FEATUED Q&A
What Do Sunday’s Voting Results Mean for Venezuela?

Candidates aligned with Venezuelan President Nicolás Maduro declared victory on Oct. 15, after the country’s National Electoral Council announced that pro-government candidates won at least 17 of the 23 governor’s offices up for grabs in regional elections. On Wednesday, election officials also proclaimed a win for an 18th ruling-party candidate, Justo Noguera, in Bolívar State. What were the most significant races, and what do the results mean for the balance of power in Venezuela? What do the election results portend for Maduro’s government? How free and fair was the election, and how likely was it that the results were fraudulent, as the opposition alleges? What are the chances that Venezuela’s failing economy, which the IMF forecasts will suffer an inflation rate next year of more than 2,000 percent, will become a tipping point for regime change?

David Smilde, Charles A. and Leo M. Favrot Professor of Human Relations at Tulane University and senior fellow at the Washington Office on Latin America: “Sunday’s gubernatorial elections clearly strengthened the Maduro government and weakened the opposition. The opposition argued to its followers that it would be better to force the government to pay the political costs of committing irregularities and fraud than simply letting them occupy 23 governorships. However, they were apparently not convincing enough to get people to turn out and sweep the elections as opinion polls suggested they would. Worse yet, it appears they had no plan for the possibility of losing the election. So far, they have mustered only abstract and ambiguous denunciations of what happened. They need to put forward...
Committee Rejects Charges Against Brazil’s Temer

A committee of the lower house of Brazil’s Congress on Wednesday rejected corruption charges leveled against President Michel Temer related to JBS, the world’s largest meatpacking company, Reuters reported. The committee rejected the charges on a 39-26 vote. The full lower house still must weigh in on the charges, but is also expected to reject them in a vote next week. Temer was accused of accepting bribes and acceding to the payment of hush money to jailed former Chamber of Deputies Speaker Eduardo Cunha. Temer has denied wrongdoing, and his attorneys have argued that the charges against him were based on an inconclusive recording that was secretly made by former JBS Chairman Joesley Batista. In August, lower house members rejected earlier graft charges against Temer, in which prosecutors accused the president of arranging to receive $11.8 million in bribes from JBS. In their debate Wednesday, members of the leftist Workers’ Party argued that Temer should stand trial, saying the charges against him were more serious than those leveled against former President Dilma Rousseff of the Workers’ Party, who was impeached last year on accusations of violating budgetary rules. However, Temer’s allies in the lower chamber argued Temer should be allowed to serve out the rest of his term for the sake of the country’s political and economic stability. Temer’s supporters say he has dug Brazil out of its most severe recession ever, curbed inflation and has restored Brazil’s purchasing power. [Editor’s note: See Q&A on corruption in Brazilian politics in the Oct. 13 issue of the Advisor.]

Venezuelan Opposition Boycotts Swearing-In

The five opposition candidates who won governor’s races in Sunday’s regional elections in Venezuela boycotted the swearing-in ceremony for new governors before the country’s powerful new constituent assembly, the Associated Press reported. The 18 socialist candidates who were proclaimed the winners of their gubernatorial races stood, lifted one hand and vowed to uphold the country’s Constitution in the assembly’s chamber in Caracas. The opposition’s alliance, however, said that it would boycott the ceremony before the body, which it considers to be unconstitutional. “They will only pledge before God and their respective legislative councils,” the opposition said in a statement. President Nicolás Maduro has said that any new governors would have to “submit” to the new assembly. Maduro’s government in July held a vote, which drew international condemnation, to create the assembly. After its formation, the assembly declared itself superior to all other government institutions, including the opposition-controlled National Assembly and the courts.

Colombia’s Congress Approves $80 Billion Budget for Next Year

Colombia’s Congress on Wednesday approved an $80 billion budget for next year in a bid to retain the country’s ‘BBB’ credit rating, Finance Minister Mauricio Cárdenas said, adding that the country would not issue more international bonds. The budget for next year is a 1 percent increase from this year’s spending, which

Prosecutors Charge Former Head of Brazil’s Olympic Committee

The former head of Brazil’s Olympics committee, Carlos Nuzman, on Wednesday was charged with racketeering, money laundering and breaking currency laws, the Financial Times reported. He was arrested earlier this month in Rio de Janeiro. Former Rio de Janeiro State Governor Sérgio Cabral is currently imprisoned in connection with the case, and Leonardo Gryner, the former director of the country’s Olympic committee, and Brazilian businessman Arthur Soares, have also been charged. They have been accused of coordinating bribes in connection with the awarding of the 2016 Olympic Games location to Brazil.

