

## BOARD OF ADVISORS

**Diego Arria**  
Director, Columbus Group

**Devry Boughner Vorwerk**  
CEO,  
DevryBV Sustainable Strategies

**Joyce Chang**  
Global Head of Research,  
JPMorgan Chase & Co.

**Paula Cifuentes**  
Director of Economic & Fiscal Affairs,  
Latin America & Canada,  
Philip Morris International

**Marlene Fernández**  
Corporate Vice President for  
Government Relations,  
Arcos Dorados

**Peter Hakim**  
President Emeritus,  
Inter-American Dialogue

**Donna Hrinak**  
President, Boeing Latin America

**Jon E. Huenemann**  
Former Corporate and  
Government Senior Executive

**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

**Carlos Paz-Soldan**  
Partner,  
DTB Associates, LLP

**Beatrice Rangel**  
Director,  
AMLA Consulting LLC

**Jaana Remes**  
Partner,  
McKinsey Global Institute

**Ernesto Revilla**  
Head of Latin American  
Economics, Citi

**Gustavo Roosen**  
Chairman of the Board,  
Envases Venezolanos

**Andrés Rozental**  
President, Rozental &  
Asociados

**Shelly Shetty**  
Managing Director, Sovereigns  
Fitch Ratings

## FEATURED Q&A

# Has Covid Halted Momentum for Change in Chile?



Last year, protesters filled the streets in Chile to push for social change. Now, Santiago's streets are all but deserted as residents observe stay-at-home orders to curb the spread of coronavirus. // Photo: Municipality of Santiago.

**Q** Chilean lawmakers postponed the much-anticipated constitutional referendum, initially scheduled for April 26, to mid-October as the country grapples with the coronavirus health crisis and its economic consequences. Will the delay in the vote influence the referendum's outcomes—and if so, how? To what extent have social concerns in Chile been put on the backburner as new crises have emerged? Has the pandemic interrupted protesters' momentum and hopes for social change in Chile, and what implications does this have for Chilean politics and society?

**A** **Patricio D. Navia, clinical professor of liberal studies at New York University and professor of political science at Universidad Diego Portales in Chile:** "Chileans have been forced to rethink their priorities now that the country faces a pandemic.

By rescheduling the plebiscite, the government and the opposition acknowledge that Chile has bigger problems than the decision over whether they ought to write a new constitution. As in most other countries, people's priorities are now to avoid being infected with Covid-19 and the economic fallout from social-distancing policies. As the economy is expected to contract drastically during the second half of 2020, the plebiscite will be held under very different conditions than when the government and opposition first agreed on the roadmap to respond to social protests. If the pandemic is not under control by October, turnout will be much lower than needed to give legitimacy to the process. Though rescheduling is always an option, Chile will have its presidential election in November 2021—with presidential primaries scheduled for July 2021. Making the constitution-

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## More Than 30% of Inmates Infected at Colombian Prison

A coronavirus outbreak at a prison in the Colombian city of Villavieja has infected more than 30 percent of its inmates.

Page 2

### BUSINESS

## Peruvian Miners Expected to Soon Resume Operations

Peruvian mining companies are expected to restart operations in days, ramping up to almost 80 percent of normal production levels, said an industry official.

Page 3

### ECONOMIC

## Brazil Could Face 'Economic Collapse' in a Month: Guedes

Brazil could be facing "economic collapse" in a month's time due to stay-at-home orders intended to slow the spread of Covid-19, said Economy Minister Paulo Guedes.

Page 2



Guedes // File Photo: Brazilian Government.

