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López Obrador's security and economic strategies raise questions

Mexico's President-elect Andrés Manuel López Obrador presented his much-anticipated public security strategy on 14 November. The far-ranging plan includes economic and social, as well as security, policy proposals. The most eye-catching feature of the security element of the initiative involves the role of the military. There will be no phased de-militarisation of public security. Quite the contrary. The plan would enshrine the military's role in the constitution. It entails the creation of a national guard comprising the army, navy, and federal police (PF), answerable to the defence not the interior ministry. While the plan clears up some doubts over López Obrador's security strategy, uncertainty persists over his economic strategy after a banking reform proposed by his party in congress saw the stock market suffer its biggest loss in seven years.

López Obrador outlined the 'national peace and security plan 2018-2024' during a press conference in Mexico City. It goes well beyond standard security plans by including a wealth of detail on social initiatives in the education and health sectors, as well as inculcating ethical values in society, and combating corruption. It also covers prison reform and drug policy. López Obrador said that "80%" of the security strategy would consist of addressing the causes of violence: "previous governments never did this. They always opted for mano dura...but as with medicine: prevention". A crucial part of this, he said, would be the M\$100bn (US\$5bn) to be provided by his government to finance scholarships and job training. "We have turned our backs on the younger generation. We haven't given them alternatives," López Obrador said.

In spite of this, the aspect of the plan which has gained by far the most attention involves traditional public security. López Obrador said a new national guard would be created with the remit of "guaranteeing security" in Mexico. The PF will be subsumed into the national guard, which will also include the army and navy, and number between 120,000 and 150,000 members. The idea is for the new body to be functioning at full strength by 2021.

This does not look like a bold break with the security policies pursued by President Enrique Peña Nieto and his predecessor Felipe Calderón (2006-2012) but rather confirms that, like the Genie in the bottle, once out of barracks it is difficult to get the military back in. Not only will the military maintain a significant role in public security (the national guard will be under military authority) but this role will also become permanent by means of a not-inconsiderable constitutional reform. While López Obrador's Movimiento Regeneración Nacional (Morena) enjoys a simple majority in both chambers of the federal congress, sufficient to approve the new security plan, the constitutional reform will be more problematic, requiring a two-thirds majority.

Violence

There was cross-party unity in congress in condemning the spiralling violence in Mexico that claimed the life of Deputy Medel's daughter. "Mexico is in the grip of a state of violence," Morena deputy Pablo Gómez said. "We must pacify Mexico." Medel had been kidnapped two years ago. The body of her daughter's murderer was found in a van hours later riddled with bullet wounds. The governor of Veracruz said her murder was a case of mistaken identity as the wife of a leader of a local criminal group used the same gym. As many as 34 politicians and 19 of their relatives have been killed in Mexico in the transition period since 1 July alone.

The new national guard evokes comparisons with the national gendarmerie which Peña Nieto had trumpeted during his electoral campaign in 2012 as a panacea for Mexico's public security problems. Once he took office, however, the gendarmerie was progressively watered down until it became no more than an appendage of the PF. López Obrador's plan would see Mexico divided into 266 territorial areas, with around 500 members of the national guard assigned to each area (the areas will be drawn up using the criteria of crime rates and population density).

Peña Nieto had sought to create a single command structure to try to improve coordination between federal, state, and municipal police forces. López Obrador's plan also seeks to subordinate these different forces to a central command. This will be far from straightforward. Some state and municipal governments might be more than happy to transfer security responsibility to the federal government; others less so. The precise delineation of the amorphous territorial areas will highlight where some of these problems could lie, where existing administrative boundaries cross over with these areas.

The continued militarisation of public security will lay López Obrador's government open to the very same criticism levelled at the Peña Nieto administration in relation to human rights violations, and extrajudicial executions, by the military in recent years. Anticipating the criticism, López Obrador sought to provide reassurance that human rights would be respected: "I will never give the order for the armed forces or the police to repress the people," he said. His future defence minister, General Luis Cresencio Sandoval, under whom the national guard will operate, echoed his words: "The president will demand that the armed forces respect the people, an order that will be obeyed; soldiers and marines are the people in uniform."

Criticism of security strategy

López Obrador faced a receptive audience with Cresencio Sandoval and other future members of his cabinet joined by Morena members of congress, and there were constant ripples of applause and cheering throughout his presentation of the security plan. The reception to the plan outside of the room will not be as fulsome. There was no mention of the cost of the plan. The precise nature of the police reform required at federal, state, and municipal level was not clarified, and the plan barely touched upon the future role of the attorney general's office, until now an active participant in the fight against organised crime in Mexico.

In a piece entitled 'A plan without cause for peace of mind or optimism', written for the national daily *El Universal* by Alejandro Hope, a Mexican security expert, argued that an assumption, based on very little empirical evidence, pervaded the report that reducing corruption would automatically lead to a fall in violence (just as there is an assumption that eradicating corruption will raise huge sums of money to fund López Obrador's ambitious social welfare programmes). Hope also contended that by "openly offering legal benefits for perpetrators of serious crimes in exchange for some type of demobilisation [the plan] goes way beyond an amnesty for petty criminals linked to drugs; potentially this issue could be pure political dynamite".

Ultimately, provided he sticks to his promises with regard to human rights, López Obrador will be judged on whether he can bring down the number of homicides. There are currently around 80 homicides per day in Mexico, and 2018 looks set to break the previous record of annual homicides, with over 30,000. The spiralling violence was brought home in a chillingly personal way last week when a soporific session in the federal lower chamber of congress debating budgets was interrupted by a piercing shriek from the Morena bench as Deputy Carmen Medel discovered during a phone call from a relative that her 22-year-old daughter, Valeria Cruz Medel, had been shot dead in a gym in the municipality of Ciudad Mendoza in Veracruz, just metres from the town hall.

Calderón

Former president Calderón said he would create a political organisation that could serve as “a school of citizenship” to oppose “a very politically authoritarian government, with considerable disdain...for legality and the rule of law” in reference to the incoming López Obrador administration. Calderón, who has just been stripped of his presidential pension and security provision from the Estado Mayor Presidencial (EMP) as part of Morena’s ‘Republican austerity’ drive, argued that López Obrador’s so-called “fourth transformation” in Mexico was in reality “the fourth transformation of the PRI: Partido de la Revolución Mexicana, Partido Nacional Revolucionario, Partido Revolucionario Institucional, and Movimiento Regeneración Nacional”.

