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FEATURED Q&A

Will Bolsonaro Make Good on His Law & Order Promises?



Brazilian police officers reinforce security after a shooting in Rocinha, the largest favela in Rio de Janeiro. // File Photo: Brazilian Government.

Q During his campaign, Brazilian President-elect Jair Bolsonaro frequently vowed to crack down on criminals, promising to allow police more latitude in the use of force, make it easier for Brazilians to own guns and reduce the age at which defendants can be tried as adults to 16. How much of Bolsonaro's pledges on crime will become policy? Will his tactics to reduce crime succeed? Will Bolsonaro expand the use of the military in civilian policing beyond Rio de Janeiro state, where troops have been operating for months?

A Vanda Felbab-Brown, foreign policy senior fellow at the Brookings Institution: "President-elect Bolsonaro has embraced tough-on-crime measures that egregiously violate basic human rights and eviscerate the rule of law. Responding to Brazil's 63,880 homicides in 2017, Bolsonaro calls for increasing protection for police officers who kill alleged criminals and arming citizens. He calls for further militarizing urban policing, reducing the age of criminal liability from 18 to 16, reinstating the death penalty, authorizing torture in interrogations and imprisoning more people. Riding his anti-crime coattails, the new governor of Rio de Janeiro, Wilson Witzel, suggests deploying snipers to favelas to kill anyone with a gun. Brazil's public identifies reducing crime as its priority. With support of his 'beef, bullets and Bible coalition' of the agribusiness, evangelical and anti-crime bloc, Bolsonaro may get legislative approvals. But he can simply induce Brazil's police and military to adopt such approaches and shield them with impunity. Brazil's police are already notorious for being one of the world's deadliest in the use of force. In many favelas, Brazil's retired and

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'El Chapo' Trial Gets Underway in Brooklyn

The trial for alleged Mexican drug kingpin Joaquín "El Chapo" Guzmán is scheduled to begin today in Brooklyn with security measures city officials have described as unprecedented.

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López Obrador Puts Train Project to Referendum

Mexico's president-elect will hold a referendum later this month on his proposal for an extensive railway to connect the main tourist attractions spanning five states across the Yucatán peninsula.

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POLITICAL

Brazil's Senate Set to Pass Key Oil Bill

Brazilian Mines and Energy Minister Wellington Moreira Franco says he is confident that the Senate will approve the long-debated "transfer-of-rights" bill this week, a key step in opening up oil-rich areas offshore Brazil to foreign investors.

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Moreira Franco // File Photo: Brazilian Government.

POLITICAL NEWS

‘El Chapo’ Trial Gets Underway in U.S. With High Security

The trial for alleged Mexican drug kingpin Joaquín “El Chapo” Guzmán is scheduled to begin today in Brooklyn with security measures city officials have described as unprecedented, *The Wall Street Journal* reported. Guzmán, 61, faces a 17 count indictment that covers nearly three decades of alleged criminal activities including murder. His accomplices have successfully engineered his escape from two maximum security prisons previously. Police have been taking extraordinary precautions for months, closing the entire Brooklyn Bridge whenever Guzmán needed to be transported across it. High-tech scanners were installed in the federal courthouse where the hearings take place, and Guzmán will be held in a specially designed cell within the courthouse itself, so that officials will no longer need to transport him from his current downtown holding facility in Manhattan. Snipers and helicopters will monitor the area from above throughout the trial, and bomb-sniffing dogs are expected to patrol the courthouse grounds. The identities of jurors has been kept secret for their protection.

ECONOMIC NEWS

López Obrador Puts Massive Train Project Up for Referendum

Mexican President-elect Andrés Manuel López Obrador said Monday he will hold a public referendum later this month on his proposal for an extensive passenger railway network to connect the main tourist attractions spanning five states across the Yucatán peninsula, the *Associated Press* reported. López Obrador previously said it would cost between \$6 billion and \$8 billion. During a trip to Mérida, the

Yucatán state capital, López Obrador said the public will be able to vote on the train and nine other proposed projects and programs within weeks, before he takes office on Dec. 1, as with a referendum he pushed for last month that ended up canceling a \$13 billion airport project in Mexico City that was already one-third completed. Another project on the ballot will be the construction of an oil refinery in his home state of Tabasco, as well as social programs such as scholarships to students and pensions for seniors. “I’m very confident that the people are going to vote to build the Mayan train, because it won’t hurt anyone. On the contrary, it will benefit a lot of people,” López Obrador said. Major developers such as Grupo Vidanta have backed the ambitious plan, saying it could double the amount of foreign currency brought into the country, *El Financiero* reported last month.