## ECONOMIC NEWS

## Brazil Could Face ‘Economic Collapse’ in a Month: Guedes

Brazil could be facing “economic collapse” in a month due to stay-at-home measures designed to slow the spread of Covid-19, Economy Minister Paulo Guedes said Thursday, Agence France-Presse reported. “Within about 30 days, there may start to be shortages on [store] shelves and production may become disorganized, leading to a system of economic collapse, of social disorder,” said Guedes. “This is a serious alert.” President Jair Bolsonaro, who appeared alongside Guedes, has downplayed the threat of the novel coronavirus and opposes stay-at-home measures, saying they are harming the economy. Bolsonaro said he understood “the virus problem,” adding that “we must save lives.” However, Bolsonaro also said the economy is causing him greater concern. “But there is a problem that’s worrying us more and more ... and that’s the issue of jobs, of the stalled economy,” he said. “Fighting the virus shouldn’t do more damage than the virus itself.” The International Monetary Fund has forecast that Brazil’s economy will contract 5.3 percent this year. Bolsonaro and Guedes made the comments after making an unscheduled visit to the chief justice of Brazil’s Supreme Court, José Antonio Dias Toffoli. The high court recently ruled that state and local officials in Brazil have the authority to decide what types of social-distancing measures are in effect in their jurisdictions, ruling against Bolsonaro’s government, which wants to end many of the restrictions. Brazil, Latin America’s most populous nation, also has the region’s highest number of Covid-19 cases. More than 136,000 people in Brazil are confirmed to have the disease, and it is reported to have caused more than 9,000 deaths. However, a lack of testing means the actual numbers are much higher, experts say, AFP reported. In Brazil’s hardest-hit areas, including São Paulo and Rio de Janeiro, hospitals have almost run out of beds in their intensive-care units. In

the city of Manaus, officials have had to use refrigerated trucks and mass graves in order to handle the number of dead. On Thursday, new Health Minister Nelson Teich told members of Congress during a video conference that stricter lockdowns may be needed in hard-hit areas, CNN reported. Last month, then-Health Minister Luiz Henrique Mandetta told Globo TV in an interview that May and June are likely to be “the toughest months” for Brazil. Four days later, Bolsonaro fired him due to disagreements over the country’s strategy for dealing with the pandemic.

## POLITICAL NEWS

## More Than 30% of Inmates Infected at Colombian Prison

A coronavirus outbreak at a prison in the city of Villavicencio, in central Colombia, has infected more than 30 percent of inmates, sparking fear among local officials, neighbors and prisoners’ families that the virus may spread further, Reuters reported Thursday. There are 1,756 inmates in the prison, of whom 679 have tested positive for Covid-19, El Espectador reported, in addition to at least 56 guards and administrative staff. The prison currently houses nearly double the amount it is intended to hold, creating an overcrowded environment that has helped the virus spread easily. Prison populations in Colombia average overcrowding of 50 percent, Reuters reported, citing prison agency INPEC. “The prison in Villavicencio worries us, it is enormously overpopulated,” said Juan Guillermo Zuluaga, the governor of Meta province, where Villavicencio is located. “Right now, we don’t have anyone in [the] hospital, everyone inside the prison is asymptomatic,” he added. The facility is built next to neighborhoods with thousands of inhabitants, which makes the health crisis in the prison “a public health problem,” Villavicencio Mayor Juan Felipe Harman said, Reuters reported. “We need to keep controlling that risk factor by guaranteeing isolation conditions within the prison are

## NEWS BRIEFS

## Argentina Faces Deadline Today in Debt Restructuring

Argentina and international creditors are facing a deadline today in their negotiations over the country’s restructuring of \$65 billion in debt. The South American country’s government faces a harder deadline on May 22 when it could enter default as a grace period ends for \$500 million in interest payments, Reuters reported. Argentina has proposed large reductions on coupons, a three-year hiatus on repayments and maturities pushed into the 2030s.

## Mexico Using Former Presidential Residence for Health Worker Lodging

Mexico has transformed the former presidential residence, known as Los Pinos, into a temporary home for health care workers at the frontlines of the fight against the coronavirus pandemic, Reuters reported Thursday. The luxurious complex now houses modest single beds and gray metal lockers, similar to those of hospital changing rooms. Officials say they expect the country’s coronavirus outbreak to peak this week. Mexico has recorded 29,616 confirmed cases of Covid-19 and 2,961 deaths.

