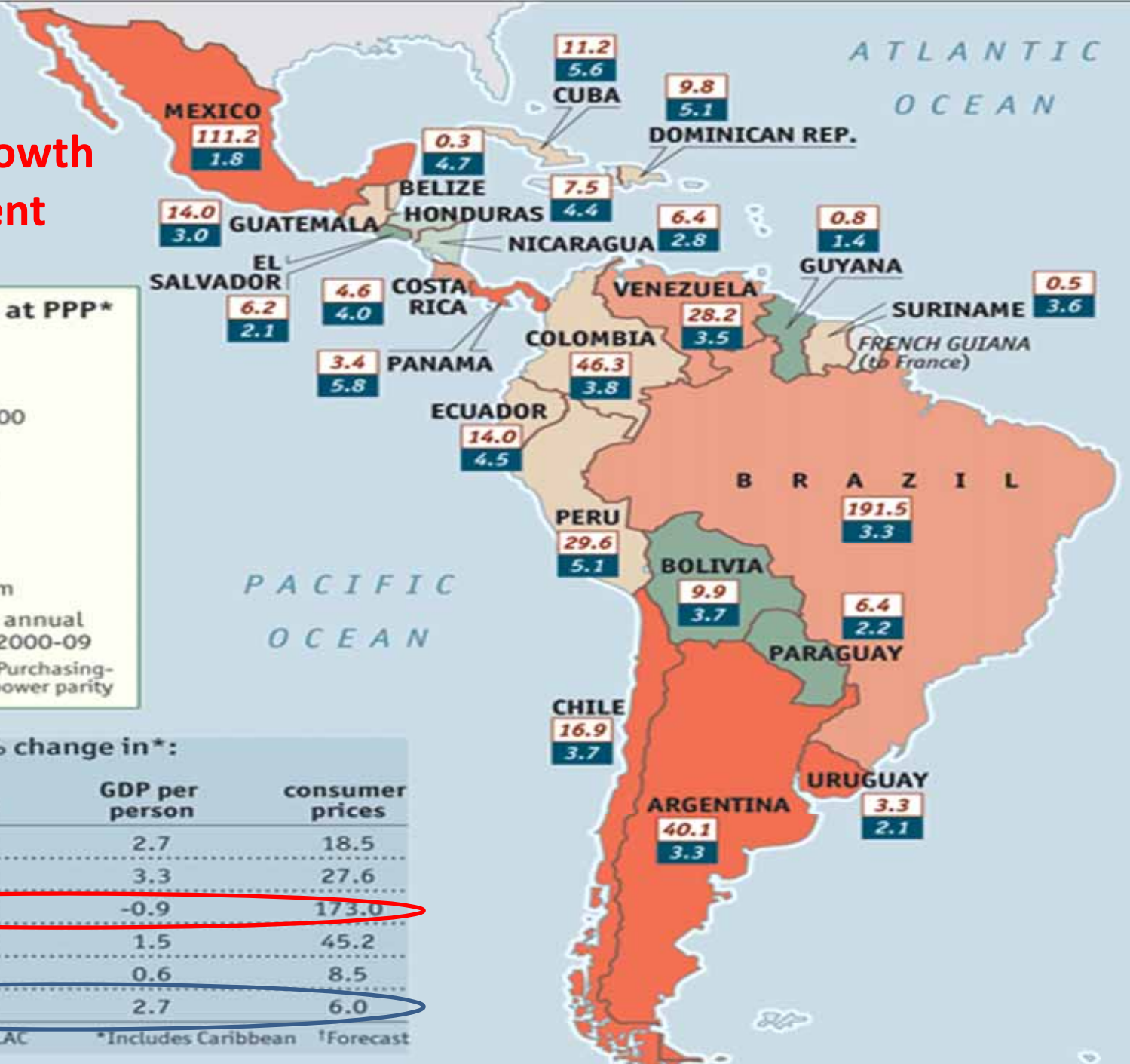
## Decade of Growth & Development

**GDP per person at PPP\* 2009**

- >\$13,000
- \$10,000-13,000
- \$7,000-9,999
- \$4,000-6,999
- <\$4,000

0.0 Population, m  
0.0 GDP average annual % increase, 2000-09

Source: Economist Intelligence Unit \*Purchasing-power parity



**Average annual % change in\*:**

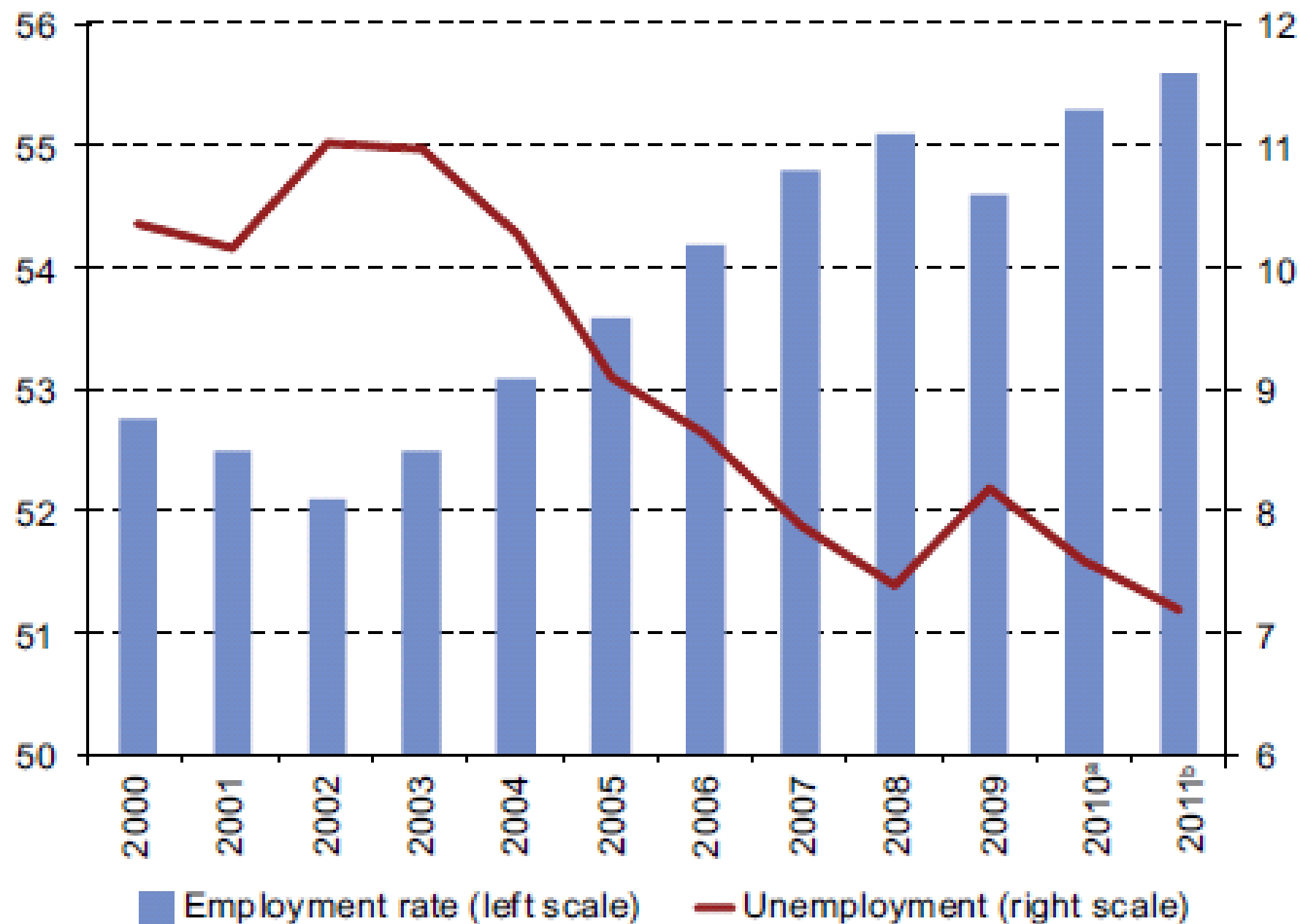
	GDP	GDP per person	consumer prices
1961-70	5.3	2.7	18.5
1971-80	5.6	3.3	27.6
1981-90	1.2	-0.9	173.0
1991-2000	3.2	1.5	45.2
2001-04	2.0	0.6	8.5
2005-10†	4.0	2.7	6.0

Sources: World Bank; ECLAC \*Includes Caribbean †Forecast



# LATIN AMERICA: EMPLOYMENT AND UNEMPLOYMENT, 2000-2011

*(Percentages)*



# Comparing with Africa...

## Size, Growth, Performance





## Latin America

- GDP: +/- \$5.8 trillion  
*(incl. Mexico)*
- Population:  
600 million
- 80% urbanised
- Per capita income:  
+-\$9,000
- Eco growth:
  - **2004-2010: 5.6% (ave.)**
  - **2012: 3%**
  - **2013: 3.5% (est.)**



## Africa

- GDP: +/- \$2 trillion
- Population:  
1 billion (14% of world pop, 60% under 30)
- 40% urbanised
- Per capita income:  
<\$3,000
- Eco Growth:
  - **2000-2010: 5% (2% above global average)**
  - **2012: 6%**
  - **2013: +6% (est.)**

*Now the fastest growing region  
in the world*

## Latin America

- \*Investment: FDI \$100 bill (*Est. & recovering*)
- 15% of world's oil reserves
- 25% of world's arable land
- 30% of world's fresh water
- Large stock of its minerals & agri products
- Still dependent on natural resources: 52% of exports
- But leading region in renewable energy and biofuels



## Africa

- \*Total capital flows: \$90 bill (*Est.*)
- 10% of world's oil reserves
- 60% of world's *uncultivated* arable land
- large stock of its minerals

(Gold 40%,  
Chromium/Platinum  
90%)



