

## 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 (McDonald's)

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

**Donna Hrinak**  
Senior VP, Corporate Affairs,  
Royal Caribbean Group

**Jon E. Huenemann**  
Council Member,  
GLG Inc.

**James R. Jones**  
Chairman,  
Monarch Global Strategies

**Craig A. Kelly**  
Senior Director,  
Int'l Gov't Relations, Exxon Mobil

**Barbara Kotschwar**  
Executive Director, Visa Economic  
Empowerment Institute

**John Maisto**  
Director, U.S. Education  
Finance Group

**Nicolás Mariscal**  
Chairman,  
Grupo Marhnos

**Thomas F. McLarty III**  
Chairman,  
McLarty Associates

**Beatrice Rangel**  
Director,  
AMLA Consulting LLC

**Jaana Remes**  
Partner,  
McKinsey Global Institute

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

**Gustavo Roosen**  
President,  
IESA

**Andrés Rozental**  
President, Rozental &  
Asociados

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

## FEATURED Q&A

# Who Has the Best Chance in Chile's Presidential Runoff?



Former lawmaker José Antonio Kast emerged as the top vote getter in the first round of Chile's presidential election on Sunday. // File Photo: Kast Campaign.

**Q** Conservative former lawmaker José Antonio Kast and former student protest leader Gabriel Boric, a current member of Chile's Chamber of Deputies, emerged Sunday as the top vote getters in the first round of the country's presidential election. Neither candidate received a large enough share of the votes for an outright victory, so Kast and Boric will face each other in a polarized presidential runoff on Dec. 19. Which candidate is best positioned to win, and what factors will decide the race between now and the second round? How difficult will it be for the eventual winner to govern and advance his agenda? What is at stake for Chile in the election?

**A** Peter DeShazo, visiting professor of Latin American, Latino and Caribbean Studies at Dartmouth College and former U.S. deputy assistant secretary of state for Western Hemisphere affairs: "Sunday's election ended a three-decade political cycle in Chile dominated by center-left and center-right coalitions. For the first 20 years, the center-left Concertación developed what appeared to be the magic formula long lacking in Latin America: political stability, an economic model generating sustained growth along with poverty reduction and high-quality governance. After 2013, however, the economy sputtered, falling into a low-growth mode most recently exacerbated by the effects of Covid-19. Sunday's vote reflected widespread dissatisfaction not only with the economy but also with the socio-political status quo, especially with Chile's traditionally high levels of inequality in income distribution, social mobility and education. In a seven-way race, these circumstances favored candidates on the political extremes, the far-right Kast and the

Continued on page 3

## TODAY'S NEWS

### POLITICAL

## Ex-Nicaraguan Ambassador to OAS Detained

Unidentified men detained Edgard Parrales, a former Nicaraguan ambassador to the Organization of American States. Parrales has been among the few Nicaraguan political analysts willing to openly criticize President Daniel Ortega.

Page 2

### BUSINESS

## Gun Makers Ask U.S. Court to Dismiss Mexico's Lawsuit

Gun manufacturers asked a U.S. judge to dismiss a Mexican government lawsuit that accuses them of facilitating the illegal trafficking of weapons.

Page 3

### POLITICAL

## Top U.S. Diplomat Leaves El Salvador

Jean Manes, the U.S. chargé d'affaires in El Salvador, announced that she is leaving her post, saying the government of Salvadoran President Nayib Bukele "is showing no interest" in improving the two countries' relationship.

Page 2



Manes // File Photo: U.S. State Department.

## POLITICAL NEWS

## Former Nicaraguan Ambassador to OAS Detained in Managua

Edgard Parrales, a former Nicaraguan ambassador to the Organization of American States, was detained by unidentified men on Monday after the former diplomat criticized President Daniel Ortega's decision to withdraw from the regional body, Reuters reported. "They captured him at his home, they were not policemen in uniforms but two people in civilian clothes who took him away by car," said the president of the

“Ortega’s message is clear: He is going to go after anyone who criticizes him.”

