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FEATURED Q&A

What's at Stake for Latin America in the U.S. Midterms?



U.S. voters go to the polls next week to select candidates for Congress, governor's offices and other state and local elections. The U.S. Capitol is pictured. // File Photo: U.S. Senate.

Q Voters in the United States head to the polls next Tuesday for the country's midterm elections. The entire House of Representatives is up for election as is more than a third of the Senate, 39 state and territorial governor's offices and numerous other local offices. What is at stake in the midterm elections for Latin America and the Caribbean, and for U.S. relations with the region? How much of an influence will Latino voters in the United States have on the balloting, and which side of the political spectrum is winning their support? What are the most important races to watch from a Latin American perspective?

A Jim Kolbe, senior transatlantic fellow at the German Marshall Fund of the United States and former Republican member of the U.S. House of Representatives from Arizona:

"It seems as though every election in the United States is deemed 'the most consequential' or even 'existential.' But the 2022 midterm election does carry an added sense of urgency imposed by the assault on democracy reflected in the attack on the Capitol on Jan. 6, 2021, and the continued false denial of the election results in 2020. More than 175 Republican candidates for statewide offices continue to repeat the falsehood that Biden was not legitimately elected president. However, most Americans don't see the election as a referendum on democracy; only about 5 percent of voters think that is the most important issue in this election. Inflation and the uncertain economic future will be the determinant of their votes. It is almost certain that the House majority will

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TODAY'S NEWS

POLITICAL

Bolsonaro Meets With Lula Envoy to Begin Brazil Transition

Brazilian President Jair Bolsonaro met Thursday with an envoy of President-elect Luiz Inácio Lula da Silva in order to discuss the country's transition in power.

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ECONOMIC

Chile's Boric Unveils Pension System Overhaul

Chilean President Gabriel Boric on Thursday unveiled his plan to broadly reform the country's pension system. The plan would do away with the existing private pension managers, known as AFPs.

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ECONOMIC

Colombia's Congress Passes Petro's Tax Plan

Colombia's Congress on Thursday approved President Gustavo Petro's tax reform plan, which aims to raise 20 trillion pesos (\$4 billion) annually over the next four years.

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Petro // File Photo: Colombian Government.

POLITICAL NEWS

Bolsonaro Meets With Lula Envoy to Discuss Transition

Brazilian President Jair Bolsonaro on Thursday met with a representative of President-elect Luiz Inácio Lula da Silva's incoming government to discuss the country's presidential transition, the Associated Press reported. Bolsonaro and the envoy, Vice President-elect Geraldo Alckmin, met at the presidential palace in Brasília. Alckmin afterward described the meeting to reporters as "positive," but declined to say whether Bolsonaro had congratulated him on Lula's victory in last Sunday's election. During the meeting at the presidential palace in Brasília, Bolsonaro spoke about "the federal government's readiness to provide every information, help, so we have a transition that is guided by the public interest," said Alckmin, the AP reported. Earlier in the day, Alckmin's team met with Senator Marcelo Castro, who oversees the government's 2023 budget proposal,

the wire service reported. Alckmin is urging legislators to approve emergency measures that Lula's incoming administration considers vital. They include monthly 600 real (\$118) welfare payments, the AP reported. If lawmakers do not take action, the payments would be lowered to 400 reais monthly beginning in January. Also on Thursday, roadblocks that truck drivers had set up in protest of Lula's win dwindled to just a couple dozen, Reuters reported. Truckers supportive of Bolsonaro had set up more than 100 roadblocks throughout the country, but they began clearing after Bolsonaro called for the roads to be cleared.

ECONOMIC NEWS

Colombian Congress Approves Petro's Tax Reform Plan

Colombia's Congress on Thursday passed President Gustavo Petro's tax reform bill, which will raise annual revenue by about 20 trillion

NEWS BRIEFS

Haitian Police Retake Control of Fuel Terminal Blocked by Gangs

Haiti's National Police have retaken control of key fuel terminal that gangs have blocked since September, the government said Thursday, Reuters reported. A group of gangs, known collectively as the G9, had been blocking the entrance to the Varreux fuel terminal since September, leading to shortages of gasoline and diesel, which led the United Nations to debate sending in armed forces to retake control. Sources told Reuters that the police operation to reopen access to the terminal resulted in heavy shooting, though the government mentioned no casualties in its announcement that authorities had retaken control.