# The Dynamic Markets Index

Open  
& Connected

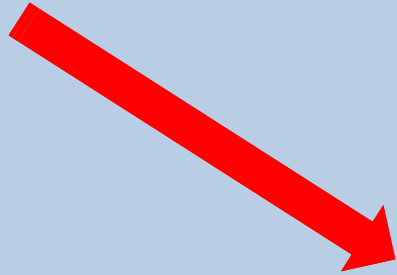
Justice System

Red Tape

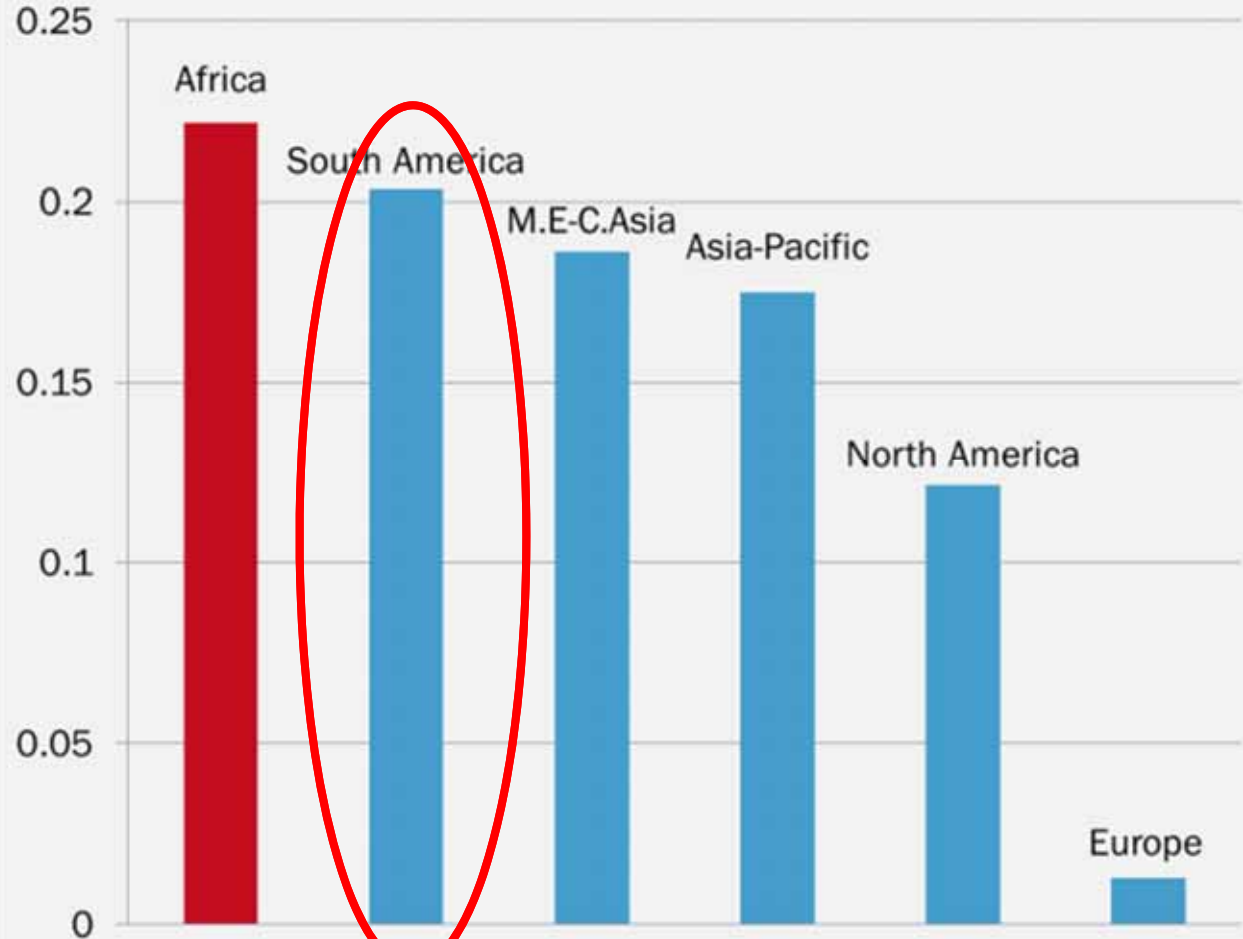
Demographic  
Energy

Macroeconomic  
Management

Socio-political  
Stability



**DMI - Regional Averages**



*\*Measures dynamism...  
Or progressive change  
over a 7 year period  
(2005-2012)*



