# LATIN AMERICA ADVISOR

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THEDIALOGUE


FEATURED Q&A

## Is the Vatican Gaining Influence in Latin America?

Upon arriving earlier this month in Ecuador, Pope Francis was greeted by President Rafael Correa. The pontiff's trip to South America also took him to Bolivia and Paraguay. // Photo: Ecuadorean Government.

**Q After concluding a three-nation tour of South America earlier this month, Pope Francis said he hoped Colombia's peace talks go forward, adding that he was willing to help the process. The Argentine-born pope also helped broker the recent thaw in relations between the United States and Cuba. Has the role of the Catholic Church in Latin American diplomatic affairs changed under Francis? With the number of people in Latin America identifying with the Catholic Church falling and as more identify with protestantism, does the Vatican have less influence than it used to? What might the pontiff accomplish during his upcoming trips to Cuba and the United States?**

**A Matthew Carnes, associate professor of government at Georgetown University:** "The recent visit of Pope Francis to Ecuador, Bolivia and Paraguay marked a new era of diplomatic engagement by the Catholic Church. Moving beyond the liturgical celebrations and pastoral visits to believers that dominated his World Youth Day journey to Brazil in 2014, the pope reached out to non-believers and secular political leaders in a strikingly solidaristic—and highly effective—way. His actions charted out a pathway for the Church to have an increasing influence in Latin America. His most important speeches were those given to publics beyond the Church. In Bolivia, he spoke to an audience representing a wide spectrum of social movements, including members of indigenous faiths, labor unions, women's organizations, farmers' cooperatives and landless peasants. In addressing them, Pope Francis chose to align himself with his listeners' profound concerns about economic inequality, social exclusion and environmental degradation.

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**TODAY'S NEWS**

ECONOMIC

### Uruguay to Invest $12 Billion in Infrastructure

The plan will help boost the country's economy, said President Tabaré Vázquez.

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POLITICAL

### Peru's Army Rescues 39 People Enslaved by Shining Path

The captives, some of whom had been abducted 30 years ago, had been forced to work on a rebel farm. The captives also included several children, many of whom were born in captivity. The rescue effort included about 120 soldiers.

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ECONOMIC

### S&P May Cut Brazil's Credit Rating to Junk Status

Lower levels of cohesion among lawmakers and support for President Dilma Rousseff's government could lead to a failure to approve needed fiscal reforms, S&P said.

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Rousseff // File Photo: Brazilian Government.

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ECONOMIC NEWS

# S&P May Cut Brazil's Credit Rating to Junk Status

Standard & Poor's on Tuesday revised its outlook on Brazil's credit rating to negative, saying downside risks to Latin America's largest economy have grown amid numerous economic problems and the massive corruption scandal involving state-run oil company Petrobras. "The number of investigations of corruption among certain politicians and companies is increasingly weighing on Brazil's fiscal and economic outlook, putting at risk effective policy implementation, particularly in Congress," the ratings agency said in a statement. At the same time, S&P affirmed its long-term foreign-currency sovereign credit rating of BBB-, the lowest investment grade rating, for Brazil. It also affirmed its BBB+ long-term local-currency sovereign credit rating for the country. In the near term, S&P said there is a decreasing level of "political cohesion" and support for President Dilma Rousseff's government in Congress which could lead to a lower possibility that lawmakers will approve needed fiscal reforms. The possibility of impeachment proceedings against Rousseff, whose approval rating recently fell below 10 percent, "highlights the challenges confronting the president to garner consistent support for her course correction in policy and a turnaround in the economy," S&P said. The ratings agency added that it now expects a contraction in real gross domestic product to be "deeper and longer." It is forecasting a 2 percent economic contraction this year, followed by no growth next year and a "modest" level of growth in 2017. "Brazil's growth prospects are, in our opinion, below that of its peers," said S&P. Rousseff's government has taken "positive steps" to boost the economy, including a cycle of hiking interest rates in an effort to contain inflation and also emphasizing the participation of the private sector in infrastructure projects. However, such measures have failed to improve business sentiment, which has sustained damage because of "uncertainties and spillover effects" associated with corruption investigations. S&P added that is expects the government's deficit to rise to 7.5 percent of GDP from 6.1 percent of GDP last year and trend lower next year. It also expects general government debt to rise to 53 percent of GDP this year, up from 47 percent in 2014.

