

## BOARD OF ADVISORS

### Diego Arria

Director, Columbus Group

### Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs  
Cargill

### Joyce Chang

Global Head of Research,  
JPMorgan Chase & Co.

### Dirk Donath

Senior Partner,  
Catterton Aimara

### Marlene Fernández

Corporate Vice President for  
Government Relations,  
Arcos Dorados

### Peter Hakim

President Emeritus,  
Inter-American Dialogue

### Donna Hrinak

President, Boeing Latin America

### Jon Huenemann

Vice President, U.S. & Int'l Affairs,  
Philip Morris International

### James R. Jones

Chairman,  
Monarch Global Strategies

### Craig A. Kelly

Director, Americas International  
Gov't Relations, Exxon Mobil

### John Maisto

Director, U.S. Education  
Finance Group

### Nicolás Mariscal

Chairman,  
Grupo Marhnos

### Thomas F. McLarty III

Chairman,  
McLarty Associates

### Carl Meacham

Associate VP for Latin America  
Int'l Advocacy Division, PhRMA

### Carlos Paz-Soldan

Partner,  
DTB Associates, LLP

### Beatrice Rangel

Director,  
AMLA Consulting LLC

### Ernesto Revilla

Head of Latin American  
Economics, Citi

### Gustavo Roosen

Chairman of the Board,  
Envases Venezolanos

### Andrés Rozental

President, Rozental &  
Asociados and Senior  
Policy Advisor, Chatham House

### Shelly Shetty

Head of Sovereigns Ratings,  
Latin America, Fitch

### Roberto Sifon-Arevalo

Managing Director, Americas  
Sovereign & Public Finance Ratings,  
Standard & Poor's

## FEATURED Q&A

# Is Brazil's Bolsonaro Unstoppable Ahead of the Runoff?



Congressman and former army captain Jair Bolsonaro, pictured campaigning in June, was the top vote-getter and narrowly missed being elected Brazil's president outright in the first round of the country's presidential election on Sunday. // File Photo: Bolsonaro Campaign.

**Q Far-right candidate Jair Bolsonaro trounced his opponents in the first round of Brazil's presidential election on Sunday, garnering 46 percent of the vote, just four percentage points short of winning the election outright. His closest rival, Fernando Haddad of the leftist Workers' Party, trailed with 29 percent of the vote. A runoff between the two candidates is scheduled for Oct. 28. To what can Bolsonaro attribute his support? How much of a chance does Haddad have of coming from behind and winning the runoff, and what must he do over the next three weeks to achieve that? What is the significance of the strong showing of Bolsonaro's Social Liberal Party in Sunday's congressional elections, and what is the importance of the results of other key state and legislative races?**

**A Rubens Barbosa, former ambassador of Brazil to the United States:** "Sunday's election was the most unpredictable and polarized in Brazil's political history. A populist, Bolsonaro can attribute his support to Brazilians' deep disillusionment over corruption, violence and government inefficiency. Moderate and centrist positions have been replaced by rightist and conservative attitudes. A strong anti-Workers' Party sentiment, an assassination attempt against Bolsonaro a month before the election and the new role of social media also played an important role in Sunday's result. Given the generalized anti-leftist feeling across the country with the exception of the northeast, Haddad has no chance to come from behind and win the runoff no matter what he does. The election has shown that the political parties mean nothing to voters. The political system is in shambles. Twenty-one parties

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Jailed Venezuelan Opposition Council Member Dies After Fall

Fernando Albán died after falling from the 10th floor of the Sebin intelligence headquarters, where he was being held. The government called the death a suicide, but opposition members say he was murdered.

Page 2

### ECONOMIC

## IMF Lowers Forecast for Latin America's Growth

The International Monetary Fund lowered its forecast for the region's growth this year and next year. A deeper-than-expected recession in Argentina is among the headwinds.

Page 3

### BUSINESS

## Bird Launches Scooter-Sharing Service in Mexico

Scooter-sharing company Bird, led by CEO Travis VanderZanden, announced that it is launching its service in Mexico.

Page 2



VanderZanden // File Photo: @travisv via Twitter.