**Venezuela's  
performance  
under Chavez**

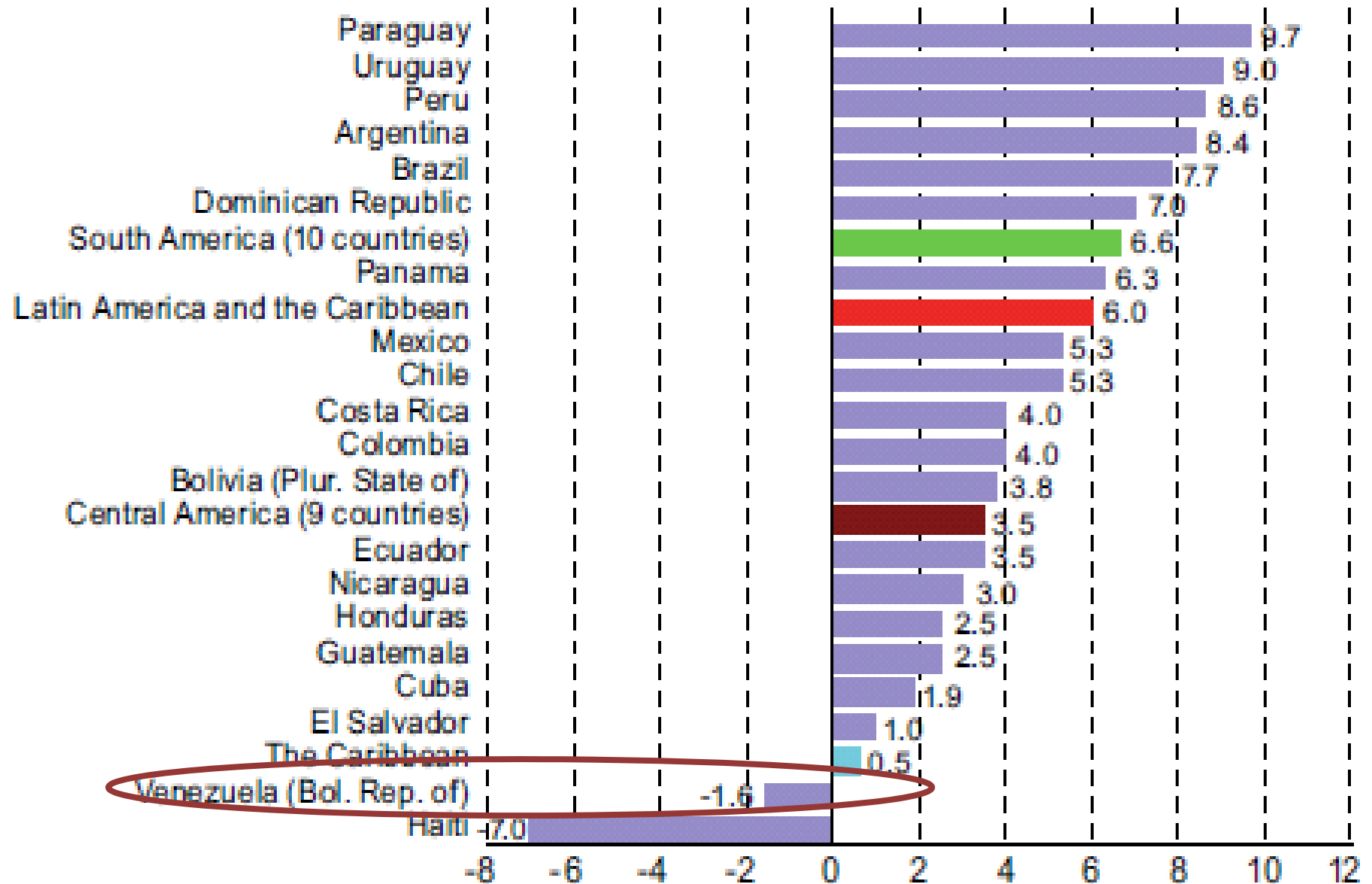


1. Championed the poor:
  - Poverty levels dropped from 49.4% to 29.5% in 14 yrs
  - This matches the drop in Latin America as a whole
2. Fifth highest in Latin America on the 'Human Opportunities Index' (equality measure)
3. Highest inflation rate in Latin America: 22% per year since 1999!
4. Drops in production...especially oil production (over 30% fall)
5. Drop in FDI and hollowing out of skilled human capital...and the private sector

***Most of all: Democratic values and institutions were blatantly undermined, eroded and even dismantled***

# LATIN AMERICA AND THE CARIBBEAN: GROWTH RATES, 2010

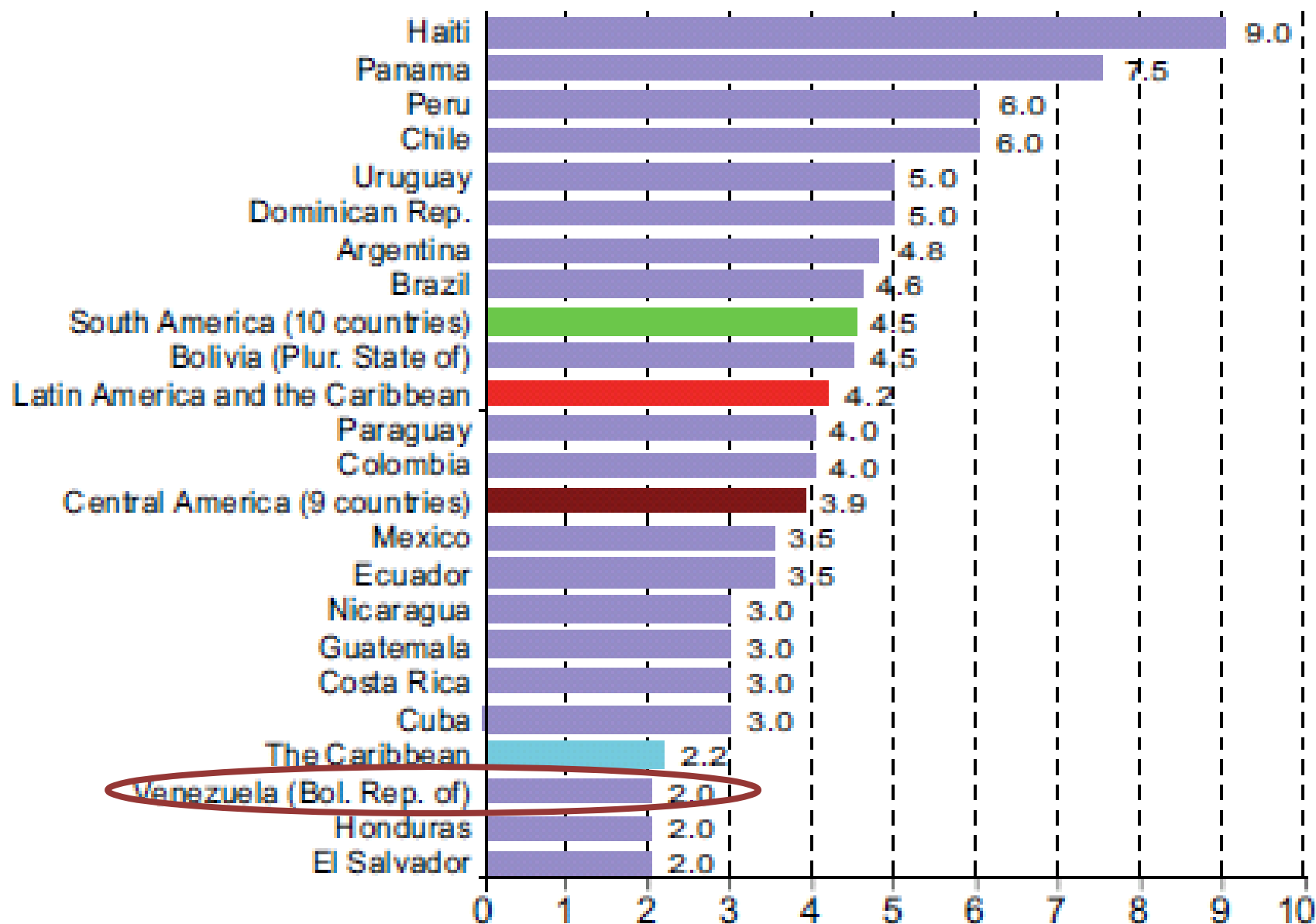
(Percentages)