> **"The number of investigations of corruption among certain politicians and companies is increasingly weighing on Brazil's fiscal and economic outlook."**
>
> **— Standard & Poor's**

POLITICAL NEWS

# Peruvian Army Rescues 39 Enslaved by Shining Path

Peru's Army said Tuesday that it rescued 39 people who had been enslaved by the Shining Path rebel group, BBC News reported. Some of the victims, who had been forced to work on a farm, had been in captivity for as long as 30 years. Twenty-six of the people rescued are children, some of whom were born in captivity, according to the country's defense ministry. Rebels had kidnapped some of the children from rural communities where parents do not report the crimes for fear of retaliation by rebels, according to Peruvian newspaper La República. The farm where the rescue occurred was an operation where "the children are gathered to work in agriculture and the women are expected to procreate and give birth to new rebels," said Vice Defense Minister Iván Vega Loncharich. Approximately 120 Peruvian soldiers participated in the rescue. Four helicopters took the captives to safety.

NEWS BRIEFS

## Uruguay Unveils $12 Billion Infrastructure Spending Plan

Uruguay's government on Monday unveiled plans to invest $12 billion in energy, transport and housing infrastructure from 2015 to 2019 to shore up weakening economic growth and create jobs, President Tabaré Vázquez said, according to Reuters. The president said two thirds of the figure will be publicly funded, with the remainder coming from the private sector. Uruguay's economy, which has been affected by slowdowns in neighboring Argentina and Brazil, is expected to grow less than 3 percent this year, down from 3.5 percent last year and 5.1 percent in 2013.

## Grupo México Reports 35% Drop in Q2 Profit

Mexican mining, rail and infrastructure corporation Grupo México on Tuesday announced a 35 percent drop in second-quarter profit to $364.8 million between April to June this year as compared to $558.6 million in the same period a year earlier, Reuters reported. The company's results were affected by lower revenue, which dropped 7.7 percent in the period to $2.18 billion, and higher net financial costs, which were $62.7 million in this year's second quarter as compared to a $99.4 million gain in 2014.

## Strong Earthquake Shakes Panama-Colombia Border Region

A strong earthquake on Tuesday night shook the sparsely populated border region between Panama and Colombia, the Associated Press reported. The quake had a magnitude of 5.9, according to the U.S. Geological Survey, though Colombia's seismological institute registered it as a 6.1 earthquake. The epicenter was approximately 17 miles south of the Colombian town of Acandi. There were no reports of serious damage or injuries.

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He championed their call for 'change' at the deepest levels, and he encouraged them to be the architects of that change from below. Pope Francis' impact in that speech was not grounded in the Church's size, history or status; indeed, he admitted that these factors had at some times aligned the Church with 'grave evils' and injustices. Rather, his speech resonated because it engaged the conversation about some of the most controverted, long-standing issues faced in the region. In other words, Francis achieved legitimacy and relevance for the Church by becoming a partner to the crucial conversation at hand, and not simply because of his status as pope. In his diplomatic engagement in the Americas in the coming years, we can expect Pope Francis to continue to place the Catholic Church—and himself—at the service of vital conversations that go beyond the Church's traditional concerns. He will seek to bring divided political actors together, whether they be negotiators of the peace process in Colombia, partisan legislators in the United States or disaffected citizens and their leaders. And because he engages the issues at hand with such understanding and integrity, we can continue to expect those actors to show up, and to move forward in new ways."

**Douglass Cassel, professor of law at the University of Notre Dame:** "In Latin America as in the United States, the potential of Pope Francis to tilt the scales in favor of peace and social justice is demonstrable. No political figure can match his popularity. The Argentine pope enjoys 90 percent support worldwide (Eurispes, Italy), 90 percent support among U.S. Catholics, and 70 percent among the U.S. public (Pew Research). Following his recent visit to Ecuador, Bolivia and Paraguay, one may expect his speeches in support of Latin American sovereignty and solidarity, if anything, to solidify his standing in the region which is home to 40 percent of the world's Catholics. The pope's support is also qualitative. His famously simple lifestyle, coupled with his consistent calls to our better angels, bespeak a truly holy man. Today's world has no voice of universal moral conscience, but Francis comes close. His probing diagnoses of attitudes and structures that generate poverty, inequality, social exclusion and environmental abuse trace root causes to moral shortcomings: exaltation of the self and the individual over the community. As his most recent encyclical (Laudato Si') enjoins: 'We must regain the conviction that we need one another, that we have a shared responsibility for others and the world, and that being good and decent are worth it.' None of this will guarantee peace in Colombia, an end to the U.S. embargo of Cuba, or a path to citizenship for immigrants in the United States. But Pope Francis can be counted on to elevate the tone of the discourse, and to add his moral prestige to the cry of humanity."

