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FEATURED Q&A

Will Protests Lead to Drastic Changes in Chile?



Demonstrators have filled the streets in Santiago in recent days, including in the Plaza Baquedano on Oct. 22. // Photo: Carlos Figueroa via Wikimedia Commons.

Q Protests have raged in Chile in recent days, with demonstrators taking to the streets over grievances including economic inequality, rising prices, low pensions, as well as poor public health care and education. While this is not the first time in recent years that the country has been convulsed by protests, the latest demonstrations have been on a wider scale, led to much more economic damage and brought deadly violence, with at least 15 people killed so far. How well has President Sebastián Piñera responded to the public's outrage? Will his promised economic reforms, including an increase in pensions and a new guaranteed minimum monthly income, become law? Are the promised reforms enough to satisfy the protesters, and will they be good for Chile's long-term stability?

A Guillermo Holzmann, professor at the University of Valparaíso in Chile and CEO of Analytika Consulting: "Demonstrators have imposed peaceful protests and have rebelled against the vandalism of recent days. The massive nature of the mobilizations shows that they are demanding a noncorrupt state and government, capable of protecting the population against the market and its abuses and efficient in public policies. They are also making a concrete call for control and to avoid an abusive market. President Piñera faces an important challenge: to maintain his agenda's objectives and from there make proposals as he has done so far, or assume a larger leadership to propose a concrete roadmap for adapting the neoliberal model, without losing its essential foundations, with evaluable and transparent goals that provide credibility and viability. This implies a call, from that leadership, to

Continued on page 3

TODAY'S NEWS

POLITICAL

Fernández Defeats Macri in Argentine Presidential Vote

Peronist Alberto Fernández defeated incumbent President Mauricio Macri in the first round of Argentina's presidential election.

Page 2

POLITICAL

Uruguay Vote Appears Headed to Second Round

Daniel Martínez of the ruling Broad Front coalition led rival Luis Lacalle Pou, but neither candidate appeared to have won enough votes to avoid a runoff next month.

Page 2

POLITICAL

Electoral Court Declares Morales Winner in Bolivia

Bolivia's electoral tribunal announced that President Evo Morales had defeated challenger Carlos Mesa in the first round of the country's disputed election. Mesa has refused to concede defeat.

Page 3



Morales // File Photo: Bolivian Government.

POLITICAL NEWS

Peronist Fernández Defeats Macri in Argentina Election

Argentines on Sunday elected Peronist candidate Alberto Fernández as the country's next president without the need for a runoff, the Financial Times reported. With 96 percent of the ballots counted, Fernández won 48 percent of the vote, three percentage points above the margin needed to avoid a second round, while current President Mauricio Macri received 40.4 percent. Voter turnout was nearly 81 percent,



Fernández joined Argentines in casting his ballot on Sunday. // Photo: Fernández Campaign.

according to the National Electoral Directorate. Fernández's victory was smaller than expected, suggesting unease among some voters at a return to power by his running mate, Cristina Fernández de Kirchner, who was president from 2007 to 2015. Alberto Fernández expressed optimism in his victory speech to supporters Sunday night. "We're going to build the Argentina we deserve," he said, standing alongside Cristina Fernández de Kirchner, The New York Times reported. "It's not the case that we are condemned to the present Argentina." Macri conceded defeat late Sunday, saying he had called Fernández to congratulate him. "We need an orderly transition that will bring tranquility to all Argentines because the most important thing is the well-being of all Argentines," Macri said, The Guardian reported. In the past three decades, the Peronist party, which has generally had interventionist and pro-worker policies, has ruled Argentina for all but six years, the Financial Times reported. Shortly

after Fernández's victory was announced, the central bank said it was tightening restrictions on foreign exchange purchases, setting a \$200 a month limit, down from \$10,000 a month before the election, in a bid to conserve scarce reserves. Fernández said he would meet with Macri today to talk about the transition, adding that they "will collaborate in everything we can because the only thing that we will focus on is to stop the suffering of all Argentines," CNN reported. Argentina's economy is contracting, annual inflation surpasses 50 percent, unemployment is higher than 10 percent, and more than one-third of the population is living in poverty. The country is also on the brink of its ninth debt default, the Financial Times reported. Fernández is scheduled to take office Dec. 10.