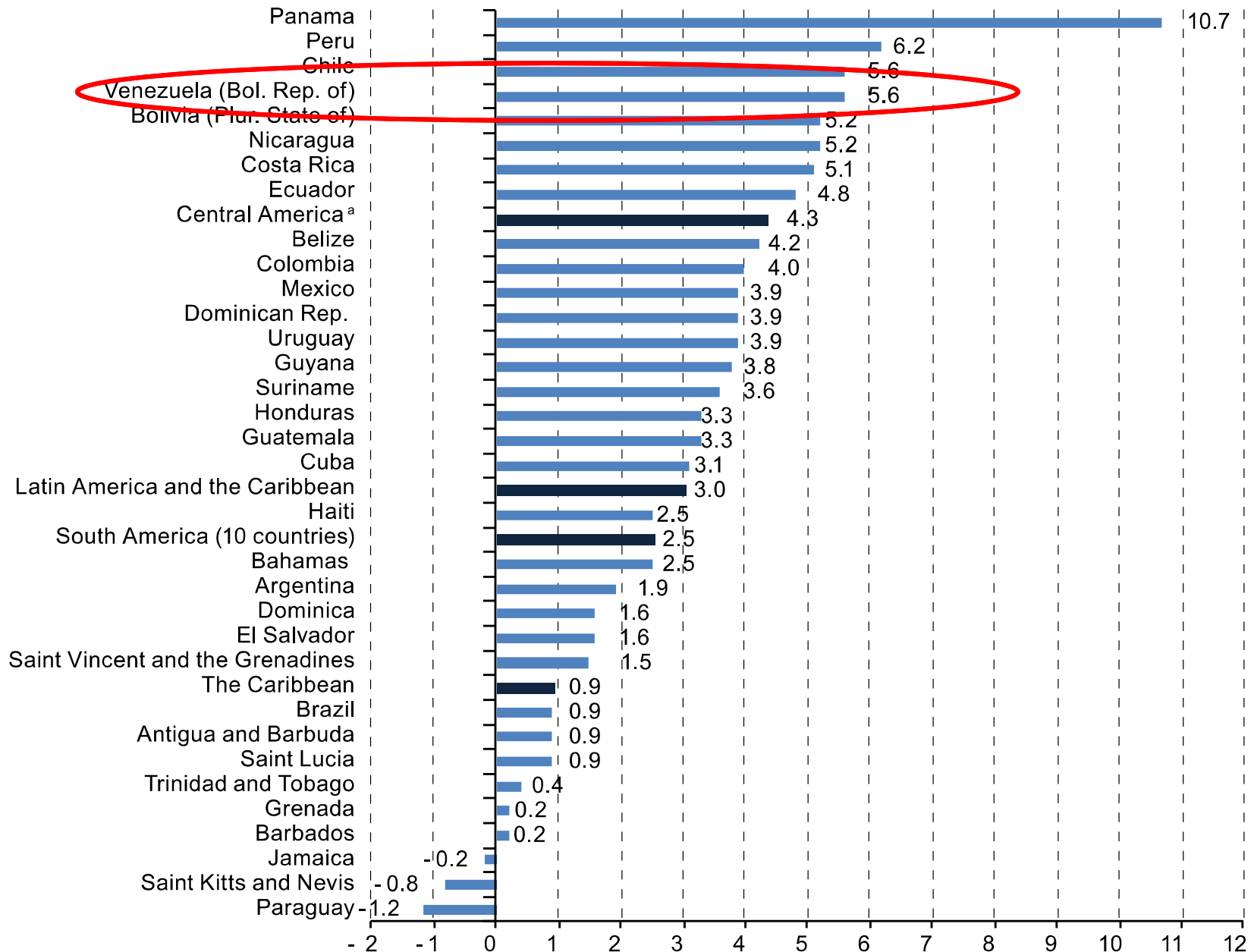
# LATIN AMERICA AND THE CARIBBEAN: GDP GROWTH, 2011

(Percentages)