— José Miguel Vivanco

Nicaraguan Center for Human Rights, Vilma Nuñez, the wire service reported. Parrales' wife, Carmen Dolores Córdova, said the men who abducted her husband did not show any arrest warrant or badges, the Associated Press reported. Parrales' detainment bears a resemblance to the arrests of dozens of opposition figures since late May. Since then, Ortega's government has detained numerous opponents, including seven people who were seen as potential candidates who could have run against him in the country's Nov. 7 presidential election. The government did not confirm on Monday that Parrales had been arrested. Parrales had been one of few Nicaraguan political analysts willing to openly criticize Ortega since the government began its crackdown nearly six months ago. Parrales called Ortega's decision to withdraw from the OAS "nonsensical," the AP reported. Parrales also said that Nicaragua's withdrawal from the organization could not be immediate. "It is not so easy to get out of the OAS," Parrales said last week, Reuters reported. "It takes two years for this to take effect, during which Nicaragua is still committed by the statutes to respect human rights." In

a posting on Twitter, José Miguel Vivanco, the executive director of the Americas division of Human Rights Watch, blasted Parrales' seizure. "Ortega's message is clear: He is going to go after anyone who criticizes him," Vivanco said in the posting. Earlier this month, Ortega claimed victory in the country's presidential election, which was widely denounced as a sham because of the government's detention or exile of nearly anyone who could mount a serious challenge to him. "Every day that Daniel Ortega and [First Lady and Vice President] Rosario Murillo are in power, they hurt the people of Nicaragua. Without freedom there is no democracy. They intend to continue with the Cuban model, imprisoning all of Nicaragua," Lucía Pineda Ubau, journalist at 100% Noticias in Nicaragua, told the Advisor in a Q&A published on Nov. 5, just ahead of the vote.

## Top U.S. Diplomat Leaves El Salvador

The top U.S. diplomat in El Salvador, Chargé d'Affaires Jean Manes, announced Monday that she is leaving the post, saying that President Nayib Bukele's government "is showing no interest" in improving the relationship between the two countries, the Associated Press reported. Manes told reporters that she was returning to a position as a civilian deputy commander at the U.S. Southern Command, the wire service reported. Manes previously served as U.S. ambassador to El Salvador from 2016 to 2019 and returned in May as chargé d'affaires. Her six-month posting in El Salvador was originally supposed to have lasted just three months. "Why am I going to stay here if we don't have a counterpart at this time?" Manes said Monday. "When El Salvador wants to talk, our doors are always open." Manes said that when she began the assignment, she was having regular meetings with Bukele. However, El Salvador's attorney general then canceled an Organization of American States anti-corruption mission in the Central American country, the government removed more than 200 judges and prosecutors amid new limits based on age and length of service, and pro-government media began attacking her and the U.S. government, the AP

## NEWS BRIEFS

## Ecuadorean President Pardons Inmates With Serious Illnesses

Ecuadorean President Guillermo Lasso on Monday issued pardons to inmates with serious illnesses and those behind bars for traffic violation in an effort to ease overcrowding in the country's prison system, Agence France-Presse reported. The pardons followed recent prison riots that left more than 300 inmates dead.

## Venezuela's Guaidó Calls for 'Reflection' After Local Election Losses

Venezuelan opposition leader Juan Guaidó on Monday called for "reflection" after suffering widespread defeats in regional elections on Sunday, Reuters reported. "It is not the time for fights nor egotism among political leaders," Guaidó told reporters. Venezuela's ruling socialist party won at least 18 governorships out of 23 states, according to election results that the National Electoral Council, or CNE, published on Monday. U.S. Secretary of State Antony Blinken on Monday called the elections unfairly "skewed" in favor of President Nicolás Maduro.

## Brazilian Crypto Brokerage 2TM Plans to Expand Into Mexico

The owner of the biggest Brazilian cryptocurrency brokerage, São Paulo-based 2TM Participações, plans to expand into Mexico, Colombia, Chile and Argentina to become a provider of blockchain infrastructure for financial markets in the region, Bloomberg News reported today. "Our goal is to go global and participate only in the regulated markets," CEO Roberto Dagnoni told the news service. In July, SoftBank made a \$200 million investment in the company that valued it at \$2.1 billion, making it the first crypto unicorn in the region.

reported. “Again, it’s impossible to think that someone has an interest in our relationship when they’re using their paid media machine to attack the United States every day,” said Manes, Reuters reported. “Obviously we’re on a bit of a pause because the government of El Salvador is not giving a signal that it has an interest in our relationship,” she added. Bukele’s office did not immediately respond to requests for comment by the AP and Reuters.