Economic policy differences

While Morena deputies and senators will support López Obrador’s security plan, there are signs of emerging differences between his agenda and that of his party in congress. Mexico’s stock market index fell by 5.8% on 8 November (its biggest fall in seven years, including any time since US President Donald Trump came to power in January 2017, or any of the occasionally fraught renegotiation of the North American Free Trade Agreement [Nafta]) after Senator Ricardo Monreal, the head of the Morena bloc of 59 senators, and Senator Bertha Caraveo Camarena presented a legislative initiative that would restrict commissions charged by banks.

The bill would eliminate 12 bank charges on customers, including cash withdrawals, balance enquiries, and inter-bank transfers. “It is essential to protect the earnings of Mexican families, as well as small and medium-sized businesses, in a context of financial voracity,” Caraveo Camarena said. The incoming finance minister, Carlos Urzúa, however, responded with some surprise and a degree of asperity to the bill, saying that “while we recognise the aim [of this initiative] is to try to improve the living conditions of Mexicans, this objective will not necessarily be achieved unless impacts on public finances and stability in the financial sector are taken into account”. He added that the Centro de Estudios de Finanzas Públicas (CEFP), which advises congress on public finances, must be involved in future to produce reports on the macroeconomic impact of legislative initiatives.

The reaction of the stock market index owed in no small part to the lack of forewarning about the bill. The most severe stock plunge was endured by Grupo Financiero Banorte, the second-largest financial group in Mexico, down 11.9%. López Obrador sought to allay concerns in a press conference in his office on 9 November by saying that the banks would have “full guarantees in the country”. “We are respectful of the initiatives presented by legislators but our policy is not to modify the legal framework with relation to the functioning of banks and financial entities,” López Obrador said. “In the first three years, no modification. This is what I told the director of Banco Santander,” he added. But, on 12 November, Monreal said debate of the bill would go ahead, seemingly contradicting López Obrador.

PAN rift as Calderón abandons party

Former president Felipe Calderón (2006-2012) has resigned his membership of the right-wing opposition Partido Acción Nacional (PAN) after divisive internal party leadership elections on 11 November. In a radio interview three days before the elections, Calderón said he would leave the PAN if Marko Cortés, the candidate backed by the party’s defeated presidential candidate Ricardo Anaya, won against Manuel Gómez Morín, the grandson of the party’s founder. Cortés won decisively, and Calderón stuck to his word.

In his interview, Calderón denounced “the conditioning of political support to elected legislators, mayors, and governors [for the PAN], threatening them with ostracism if they failed to support the [Anayista] clique”. Calderón said that in the event of a Gómez Morín victory he would launch a new party next year “to transform Mexico” and provide opposition to Morena as the PAN would be incapable of standing up to the incoming government. Only time will tell whether this venture materialises.

In his resignation letter, Calderón denounced “manipulation of the internal [PAN] membership, which annuls almost any possibility of change”. He said there was no longer any “respectful and serious dialogue about the country’s fundamental problems [but rather] decisions from the top that respond to the personal interests of the clique”. The PAN executive committee (CEN) expressed disappointment that Calderón had decided to leave the party but accused him of showing “no self-criticism for mistakes made”, arguing that “when he was president of the republic he had total control of the party”.

Duque battles internal revolt

Colombia's President Iván Duque is wrestling with a rebellion not just from the ranks but also the top echelons of the ruling Centro Democrático (CD). The cause? His government's attempt to push through congress a tax reform which ostensibly reduces value added tax (VAT) but, through broadening its application, effectively increases its burden on producers and consumers. The tax reform has especially upset agricultural producers in the central-west Eje Cafetero region, one of the main strongholds of CD support. The friction within the CD is jeopardising the passage of the 2019 budget which is partly predicated on the tax reform, moving Duque to describe it as "the biggest challenge" he has faced during his first three months in office.

The tax reform proposed by the Duque administration would see the VAT rate gradually reduced to 17% from 19% now (partly reversing an unpopular VAT increase implemented by the previous government led by Juan Manuel Santos [2010-2018]). But VAT will be widened to include at least 36 previously exempt products in the basic basket of goods, including chicken, eggs, meat, rice, tomatoes, potatoes, sugar, milk, and even school supplies.

The government is aiming to generate additional tax revenue of Col\$11tn (US\$3.5bn) as a result of the VAT adjustments. This would come close to covering the budget deficit of around Col\$14tn, and help preserve Colombia's investment-grade credit rating.

Lower income earners – the 30% of the population earning under Col\$789,000 (US\$250) a month – would be entitled to compensation from the VAT reform, which will mainly affect middle- and upper-income earners. It will also impact the productive sector.

Duque had lunch with representatives of Colombia's business sector on 7 November to seek support for the tax reform, arguing that his government had been compelled to take "important decisions" in order to maintain the confidence of the international markets. His finance minister, Alberto Carrasquilla, bluntly insisted that the only alternative would be to cut the budget.

Agricultural producers were deeply unimpressed with the expansion of VAT, and unions have staged joint protests with students and professors demanding a bigger education budget. Significantly, there were protests on 8 November in the three departments that make up the Eje Cafetero: Caldas, Quindío, and Risaralda (*see sidebar*). These three departments provided some of the most resounding support for Duque in this year's presidential election and were decisive in enabling him to defeat his leftist rival Gustavo Petro in June's run-off. At risk of being accused of betraying its support base, the CD issued a statement "respectfully" calling on Duque to think again.

"The proposal to apply VAT to basic goods has caused justifiable public concern," the CD said. "Certain sectors have expressed that it is imperative that basic food products are excluded," the statement went on. The CD underlined its support for Duque and his government but added, pointedly, that "we trust that his talent and patriotism will find better alternatives". The CD party founder, former president (2002-2010) and incumbent senator Alvaro Uribe, also demurred.