# Latin America and the Caribbean: GDP growth rates, 2012

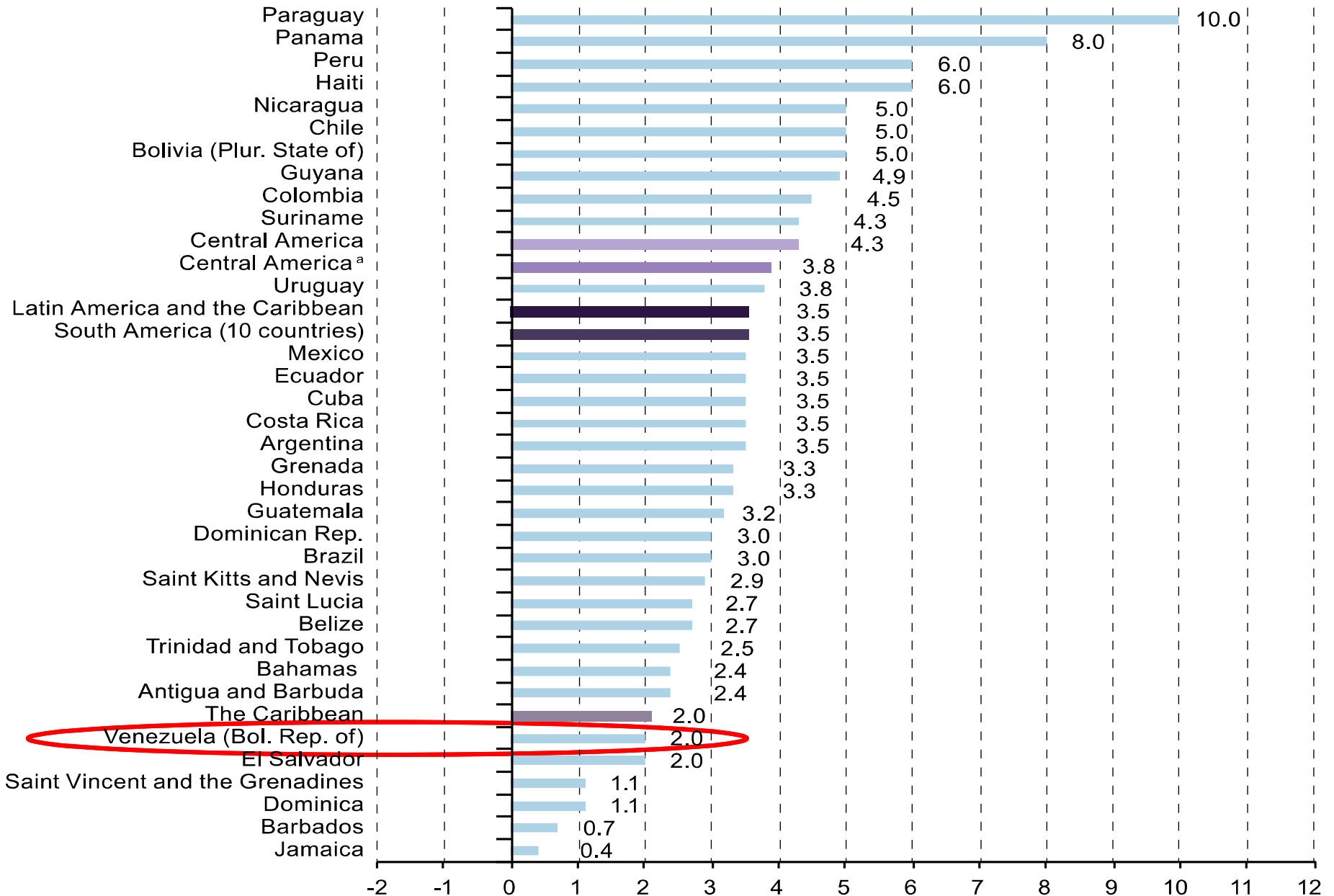
(Percentages based on dollars at constant 2005 prices)





# Latin America and the Caribbean: GDP growth, 2013

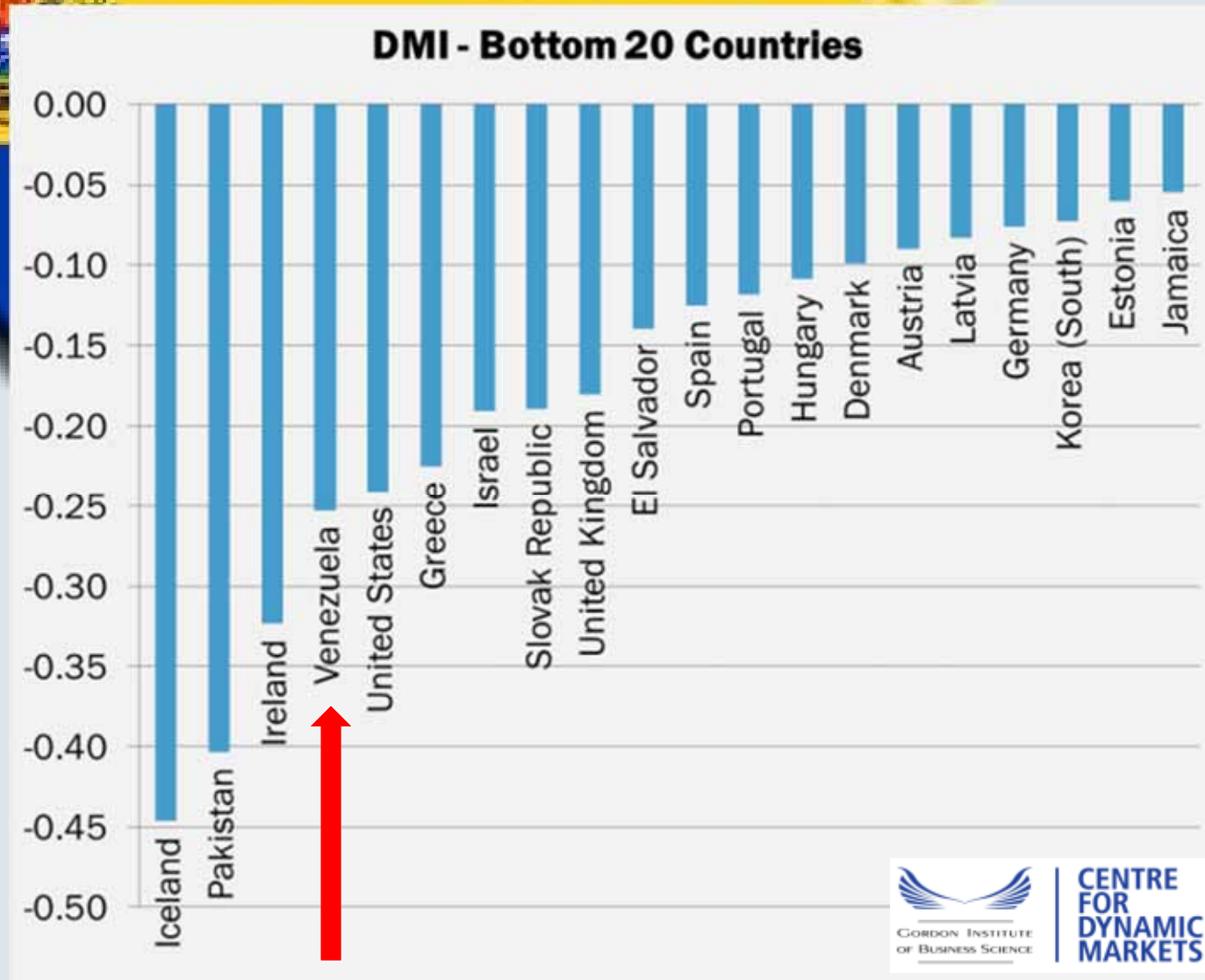
(Percentages based on dollars at constant 2005 prices)