## BUSINESS NEWS

# Gun Makers Ask U.S. Court to Dismiss Mexico’s Lawsuit

Gun manufacturers including Baretta, Glock and Smith & Wesson on Monday filed a joint brief in a Massachusetts federal court asking a judge to dismiss a lawsuit by the Mexican government seeking \$10 billion in damages and accusing them of facilitating the illegal trafficking of weapons, Reuters reported. The 10 companies named in the suit claim that the harms cited in Mexico’s lawsuit “are not fairly traceable” to their actions, and that “Mexico cannot use Mexican law to regulate U.S. firearms companies.” The lawsuit marks the first time that a national government has sued gun makers in the United States, the New York Times has reported. Meanwhile, during a United Nations Security Council meeting on small arms on Monday, Mexican Foreign Minister Marcelo Ebrard called the country’s decision to file the lawsuit in August “a question of principle and a moral obligation.” In its suit, Mexico claims that more than 500,000 guns are trafficked annually from the United States into Mexico. The manufacturers it has sued produce the vast majority of those guns, which Mexico says end up in the hands of violent drug gangs that have killed thousands of people. Mexico’s foreign ministry said in a statement it would respond to the companies’ legal arguments by Jan. 31, according to Reuters. [Editor’s note See related [Q&A](#) in the Aug. 17 issue of the Advisor.]

## FEATURED Q&A / Continued from page 1

leftist Boric. Chile must now confront—in the midst of drafting a new constitution—an unsettling degree of political polarization that it had long avoided. Both the Kast and Boric camps are already looking toward the center to line up needed votes for the second round. Whoever threads the needle best in cutting deals and adjusting positions without alienating core supporters will come out on top. Kast may have an advantage in this. The winner will face tough challenges: transitioning to a new constitutional order, governing with a divided Congress in a polarized political environment and injecting a new dynamic into Chile’s economy without scrapping those macro-economic policies that worked in the past.”

**A** **Patricio Navia, clinical professor of liberal studies at New York University and professor of political science at Universidad Diego Portales in Chile:** “As always happens with runoff elections, the candidates will need to reach out to moderate voters to win. Turnout was below 50 percent, and it is unlikely that it will increase by much in the runoff vote. The big question is whether Boric or Kast can better define what the runoff will be about. Boric will want to make it about social rights and redistribution, and Kast will want to make it about law and order. It seems that Chileans believe the constitutional convention will make sure rights are entrenched in the new constitution and, thus, they are more likely to vote for the president with the law-and-order message. Boric will also attempt to turn the election into a choice of democracy versus fascism, while Kast will want to make it into a choice of democracy versus communism. In the end, though, the winner will be the candidate who can better represent the interests, hopes and fears of the moderate voters who are now pondering who is the lesser of two evils. Based on their victory speeches on Sunday night and their first few moves on Monday, it seems that Kast has a better

plan than Boric to attract moderate voters. However, campaigns matter, and this race has just begun. Either candidate can win.”

**A** **Carla Alberti, assistant professor in the Department of Political Science at the Pontificia Universidad Católica de Chile:** “Gabriel Boric and José Antonio Kast obtained fairly similar shares of the vote, and it is still too early to predict which of them might have an advantage in the runoff. Their capacity to build broader coalitions with other political parties and to attract

“**Currently, the left-of-center candidates jointly have a higher vote share than the right-wing candidates taken together.”**

— Carla Alberti

voters who had backed the other candidates in the first round will be the key to success. Currently, the left-of-center candidates jointly have a higher vote share than the right-wing candidates taken together, which might give Boric some advantage in the second round. However, there is still considerable uncertainty regarding the preferences of the supporters of Franco Parisi, who obtained more than 12 percent of the vote and has an anti-establishment stance that makes it difficult to locate him on the right-left ideological spectrum. The results of the legislative elections show that there is higher fragmentation and no clear dominance of any political coalition in Congress, which means that the winner will be forced to negotiate his agenda. Additionally, the new constitution is another element of uncertainty for the upcoming administration. If approved, the constitution might reconfigure the country’s institutional setting, which might also affect the new president’s capacity to implement

Continued on page 4

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

his agenda. Although Boric and Kast will be compelled to broaden their agendas, the two models they propose for the country are radically different, and, depending on their capacity to govern, might lead Chile in very different directions.”

