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THEDIALOGUE

FEATURED Q&A

Are Citizens in the Region Done With Tolerating Graft?

Brazilians have taken to the streets multiple times in recent months to protest corruption. A group of protesters is pictured demonstrating this month in Brasília to demand President Dilma Rousseff's ouster. // Photo: Agência Brasil.

Across Latin America, citizens fed up with corruption have protested in huge numbers in recent months, and crusading prosecutors and judges have pursued politicians in major investigations. Brazil's former President Lula has been among those accused in Brazil. Guatemala's president and vice president resigned last year in disgrace. Hondurans held mass demonstrations in support of an OAS-backed anti-corruption commission. Mexican citizens are pushing graft-fighting legislation known as the '3-out-of-3' bill. Is a widespread change taking hold in which citizens are no longer tolerating graft and are affecting real change? Will such movements succeed in sustainably reducing government corruption? What factors are fueling demands for accountability rather than tolerance of graft?

Enrique Rodriguez Burchard, former Honduran congressman and general secretary of the Liberal Party of Honduras:
"Historically, the region has been plagued with political and economic instability. Corruption, inefficiency, fiscal gaps and excessive regulation have been the daily bread for millions. However, this time we are experiencing a different phenomenon; the population has decided to take their destiny into their own hands and not let the politicians continue deciding for everyone. In Mexico, sponsors of the '3-out-of-3' initiative claim that asking politicians to resolve corruption is like asking a player to referee his own match; in Brazil, people are not willing to pardon the colossal Petrobras scandal, and even Lula's image is at stake; in Honduras, the outraged are expecting their own version of

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TODAY'S NEWS

POLITICAL

U.S. too Slow to Condemn Dirty War Abuses: Obama

The United States was too slow to speak out against human rights abuses during Argentina's Dirty War, U.S. President Barack Obama said during a visit to a memorial park in Buenos Aires.

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BUSINESS

Chile's Codelco Posts $2.19 Billion Loss for 2015

The result was the biggest annual loss since the Chilean state-owned copper company began publishing earnings in the 1990s

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POLITICAL

Peru Electoral Council Keeps Fujimori on Ballot

Peru's electoral council ruled that frontrunner Keiko Fujimori can remain on the ballot for the country's presidential election next month. Officials ruled out vote-buying allegations against the candidate.

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Fujimori // File Photo: Fujimori Campaign.

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POLITICAL NEWS

U.S. too Slow to Condemn Argentina War Abuses: Obama

The United States was too slow to speak out against human rights abuses during Argentina's 1976-1983 dictatorship, U.S. President Barack Obama said Thursday during his visit to the South American country, Reuters reported. Obama, however, stopped short of apologizing for early U.S. support of Argentina's military junta. "There has been controversy about the policies of the United States early in those dark days," Obama said during a visit to a riverside park that memorialized the victims of Argentina's Dirty War. "Democracies have to have the courage to acknowledge when we don't live up to the ideals that we stand for. And we've been slow to speak out for human rights and that was the case here." At the memorial, Obama and Argentine President Mauricio Macri walked along the Monument to the Victims of State Terrorism, a memorial wall that is inscribed with the named of 20,000 victims. The two presidents then dropped white roses into the adjacent La Plata River in memory of the dead. Obama's visit came on the 40th anniversary of the coup that began the country's military dictatorship. Human rights groups rejected an invitation to attend, saying that the presence of a U.S. president on that date was disrespectful. "What would victims say if they saw [us] hugging and paying homage to a president from a country responsible for state terrorism?" Nora Cortinas of the Mothers of the Plaza de Mayo group told a local radio station hours before Obama and Macri visited the park, the Associated Press reported. She called Obama "a representative of death." Last week, the White House announced that it will declassify military and intelligence documents relating to the Dirty War. Historians believe the documents could include accounts of human rights abuses and other details about the U.S. role during Argentina's dictatorship. Following his visit to Buenos Aires, Obama, his wife and two daughters traveled to the Patagonian city of Bariloche to visit cultural landmarks and do some hiking. The Obamas then concluded their

> **"Democracies have to have the courage to acknowledge when we don't live up to the ideals that we stand for."**
>
> **— Barack Obama**

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Guatemala's CICIG to finally bring to justice a cartel of businessmen and officials who colluded against the social security agency and other institutions. Erosion of political elites, effectiveness of public complaints, growing social intolerance toward jobbery and success in Guatemala are fueling demands across the region. Social media has proven to be an incredible mass mobilizer, and, in the age of connectivity, corruption can't hide in darkness for too long. People don't trust their welfare to inept public thieves. Whether this crusade will wipe out the embezzlers of public funds is still an open question, but this is a hopeful start. Lack of reforms, onerous tax regimens, endemic favoritism in public contracts, poor accountability and a rooted culture of cutting corners create a friendly environment for corruption that will last until those factors are deleted from our DNA."

