FEATURED Q&A

Do Protests in the Region Have a Common Thread?

Over the past month, massive and often unforeseen protests have exploded across Latin America and the Caribbean, with riots in Ecuador, Haiti, Chile and Bolivia making headlines for weeks. Are there common trends that can be identified among the different protests sweeping the region, or is each more specific to the country’s own circumstances? Are demonstrations likely to spill over or inspire unrest in other countries? What consequences do the protests have for policymaking in the near term, and what legacy will they have beyond this year, especially in terms of how governments respond to social demands in the future? Will more populism in the region be the result?

Q

A

Michael Reid, “Bello” columnist and senior editor for Latin America and Spain at The Economist: “There are some obvious differences: the protests in Bolivia are about alleged electoral fraud, and Haiti bears little resemblance to South America. But there are some common elements in Chile, Ecuador and other situations in the region (such as the massive protests that seemingly exploded out of nothing in Brazil in 2013). The main factor has been the sense of frustrated expectation among expanded middle classes. In some countries, that is because the economy has stagnated for years; in Chile there is a widespread perception that the system is rigged in favor of a small business and political elite. Second, corruption and poor public services have served to discredit the region’s politicians. Third, there is a copycat factor: social media amplifies protests elsewhere. That means...”

Continued on page 2

POLITICAL

Suspect Arrested in Massacre of Family Members in Mexico

Authorities have arrested a suspect in connection with the killing of nine people of a family, including six children, who were ambushed as they drove through Sonora state.

Page 2

BUSINESS

Vale Withheld Information in Dam Collapse: Regulator

Vale failed to disclose problems at the Brumadinho dam before it collapsed, killing 270 people, the country’s mining regulator said.

Page 3

Brazillian Gov’t Unveils Reforms to Tackle Deficit

President Jair Bolsonaro sent lawmakers a proposal to privatize electric utility Eletrobras and end the government’s monopoly on printing currency, among other measures.

Page 2

Bolsonaro // File Photo: Brazilian Government.
Suspect Arrested in Massacre of Family Members in Mexico

Authorities in northern Mexico have arrested a suspect in the massacre of nine family members—three women and six children—who were killed as they traveled down a road in Sonora state, USA Today reported today. Sonora's Agency for Criminal Investigation said in a posting on Facebook that the suspect was arrested in the town of Agua Prieta, near the Arizona border. The suspect, whose gender was not specified, was also holding captive two people who were gagged and tied up inside of a pickup truck. The suspect was also in possession of ammunition, four assault rifles and vehicles including a bulletproof SUV, the newspaper reported. One of the vehicles in the suspect's possession had been connected to a robbery in Phoenix. “These acts in which women and children lost their lives makes it clear that we need a collaboration and a union of forces,” the criminal investigation agency said in a statement. “Criminality should be analyzed and combated, not only in local protest, but also regional, national and transnational.”

The family was ambushed as they drove down the road in three vehicles. Among those killed were children ages 11, 9, 6 and 4 and twins who were less than a year old. Eight children also survived the attack, BBC News reported. Among them was a 13-year-old who hid six siblings in bushes before walking 14 miles to get help. The victims were members of the LeBarón family, a Mormon family whose members have dual U.S. and Mexican citizenship. The family settled in northern Mexico decades ago. Family members have clashed in the past with drug traffickers, and one family member, Benjamin LeBarón, was killed by drug traffickers in 2009 after he established neighborhood patrols against them, USA Today reported. The motive for the attack on Monday was unclear, though authorities have said the gunmen might have mistaken the family’s SUVs for those of rival gang members amid a brutal turf war in the area.

Brazilian Gov’t Unveils Reforms to Address Deficit

Brazilian President Jair Bolsonaro’s government on Tuesday unveiled a package of wide-ranging reforms in a bid to address the country’s ballooning fiscal deficit, Reuters reported. The government on Tuesday unveiled a package of wide-ranging reforms in a bid to address the country’s ballooning fiscal deficit, Reuters reported. The government on Tuesday unveiled a package of wide-ranging reforms in a bid to address the country’s ballooning fiscal deficit, Reuters reported.

Colombia to Speed Nearly $400 Million in Social Investments for Cauca

Colombia’s government said on Tuesday that it would speed up $391.6 million in social investment earmarked for the southwestern Cauca province, where indigenous communities and political candidates recently have been targets for violence by criminal groups and dissident rebels, Reuters reported. The spending includes subsidies for poor families, road construction, as well as for economic projects and improvements in health coverage, education and nutrition, according to the report.
Vale Withheld Information in Dam Collapse: Regulator

Brazilian mining giant Vale withheld information from government inspectors regarding problems at its dam that collapsed earlier this year, killing 270 people, Brazil’s mining regulator said Tuesday, The Wall Street Journal reported. Vale did not tell the National Mining Agency, or ANM, about warning signs at the Brumadinho dam in the months prior to the disaster, according to the report. Vale did not inform ANM of the incident. Brazilian police have announced charges against seven individuals from Vale and six employees at Germany’s TÜV SÜD, the miner’s safety inspector, for allegedly covering up structural damage in last year’s safety audits. [Editor’s note: See related Q&A in the Feb. 12 issue of the Advisor.]