## POLITICAL NEWS

## Bolsonaro Refuses to Soften Rhetoric Ahead of Runoff

Far-right Brazilian presidential candidate Jair Bolsonaro on Monday said he would not tone down his controversial rhetoric ahead of the second round of the country's presidential election in three weeks. "I can't turn into a little 'peace and love' Jair, which would be betraying who I am," Bolsonaro said in a radio interview a day after emerging as the top vote-getter in the first round of the country's presidential elec-



**I can't turn into a little 'peace and love' Jair."**

— Jair Bolsonaro

tion, Reuters reported. "I have to keep being the same person." Bolsonaro, who has a history of making misogynistic, racist and homophobic comments, won 46 percent of the vote in Sunday's first round, just four percentage points short of winning the election outright. Former São Paulo Mayor Fernando Haddad of the leftist Workers' Party came in a distant second, with 29 percent. Since no candidate won more than 50 percent of the votes, Bolsonaro and Haddad will face each other in a runoff on Oct. 28. In the radio interview, Bolsonaro said Brazilians' top concern was the high rate of crime, BBC News reported. He said a top priority of women is to ensure their children are safe when they go outside. In the days leading up to the election, women's groups held mass street protests against Bolsonaro, using the slogan #EleNão, or "NotHim." Among his controversial statements, Bolsonaro once told a female legislator that she was not attractive enough for him to rape. Bolsonaro, who has been a member of Brazil's Chamber of Deputies since 1991, said Monday that he had already started talks with other legislators to build a

governing coalition because his small Social Liberal Party would not be able to govern alone. In legislative elections on Sunday, the party went from nearly no representation in the lower chamber of Congress to capturing about 10 percent of its seats, the Financial Times reported. The party, with 51 of the lower chamber's 513 seats, would be second in size only to the Workers' Party, which was projected to take 57 seats, according to XP Investimentos. In response to Bolsonaro's strong showing on Sunday, Brazil's Bovespa stock index leapt about 5 percent. Among the gainers were state oil company Petrobras and state power companies, which advisors to Bolsonaro have said he would move to privatize if elected president, Reuters reported. In a tweet on Monday, Bolsonaro said that if elected, he would cut the number of government ministries, privatize state companies and fight fraud in social programs.

## Jailed Venezuelan Opposition Member Dies in Fall

A jailed opposition councilman in Venezuela has died of suicide, the government said Monday, while opposition leaders claim he was murdered, the Associated Press reported. Fernando Albán was arrested Friday on suspicion of involvement in what the government has called a failed assassination attempt against President Nicolás Maduro earlier this year. Opposition leader Julio Borges, who has been accused by the Venezuelan government of orchestrating the August explosion of two drones allegedly with the aim to kill Maduro, said Albán's wife told him that her husband had been under immense pressure to testify against Borges. "There's no doubt this was an assassination," Borges said in a video he posted on Twitter from Colombia, where he is currently in exile. Borges has denied involvement in the August drone incident. "The only thing left for this government is torture, violence and destruction." Venezuela's chief prosecutor, Tarek William Saab, ordered an investigation into Albán's death, saying Albán had jumped

## NEWS BRIEFS

## At Least 15 Killed, More Than 300 Injured in Haiti Earthquake

A 5.9 earthquake rattled Haiti on Saturday, killing at least 15 people and injuring roughly 333, authorities said Monday, the Associated Press reported. Thousands of people slept outdoors along the country's north coast, fearing damage from aftershocks. A 5.2 magnitude aftershock on Sunday followed Saturday's stronger earthquake, causing panic, the AP reported. The government did not give an estimate of the damages.

## Bird Launches Scooter Service in Mexico

U.S.-based Bird, which provides untethered scooters, announced Friday that it is launching its service in Mexico, Reuters reported. The launch marks the California-headquartered company's entrance into Latin America, where investors and start-up transportation companies see big possibilities for growth, the wire service reported. The company is currently operating out of a shared office in Mexico City and has been recruiting employees there for weeks. The company has hired some local staff members, including workers to keep its scooters charged. An interim general manager based in Austin, Tex., is overseeing operations in Mexico while the company searches for a more permanent Mexico country manager.

## Subway to Open 50 New Stores in Mexico Next Year

Sandwich chain Subway will open up to 50 new locations in Mexico next year, bringing the number of restaurants in the country to more than 1,000, the company's Mexico director said, state-run news agency Notimex reported Monday. Héctor Huerta said Subway has seen up to 7 percent in annual growth over the past three years, adding the company could expand to 1,800 restaurants in the coming years.

from the Venezuelan intelligence service building's 10th floor. Dozens of supporters gathered outside the intelligence service headquarters on Monday, yelling "Maduro, killer!" U.S. Senator Bob Corker (R-Tenn.), who is in Caracas for meetings with U.S. and Venezuelan officials as well as opposition leaders, called Albán's death "disturbing" via Twitter.