# Results from the Dynamic Market Index

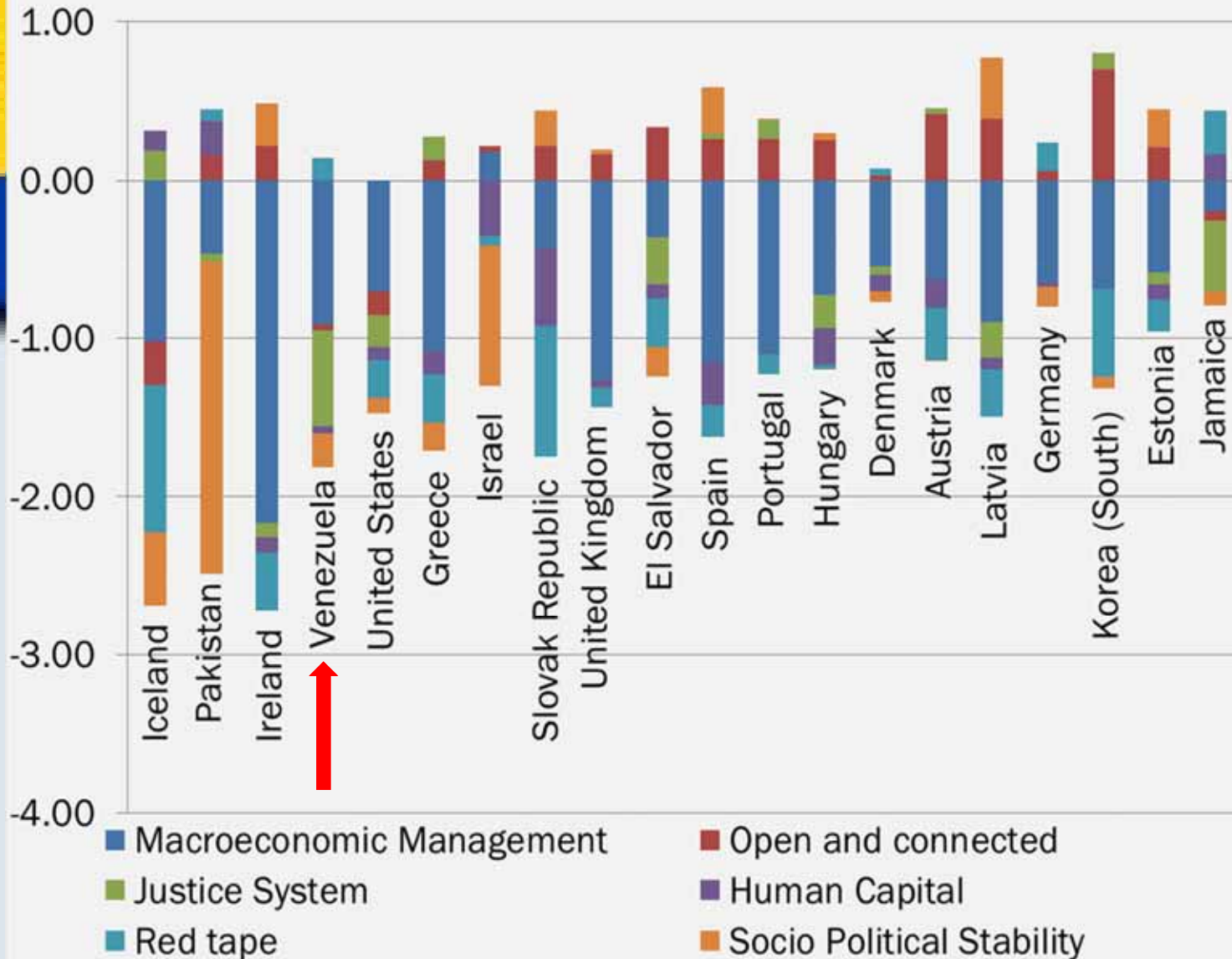
*Venezuela was the 4<sup>th</sup> worst performer globally (ito of progressive change) between 2005-2012...*