**Beatrice Rangel, member of the Advisor board and director of AMLA Consulting in Miami Beach:** "The Vatican has secretly or publicly engaged in more than one peace building mission throughout its history. And while records of ancient times past have yet to be made public, recent diplomatic history records several successful Vatican interventions to prevent war or restore peace. These include: the settling of the Beagle conflict between Argentina and Chile in the early 1980s, the successful peace accord brokered by a Catholic archbishop between Hutus and Tutsis in 2003 to bring to halt the horrific genocide in Rwanda, the meeting of the minds convened by John Paul II to finalize Middle East peace agreements attended by Benjamin Netanyahu and Yasser Arafat and more recently Pope Francis' intervention to broker the U.S.-Cuba thaw. There also are records of missed objectives such as the mission entrusted by John Paul II to Cardinal Pio Laghi in 2003 with a view to convince President George W. Bush to desist

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**BUSINESS NEWS**

# Eletronuclear Head Arrested in Corruption Probe

Brazilian federal police on Tuesday arrested the head of Eletronuclear, a subsidiary of state power company Eletrobras, and carried out nearly two dozen search warrants on related businesses as a probe into corruption at state-run companies expands, The Wall Street Journal reported. Authorities allege Eletronuclear head Othon Luiz Pinheiro da Silva took

**Da Silva** // File Photo: Brazilian Government.

4.5 million reais ($1.2 million) in bribes from construction companies from 2009 to 2014. On Tuesday, police also arrested Flavio Barra, an executive with the energy unit at construction giant Andrade Gutierrez. Eletrobras, Latin America's largest electricity company by revenue, said it is investigating irregularities but has not found any signs of wrongdoing, while an Eletronuclear spokeswoman declined to comment. The two executives have not been charged, but have been taken into custody for five days for questioning. Da Silva was placed on leave earlier this year when Eletrobras opened an internal investigation into possible violations of Brazilian anti-corruption law and the U.S. Foreign Corrupt Practices Act. Authorities have said they are investigation the possibility that an illegal cartel was involved in the construction of the Angra III nuclear power plant, which is expected to be completed in 2018. State oil company Petrobras has also made headlines recently as an investigation into corrupt practices at the company has implicated several political and business leaders.

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from invading Iraq. Add to the mix that Pope Francis is a Jesuit. While Jesuits distinguished themselves since the inception of the Company of Jesus in 1540 for producing applied knowledge, they also are deemed as flawless operators. In the Americas, they threatened the power of dominant nations by means of establishing in Paraguay a viable and successful agriculture-based economy. They have excelled in science, literature and engineering. They have redrawn the geopolitical map of the world several times over the order's five centuries of existence. Fundamental to the task of brokering peace are Vatican diplomats. Antonio Samoré was key in building a Latin American constituency in favor of the peace initiative and in pushing negotiations forward. He worked closely with Luis Echeverría of Mexico and Carlos Andrés Pérez of Venezuela who at the time were out of office. Agostino Casaroli was the architect of detente with Eastern Europe for John Paul II. Pope Francis has chosen to be his diplomatic officer at large Monsignor Pietro Parolin an insider but also a peace maker. Probabilities are very high that the Vatican vision of a world without totalitarian regimes will come to bear."

**Benjamin Cowan, assistant professor of world history at George Mason University:** "There can be little doubt that Francis has modified the tenor of conversation with and about the Church in Latin America. We could consider some modification inevitable—indeed, Francis might have renewed the Vatican's relationship with the region simply by virtue of being the first native son to occupy the papacy. Moreover, episcopal intervention or influence is well-trod historical ground. Fathers of the Church, be they local or in Rome, have seldom hesitated to take a hand in Latin American political and diplomatic affairs, weighing in on events from European settlement to the treatment of indigenous people and slaves, and from the wars of national independence to the Cold War at home and abroad. Yet Francis' pivot toward what has been called the 'progressive' Church—one which concerns itself with social and economic justice—represents a marked break with the immediate past. Francis seems intent, at the very least, on creating an atmosphere where these elements of the Latin American Church, and the political and social movements with which they associate, can thrive. This is so much the case that his pronouncements have met with nothing short of disgust among members of the Catholic Right. What remains to be seen is whether or not this can, in fact, 'save' the Church in Latin America. The explosion of Protestantism in Brazil, Central America and elsewhere in recent decades was not the result of progressive Christianity appealing to the downtrodden or the wronged. Many of the protestant groups that siphoned off the Catholic faithful now wield considerable political power, but they do not do so in the service of progressive causes. Indeed, evangelicals in Brazil and elsewhere, while not devoid of left-wing participants, have comprised the backbone of a morally, socially and economically conservative 'New Right,' whose politics neither look nor sound like those of Francis. It seems unlikely, then, that a 'warmer' pontiff, more open to the plight of the poor and the marginalized, will in and of those politics grant the Vatican more diplomatic influence or more democratic appeal."

*Editor's note: The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at* **gkuleta@thedialogue.org**.

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