## ECONOMIC NEWS

# IMF Lowers Forecast for Latin America's Economic Growth

The International Monetary Fund lowered its forecast for Latin America's economic growth this year and next in its world economic outlook report released today, as a worse-than-expected recession in Argentina and a weaker economy in Brazil tug on the region's GDP growth. The IMF projects the Latin American economy will grow 1.2 percent this year and 2.2 percent next year, both 0.4 percentage points lower than the Fund's previous estimates in July. The region's GDP grew 1.3 percent last year. Argentina's economy, hit by a drought that cut agricultural output earlier this year, a corruption scandal and "persistent uncertainty over the success of the stabilization plan" amid the country's currency crisis, will contract 2.6 percent this year and 1.6 percent next year, according to the report. That is a higher decline than the government's official forecast of 2.4 percent and 0.5 percent this year and next, respectively, Bloomberg News reported. In turn, a nationwide truckers' strike that brought the Brazilian economy to a halt in May is the main reason why the IMF negatively revised its forecast for Brazil's growth. The Fund also lowered its GDP projection for Mexico this year, down from 2.3 percent to 2.2 percent. However, Maurice Obstfeld, an economic counselor and director of the Fund's research department, noted in a press conference that the report upgrades its forecast for several other Latin American countries, including Chile, Colombia, Peru and Bolivia.

## FEATURED Q&A / Continued from page 1

are represented in the Senate. Brazil, like many other countries, is deeply divided. The so-called center-right or center-left in power over the last 30 years disappeared and has been replaced by radical extremists. Several evangelicals and rural representatives were elected to Congress and in key states. Leaders from the traditional parties were defeated. Bolsonaro's party is second only to the Workers' Party in the lower chamber. What remains to be seen is how governability will be secured after Jan. 1 to win approval for critical reforms in such a polarized and radicalized political situation. For the first time, Brazil will have to live with an organized radical and neoliberal right with dangerous rhetoric about minorities."

**A Peter Hakim, member of the Advisor board and president emeritus of the Inter-American Dialogue:** "Bolsonaro's landslide victory reflects Brazilians' loss of faith in their government, their leaders (left, right and center) and their institutions. Brazil's rampant political and corporate corruption, rising crime and violence across the country, a weak, uncertain economy, declining household incomes and social benefits, and deteriorating public services have fueled the mistrust and pessimism of ordinary Brazilians, and pushed many to turn to desperate measures. Though still possible, Haddad's chances of a runoff victory are extremely remote. It would require him to win almost 90 percent votes cast for candidates other than him and Bolsonaro, who appears to grow stronger every day. Moreover, the former army captain has a potent message: 'why bring back to power the party and politicians responsible for today's appalling conditions?' No matter how simplistic or wrongheaded his solutions might be, Bolsonaro has engaged the issues of greatest importance to voters. Haddad's strategy has been confined to identifying with Lula and claiming he would restore the idyllic past of Lula's government. It sounds like a fantasy

today. The legislative victories of Bolsonaro's tiny political party provide him with unexpected support in Congress, but his future government is likely to be extremely weak. He himself has few accomplishments to his name and no serious experience of managing political affairs or anything else. He admits his ignorance of economics and trade. In short, the threats to Brazil's democracy and society will come not from an overly intrusive, authoritarian-inclined government. The risk, instead, is a weak, erratic government that lacks the power and competence to pursue a serious political, economic and security agenda. The next four years will be a period of grave danger for Brazil."

**A Monica de Bolle, director of the Latin American Studies program at the Johns Hopkins University School of Advanced International Studies:** "There are a lot factors contributing to Bolsonaro's support, and we will likely be analyzing them for months to come. Notably, however, his unexpected showing as well as the surprising shifts in Congress point to an electorate that was utterly fed up with the so-called establishment. Unlike any other candidate, Bolsonaro was able to personify the anger and sheer indignation with a corrupt establishment and weak institutions that have become highly politicized. In this context, Haddad faces a very steep climb in the next three weeks. It will be extremely difficult for him to turn around the sentiment that has rallied behind Bolsonaro—many say that he needs to make a gesture to the center and recognize the failings of the Workers' Party (PT) over the last few years. I agree, but am not sure what kind of centrist message he can deliver in view of the strong anti-PT sentiment that has taken over Brazil. PSL's strong showing boosts Bolsonaro's political capital and potential ability to form a coalition, something that many analysts were deeply skeptical about."