Brazil’s Senate Set to Pass Key Oil Bill: Energy Minister

Brazilian Mines and Energy Minister Wellington Moreira Franco said on Monday he is confident that the Senate will approve the long-debated “transfer-of-rights” bill this week, a key step in opening up oil-rich areas offshore Brazil to foreign investors, *Reuters* reported. The transfer-of-rights area is part of Brazil’s giant pre-salt reserves in the Atlantic Ocean. In 2010, with oil prices high and Brazil in the protectionist hands of the leftist Workers’ Party, the government transferred 5 billion barrels of those deposits to state oil company Petrobras, effectively keeping out foreign players. But the country’s oil regulator later declared the area holds more crude than initially estimated. The bill authorizing the sale aims to remove the obligation for Petrobras to develop the offshore region only by itself. The surplus that would be offered to international oil companies could amount to as much as 15 billion barrels, *Bloomberg News* reported last month. If such volumes turn out to be commercially recoverable, it would represent about twice the proved reserves of Mexico or Norway, according to the report.

NEWS BRIEFS

Owens-Illinois Spends \$119 Million for Stake in Glass Manufacturer

Ohio-based glass container maker Owens-Illinois on Monday announced that it has spent \$119 million to acquire 49.7 percent interest in Empresas Comegua from Fabricación de Máquinas, a wholly owned subsidiary of Mexico’s Vitro. Empresas Comegua manufactures glass containers for the Central American and Caribbean markets, with one factory in Costa Rica and another in Guatemala. The transaction is expected to be accretive to earnings and cash flow in the first year, the company said.

Nicaragua Protests Caused \$1 Billion in Economic Harm: Gov’t Estimates

Nicaragua’s government said on Monday that the economic damages resulting from deadly protests against President Daniel Ortega’s administration between April and July amounted to almost \$1 billion and that 120,000 jobs were lost during the period, *Reuters* reported. The unexpectedly violent clashes over several months between government forces and protesters left more than 300 people dead, human rights groups say.

S&P Warns of Weaker Outlook in Argentina

New York-based Standard & Poor’s said Tuesday it was lowering Argentina’s long-term foreign and local currency ratings by one notch, from B+ to B, citing an “erosion” in the South American country’s debt, economic growth and inflation profiles, *Reuters* reported. The ratings agency said in a statement that the government’s austere budget plan has helped stabilize the market, but that it has also led the firm’s analysts to expect a worse forecast for the country’s financial profile over the next two years. The IMF said this week it expects Argentina to emerge from recession in early 2019.

BUSINESS NEWS

Court Releases JBS Executives Held in Graft Probe

Brazil's highest appeals court on Monday ordered the release of two of the top executives of Brazilian meatpacking giant JBS who were arrested last week in connection to a graft probe, Reuters reported. Former JBS chairman and controlling shareholder Joesley Batista and Ricardo Saud, a former official at the holding company that controls JBS, were detained Friday as part of an investigation into alleged illegal campaign contributions and bribery of government workers in exchange for regulation that favored the meat processor and helped it eliminate competition, the Associated Press reported. Fourteen other people, including former agriculture ministers under ex-President Dilma Rousseff, Neri Geller and Antonio Andrade,

Batista's attorney expressed "bewilderment" over the former executive's arrest.

were also arrested on Friday. JBS has been at the center of the investigation into the massive Lava Jato, or Car Wash, corruption scandal in Brazil, with several of the food company's executives, including Batista, admitting their involvement in bribery schemes and providing evidence in exchange for plea bargain deals, the AP reported. Prosecutors now claim Batista withheld information and revoked his plea agreement. In a statement, Batista's attorney expressed "bewilderment" over the former executive's arrest since he has been "a collaborator with the justice system," Reuters reported. Also last week, JBS signed a three-year deal worth approximately \$1.5 billion with Alibaba's Win-Chain to increase the Brazilian company's beef, poultry and pork exports to China. JBS is scheduled to begin supplying Win-Chain within the next month.

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current police officers operate illegal militias that extort and control local communities, murdering those who oppose them and engaging in warfare with Brazil's highly-violent gangs and in social cleansing. Bolsonaro is simply threatening to turn the rest of the police into state-sanctioned thugs. The Philippines provides a grisly preview of such egregious and disastrous policies: since President Rodrigo Duterte unleashed his murderous war on drugs in 2016, over 12,000 alleged drug users have been killed by the police or militias that operate with state acquiescence. With Duterte's public backing of extrajudicial killings, at least 34 lawyers and 11 mayors have been murdered. Tens of thousands have been imprisoned. Opposition politicians have been intimidated and arrested and foreign human rights activists expelled. 'Loitering,' drinking beer in the street or not wearing a shirt in public can land one in jail. The anti-crime campaign now hides increasing authoritarianism, already bloodier than the Marcos dictatorship. Brazil would be wise not to emulate it."