U.N. General Assembly Condemns U.S. Embargo on Cuba in Annual Vote

For the 30th year, the United Nations General Assembly voted overwhelmingly on Thursday to condemn the United States' six-decade embargo on Cuba, the Associated Press reported. Of the 193 members of the General Assembly, 185 countries voted in favor of the condemnation. The United States and Israel voted against it, while Brazil and Ukraine abstained.

Top U.S., Mexican Officials Discuss Energy, Corn Exports

U.S. Trade Representative Katherine Tai met virtually on Thursday with Mexican Economy Minister Raquel Buerro to discuss Mexico's energy policies and United States corn exports, the United States Trade Representative's Office said in a statement, Reuters reported. Mexican President Andrés Manuel López Obrador aims to discontinue genetically modified corn and the herbicide glyphosate by 2024, of which it currently imports some 17 million tons from the United States.

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go to the Republicans, while the Senate is likely to be split evenly or with a single vote majority for either party. That means legislative gridlock for the next two years while a Democrat occupies the White House. Biden's legislative agenda will be stymied while Republicans will try to increase sanctions against the regimes of Venezuela, Nicaragua and Cuba—while simultaneously stemming immigration from them. Once again, our Latin American foreign policy will take a back seat to the war in Ukraine and the growing competition (or threat) of China's growing power. While there has been a small, but important, trend in the Latino vote toward Republicans, it has never been a monolithic bloc in American politics, split as it is along national and economic lines. It will have a significant impact on individual races, but this could mean in either party's direction."

A

Arturo Sarukhan, board member of the Inter-American Dialogue and former Mexican ambassador to the United States:

"The Latino vote will be decisive in determining which party controls the Senate after the midterms. In Georgia, Nevada, Arizona and Pennsylvania, how Latinos vote—and whether they turn out to vote—could well make the difference in those key races. In one of the most hotly contested Senate seats (in Nevada), and in another Democratic-leaning but undecided seat (in Arizona), Latinos make up 20 percent of voters. They also make up more than 20 percent in at least a dozen competitive House districts in California, Colorado, Florida and Texas. Latino eligible voters jumped from 14.3 million in 2000 to 34.5 million this year. However, geographic dispersal and economic segmentation

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pesos (\$4 billion) each year over the next four years, Reuters reported. The lower house approved the measure on Thursday, following the Senate's passage of it on Wednesday. The increased taxes will be collected primarily through increased duties on oil and coal, Bloomberg News reported. Oil companies will be taxed an additional 5 percent when international prices reach between \$67.30 and \$75 per barrel, rising to 10 percent when prices reach between \$75 and \$82.20 per barrel, and 15 percent beyond that. The new tax code will fund ambitious social programs and boost the country's finances, though its scope is less ambitious than the original proposal, which sought to generate an additional 25 trillion pesos annually, Reuters reported. The bill also targets high-earners, with an income of more than 10 million pesos, some \$2000 per month, as well as single-use plastics and ultra-processed foods. "This is the most progressive reform in history, there are obviously some sectors which will pay more taxes, but all have high earnings," Finance Minister José Antonio Ocampo told reporters on Thursday. Businesses have criticized the bill arguing that it will discourage investment and precipitate a greater decline in the national currency, which today is valued at a historical low of 5068 pesos per dollar.

Chilean President Unveils Pension System Overhaul

Chilean President Gabriel Boric on Wednesday unveiled a plan to overhaul the country's pension system, one of the key demands of massive social protests that started three years ago and helped usher him to power, Bloomberg News reported. The reform that Boric announced would do away with the existing private pension managers, known as AFPs, and would require employers to pay an additional 6 percent of their workers' wages to a government-run social security system, the news service reported. The reform is designed in part to improve current and future retirement payments for poor recipients, the news service reported. The additional contributions from employers would be in addition to the 10

percent of their wages that workers already put into individual accounts. "The current pension system is in crisis," Boric said in a televised speech announcing the reform, Bloomberg news reported. "Today's pensions are not enough for our fathers, mothers, grandfathers and grandmothers to have a decent life in their old age, regardless of how much they worked," he added. The proposed changes, which Chile's Congress would have to approve for it to take effect, follows years of complaints that the current private pension system, which dates from the Augusto Pinochet dictatorship, has failed to deliver decent payments in retirement. The AFPs have amassed some \$150 billion in savings, but that money largely favors the wealthy, leaving the poor with little, Bloomberg