Uruguay Presidential Election Appears Headed to Runoff

Early results from Uruguay's presidential election appeared to show the contest headed toward a Nov. 24 runoff, with Daniel Martínez of the ruling Broad Front coalition leading centrist rival Luis Lacalle Pou of the National Party, the Associated Press reported. With three-quarters of the polling stations counted, Martínez had the support of 37.5 percent of voters, while Lacalle Pou had 29 percent support. Neither of the candidates appeared to have garnered the 50 percent plus one needed for an outright victory in the first round. Colorado Party candidate Ernesto Talvi trailed with 12.5 percent of the vote. Several smaller parties have already declared their intention to support Lacalle Pou in the runoff, meaning the Broad Front faces a tough challenge to retain the presidency, which it has controlled since 2005. Since then, the coalition has pushed through laws including ones to legalize gay marriage and also create the world's first marketplace for legal marijuana. It has also faced criticism over slowing economic growth and rising levels of inequality. On Sunday, both Martínez and Lacalle Pou touted the stability of the country's democracy as they cast their ballots.

NEWS BRIEFS

Voters in Bogotá Elect Capital's First Female and Openly Gay Mayor

Voters on Sunday elected Claudia López as Bogotá's first female mayor in a vote that has been hailed as a major advancement for both women and LGBT rights, the Associated Press reported. López, of the Alianza Verde, is to become the first lesbian mayor of a Latin American capital city. She ran on promises to fight corruption and advance equal rights for minority communities and garnered more than 1.1 million votes, or about 35 percent. The runner-up, Carlos Galán, received 32 percent.

Son of 'El Chapo' Planned Gunfight That Led to Half Brother's Release: Official

Iván Archivaldo Guzmán, the leader of the so-called Los Chapitos wing of Mexico's Sinaloa Cartel, orchestrated the assault on security forces that led to the release of his half brother, Ovidio Guzmán, in Culiacán, Mexican Security Minister Alfonso Durazo said, Reuters reported last Friday. Ovidio Guzmán was captured and quickly released on Oct. 17 after his detainment prompted a violent gun battle between Mexican security forces and members of the cartel, which, according to Durazo, were led by Iván Guzmán. The men are the sons of drug kingpin Joaquín "El Chapo" Guzmán.

Amazon Web Services Gets Approval for Data Facility in Buenos Aires

Argentina has approved Amazon Web Services, or AWS, to build an \$800 million data facility in Buenos Aires, according to a provincial bulletin, Reuters reported last Friday. The construction marks a huge investment for the South American country amid a confidence crisis that has led to a recession over the last year. The facility is set to be built in a free trade area in Rosales.

Chile's Piñera Sacks Cabinet Following Massive Protest

Chilean President Sebastián Piñera on Saturday called for his entire cabinet to resign, one day after more than one million people took to the streets of Santiago to protest inequality and the high cost of living in the South American country, *The Wall Street Journal* reported. "I've asked all of the ministers to resign in order to create a new cabinet to confront these new demands," Piñera said from La Moneda presidential palace, *La Tercera* reported. "We've heard the profound message from citizens, from the Chilean men and women asking for and demanding a more just society." Piñera's announcement followed a week of protests and rioting that had prompted him to declare a state of emergency, impose curfews and deploy soldiers into the streets. The massive demonstration on Friday, the largest since Chile's return to democracy three decades ago, started out peacefully, with music and chanting. It turned more violent at nighttime, as young men with rocks and Molotov cocktails clashed with police, who responded with tear gas, according to the report. Piñera has also announced a series of economic measures to address protesters' demands, including an immediate 20 percent increase in government-subsidized pensions, new insurance programs to assist Chileans with medication and catastrophic illnesses and a guaranteed monthly minimum income of \$483, among others, the *Financial Times* reported.

Bolivia Election Officials Declare Morales Winner

Bolivia's electoral tribunal said late on Friday that President Evo Morales had won the country's presidential election in the first round, an announcement that sparked protests and raised international doubts about a race tainted

FEATURED Q&A / Continued from page 1

political and social sectors that allow its improvement and implementation in the short, medium and long terms. Without an initiative that's credible to the population, the protests will become a habitual practice affecting the country's democratic governance. Until now, President Piñera has focused on restoring public order and responding in concrete terms with increases in pensions, minimum income and bills, without significant progress in Congress so far. This has been insufficient to meet the population's demands and restore public order. All this amid an important social criticism of traditional media, political parties and democratic institutions."