Guatemalan Court Orders Ministry to Withdraw Warning to CICIG Chief

Guatemala’s Constitutional Court on Wednesday ordered the country’s foreign ministry to withdraw a warning to Iván Velásquez, the head of U.N.-backed anti-corruption agency CICIG, that he “refrain from interfering” in the country’s internal affairs, the Associated Press reported. The ministry issued the warning in renewing Velásquez’s visa for one year. President Jimmy Morales earlier this year unsuccessfully tried to expel Velásquez after he supported an investigation into alleged funding irregularities in Morales’ presidential campaign.

Southwest Airlines Gives Up Two Mexico City Slots

Southwest Airlines has abandoned two sought-after slots at Mexico City’s airport as the airline looks to grow its presence elsewhere, including to other vacation-friendly locations in Mexico, The Dallas Morning News reported Wednesday. Southwest won the rights to operate four additional flights in and out of Mexico earlier this year.
the government considers to be an austerity budget. Over the last two years, Colombia has been dealing with a weak economy, caused in part by low oil prices, coupled with inflation that at one point last year was more than double the central bank’s target range of between 2 percent and 4 percent. Next year’s budget aims to reduce spending amid slowing growth, which the government says will reach 2 percent this year. The education sector will benefit the most from the government’s 235.5 trillion peso budget, with 37 trillion pesos allocated to the sector, followed by 31 trillion pesos for the defense sector. The government will also budget 2.4 trillion pesos for post-conflict projects as the government works to implement the peace deal with the Revolutionary Armed Forces of Colombia, or FARC, rebel group signed last year.

PDVSA’s Buyers Complain of Low-Quality Crude

Venezuelan state oil firm PDVSA has been delivering poor-quality crude to oil refiners in the United States, India and China, leading to repeated complaints, canceled orders and requests for discounts, Reuters reported Wednesday, citing internal PDVSA trade documents and interviews with a dozen oil executives, workers, traders and inspectors. The incidents include oil cargoes that have been soiled with high levels of water, salt or metals that can make it difficult for the refineries to process the crude. The drop in quality is due to a shortage of chemicals and equipment necessary to properly treat and store the oil, which has led to shutdowns or slowdowns at PDVSA facilities, as well as rushed transportation in order to avoid late deliveries, sources told the wire service. U.S. refiner Phillips 66 has canceled at least six crude cargoes due to poor oil quality and has asked for discounts on cargoes that have already been delivered. The canceled shipments had a market value of nearly $200 million. A former PDVSA employee said state-run China National Petroleum Corp complained earlier this year of excessive water levels in oil cargoes, and India’s Reliance Industries, which operates the world’s largest refinery, has repeatedly complained about oil quality, a PDVSA employee told Reuters. Venezuela’s oil ministry and PDVSA did not respond to requests for comment.
Now that the Chavistas have the upper hand, the leadership has the political capital to do some housecleaning by building on the anti-corruption campaign undertaken by Attorney General Tarek William Saab, who recently ordered the jailing of a number of important government officials.

Julia Buxton, professor of comparative politics at the School of Public Policy of Central European University in Budapest:

“These elections were a debacle for the MUD alliance, which cannot continue with a dual strategy of participation within the system and protest on the outside of it—specifically protesting when defeated but not in victory (2015). In fact, it is doubtful if the MUD can continue at all. Its decision to contest the regional elections required full deployment of the energies of all MUD members and a coherent strategy, message and policy platform—in particular, one attuned to local concerns. Voters, exhausted by paralysis, shortage and insecurity, needed a positive reason to go out and vote for an alliance that has given far too much of its attention to lobbying the international community. In terms of context, the election was not fair and free; the conditions were undermined by the politicized distribution of scarce public goods. But in terms of process, it is unlikely that a mass fraud was committed. If it was, it cannot be hidden. The unpalatable truth is that the MUD failed to galvanize the mass participation necessary for Sunday’s results to translate into the opposition landslide opinion polls had predicted. MUD votes in traditional strongholds appeared to be sharply down, leading to defeats in strategic states such as Miranda. On the upside, there were gains in Mérida and Táchira—to the advantage of the Democratic Action party. As for regime change tipping points, this will not be induced by economic factors until the majority of voters are convinced that an alternative to the PSUV government can manage the economy better. Sadly, no political party alternatives currently present themselves.”

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