News reported. "The AFPs in this reform are finished," said Boric. The president added that 72 percent of pensions that the current system pays out are below the minimum wage and that a quarter of Chileans receive a pension that is beneath the poverty line. The new 6 percent levy would be assessed gradually, said Boric, who did not give further details on the timeline. "The privatized pension system has been criticized for its low pensions and high administrative costs, and has been subject to partial reforms," Peter Winn, professor emeritus of history at Tufts University, told the Dialogue's biweekly Financial Services Advisor in a [Q&A](#) published June 1. "These partial reforms ameliorated some of the system's worst features but did not change its character," Winn added.

Subscriber Notice

ONLINE EVENT: Brazil Elections – What's Next?

SPEAKERS

Monica de Bolle

Senior Fellow, Peterson
Institute for International
Economics

Michael Reid

"Bello" columnist & senior
editor for Latin America and
Spain, The Economist

Patrícia Campos Mello

Editor-at-large and Correspon-
dent, Folha de S.Paulo

Monday, November 7
10 a.m. - 11 a.m. EST

Inter-American Dialogue

To RSVP, click [here](#).

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accompanied that growth. While recent polling shows a majority of Latinos will back Democratic candidates in the midterms, continuing a decades-long trend, that support is shifting. Republican strategists have successfully appealed to them with a three-pronged approach—the economy, crime and progressive policies—which began during the 2020 election. And while Democratic outreach has become more granular and sophisticated on a case-by-case basis, the larger dynamics of how to engage Latino voters, who are not a homogenous voting bloc, seem to continue to mystify most Democratic strategists. No racial or ethnic group votes in lockstep, and the Latino vote is expected to demographically diversify even more in the coming years. With the likely exceptions of Florida, where U.S. foreign policy issues toward Cuba and Venezuela play a determinant role in turnout and voting trends, and Texas and Arizona, where immigration policy and border security are relevant for Latino voters, what happens in the hemisphere will have little bearing in the polls. Nevertheless, a GOP majority in the House—and potentially in the Senate—will affect policy toward the region, particularly on border security-related issues, and lead to more strident positions toward Cuba, Venezuela and Nicaragua, as well as a more granular look at Mexico and Colombia.”

A **Jon E. Huenemann, member of the Advisor board, council member of GLG Inc. and former assistant U.S. trade representative:** “The overall trajectory of U.S. relations with Latin America and the Caribbean is unlikely to be dramatically altered by the elections, no matter the outcome. The current U.S. administration—because of the constitutional primacy of the president when it comes to the conduct of foreign policy—will also likely not alter its foreign policy efforts toward the region. That said,

the narrower set of border security and immigration matters are a U.S. election and ongoing domestic political issue, so the governors who are elected in border states will have an impact, and how Congress funds and manages border and immigration policy may also be altered. Moreover, and not

“**The overall trajectory of U.S. relations with Latin America and the Caribbean is unlikely to be dramatically altered by the elections...**”

— Jon E. Huenemann

surprisingly, many Latino voters appear to have nuanced views on border and immigration issues, noting that humane treatment of migrants—especially those fleeing persecution and abuse—is sensible. Meanwhile, more coherent and calibrated borders when it comes to economic, law enforcement and security needs is also reasonable. These considerations, in a context where ‘kitchen table’ economic concerns are trending paramount, are seemingly bringing more Latinos to support Republicans. From both an overall regional policy perspective and a border perspective, the most important races for Latin America to watch are those that determine the chairs and ranking members of the relevant committees (including the Western Hemisphere subcommittees) in Congress, as well as the governor’s races in Florida and the border states. It is from these that initiatives are more likely to start beyond what the administration may do differently.”

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

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