Duque won election promising to deliver economic growth and lower taxes. He could argue that he has stuck to this promise but widening the applica-

Producers oppose tax reform

Sugar cane producers in Risaralda argued that the proposed tax reform would leave them unable to compete against imported sugar and push them to the verge of bankruptcy. They urged the government to reconsider, because of what they said would amount to irreparable damage to an industry supporting thousands of jobs.

Alternative tax reform

Gustavo Petro proposed two alternatives to the tax reform proposal tabled by the Duque administration: reform the pension system so that those earning four times the minimum wage make higher contributions; and tax those possessing unproductive land, as well as dividends and coal imports.

tion of VAT is tantamount to increasing taxes. Duque owes his electoral victory in no small measure to Uribe and will not want to open a rift with him early in his mandate as Santos did (irrevocably) in 2010.

The political opposition is also critical of the Duque administration's tax reform proposal (*see sidebar*). Germán Vargas Lleras, the leader of Cambio Radical (CR) who failed in his presidential bid in May, described it as an "inequitable, superficial project which is driven by a desire to raise taxes once again, resulting in a fiscal policy that is not designed to improve the country's competitiveness and generate productive employment".

Macías floats constituent assembly proposal

If the Duque administration cannot rely on its own party's support in a divided congress in which it is well short of a majority in both chambers, it will struggle to advance even more contentious reforms. The senate has stripped the government's proposed justice reform of key articles, such as reforming the judicial council (CSJ), after two debates, and it now goes to the lower chamber, where two more debates are needed by 16 December to keep it alive.

It was against this backdrop that the hard-line CD senate president Ernesto Macías advocated convening a constituent assembly because of difficulties passing legislation. "It is not possible," Macías said forthrightly, to advance some of the government's "more ambitious reforms".

Macías was roundly criticised for his suggestion. "Macías is trying to conceal his own failings," Senator Roy Barreras of the Partido de la U (PU) said. Duque ruled out going down this route during a visit to France on 11 November, saying he would "work through institutional channels with congress". Duque would lose credibility if he were to back a constituent assembly. He had been a fierce critic of Petro's initial calls for a constituent assembly, accusing him of seeking to take a leaf out of the Bolivarian book, sidestepping an elected congress.

PERU | POLITICS & JUSTICE

García and Fujimori escape censure

Peru's congress has approved the final text of the long-awaited report drawn up by the 'Lava Jato' legislative commission investigating the corruption scheme orchestrated by the Brazilian construction firm Odebrecht. It recommended that the attorney general's office should charge 132 people in the many-tentacled scandal, among them three former presidents. Alan García (1985-1990; 2006-2011) was the only former president elected this century to avoid accusations of wrongdoing, as did Keiko Fujimori, the leader of the main right-wing opposition Fuerza Popular (FP). Deputies from FP and García's Partido Aprista Peruano (PAP) used their majority to vote down an attempt to include the two politicians in the final report.

The report, which was approved by congress on 9 November, found that the corruption scheme had cost the Peruvian state NS\$15bn (US\$4.4bn). Former presidents Alejandro Toledo (2001-2006), Ollanta Humala (2011-2016), and Pedro Pablo Kuczynski (2016-2018) were all included in the report. Not so García. He profited from his party's political alliance with FP which used its congressional dominance to block an attempt by opposition legislators to include him and Fujimori in the report.

'Coup charge' levelled at Vizcarra

García went on the attack shortly before the approval of the report, accusing President Martín Vizcarra on *Twitter* of politicisation of the judiciary, conspiring to see Fujimori placed in preventive detention for 36 months, and

'Cuestión de confianza'

Johny Lescano, a congressional deputy for Peru's centrist Acción Popular (AP), applauded the decision by the constitutional tribunal (TC) to declare unconstitutional the law pushed through by the FP-PAP majority in congress to redefine the 'cuestión de confianza'. Lescano said the law would have given "more power to congress...a discredited congress [which is] permanently violating the constitution".

adjuring congress to dismiss the attorney general Pedro Chávarry. "Is it a coup?" García asked rhetorically.

Vizcarra answered by insisting that his primary concern was "to defend democracy...to fight against corruption", while appealing for "nobody to talk about a coup d'état again". Juan Sheput, a deputy for Kuczynski's Peruano por el Cambio (PPK), responded to García on *Twitter* with a rhetorical question of his own: "since when is fighting corruption a coup d'état?"

Meanwhile, Chávarry went on the offensive. He accused José Domingo Pérez, the prosecutor in charge of the case investigating Fujimori, of having "a political interest in coordination with the government" not to see Vizcarra investigated over alleged corruption surrounding the contract for the new Chinchero airport in Cusco. Chávarry said he could remove Pérez "at any moment". Pérez has summoned Chávarry to testify on 19 November in relation to his own alleged links with FP.

Chávarry also filed a constitutional complaint against Kuczynski and Vice President Mercedes Aráoz, Deputy Carlos Bruce, former agriculture minister José Arista, and dissident FP legislators Bienvenido Ramírez and Marita Herrera, for alleged involvement in buying votes and trafficking of influence to try to prevent Kuczynski from being impeached by congress last December.

Aráoz, who was serving as prime minister at the time, rejected the charge, saying she was "not afraid of prosecutorial assassins, but I am worried for Peru". She said it "merely confirms the political use of the attorney general's office". Chávarry issued a statement insisting he was not motivated by "any political agenda or vengeance".

Setback for Fujimoristas

Aráoz did get to celebrate a legal development last week, however, after Peru's constitutional tribunal (TC) voted unanimously by 7-0 to declare unconstitutional a law by congress redefining the 'cuestión de confianza'. This is the constitutional tool used by Vizcarra to coerce FP into approving the staging of a referendum on political and judicial reforms on 9 December.

The law approved in March by FP and PAP sought to restrict the application of the 'cuestión de confianza', preventing the executive from using it to promote or block approval of a law (*see sidebar*). It would also force the president to replace every single member of his cabinet if congress denied a vote of confidence. The TC concluded that congress had "exceeded its remit", especially in circumscribing the president's freedom to choose ministers, beyond the limits contained within the constitution.

