

# The Latin 'Techno-Yuppies'

Young and American-educated, they are shaking up state-run economies across South America

**W**hat comes to mind when you think of Latin American leaders? A generation ago it would have been right-wing dictators in medal-covered military jackets, molding themselves in the images of Benito Mussolini and Francisco Franco. Or leftists who wore beards like Che Guevara and quoted Castro and Lenin. These days, members of Latin America's governing elites are more likely to wear designer suits and to tap on personal computers. And instead of quoting wild-eyed revolutionaries, they're uttering homespun American sales tips. "You don't get a second chance to make a first impression," says Jorge Quiroga, Bolivia's 30-year-old under secretary of planning.

Call them Latin America's "techno-Yuppies." Many are around 40 years old or younger and have studied economics at prestigious U.S. schools like Harvard, MIT and the University of Chicago. Returning home to key positions across the continent, they have moved aggressively to bring free-

market economics to traditionally state-run countries. In Mexico, Brazil, Peru and Argentina, they have laid radical plans to smash protective barriers and sell off many major industries that were owned and managed by the state. Their invasion might almost be considered a kind of U.S. takeover of Latin America, though not in the way populists once feared. "Our U.S. education taught us that there was no such thing as a free lunch," says 42-year-old Marcos Fonseca, Brazil's national planning secretary (Yale, '78).

The flow of U.S.-trained technocrats began in the mid-1970s, well before free-market ideas swept Eastern Europe. Chilean military dictator Augusto Pinochet recruited a group of University of Chicago economists—the "Chicago Boys"—to rebuild Chile's economy. Others followed. Alejandro Jadresic, 34, a policy coordinator in Chile's new democratic government, got an economics degree from Harvard in 1984. A Pinochet critic, Jadresic admits, "If

you wanted to take part in the economic debate then you had to know what you were talking about." Starting in the late 1980s, other Latin politicians realized they needed skilled economists to negotiate with big U.S. banks to work off the billion-dollar debt loads that were dragging down their economies. Bolivia's technocrats took the boldest steps, devising an anti-inflation plan and buying back about half of Bolivia's then \$700 million bank debt.

No country has embraced American-trained technocrats more than Mexico, a country that once stashed such experts in obscure bureaucratic corners. President Carlos Salinas de Gortari, 42, who holds three Harvard degrees, has stacked his government with U.S. graduates. Among them: trade minister Jaime Serra Puche and budget minister Ernesto Zedillo, both 39-year-old Yalies, and 40-year-old finance minister Pedro Aspe, from MIT.

**New brotherhood?** To the astonishment of a country accustomed to complacent bureaucrats, Mexico's technocrats have pushed through radical changes. They have torn down protective tariffs and sold off a series of nationalized enterprises. In Mexico City there's even a bumper sticker reflecting their rise: LICENCIADO EN ECONOMIA—roughly, "Economist on Board."

Critics of the new breed—mostly left-leaning politicians, intellectuals and unionists—have harsher things to say. Some compare the network of economists to the old brotherhood of military dictators and their U.S. patrons. "This is the new Pentagonism," snaps Porfirio Muñoz Ledo, an opposition Mexican senator. While Latin America's poor are giving the economic experiments a chance, some resentment is bubbling. At Argentine rallies, President Carlos Menem is getting booed because of his free-market policies and U.S. ties. The occasional arrogance of the technocrats doesn't help matters. Says Muñoz Ledo: "They don't accept dissent because their formulas tell them they're always right. In the end, it's just another elite that believes the rest of Mexico is incompetent."

The question now is whether the new policies will work before the masses turn against them. That's far from clear. Peru, with 30 percent jobless, isn't likely to turn around for several years. In Mexico the benefits of privatization haven't yet trickled down from the magnates buying state companies. The techno-Yuppies acknowledge they have only a couple of years to keep the pendulum from swinging toward leftism and government intervention. But they insist they're preaching the right gospel. And with the decay of nationalization and protectionist policies, their countries have little choice but to listen.

PETER KATEL with TIM PADGETT in Mexico City, MICHAEL KEPP in Rio de Janeiro, LESLIE CRAWFORD in Santiago and bureau reports

## Learning to Play the Market

**A**cross Latin America, selling state firms and liberalizing trade are the order of the day.

**Mexico:** The Salinas government has sold off important state enterprises, such as a copper mine, torn down tariffs and started collecting taxes.

**Argentina:** Talks are underway for sale of the state-owned airline and phone company; the latter deal could retire \$5 billion in foreign debt.

**Bolivia:** The government is trying to lure foreign investors, offering stakes in such politically sensitive industries as mining.

**Brazil:** The government froze bank accounts of more than \$1,250 and is selling a handful of steel plants.

**Peru:** President Alberto Fujimori has ended many subsidies and price controls and vowed to cut import tariffs.

**Chile:** The country has become a model of an export-oriented economy, selling copper, fish meal and fruit.



EL MERCURIO

Aggressive moves: Chile's Jadresic