Nicolás Mariscal, member of the Advisor board and chairman of Grupo Marhnos in Mexico City: "Corruption is costing Mexico an amount equivalent to 9 percent of GDP, according to Gerardo Villafranco. Citizens know that this problem undermines the country's competitiveness and affects its economic performance. Therefore, they are becoming more aware and involved. I

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NEWS BRIEFS

Brazilian Authorities Investigating Olympics Construction Deals

Brazil's massive "Carwash" corruption probe is reaching construction deals done for the 2016 Summer Olympics in Rio de Janeiro, Time Magazine reported Thursday. Two multibillion-dollar projects for the Olympics have been drawn in to the massive Petrobras scandal, as police and prosecutors are investigating whether Brazilian construction company Odebrecht paid bribes to secure contracts for a working on a new subway line and on the redevelopment of the city's port area.

Brazil's Unemployment Rate Jumps to 9.5 Percent

Brazil's unemployment rate jumped to 9.5 percent for the three-month period through January, according to statistics agency IBGE, Reuters reported. The statistic compares to a 6.8 percent jobless rate for the same period a year ago. The number of Brazilians out of work rose to 9.6 million at the end of January, IBGE said. Brazil is in the midst of its deepest recession in decades. Some two million people are to lose unemployment benefits by June.

Jamaica's JMMB to Acquire 20% of Key Insurance

JMMB Securities plans to acquire a 20 percent stake in Key Insurance Company Limited when the company launches its initial public offering in the junior stock market next week, The Jamaica Gleaner reported Thursday. JMMB hopes to acquire 73.6 million of the 368 million total issued shares following the IPO on March 29. The general public will have the option to acquire 18.4 million shares, or five percent, following the IPO. Key Insurance provides protection against most risks to individual and commercial property, and will use the proceeds to increase its capital and expand the core business.

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Latin America trip, which included a historic visit to Cuba earlier this week, and returned Thursday night to Washington.

Peru Allows Fujimori to Remain on Ballot

Peru's electoral council on Thursday ruled that leading presidential candidate Keiko Fujimori would be allowed to remain in the race, with the first round of votes set to take place on April 10, the Associated Press reported. The decision said the court ruled out vote-buying allegations against Fujimori. Fujimori is the daughter of former President Alberto Fujimori, who is serving 25 years in prison for authorizing death squads and for corruption during his rule from 1990 to 2000. The electoral council had previously banned two other presidential candidates, including Julio Guzmán, who was consistently polling second behind Fujimori and who appeared to be her greatest threat to winning the election. Guzmán was barred on grounds that his party violated its internal rules for nominating him. The other candidate barred, César Acuña, was struck from the ballot due to an accusation of vote-buying. Current polls show that none of the remaining candidates have enough support to earn the 50 percent needed to win the election on the first round, meaning that a June runoff election is likely. No other candidate apart from Fujimori is polling above 10 percent, including two-time President Alan García.

BUSINESS NEWS

Codelco Posts Biggest Annual Loss Since 1990s

Codelco, the world's biggest copper producer, on Thursday reported a 3.6 percent increase in output for 2015. However, a fall in the price of the metal led the company to post a historic earnings loss of $2.19 billion, Reuters reported. The Chilean state-run company said it produced 1.73 million metric tons of copper last year from the mines that were under its sole ownership, adding that declining ore grades at some of its older mines were counterbalanced by a boost from its new Ministro Hales mine. In order to keep up with the six-year low in the price of copper, Codelco has been cutting costs. Despite its efforts to remain competitive, its pre-tax loss is significantly down from its $3.03 billion profit in 2014, and its worst result since it began publishing earnings reports in the 1990s. The drop in price for copper has forced President Michelle Bachelet's government to lower economic growth forecasts.