PPK travails

Three legislators from the ruling Peruano por el Cambio (PPK) resigned from the party in the space of four days this week. Guido Lombardi, Salvador Heresi, and Patricia Donayre all left PPK, which has shrunk from 18 to 11 seats since July 2016. PPK spokesperson Gilbert Violeta was singled out for criticism, especially for failing to offer the Vizcarra administration sufficient support and sometimes voting with FP and PAP in congress. Vice President Aráoz described Violeta's leadership of the bloc as "awful to say the least". PPK announced that Jorge Meléndez would replace Violeta.

Meanwhile, a deputy expelled by PPK in November 2016, Roberto Vieira, has announced his intention to create a congressional bench known as Bicentenario del Perú, named for the country's bicentenary in 2021. Vieira invited the former PPK deputies and other independents to join the movement, which he said would help provide governability in Peru but would only support positive initiatives tabled by the Vizcarra administration.

Opposition calls for new elections

Venezuela's national assembly (AN), controlled by the political opposition, has passed a resolution refusing to recognise a new presidential term for President Nicolás Maduro, scheduled to begin on 10 January, after elections last May. The elections were boycotted by most of the opposition parties and declared fraudulent by domestic and international observers.

According to the resolution the only way out of the political crisis is for new elections to be held with the involvement and scrutiny of the international community and independent observers. The AN also called for action to resolve the economic crisis, and for the national constituent assembly (ANC), which is controlled by government supporters and has effectively usurped the functions of the AN, to be disbanded.

However, little, if anything, is likely to change as a result of the AN declaration. The executive, the judiciary, and the ANC, all tightly controlled by pro-government chavistas, have successfully isolated and ignored the AN, which has become a powerless talking shop. The ANC has arrogated to itself the right to pass laws and the supreme court regularly pronounces AN initiatives anti-constitutional.

Opposition demands

The latest demands by the Venezuelan opposition are essentially the same as those that were presented a year ago as part of a short-lived national dialogue process with the government which took place in the Dominican Republic.

TRACKING TRENDS

BOLIVIA | Spanish aid. Francisco Sancho, the coordinator for the Agencia Española de Cooperación Internacional para el Desarrollo (Aecid), announced on 12 November that the Spanish government has agreed to provide an average annual donation of €25m (US\$28.29m) to improve water, hygiene, women's rights, and governability in Bolivia until 2021. One priority is increasing accessibility to drinking water in various departments around the country, as well as the treatment of waste water.

Other projects focus on culture and tourism, such as the restoration of historic churches and Jesuit missions. The figure of €25m per year is in fact lower than the €31m per year that was donated from 2011-2017, but Sancho hailed a relationship that was "renewed" following a visit from Spain's President Pedro Sánchez in August.

COLOMBIA | New international airport coming to Amazon. The Colombian government announced on 9 November the construction of the Aeropuerto 'Alfredo Vásquez Cobo del Amazonas' in the city of Leticia, the capital of Amazonas department, which sits on the triple border with Peru and Brazil. According to Juan Carlos Salazar, director of the Unidad Administrativa Especial de Aeronáutica Civil (Aerocivil), the project will turn the area into a hub for aviation between the three neighbouring countries. Salazar hopes that the new airport will boost tourism to the Amazon region when it comes into service in the middle of next year.

ECUADOR | Judge rejects petition to stop mining work. Ecuador's attorney general's office announced on 10 November that the exploratory work at a mining concession in Santa Ana Cotacachi is free to continue. Local judge Óscar Coba Vayas ruled that work at the Rio Magdalena site was not prohibited by the constitution.

Mining has become a hot topic in Ecuador with environmental groups protesting the granting of licenses in sensitive ecological areas despite government promises to suspend new concessions.

Bolsonaro forms his military team

Brazil's President-elect Jair Bolsonaro said on 13 November that he had chosen retired four-star General Fernando Azevedo e Silva to be his defence minister. He becomes the fourth senior military officer appointed to the incoming government. It is not yet clear what political role the 'military team' will play within the wider administration.

So far there are four key military figures in the incoming administration. General Hamilton Mourão was a Bolsonaro ally from early on in the political campaign and is now vice-president-elect. General Augusto Heleno, considered to be one of Bolsonaro's top advisers, is to be head of the institutional security office (Gabinete de Segurança Institucional – GSI) at the presidency. Marcos Pontes, an air force officer – who also happens to be Brazil's only astronaut – has been picked as the new minister for science, technology, and communications. General Azevedo e Silva has been confirmed as the new defence minister. Some further ministerial level military appointments are expected as Bolsonaro seeks to complete his team.

With the exception of Pontes, the retired officers grouped around the incoming president have various things in common. They are all generals. They are all in their sixties and seventies, a few years older than Bolsonaro himself (who is 63). At different stages in the past some were Bolsonaro's commanding officers, earning the respect of the young army cadet. Bolsonaro reached the rank of captain in the army.

When Bolsonaro takes office on 1 January 2019 the relationship will flip, as he becomes the commander-in-chief and they will take orders from him. Many of these generals can be considered politically experienced – Azevedo e Silva has been an adviser to Brazil's supreme court; many in the group also served as part of the Brazilian contingent in the United Nations peace-keeping force in Haiti (Minustah).

One crude interpretation – and certainly a source of worry for many in Brazil – is that the appointments represent some kind of creeping militarisation of Brazilian politics and could be part of a dangerous erosion of the country's democratic institutions. This has been denied by Bolsonaro himself, and individually by many of the appointees (*see sidebar*).

Serving army commander General Eduardo Dias da Costa Villas Boas has sought to reassure those who might be worried about the military's intentions. He has been careful to say the appointment of individual military officers does not mean the army is involved as an institution: it seeks to remain professional and apolitical.

This week Villas Boas said, "The military has been absent from politics since 1985, after the end of the military government, and that's how it intends to maintain itself, independent of whether the president-elect is a retired captain from our Brazilian army." The commander went on to insist that the country is "politically mature", with strong institutions. "Brazil will not turn into a fascist country. That's not in our nature.... There is no space for exotic adventures," he said.

That said, an interesting question concerns the type of advice Bolsonaro will get from his military team. Like him, many have made comments in the past that seem to glorify the years of military rule.