Food Tech Start-up Muy Raises $15 Mn for Expansion into Mexico, Brazil

Food tech start-up Muy has raised $15 million to expand into Mexico and soon Brazil, TechCrunch reported Oct. 30. The company, which describes itself as a virtual kitchen with a smart chef system, currently operates in Colombia. Mexico-based investor ALLVP led the round. The service uses artificial intelligence to produce food based on demand forecasts, in a bid to reduce food waste. Users can place personalized orders in one of Muy’s physical restaurants or through a mobile application, according to the report. Muy founder José Guillermo Calderón says the company serves more than 200,000 dishes per month. The additional $15 million brings Muy’s total funding to $20.4 million.

 Argentine Central Bank Bans Acquisition of Bitcoin Using Credit Card as Payment

Argentina’s central bank announced Oct. 31 that citizens are prohibited from using credit cards to buy Bitcoin or other cryptocurrencies, Cointelegraph reported. The bank also recently imposed limits on U.S. dollar purchases following the presidential election on Oct. 27. “It is prohibited to purchase [Bitcoin] with this payment method,” according to the bank’s new measure in reference to credit card use. “The only remaining alternative for this investment is to do so with funds transferred from a bank account,” it added. It is unclear whether the new measure applies only for credit cards or if it also includes debit and prepaid cards. The central bank argues that such rules are necessary to preserve the country’s foreign exchange reserves, according to the report.

Brazilian Mobile Phone Insurance Tech Start-up Worth More than $100 Million

Brazilian mobile phone insurance provider Pitzi is now worth $100 million following the latest financing round, which U.S.-based QED investors led, TechCrunch reported Nov. 4. The size of the round was not disclosed, but it included commitments from returning investors such as Thrive Capital and Valiant Partners, according to the report. Pitzi acts as a reseller for insurance firms to offer products related to mobile phone insurance in Brazil. The company, which was founded in 2012, previously raised $20 million from investors including Thrive, Kaszek Ventures, Flybridge and DCM. “Today, only 4 percent of smartphones [in Brazil] are protected, but we’re driving that towards 90 percent in the coming years and using those phones to unlock even more transformation in the space,” Daniel Hatkoff, founder and CEO of Pitzi, said in a statement, TechCrunch reported.

TECHNOLOGY BRIEFS

Start-up Worth More than $100 Million

Food Tech Start-up Muy Raises $15 Mn for Expansion into Mexico, Brazil

Argentine Central Bank Bans Acquisition of Bitcoin Using Credit Card as Payment

Brazilian Mobile Phone Insurance Tech Start-up Worth More than $100 Million

in more than 50 years, mud had begun gushing from the structure’s base. Authorities now consider the incident to have been one of the principal signs of something seriously wrong with the dam, according to the report. Vale did not inform ANM of the incident. Brazilian police
Honduras and Haiti, the causes of recent protests were brooding socioeconomic anguish, made worse by extreme inequality and mainly triggered by abrupt price rises. Anti-government fury in turn draws on a deep well of public mistrust toward political leaders, state institutions and business elites. Authoritarian governments, such as in Venezuela, Nicaragua and arguably Bolivia, stoke democrats’ indignation about repression—democratic governments employ less violence, concede to protesters’ demands more easily, but in critics’ eyes are overrun by unaccountable interest groups and prone to bogus promises. The spread of these protests will depend upon the winds of economic adversity and the intangibles of the public mood. Hard-fought elections in Argentina, now suffering one of the region’s larger contractions, appear to cushion public ire there for now. In contrast, Venezuela’s unresolved turmoil multiplies tensions: its secret agents sowing destabilization may be colorful fantasies, but its crisis shapes and inflames the ways in which political enemies are defined and treated across the region. A negotiated settlement to Venezuela’s crisis would do much to dampen Latin America’s febrile and polarized politics. But only fairer societies offering greater mobility and better public services would address the roots of many of the protests; they are still a way off.”

Pablo Pryluka, doctoral candidate in the Department of History at Princeton University: “It is hard to find a common explanation for the social unrest that has been shaking Latin America. Each case looks different. In Ecuador, Lenín Moreno took office coming from a left-center tradition but ended up applying austerity measures. In Bolivia, after more than a decade of growth and poverty reduction, the upheaval comes from the province of Santa Cruz, traditionally against Morales. The demonstrations there were smaller and did not recognize the result of the election. In Chile, persistent economic growth has not been able to solve inequality, and those who have not enjoyed the benefits of the ‘Chilean miracle’ are claiming their share of the cake. Haiti, especially after the 2010 earthquake and the military occupation of MINUSTAH, had been suffering from a political crisis that does not seem to have a solution in the foreseeable future. Despite their differences, South American countries seem to share something: increasing frustration with their economic performance and impatience with their political elites.”

— Pablo Pryluka

South American countries seem to share something: increasing frustration with their economic performance and impatience with their political elites.”

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