

El Salvador Strategy Flash

The exception regime, the administration’s bulwark.

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A recent poll sheds light on Mr. Bukele’s popularity, of which a large share seems to stem from the Exemption regime, which is in place since 1H22. A set of polls carried out by the College Institute of Public Opinion of the Central American University presented the view of Salvadorans on 2022. Most of the polled agree that El Salvador is better off relative to 2021, with nearly 80% of Salvadorans agreeing on that issue, while 11.4% think the situation did not change in the past year, and 8.8% believe the country is worse off than the previous year. On the camp of those who think the situation is better, most highlighted issues related to the exception regime as the leading cause of the improvement. Compounding the related answers, the betterment of security the country leads the poll with nearly 73.7%, as the individual answers included: better security (54.2%), less delinquency (15.4%) and the Exception Regime (5.9%). In addition, of the remaining quarter, 18.1% attribute the improved conditions of El Salvador directly to the good management of Mr. Bukele’s administration. Looking at economic performance, the bag is more mixed, with the camps divided roughly into thirds. 33.3% of the polled think the economic situation improved, mostly on the back (again) of reduced crime (27.8%) and the administration’s efforts (22.3%). Another 32.5% believe the situation is mostly the same, pointing at higher living costs (33.8%) and unemployment (23.8%) as the leading causes of the stagnation. Finally, 34.1% believe the situation is worse than in 2021, with inflation taking no prisoners, and explaining nearly 60% of the answers, adding higher costs of living (32.3%) and price increases (27.1%).

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Looking at security issues, most Salvadorans feel safe, and believe that there has been an improvement in the justice system, in addition to a substantial drop in crime. The poll indicates nearly 88.2% of the Salvadorans feel very safe (16.8%) or safe (71.4%). In addition, 68.7% believe the Salvadoran justice system is working better than in 2021, while 21.4% believe it remained mostly the same and 6.8% believe it is now worse. Of the Salvadorans who believe that justice has improved, 45.9% indicate it is due to the exception regime, which allows the administration to jail criminals. However, on the other side of the spectrum, of the 6.8% who believe the justice system is worse off than in 2021, 42.5% believe it is due to the unjustified arrests happening within the framework of the Exception regime. However, the main landslide comes in the crime section, as 90% of the population believes it has decreased, again with the Exception regime driving 86% of the answers. In addition, families who have reported a gang related crime came down from nearly 10% in 2019 to 2.1% by the end of 2022.

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This has definitely impacted Mr. Bukele’s metrics, as he is perceived as the most trusted political actor, and the least corrupt, while traditional political parties find themselves in the other side of the spectrum. With the economy performing okay, and impressive security metrics, the administration’s popularity is off the charts. Of the polled, 63.5% indicate they strongly trust Mr. Bukele, while 15.6% moderately trust him, making up for an aggregate 79.1% of total confidence. He is followed by the Armed forces (77.1%), the Police (73.4%) and the Central Government (70.6%) as the institutions which compound the best confidence ratings in the country, again, highlighting the importance of the Exception regime on popularity metrics. On the other side of the spectrum, the institutions to which the Salvadorans grant the least trust (strongly distrust + moderately distrust) include political parties (67.3%), local governments (61%) and businessmen (56.7%). On perceived corruption, the image conveys a similar outcome, as the President has the lowest metrics (6.4% strongly corrupt, 13.9% somewhat corrupt), while political parties are perceived as the most corrupt institutions in the country (43.3%, 26%).

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All in all, the poll clearly outlines the strengths the administration currently possesses and the weaknesses it must address ahead of the 2024 elections. On the one hand, it is clear the administration's popularity is largely driven by the reduction in crime and the exception regime in a less supportive economic environment. On the other hand, the high cost of living related to the high inflation the country experienced during 2022 poses the largest threat to the government. 68% of Salvadorans indicate they have strongly perceived the impact of the higher cost of living, with another 16.9% suffering it moderately. In our view, the administration should have some more problems conserving its advantages than facing its threats. With global inflation expected to deaccelerate in 2023, the inflationary pressures in El Salvador are poised to subside, with prices plateauing, which should improve the population's perception on the government, even as the economic situation could suffer some reversals accounting for a more hostile international context. However, it could be somewhat problematic for the administration to keep up at it with the exception regime. Even as if Mr. Bukele has the power to continue extending said measure, it should come a time where he could need to institutionalize it, providing a more stable, permanent, legal framework to the regime, which could become somewhat problematic. If Mr. Bukele manages to keep the security train running, and inflation starts to ease, he is bound to be reelected in 2024. And with current approval ratings for the traditional parties, it seems as if the political system could be again flooded by the "Nuevas Ideas" cyan.

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