Ruled by the constitution

Despite his publicly expressed nostalgia for military rule in the 1960s and 1970s, President-elect Bolsonaro has insisted that he will be ruled by the Brazilian constitution. Last week Bolsonaro said that "On topographic maps there are three norths – grid, true, and magnetic – but in democracy there is only one north – the constitution."

Accountability

Ignacio Cano, a sociologist at the Universidade do Estado do Rio de Janeiro (UERJ), says a proliferation of militias and a lack of police accountability “sends a message of chaos and autonomy that completely contradicts traditional military logic”.

One glimpse of their thinking came from Fabio Murakawa, a journalist from *Valor* who attended General Villas Boas’ 67th birthday party last week. As he was leaving, a grey-haired man in a car offered him a lift; the driver turned out to be 71-year-old General Augusto Heleno. In the conversation that ensued, Heleno said the new government would have to clear out “bandits” and correct the results of “disastrous management”. There was also, Heleno said, a need to overcome “meaningless ideological division”.

He recognised there were massive expectations of change which was good, but also at the same time dangerous because of the potential for frustration: Heleno, a supporter of Flamengo football team in Rio de Janeiro, noted how it has been acquiring star players but failing so far to win any championships. The general said investing in the impoverished Northeast of the country should be a top priority.

Some have compared Heleno to the late General Golbery do Couto e Silva, the powerful head of intelligence and an *éminence grise* to three successive military presidents. Some sources claim Heleno has been advising Bolsonaro to moderate his tone, succeeded in getting him to drop plans to abandon the Paris climate agreement, and to move the Brazilian embassy in Israel to Jerusalem. Heleno would not be drawn on the subject.

In any case Bolsonaro’s government, and its military ministers and advisers, is likely to face some big security challenges. One of the biggest is the issue of crime. As a candidate Bolsonaro made three main points. These were that the police should kill more “bandits”; that guns should be more easily available to allow citizens to protect themselves; and that there should be tougher prison sentences.

Many security specialists are deeply worried by this approach. They argue it could lead to a sharp rise in extrajudicial executions; a weaker rule of law; an increase in the already-high homicide rate; and more gang recruitment in the country’s already congested prisons. While parts of Rio de Janeiro are no-go areas controlled by drug trafficking gangs, other parts are effectively controlled by vigilante militias largely formed by off-duty police and firemen.

A survey by the online news portal *G1* has suggested that up to 2m people in western areas of the city of Rio de Janeiro are under militia influence. The militias are not law-abiding: they are known to carry out executions, to extract protection money, and to threaten those who refuse to pay.

Some stakeholders in the new government are worried by the prospect of an uncontrolled surge in death-squad killings. Since earlier this year the army has been in direct control of security in Rio de Janeiro (a mandate which expires in December). Senior officers in the institution may worry about being drawn in to domestic security tasks both in Rio and in other violent parts of the country (*see sidebar*).

Anti-corruption judge Sérgio Moro, chosen by Bolsonaro as the new justice minister, has expressed reservations about a de facto ‘shoot to kill policy’, which would directly ignore the rule of law. Interviewed on Globo television’s *Fantástico* programme, he said, “We can’t build a policy on crime, including a policy to confront organised crime, based on confrontation and shoot-outs. The risk of collateral damage is too big. Not only collateral damage but the risk to the police themselves.”

Cuba spat as foreign minister appointed:

President-elect Bolsonaro appointed Ernesto Araujo, a career diplomat, as Brazil’s next foreign minister. Araujo wrote an article last year in which he said Brazil had a chance to recover its “Western soul” by embracing nationalism and pursuing its own

Triaca resigns

The intense negotiations that the government led by President Macri has been conducting with the opposition and local trade unions all week to try to garner support for its draft budget have taken their toll on the cabinet. The clearest example of this was the 14 November announcement that Labour Minister Jorge Triaca will step down on 3 December. Triaca's resignation comes after he struck a deal with the unions under which the government established that private sector employees are to receive a Ar\$5,000 (US\$140.69) year-end bonus to help alleviate the loss of workers' purchasing power resulting from Argentina's high inflation rate, a concession to the unions that came at the expense of the private sector.

interests rather than being tied to multilateral agreements. He is believed to doubt the benefits of Brazil's membership of the Southern Common Market (Mercosur) trade bloc, formed along with Argentina, Paraguay and Uruguay.

At the same time Bolsonaro triggered a dispute with Cuba. He criticised the role of an estimated 14,000 Cuban doctors in Brazil, under the terms of an agreement reached in 2013 by the administration led by Dilma Rousseff (2011-2016), saying they were employed under "slave labour" conditions. Cuba responded by describing Bolsonaro's comments as "contemptuous and threatening" and saying it was terminating the programme.

BRAZIL | JUSTICE

TSE raises campaign-funding questions

Brazil's electoral court Tribunal Superior Eleitoral (TSE) raised questions on 12 November about possible illegal donations to the successful presidential campaign by the right-winger Jair Bolsonaro, now president-elect.

A TSE statement said "inconsistencies" had been found in the campaign accounts and that the president-elect's team had been given three days in which to explain them. During the campaign Bolsonaro's defeated rival, Fernando Haddad of the left wing Partido dos Trabalhadores (PT), had claimed the Bolsonaro team was receiving illicit contributions and putting out misleading propaganda.

The national daily *Folha de São Paulo* has claimed that corporate funding of mass political messaging in social media such as *Facebook* and *WhatsApp* by the Bolsonaro campaign has not been properly declared.

The TSE enquiry reportedly relates to work performed on the Bolsonaro campaign by seven companies, including AM4 Brasil Inteligencia Digital and Digital Clip. TSE officials say some fiscal receipts relating to this work were "cancelled or substituted". However, Karina Kufa, a lawyer for Bolsonaro, said, "There's nothing that worries us, because the replies...will demonstrate that none of the allegations are grave enough for the campaign's filings to be rejected."

ARGENTINA | POLITICS & ECONOMY

Macri government secures budget approval

"Never has Argentina conducted an [economic] adjustment of such magnitude without the [incumbent] government falling." With these words Argentina's finance minister, Nicolás Dujovne, greeted the news that a version of the zero-deficit 2019 draft budget tabled by the government led by President Mauricio Macri had been given final approval by the opposition-controlled federal senate. Securing approval of the budget is a major political victory for the Macri government, meaning that it can fulfil the commitment it has made to the International Monetary Fund (IMF) to eliminate the fiscal deficit by next year. However, the austere budget, which includes deep government cuts, remains unpopular, and Macri and the centre-right ruling Cambiemos coalition will have to work hard to maintain public support from now until next October's general election.