Continued on page 4

## FEATURED Q&amp;A / Continued from page 3

**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:** "Jair Bolsonaro was projected to lead the first-round election results, but he exceeded the polling margin over the second-place candidate, former São Paulo Mayor Fernando Haddad, by a considerable percentage. Bolsonaro's popularity is largely based on public dissatisfaction with a number of problems for which he has devised simplified, often violent and sometimes unlawful solutions: widespread corruption, drug trafficking and crime, gang control of large urban areas, police ineffectiveness and a general public disgust with a dysfunctional government that does not seem to be willing or able to attend to the people's needs. Being stabbed certainly didn't hurt his image as Brazil's savior. He also struck a Trump-like, ultra-nationalist chord by emphasizing how these issues were embarrassing Brazil and how he planned to return Brazil to greatness. ("Let's make Brazil great! Let's be proud of our homeland once again!") Bolsonaro seems to be riding a global wave of populist, nativist movements based on general discontent; witness events in places like Poland, Hungary, Romania, the Philippines, Russia and the United States. Haddad, who visits former President Lula in prison every week, is counting on votes from the left that boosted Lula to the presidency. That tactic has a limit. Lula's Workers' Party (PT) lost its reputation for honesty and efficiency via the numerous scandals involving Lula himself, a number of his appointees and those of his impeached successor, Dilma Rousseff. Bolsonaro should win. The question is how will he govern? His party is small so he will have to build a coalition. It is clear he recognizes this. His first words after Sunday's election seemed to focus on moderating his image and diminishing the fire and brimstone of his campaign. We will have an indication of his governing style in the content of his

campaign during the run-up to the second round."

**A** **Mark Langevin, director of BrazilWorks and senior fellow at the Schar School of Policy and Government at George Mason University:** "The election reveals a rapid political realignment of the Brazilian electorate. A near majority of voters ditched the traditional parties in favor of Bolsonaro, his sons and his Social Liberal Party (PSL). The critical election featured a substantial bloc of voters who lean toward civilian authoritarianism, openly celebrate the military dictatorship and advocate for reducing restrictions on gun ownership. In the past two weeks, voters joined the bandwagon in hopes that Bolsonaro can downsize crime and corruption. The realignment is fully underway in the Chamber of Deputies where the PSL elected 52 candidates to become the second-largest party caucus after the Workers' Party (PT). The PSL was President Temer's most loyal ally in Congress, suggesting that a number of controversial legislative projects, including the full privatization of Eletrobras and a social security reform, could be approved by the end of the year. The overall incumbent re-election rate tumbled, but the realignment was much less pronounced in the Senate. Patronage parties, including the Democratas and the Progressive Party, are likely to pursue formal alliances with the PSL in the coming months. Haddad and the PT survived the Bolsonaro bandwagon, but there is little hope that Haddad can stop the bleeding in the second round. The biggest winners are the Bolsonaro family and their social media network. Both sons, Eduardo and Flávio, will exert national leadership in Congress. The family's success now depends less on Twitter and more on demonstrable reductions in crime and increased job creation."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org).*

**LATIN AMERICA ADVISOR**  
is published every business day by the  
Inter-American Dialogue, Copyright © 2018

**Erik Brand**  
Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**  
Editor  
[gene.kuleta@thedialogue.org](mailto:gene.kuleta@thedialogue.org)

**Anastasia Chacón González**  
Reporter  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)



**Michael Shifter**, President

**Genaro Arriagada**, Nonresident Senior Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Director, Special Projects

**Michael Camilleri**, Director, Peter D. Bell Rule of Law Program

**Kevin Casas-Zamora**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Alejandro Ganimian**, Nonresident Fellow

**Peter Hakim**, President Emeritus

**Claudio Loser**, Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Margaret Myers**, Director, Asia and Latin America Program

**Manuel Orozco**, Director, Migration, Remittances & Development

**Jeffrey Puryear**, Senior Fellow

**Tamar Solnik**, Director, Finance & Administration

**Lisa Viscidi**, Director, Energy Program

**Denisse Yanovich**, Director of Development and External Relations

**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

[www.thedialogue.org](http://www.thedialogue.org)

ISSN 2163-7962

Subscription inquiries are welcomed at [fretrial@thedialogue.org](mailto:fretrial@thedialogue.org)

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.