*Despite Latin America's impressive record over that period*



# Weighted Results

## DMI - Bottom 20 Countries



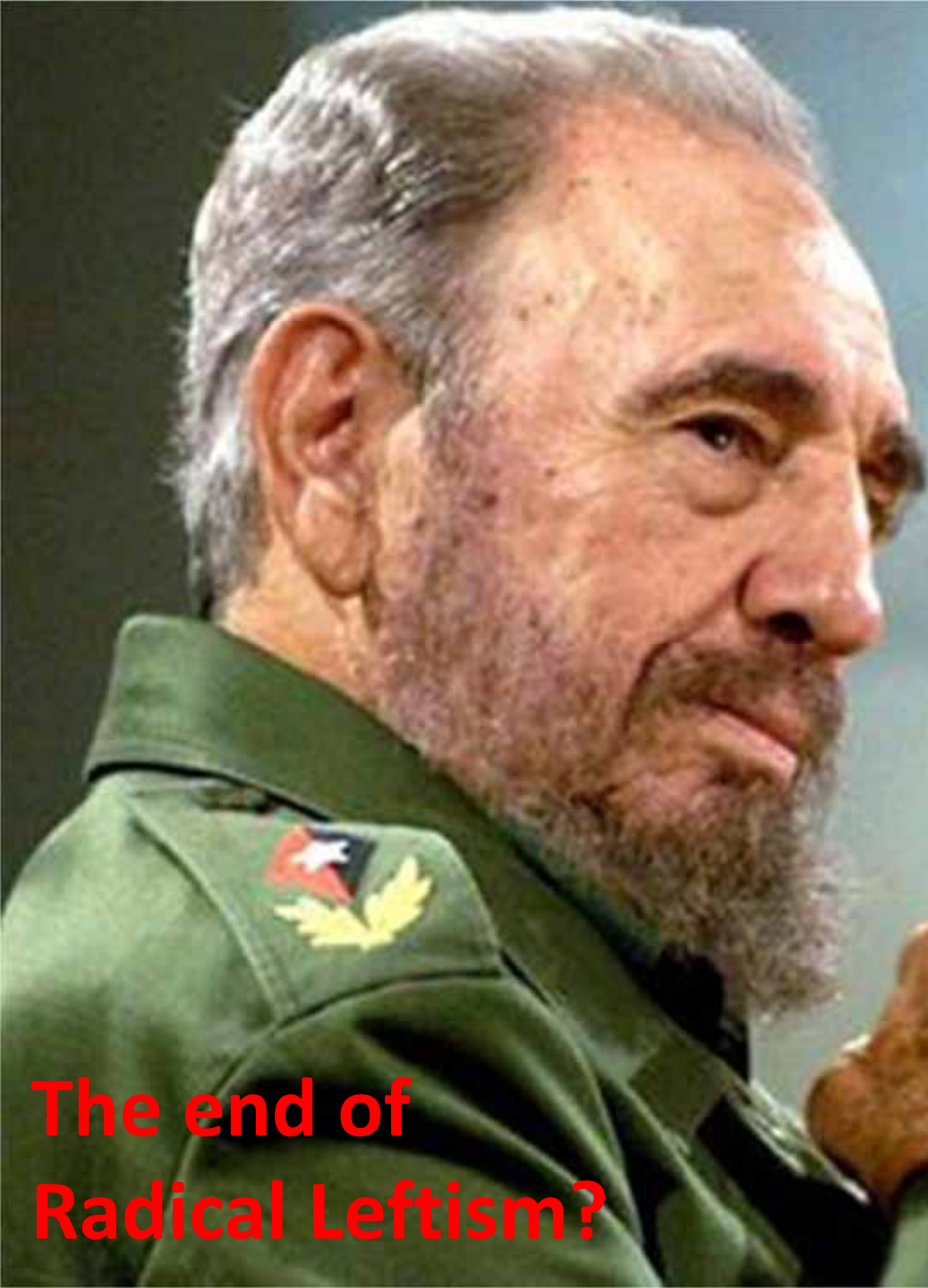
*Erosion of the Justice System and Macroeconomic Management...*

*Red Tape improved slightly...*



# Latin America & Venezuela After Chavez





**The end of  
Radical Leftism?**





# Politics *Still Matters*

1. The left is **STILL far from homogenous**...but starting to find greater common ground
2. A new 'Wind of Change' sweeping through Latin America **as radical leftism is ushered out**
3. The Castros stepping aside and the death of Chavez...
4. Along with normalising of **commodity prices and greater economic connectivity and dynamism** ....
5. Marks the beginning of **a new era of political economy**...with greater coherence and potential
6. On the back of **political maturity, stronger institutions and demographic energy**
7. This will be the basis of **a positive trajectory going forward**...pulled along and guided by progressive changes and results in some of the leading and larger economies in the region over the past decade.



A photograph of Lyal White, a man with dark hair, wearing a green jacket over a red turtleneck. He is smiling and clapping his hands. The background is a blurred red and white pattern.

**Muchas Gracias!**

**Lyal White**

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**CENTRE  
FOR  
DYNAMIC  
MARKETS**