A Melvyn Levitsky, professor of international policy and practice at the University of Michigan's Gerald R. Ford School of Public Policy and former U.S. ambassador to Brazil: "From 1963 to 1985, Brazil was ruled by its military through 'institutional acts' (essentially executive orders) and legislation from a rubber-stamp Congress. President-elect Bolsonaro has expressed nostalgia for that period. The chances for a return to such a system are nil. In the first place, it is clear that the Brazilian military would not want to be saddled with ruling the country again. Secondly, despite widespread dissatisfaction with executive performance over the past several years, support for democracy is strong. Bolsonaro and his vice-presidential candidate General Mourão have both pulled back on election rhetoric and have gone to lengths to assure Brazilian society that the Constitution is supreme and

that the rule of law will be respected. In an interview with the BBC, Mourão sounded like the Brazilian Thomas Jefferson in his support for democratic rule and for civil rights of all Brazilians. Finally, Bolsonaro's PSL party gained seats in the Brazilian Congress but still has only 10 percent representation in the Chamber of Deputies. He will have to build a coalition to pass legislation, and there will not be enough support for the far-right security agenda he promised during the campaign. That said, Bolsonaro will have sufficient authority—and public support—to expand the use of the military against organized crime, especially in areas like Rio's favelas where criminal gangs have had near sovereign control, and to appoint some military officers to civilian positions. I believe the bluster of the campaign will be mugged by reality in the security area, and that even a fractious Congress will constrain the most extreme tendencies of Bolsonaro and his closest supporters. Ultimately, he will be judged on expanding the fight against corruption and restoring economic growth to Brazil."

A Helder Fonseca, corporate and M&A co-head at Guimarães & Vieira de Mello Advogados in Brazil: "There is a consensus that President-elect Bolsonaro's government will effectively adopt his promises to go hard on organized crime and violence in Brazil in order to fulfill the desires of a significant part of our population. Since some of those measures require modifying existing laws in our House of Representatives and his party is aligning itself with the majority of other parties, we believe they can pass the measures during his administration's first year. Right now, it is too early to say if his tactics will succeed, since the roots of organized crime in Brazil go beyond favelas and have ramifications in political corruption. Putting the army and national security troops on the streets seems unlikely to happen because not all major cities face the violence and

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crime seen in Rio de Janeiro, but we expect new governments, both at the federal and state level, to extend the information-sharing system already adopted in Rio in a preemptive way and to strike harder on organized crime, especially the war on drugs.”

A **Gene Smith, president of Smith Brandon International and a former Ops Officer serving in Brazil with the U.S. Central Intelligence Agency:** “Bolsonaro assumes the presidency on Jan. 1 following his second-round victory in late October. With a struggling economy, a long-standing corruption investigation pointing to corruption at the highest levels and crime rates perceived by the average Brazilian as out of control, Brazilians are fed up and ready for change. Bolsonaro, a former army captain, and his vice president-elect, Hamilton Mourão, a retired army general, may be the ticket to bring order through a crackdown on crime. Bolsonaro’s platform on public safety included increased police authority for the use of arms (proceeding without forewarning for criminals caught in the act), expanded legal search and seizure provisions, an increase in the development and use of technology (and the funds to support it), increased flexibility in the right to carry arms (with a requirement for proper training) and a special elite cadre to work in prisons. The question is: will there be reasonable implementation of these policies or abuse and further corruption in the Brazilian legal system? The appointment of Sérgio Moro, famous for his leadership in Operation Car Wash, as Minister of Justice is moving in the right direction. Bolsonaro has been a proponent of conservative attitudes on a wide range of social issues, but he has also shown some inclination to modify his position, as demonstrated by his jump from the Social Christian Party (PSC) to the Social Liberal Party (PSL), both minor players in the Brazilian political landscape, in the very year of the election. There were whispers in the past year of military intervention under

President Michel Temer. At the very least, Bolsonaro and Mourão can be expected to work closely with the military. Satisfying the military will likely be a top priority.”

A **Joel Korn, president of WKI Brasil and senior international partner at UPITE Consulting in Rio de Janeiro:** “Security is definitely a top priority for President-elect Bolsonaro and, as such, he is expected to vigorously pursue and carry out his campaign promises to fight crime in compliance with Brazil’s Constitution and applicable legislation. To this end, Congress is likely to be called upon to vote on a constitutional amendment that will contemplate a broader set of circumstances than those passed by the Lower House in 2015, under which defendants may be tried as adults at the age of 16 instead of 18. Moreover, the incoming administration is expected to push for more flexible legislation in relation to ownership and portability of weapons, a highly controversial topic. The recent appointment of Judge Sérgio Moro as Minister of Justice reinforces President-elect Bolsonaro’s zero-tolerance toward corruption and commitment to dismantle organized crime, in close alignment with the Attorney General’s office. The role of the judiciary will be further strengthened, and the police force will be fully backed and equipped to carry out its mission to combat crime and urban violence, a long-awaited stance by the population and an important step to help improve the country’s image and business conditions. Military forces will not be mobilized except in extreme situations for a limited length of time that may require planning or logistic support. The task of dealing with organized crime and urban violence, along with the associated intelligence, will be incumbent upon the municipal, state and federal police.”

The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at gkuleta@thedialogue.org.

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