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FEATURED Q&A

Do Protests in the Region Have a Common Thread?



In recent weeks, citizens have taken to the streets in several countries in Latin America and the Caribbean. A protest last month in Ecuador is pictured above. // Photo: Voice of America.

Q 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?

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

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TODAY'S NEWS

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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.

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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.

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POLITICAL

Brazilian 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.

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Bolsonaro // File Photo: Brazilian Government.

POLITICAL NEWS

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, Benjamín 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.

ECONOMIC NEWS

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, Reu-

NEWS BRIEFS

Chile Protests Shrink in Size Following Clashes

A day after violent clashes between police and protesters in Santiago, demonstrations in the Chilean capital continued Tuesday, though they were smaller in size than previous protests, the Associated Press reported. A demonstration on Tuesday drew some 2,000 to 2,500 people, according to Felipe Guevara, the mayor of the Santiago metropolitan region. In an earlier protest, the same square contained some 1.2 million protesters.

Venezuela's Economy Becoming Increasingly Dollarized: Study

Venezuela's economy has become increasingly dollarized, with more than half of retail transactions being carried out in U.S. currency, according to a new study by Caracas-based research firm Ecoanalítica, Bloomberg News reported Monday. Nearly 54 percent of all sales in the South American country in October were in dollars, according to the survey. In Maracaibo, Venezuela's second-largest city, some 86 percent of all transactions were in dollars. Due to intermittent blackouts in Maracaibo, credit card readers in the city are left useless for days on end, the study said.

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.

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it is possible that such protests will break out elsewhere. They certainly make life harder for policymakers. Who will dare raise transport or utility tariffs? One lesson from Ecuador is that governments should prepare the ground for tariff hikes by, for example, increasing payments in conditional cash-transfer schemes for the poor. In Chile, there is a risk of populism, either of the left or right. To prevent that, it is urgent to rebuild channels of communication between politicians and a more demanding population. Given the weakness and fragmentation of political parties, that is easier said than done."



Ivan Briscoe, program director for Latin America and the Caribbean at International Crisis Group: "Latin America's wave

of public unrest has swept across countries regardless of whether they are poor or relatively rich, governed by left or right, democratic or authoritarian. Though the differences between each protest are clear, so are the common denominators. Anemic regional economies mean the middle classes, estimated to have grown 50 million in the boom years until 2012, struggle to hold on to precarious livelihoods; in Chile, Ecuador,

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ters reported. Bolsonaro sent Congress an ambitious privatization proposal that includes the sale of Brazil's largest utility, known as Eletrobras. Another measure seeks to end the government's mint monopoly, allowing private firms to print Brazil's currency. Additionally, the overhaul includes constitutional amendments that would decentralize budget resources, ease nondiscretionary spending rules and free up funds to pay down public debt, Reuters reported. A likely unpopular measure proposes cutting public-sector employee salaries, hours and benefits, as well as end job stability for new hires, a move Economy Minister Paulo Guedes said was a priority in order to reduce spending. "We are sure that soon, perhaps early next year, mid-next year at the latest, this proposal will become a reality," Bolsonaro said, Folha de S.Paulo reported. However, legislators have said that none of the Bolsonaro government's major reforms will be approved this year, and there will be a tight window next year to pass legislation, as campaigning for October local elections is set to begin early on, Reuters reported. [Editor's note: See related [Q&A](#) in Tuesday's issue of the Advisor.]

BUSINESS NEWS

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, failing to correctly alert industry authorities, ANM said in a report. "If the regulator had been correctly informed, it could have taken precautionary measures and demanded emergency actions by the company, which could have prevented the disaster," ANM said. Seven months before the mine-waste dam collapsed, in what was the world's deadliest dam rupture

TECHNOLOGY BRIEFS

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

Food tech start-up Mui 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 Mui's physical restaurants or through a mobile application, according to the report. Mui founder José Guillermo Calderón says the company serves more than 200,000 dishes per month. The additional \$15 million brings Mui'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 measures 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 smart phones [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.

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

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.]

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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 through 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."

A **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

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

— Pablo Pryluka

foreseeable future. Despite their differences, South American countries seem to share something: increasing frustration with their economic performance and impatience with their political elites. Although it doesn't seem likely that the protests will spill over to other countries any time soon, it depends on how effectively these social demands can be contained institutionally. Policymakers face a challenge, dealing with demands from three social groups: those excluded from welfarism and suffering material deprivation; those who improved their living conditions in the last 15 years but are looking for more; and those who feel that their institutional regimes are not legitimate. If the international economic context does not help, the region might experience more social unrest in the upcoming year."

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

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