The Macri government offered to reduce the primary fiscal deficit to zero in 2019 in exchange for the IMF agreeing to expand the credit line it had agreed to extend to Argentina by US\$7bn to US\$57bn. The Macri administration believes that this credit line will be sufficient to overcome the loss of confidence in the Argentine peso that has buffeted the domestic economy in recent months and provide a solid foundation on which to continue advancing its proposed economic adjustments aimed at fixing the country's

Friedmann

Senator Friedmann became a sworn enemy of Horacio Cartes after he accused the then-president of being behind the attempts to oust him from his post of elected governor of Guairá department. The attempted ouster came in March 2017 when a group of critical ANR-PC Guairá legislators said that they had received Friedmann's resignation letter and proclaimed a new governor, while Friedmann was on his honeymoon. Friedmann denied having resigned, saying that it was all a ruse promoted by Cartes in an effort to undermine him as he had become an increasingly vocal critic of his administration.

historic macroeconomic imbalances. But the government's view is not shared by all, with some political opposition quarters opposed to any adjustment plan involving indebtedness to the IMF and having to accept tough economic prescriptions.

The resistance to the government's budget was already on show last month, when its passage through the chamber of deputies was marked by an intense debate between Cambiemos and hard-line legislators from the main opposition Partido Justicialista (PJ, Peronists), and by mass public protests against the budget organised by local civil-society groups outside the congress building. This scene was repeated this week when the senate started voting on the budget on 14 November. The debate dragged on for 13 hours but in the end, much like in the chamber of deputies, the budget was approved with a vote of 45-24 with one abstention, after the minority Cambiemos bench succeeded in retaining the critical support of moderate PJ senators and splitting the majority PJ bench.

The approved budget maintains the projection of a primary fiscal balance next year down from the current deficit of around 2.7%, along with a GDP growth forecast of -0.5% and a year-end inflation projection of 23%. Both Cambiemos and moderate PJ senators recognised that these figures were far from ideal but insisted that the budget was what is needed at a time of "social and economic emergency in the country". Senator Miguel Ángel Pichetto, the moderate leader of the PJ bench, said that he and his colleagues had opted to vote for the "least bad" option compared with the alternative of rejecting the government's budget and potentially scuppering the financial life-line secured with the IMF.

However, hard-line opposition senators insisted that the budget and the economic adjustment plan does not address Argentina's structural economic problems and would only result in Argentina once again becoming indebted to the IMF and in pain and misery for the population. "You don't come out of a recession by cutting spending... what we are going to do with this budget is deepen the suffering of society and it will be a useless sacrifice," former president and incumbent senator Cristina Fernández said, as thousands of people demonstrated outside congress. The danger for Macri is that if there is no improvement in the domestic economy – and in particular if the inflation rate does not start to fall – there will be growing public discontent that could lead to unrest in the short-term and an electoral defeat in next October's polls.

PARAGUAY | POLITICS

Tensions within ruling party start to boil over

"Not much of a man." This is how Paraguay's President Mario Abdo Benítez described his predecessor, Horacio Cartes (2013-August 2018), after Cartes made some disparaging remarks about one of the female members in the entourage that accompanied Abdo Benítez to his official visit to the Vatican. Abdo Benítez's reaction underlines just how tense relations between the leaders of the two main factions within the ruling Asociación Nacional Republicana-Partido Colorado (ANR-PC) have become. While Cartes may no longer hold a government post he retains considerable influence over some ANR-PC members and the confrontation could produce serious governability problems for the Abdo Benítez administration.

President Abdo Benítez felt compelled to come out in defence of Marly Figueredo, the wife of ANR-PC Senator Rodolfo Friedmann, after Cartes joined a chorus of criticism that publicly complained about the inclusion of Figueredo, a former glamour model, in the official entourage that accompanied Abdo Benítez during his meeting with the Pope. Cartes said that Figueredo was not worthy of meeting the Pope and questioned why she was

Human rights

Human rights groups such as Agrupación de Familiares de Ejecutados Políticos (Afep) welcomed the decision against former commander-in-chief of the army, Juan Emilio Cheyre (2002-2006), albeit while complaining that it did not go far enough.

allowed to do so; he also agreed with other critics that far too much money was spent to pay for the travel and accommodation of Abdo Benítez's needlessly large entourage.

Upon his return to Paraguay on 8 November, Abdo Benítez touched on the criticisms while speaking to reporters. "I don't know what Cartes has against women...[but] he shows that he is not much of a man...by attacking a Paraguayan woman, the wife of a senator," he said. But behind Abdo Benítez's defence of Figueredo lie political undertones. Senator Friedmann is a long-time Cartes critic who had clashed with him while he was still in power (see sidebar). Abdo Benítez was probably more interested in backing his political ally Friedmann and taking a swipe at Cartes than standing up for Paraguayan women. This became clearer when, in his next breath, Abdo Benítez expressed his support for a request for the national government to intervene in the Ciudad del Este (CDE) municipal government.

The CDE municipal government is run by the ANR-PC's Sandra McLeod, the wife of ANR-PC Senator Javier Zacarías Irún, a Cartes ally. McLeod has long been accused of corruption and gross mismanagement of the municipal government, which has led the CDE legislative assembly to formally request an intervention, which must be approved by the national congress. But McLeod and Zacarías Irún, who also faces separate corruption accusations, have said that the move against McLeod is an attempted putsch by their political enemies, including ANR-PC factions aligned with Abdo Benítez that now control the CDE legislative assembly, and they have called on congress to reject the intervention request. This is now due to be debated on 27 November.