**A** **Jenny Pribble, coordinator of global studies and associate professor of political science at the University of Richmond:** “Chile’s second-round election is unfolding in a specific political-historical context—one characterized by high levels of conflict and uncertainty since the 2019 mass protests that resulted in the agreement to rewrite the country’s constitution. That uprising exposed Chileans’ discontent over social and economic inequality and with the political system, most notably with the country’s traditional political parties. The 2019 protests decimated those political parties, creating a fluid political area in which parties and leaders are in flux and new actors and movements are seeking to gain a foothold among disaffected voters. Sunday’s election revealed that while Chile’s old party system has collapsed. New parties have yet to build organizations that can capture the support of large swaths of the electorate, structuring vote choice and ensuring turnout. Moreover, the surprising performance of protest candidate Franco Parisi points to a strong anti-system dynamic that may also shape the runoff. This all creates a volatile and unpredictable political environment, making it difficult to know how the second round might play out and what José Antonio Kast and Gabriel Boric can do to expand their base of support. For Boric to win, he will need to win over traditional center-left votes who chose Yasna Provoste in the first round, but also mobilize many new voters. Kast, by contrast, will need to convince conservative voters who opted for Sebastián Sichel to support his far-right agenda, but he’ll also need to mobilize anti-system voters, such as those who supported Parisi. Kast may find this balancing act easier than Boric does, as

he can appeal to issues of public security and immigration, which resonate with both groups.”

**A** **Guillermo Holzmann, professor at the University of Valparaíso in Chile and CEO of Analytika Consulting:** “For the first time in two years, the polls predicted the actual results of the elections. However, the polarization indicated in these opinion surveys is not reflected in the daily life of Chileans. With this, we can propose that there is an artificial polarization, with an intense déjà vu of the 20th century and the Cold War, together with a pragmatic and functional vote that ends up being distributed between two candidates who are opposites, although each one has an answer regarding the change and transformation that citizens demand. Boric’s proposal focuses on offering ‘hope and inclusion,’ while Kast’s offers ‘order and anti-communism.’ Boric faces the challenge of charming citizens who did not vote, while Kast appeals to center-right parties to persuade more voters ahead of the second round. Supporters of Franco Parisi will not support Boric, and only a fraction will vote for Kast. Kast appears to have more potential to attract votes and capacity to modify his platform, while Boric has more restrictions given the influence of left-wing parties with more radical thinking. Empathy, credibility and trust are the factors that will define the second round. On an ideological level, Chile is considering the option of following in Venezuela’s footsteps or maintaining the structural bases of its economic success. On a pragmatic level, it is considering the possibility of achieving a government with capacity to negotiate, and efficient management is at stake. It remains to be seen how much ideology and how much pragmatism both candidates will have in their rhetoric.”

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

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue ISSN 2163-7962

**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)

**Leticia Chacón**

Reporter  
[lchacon@thedialogue.org](mailto:lchacon@thedialogue.org)



**Michael Shifter**, President

**Rebecca Bill Chavez**, Nonresident Senior Fellow

**Bruno Binetti**, Nonresident Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Senior Advisor

**Santiago Cantón**, Director, Rule of Law Program

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

**Julia Dias Leite**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Sandra García Jaramillo**, Nonresident Senior Fellow

**Selina Ho**, Nonresident Senior Fellow

**Edison Lanza**, Nonresident Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Margaret Myers**, Director, Asia Program

**Manuel Orozco**, Senior Fellow

**Xiaoyu Pu**, Nonresident Senior Fellow

**Jeffrey Puryear**, Senior Fellow

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

**Lisa Viscidi**, Director, Energy Program

**Denisse Yanovich**, Director of Development

**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)

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.