THE DIALOGUE CONTINUES

What Did Obama Accomplish on His Trip to Havana?

Q This week, Barack Obama became the first sitting U.S. president in 88 years to visit Cuba. Obama had a one-on-one meeting with President Raúl Castro, and the two held a historic joint news conference. Obama also delivered a televised speech from Havana's Gran Teatro on the importance of democracy and human rights, and later met with dissidents in the U.S. Embassy. Was Obama's trip to Cuba a success? Did Cuban officials display a willingness to improve relations and advance reforms? What did Obama and Castro accomplish during the visit? Will businesses that want to work with Cuba find it easier moving ahead? Will Obama's visit win over more congressional support for ending the embargo?

A Abraham F. Lowenthal, professor emeritus at the University of Southern California, and founding director of the Inter-American Dialogue and of the Latin American Program of the Woodrow Wilson International Center for Scholars: "For me, the prime objectives of the visit were to reinforce and make harder to reverse the commitments of both the U.S. and Cuban governments to establish mutually respectful relations and to stimulate more fruitful exchange between the people, economic actors, civil society organizations and governments of the two countries. No two-day presidential visit nor even the personal commitments of the two countries' current presidents can guarantee that this rapprochement will go speedily, smoothly or in linear fashion. What I believe was achieved was a considerably more visible commitment by top governmental leaders in both nations to continue their course, with strong signals to their respective societies, that this train has left the station. This signal was reinforced by both leaders' statements and demeanor; by the participation of 39 members of the U.S. Congress; by the presence of major U.S. business leaders as well as many small business entrepreneurs; by the various specific cooperation agreements that were announced; by the media coverage of the trip and the orientation the press provided; and perhaps most of all by the evidence, visual and verbal, that most people on both sides of the Florida Straits welcome this change. There will still be frictions between the two countries—inherent in their histories, vast asymmetries and close proximity—and these differences will be affected by political pressures and changes in leadership. But the energy devoted to building productive relations between the two countries has very significantly expanded because of this visit, and will likely grow in predictable as well as unforeseen ways."

EDITOR'S NOTE: The comment above is a continuation of the Q&A published in Thursday's Advisor.

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think this awareness is reflected in a civic responsibility that is manifested in actions to improve the situation affecting citizens—starting with holding politicians accountable. This trend will continue, and in some cases there will be greater coordination between citizens and the private sector in order to solve key problems (such is the case with the citizen security council in Mexico City, which has served to strengthen crime reporting and reduce crime rates.) Furthermore, in the case of Latin America, citizens play a very important role in strengthening democracy. The voice of the people is manifested via social networks, but also in an organized manner and more formally in citizen groups or in the '3-out-of-3' bill. Responsible citizen participation is a legitimate and valuable counterbalance of power, with great potential for reducing corruption."

> **"This trend will continue, and in some cases there will be greater coordination between citizens and the private sector...."**
>
> **— Nicolás Mariscal**

Riordan Roett, director of the Latin American Studies program at the Johns Hopkins University's School of Advanced International Studies: "The phenomenon of citizen empowerment in Latin America is impressive and, hopefully, will become part of the region's DNA. It is not only corruption that is being challenged, but also the sense of impunity that elites have used historically to avoid the law and to extend their time in power. The most impressive example of the latter is the referendum in Bolivia that denied Evo Morales the possibility of a fourth term of office. The most interesting example of the former is the ongoing investigation in Brazil into the Petrobras-related scandals. As a result of the newly found independence of federal prosecutors, leading figures in the private sector and in politics have been arrested, interrogated and sentenced to long jail terms. The most dramatic in the Brazilian context, is the sentencing of Marcelo Odebrecht, the leader of one of the country's largest and most influential construction companies, to 19 years in jail. Others will follow. A large number of senior political leaders in Brazil's Congress face indictment, possibly including the speaker of the house, Eduardo Cunha. It was discovered that he has millions of dollars in a Swiss bank account, possibly linked to the 'Car Wash' scandal. As a result of the investigations, plea bargains similar to those frequently employed in the United States are now becoming standard procedure in Brazil and have resulted in the uncovering of illicit practices and years of corruption. What the proceedings indicate is that the era of almost absolute impunity is coming to an end."

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