## World Bank Approves \$506 Million for Ecuador

The World Bank on Thursday approved a flexible \$500 million loan to help Ecuador’s budget needs during the Covid-19 health emergency, the World Bank said in a statement. The aid is the second in a series of three Development Policy Financing loans. In addition to help the government’s response to the coronavirus pandemic, the loan is intended to help boost private-sector development and promote public-sector efficiency and fiscal sustainability, the statement said. The country is also receiving a \$6 million grant from the World Bank’s Global Concessional Financing Facility.

the same as the city," Harman added. Colombia has 9,456 reported cases of Covid-19 and 407 confirmed deaths related to it, Portafolio reported.

## BUSINESS NEWS

# Peruvian Miners Expected to Resume Operations in Days

Peruvian miners are scheduled to resume operations in coming days, ramping up to nearly 80 percent of normal production levels in the next 30 days, a senior official at the country's mining industry group told Reuters, the wire service reported Thursday. The world's second-largest copper producer, Peru is seeking to rebound from the economic fallout of the coronavirus

“We are talking about 39 operations by 22 large mining companies.”

— Pablo de la Flor

pandemic. Pablo de la Flor, executive director of the National Society of Mining, Petroleum and Energy, or SNMPE, told Reuters that about 20 mining companies were set to restart operations that had been reduced sharply during a nationwide lockdown that began in mid-March. “We are talking about 39 operations by 22 large mining companies,” de la Flor told the wire service, adding that miners were currently operating at between 35 percent and 40 percent of capacity due to the health crisis. “These represent approximately 95 percent of [local] copper production, 65 percent of silver production, 62 percent of zinc production and 26 percent of gold production,” de la Flor said. Each mining company will have to design and present a sanitary protocol for official approval before restarting operations, he added. Peru has more than 58,500 confirmed cases of the novel coronavirus and more than 1,600 deaths related to it, As Perú reported.

## FEATURED Q&A / Continued from page 1

al process coincide with the presidential election is a bad idea. If new constitutions in Latin America have recently been characterized by the expansion of unfunded mandates and promises of generous social spending that often goes unrealized, drafting a new constitution at the same time that candidates are making promises to get re-elected is a recipe for fiscal irresponsibility. Chileans overwhelmingly support a new constitution, so it is highly likely that they will vote in favor of it, whenever the plebiscite is held. As the coronavirus pandemic hits the economy, Chileans will likely see unemployment and poverty rise. The pressure on the government to increase social spending and go deeper into debt will increase. Given the election season, nobody will care much about fiscal responsibility. The real problem will be for the next government. With a new constitution that ambitiously expands social rights and an economy in shambles, a highly indebted state will be in no position to meet the needs of an impoverished population, much less to meet the high expectations that led Chileans to protest. Chileans will probably find themselves a year from now longing for conditions Chile had before the riots broke out in October 2019.”

**A** **María Cristina Escudero, member of the 2019 technical committee to launch the constitutional process:** “According to the polls, the vote—if it had been held on April 26—would have led to the establishment of a constituent assembly that would have proposed a text for citizens to ratify. For a long time, citizens have called for a new social pact to replace the 1980 constitution, and it is unlikely that the pause brought by the pandemic will eliminate the social pressure for this to happen. It is true that Covid-19 took over the political agenda and citizens’ concerns, but it has also exposed the cracks in the political, economic and social model that the 1980 constitution supports: a health system that does not

protect all people equally; an educational system that has reproduced inequities, and therefore does not guarantee the continuity of distance education for a majority of children and young people; a property structure that does not give the state tools to look after the common good; and a system of decision-making that obscures the relationship between authorities and citizens. When Chile returns to normalcy, citizens will have many new examples of why the 1980 constitution should be replaced. There are voices that have begun to point out that Chile must focus on economic recovery rather than on a constitutional crisis. However, the voices that argue and claim that normalcy without another constitution will only replicate the unfair system that triggered the October 2019 social explosion are more likely to prevail.”