A **Peter M. Siavelis, chair and professor of politics and international affairs and associate director of the Latin American and Latino Studies Program at Wake Forest University:** "Simmering protests and social discontent have been the norm in Chile in recent years. However, the most recent spate of protests accompanied by looting, attacks on property and infrastructure and 15 deaths represents a turning point. Post-authoritarian governments of all ideological stripes made much of leaving the dictatorship's legacy behind, with reforms to the tax code, social welfare and educational schemes, and the legislative electoral system. Nonetheless, politicians have lacked the audacity to fundamentally transform the dictatorship's most important pillar: Chile's extreme brand of neoliberalism. For decades, Chileans have borne the brunt of Pinochet's neoliberalism in the form of low salaries, inadequate

with allegations of fraud, *The New York Times* reported. Election officials said the president had received 47 percent of the Oct. 20 vote, defeating runner-up and former President Carlos Mesa by slightly more than the 10-percent-age-point margin needed to avoid a runoff. The president of the electoral tribunal acknowledged that the results would be received with

pensions and high prices for privatized educational and social services. At the same time, the nation's elites have reaped the benefits of Chile's economic boom, making the country among the least equal in the world. Corruption in the police force, price-setting collusion for basic staples, and

“The nation's elites have reaped the benefits of Chile's economic boom, making the country among the least equal in the world.”

— Peter M. Siavelis

high utility and transport costs contributed to a deep-seated sense of fundamental injustice. Transport price increases (and the Piñera government's tone-deaf attitude in implementing them) represented the final insult, tipping the scales toward what most Chileans believe is justified violence. The government's initial response was equally inadequate. Calling protesters delinquents and terrorists, and contending the country was at a state of war with itself, conjured uncomfortable parallels with the dictatorship. While Piñera's reforms are a step in the right direction, they are unlikely to quell protests and demands for deeper change to Chile's Constitution and basic social contract. Chile is in for a long and painful struggle that few expected, many predicted, and that the country's economic and political elites should have foreseen."

Continued on page 4

skepticism, according to the report. "We are aware of the critical situation we find ourselves in," said the tribunal's president, María Eugenia Choque, adding that election officials were willing to have their work audited. Mesa did not recognize the results and asked supporters to remain on the streets in protests. [Editor's note: See related [Q&A](#) in the Oct. 23 Advisor.]

FEATURED Q&A / Continued from page 3

A James Bosworth, founder of Hxagon, LLC and author of *Bloggings by Boz*: “Piñera’s proposals for economic reforms are certainly better than his initial response to the protests, which was to declare the country was at war and demand that the population choose sides. Even if he passes the reforms, there are very few credible scenarios in which Piñera regains his popularity later in his term. The political pendulum is likely to swing left in next year’s municipal elections and in the 2021 presidential election. That means the real political fight is not between left and right but between Chile’s responsible center-left parties and populist politicians who are eagerly attempting to capitalize on the current crisis. No matter which candidate wins, Chile will have a difficult time maintaining an orthodox macroeconomic policy and paying for additional social spending in a global environment that includes trade wars and low copper prices. The downside of Chile’s globalized economy is that responding to the economic conditions that led to these protests goes far beyond the capabilities of any current or future president in Chile.”

A Maria Luisa Puig, Latin America analyst at the Eurasia Group: “President Sebastián Piñera’s initial handling of the protests and his decision to deploy the military increased anger among protesters and will likely hit his already low political capital. A \$1.2 billion social package that includes higher pensions, guaranteed minimum wages, low medicines and the stabilization of electricity costs represents the first concrete effort from the administration to quell discontent since protests erupted but will likely fail to resolve the crisis. Protests triggered by an increase in metro fares did not subside after Piñera rolled them back. The unprecedented levels of unrest experienced over the past

several days show discontent that goes beyond transport fares. Demands from protesters are diffuse, and there is no clear leadership behind demonstrations. In addition to more social spending, the administration will likely have to make further concessions on its reform agenda. These include modifications to a tax reform initiative submitted last year that has at its core a reintegrated tax

“**In addition to more social spending, the administration will likely have to make further concessions on its reform agenda.”**

— Maria Luisa Puig

regime, which officials had presented as key to boosting investment amid slower-than-expected economic growth. However, opposition lawmakers have criticized it due to its impact on revenue and the perception that it would primarily benefit the rich. The administration’s pension plans are also likely to undergo further modifications. While there is overall political consensus on the need to increase public funds for the solidarity pillar, changes within the private system run by pension fund administrators will continue to be a source of contention. Recent events will therefore leave less room for Piñera’s reforms and shape the outcome of the next elections.”

Editor’s note: The commentaries above were submitted to the Advisor before Friday’s massive protest in Santiago and President Sebastián Piñera’s call for his cabinet to resign.

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

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