CHILE | SECURITY

Military seeks to reassure on various fronts

Chile's military has conducted the biggest overhaul of its high command since the return to democracy in 1990. The changes, which were linked to a major corruption scandal, come days after a former commander-in-chief of the army, Juan Emilio Cheyre (2002-2006), became the most senior figure to be convicted of human rights crimes committed under the dictatorship led by Augusto Pinochet (1973-1990). Chile's military published a statement in the local media stating that its new command comprises officials who entered military school between 1980 and 1988 and so have "no links" with human rights violations committed under Pinochet.

Cheyre sentenced

On 9 November Mario Carroza, an investigating judge, convicted Cheyre to three years and a day under house arrest for complicity in the deaths of 15 people during the early days of the Pinochet dictatorship. With 10 others sentenced, Cheyre was convicted in relation to the notorious 'Caravan of Death', a military death-squad charged with eliminating opponents of the military regime (see sidebar).

The conviction comes, however, amid mixed messages regarding the military and justice which have emerged since President Sebastián Piñera and his right-of-centre Chile Vamos coalition government took office in March.

Earlier this year, the Piñera government trumpeted convictions for the murder of singer-songwriter and political activist Víctor Jara, one of the most emblematic human-rights violation cases that took place under Pinochet, as evidence of progress with regard to addressing past impunity. Yet in June Piñera faced major controversy over his decision to pardon a late, retired army colonel, René Cardemil, convicted in 2013 of the murder of six people during the dictatorship – the first time a presidential pardon has been given to someone condemned for human rights violations.

Jara

In July nine retired military officials received prison sentences for the 1973 deaths and kidnappings of the singer-songwriter and political activist Víctor Jara and the then-national director of prisons Littré Abraham Quiroga Carvajal. The court also ordered the state to pay US\$1.2m in compensation to the families of the victims.

Piñera similarly courted controversy over human rights with his call in August for the creation of a ‘museum of democracy’, accusing the government under President Salvador Allende (1970-1973) of having “validated violence and undemocratic mechanisms” [WR-18-33]. Meanwhile, his choice of Mauricio Rojas as culture minister in August also raised eyebrows – Rojas was forced to quit just four days into the job over past remarks about the museum of memory and human rights in Santiago.

Overhaul of military high command in Chile

The reassurances offered by the military were in response to changes to the military high command announced on 8 November which saw 21 generals go into retirement. The changes were linked to the investigation into the wider corruption case involving the military known as ‘Milicogate’ which first made headlines in 2015.

The allegations related to a corruption ring involving officers and other military personnel suspected of embezzling millions of pesos of state funds between 2010 and 2014 under the first Piñera administration. Those implicated include John Griffiths, the second-in-command in the Chilean army, who resigned on 16 October in relation to the case. Griffiths faces charges concerning irregularities that he allegedly committed between 2009 and 2015 in relation to five trips he carried out to the US, along with his family, costing a total of Cl\$44m (US\$65,000).

In a statement in response to the announced changes, Defence Minister Alberto Espina said it would be “incorrect and unjust to deduce that all the generals called into retirement are involved in the incidents currently under investigation”. Espina did acknowledge, however, the “particular judicial situation” facing the military.

TRACKING TRENDS

CHILE | Union protests. More than 100,000 members of the Central Unitaria de Trabajadores (CUT) – Chile’s main trade union – marched through the capital city, Santiago, on 8 November. Protesters carried signs criticising the “anti-union” policies of the right-of-centre Chile Vamos government led by President Sebastián Piñera, a new law on youth employment, and government plans for the labour market.

Other demands also include improved pensions. The strike was observed by workers in 26 locations throughout Chile. The president of the CUT, Bárbara Figueroa, claimed that the government was finally showing its true colours with a raft of conservative policies.

CHILE | New budget set for congressional vote. Cross-party talks in Chile’s mixed parliamentary commission on 12 November resulted in an agreement on the 2019 draft national budget, which will now be subject to a vote in the chamber of deputies and the senate. Politicians from the centre-right Chile Vamos coalition and the opposition hailed a spirit of cooperation which saw the first budget of the current administration pass to the next stage in the approval process.

PARAGUAY | Seeking access to US beef market. On 14 November José Carlos Martín Camperchioli, the head of Paraguay’s Servicio Nacional de Calidad y Salud Animal (Senacsa), gave an update on the government’s efforts to secure access to the US market for Paraguayan beef exports.

Martín revealed that technicians from the US have been working in the country for the past two weeks to verify refrigeration systems, as well as carrying out training sessions with officials from Senacsa and refrigeration specialists.

The awarding of an export license will depend on certification from US health regulators, who must carry out an audit of Paraguayan beef storage facilities. According to Martín, securing access to the US market would also allow Paraguay to export to other important markets around the world, including Mexico and Canada.

‘Reconciliation law’ rings hollow

With no end in sight to the political crisis in Nicaragua, President Daniel Ortega has unveiled a proposed ‘Law of Reconciliation and Peace’. Critics argue that far from addressing the need for justice, it places those accused of carrying out the human rights violations widely documented by local and international human rights groups – the national police (PNN) – in charge of implementing the strategy.

Announcing the new legislative initiative, which would establish a new state policy of “reconciliation and peace”, on 8 November First Lady, Vice President Rosario Murillo said it was necessary to establish reconciliation in the country, where on the latest figures from local human rights NGO ANPDH, released on 11 November, the death toll is 535. Among other things, the bill would establish “schools of family values” and an “early warning system” for disruptive children, with the central objective of extending political control and party indoctrination.

Complaining that the discussion process involved only groups aligned with the ruling Frente Sandinista de Liberación Nacional (FSLN), critics of the proposed initiative (which is expected to be approved by the FSLN-controlled 92-member unicameral legislature next month) suggested that it could be in breach of the 1987 constitution. Article 73 states that it is parents who are in charge of passing down values to their children (rather than, for example, state institutions).

The aspect of the legislative initiative which most concerns human rights activists, however, is the provision which leaves the PNN in charge of liaising with families to ensure that the legislation is being implemented. Institutions like the Inter-American Commission on Human Rights (IACHR) and United Nations Office of the High Commissioner for Human Rights (OHCHR) have long accused the PNN of human rights violations in relation to the crisis (although PNN members have also featured among the fatalities and casualties). As well as responsibility for the deaths and violence, they have also flagged up concerns about the PNN due to a warning it issued at the end of September stipulating that anyone who holds or takes part in “illegal” acts that “alter the public order” will be “held responsible” [WR-18-39]. At the time local human rights groups warned that this was tantamount to establishing a state of siege.