**A** **Claudia Heiss, head of the political science program at the University of Chile’s Institute of Public Affairs (INAP) and researcher at the Center for Social Conflict and Cohesion Studies:** “The health crisis has dramatically changed the landscape in Chile, from streets taken over by social mobilization to nearly empty public spaces since mid-March. The urgency of the demand for a new constitution has given way to the immediate protection of health and the concern for sustaining livelihoods in the face of the pandemic and its serious economic consequences. Empty streets, however, do not mean the clamor for structural political and social change has disappeared. Postponing the electoral schedule for the constitutional process was the right decision by the political system. However, it is also its responsibility to guarantee that the pandemic will not be used to twist the will of the people, which set that process in motion at a high cost for many citizens, including those whose human rights were violated during the protests. President Piñera’s suggestion that the severe economic contraction may require further

Continued on page 4

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

postponing the plebiscite is inconsistent with his own call for a 'new normal,' as well as with basic democratic principles. An economic downturn cannot suspend democracy. If anything, the pandemic has made more evident the great inequality in access to health and social protection that was at the heart of the October 2019 outburst. The government's announced economic measures are also widely deemed insufficient to protect the most vulnerable segments of society. The sense of social and economic injustice may become more evident with this crisis, leading to increased support for a new constitution in the upcoming referendum."

**A** **Guillermo Holzmann, professor at the University of Valparaíso, Chile and CEO of Analytika Consulting:** "Two relevant factors characterized the political environment surrounding the constitutional plebiscite originally scheduled for April 26: growing polarization and the absence of specific regulation to control maximum spending in the campaign. Both these conditions remain for Oct. 25 (the new date for the plebiscite), forecasting that polarization will increase as the economic impact of unemployment and the lack of income necessary to survive as a consequence of the pandemic are added to unmet demands. Minorities and their violent

expressions remain in force, and both protests and vandalism are expected to resume in response to the insufficient government action to both the country's health needs and social demands regarding inequality. However, the government's diagnosis seems to

“Chile is facing a double challenge: reasonably responding to the pandemic ... and complying with the electoral schedule...”

— Guillermo Holzmann

point in the opposition direction. The health and economic conditions leading to Oct. 25 are averse to ensuring normal development, which is why there is a proposal to postpone it again. This has generated debate, and the idea has been questioned. Chile is facing a double challenge: reasonably responding to the pandemic, both in health and economic terms, and complying with the electoral schedule, assuming the possibility of a constitutional change, against the backdrop of an environment of polarization that has not diminished since the beginning of the year. This has spurred fears of populism."

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2020

**Erik Brand**

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

**Gene Kuleta**

Editor  
[gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org)

**Anastasia Chacón González**

Reporter & Associate Editor  
[achacon@thedialogue.org](mailto:achacon@thedialogue.org)



**Michael Shifter**, President

**Rebecca Bill Chavez**, Nonresident Senior Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Director, Special Projects

**Michael Camilleri**, Director, Rule of Law Program

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

**Héctor Castro Vizcarra**, Nonresident Senior Fellow

**Julia Dias Leite**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Peter Hakim**, President Emeritus

**Nora Lustig**, Nonresident Senior Fellow

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

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

**Xiaoyu Pu**, Nonresident Senior Fellow

**Jeffrey Puryear**, Senior Fellow

**Mateo Samper**, Nonresident 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 [ebrand@thedialogue.org](mailto:ebrand@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.

# Advisor Video

## Pandemic Response and Executive Authority – The Case of El Salvador

An Inter-American Dialogue discussion with  
Leonor Arteaga, Due Process of Law Foundation,  
Carlos Dada, El Faro  
José Miguel Vivanco, Human Rights Watch

View a webcast of the April 22 discussion.

PLAY