Downgrade

Indicative of the continued impact of the crisis on Nicaragua’s economy and image abroad, on 9 November, the international ratings agency Standard & Poor’s (S&P) lowered its long-term foreign and local currency sovereign credit ratings on Nicaragua from ‘B’ to ‘B-’. The outlook is negative.

According to S&P, the negative outlook reflects “the risk of further deterioration in Nicaragua’s fiscal and debt profiles and in its banking system due to persistent economic contraction and greater difficulties in obtaining foreign exchange financing”. S&P adds that it could lower the ratings within the next 12 months if the government “fails to stanch the loss of dollar liquidity in the economy”. S&P now expects GDP to contract by 4% this year with consumption the largest contributor to this fall, due to the sharp increase in unemployment and constrained consumer credit. It also expects investment to contract in most sectors, and tourism has fallen off sharply. S&P projects GDP to decline by another 2.5% in 2019, on “lacklustre private-sector confidence and limited access to banking credit”.

Press freedom

Earlier this month the Violeta Barrios de Chamorro

Foundation (FVBCH), a local NGO, reported that between 1 April and 18 October there were over 420

violations of press

freedom. The NGO

found violations

including

aggressions, attacks, threats, defamation,

copyright, judicial

harassment,

intimidation, verbal

harassment,

misogyny, and

others. Taking all

violations into

account, there were

261 victims. In

38.57% of violations,

FVBCH reported that

FSLN members were

the perpetrators,

followed by the

national police (PNN),

(18.57%).

Anti-corruption efforts back under scrutiny

Honduras's attorney general's office (AG) last week staged Operación Dragón XI, a nationwide operation aimed at combating corruption in key institutions. Honduras's notorious impunity levels have again attracted media attention as a key factor (along with insecurity and lack of economic opportunity) forcing Hondurans to migrate in the highly publicised caravan heading towards the US.

While over 300 people were arrested as part of Operación Dragón XI, the renewed focus on anti-corruption efforts comes as a new high-profile scandal was recently revealed involving Ramón Lobo, the brother of former president Porfirio Lobo (2010-2014) which once again exposes the severity of the problem. Meanwhile, the head of the special prosecutor's unit against corruption and impunity (Ufecic-MP), Luis Javier Santos, last month called on the supreme court (CSJ) to clarify what was going on with other high-level corruption cases which appear to have been shelved – not least the major investigation unveiled in June which implicates the ruling Partido Nacional (PN) of President Juan Orlando Hernández and traditional opposition Partido Liberal (PL) [[WR-18-24](#)].

On 9 November the AG tweeted that as part of Operación Dragón XI, in which authorities seized documents and took declarations in various institutions such as the national registry office (RNP), education ministry, health secretariat, and Hospital Escuela Universitario, the main teaching hospital in Tegucigalpa, a total of 377 people had been arrested for a range of different offenses.

While this was hailed by the AG as a step forward, on 16 October Santos complained about the lack of progress regarding corruption investigations involving key members of the political elite which have been uncovered by the Mission to Support the Fight against Corruption and Impunity in Honduras (Maccih) of the Organization of American States and AG. These include the so-called 'Pandora case' in which an investigation found that public funds to the tune of HL282m (US\$11.7m) meant for agricultural, agro-industrial, and horticultural projects had been used to finance the political campaigns of both the PN and PL ahead of the 2013 general election (which produced Hernández's first victory).

Other high-level cases include that involving former first lady (2010-2014) Rosa Elena Bonilla de Lobo, Porfirio Lobo's wife, who was arrested in February 2018, accused of illicit association, embezzlement, and money laundering to the tune of over HL16m, as well as the case implicating national deputies accused of siphoning off public funds which came to light at the end of last year [[WR-18-15](#)].

In the most recent sign of this apparent high-level corruption implicating the ruling elite, on 6 November Maccih and the Ufecic-MP announced that the AG had filed a fiscal injunction before CSJ against Ramón Lobo and Wilfredo Francisco Cerrato Durón, currently a deputy for the Central American Parliament (Parlacen) and a former administrator of presidential finance under the Lobo administration, for the alleged crime of fraud and embezzlement of public funds to the detriment of the public administration. According to a Maccih press release, the prosecution believes that the "defendants in the so-called 'caja chica del hermano' (or brother's petty cash) case created a network to divert public money that was initially intended to defray the security costs of the Presidential House". By this means, according to the probe, the accused presumably illegally pocketed HL8.4m.

Internal caravan

On 23 October a local caravan of protesters set out from La Barca in the north-eastern border department of Cortés for Tegucigalpa, where it arrived three days later. The caravan had two clear aims: to express solidarity with the caravan of Hondurans currently making its way to the US and to express their rejection of Hernández whose victory in the November 2017 presidential election has been slammed as fraudulent by his main rival Salvador Nasralla, and other sectors.

POSTSCRIPT

Quotes of the week

“Politics is always a choice between two inconvenient options. There is a lot of decomposition within the police bodies; the federal police was created to guarantee public security so that the army and navy would not have to intervene but this has not happened.”

Mexico's President-elect Andrés Manuel López Obrador appears to acknowledge that his security plan will be assailed.

“There is a wrong diagnosis by the government in thinking that the fiscal deficit is Argentina's big problem. [The government] will leave behind an infinitely worse country than it received.”

Argentina's former president Cristina Fernández.

“It is difficult to alienate so many people in such a short time, but the government's tax reform has achieved just that.”

Colombia's former centre-left presidential candidate Sergio Fajardo on the government's tax reform proposal.

Venezuela-Colombia humanitarian crisis could worsen

The number of Venezuelans who have escaped the crisis in their country by emigrating to Colombia could double from 1m to 2m within the next six months, according to an NGO, the International Rescue Committee (IRC).

IRC's dramatic assessment was based on interviews with Venezuelan refugees in six locations in Colombia. This showed that 94% had been separated from family units in Venezuela and half had been separated from their children. Only one-fifth had received assistance in Colombia. The six most commonly-reported needs were employment, food, money for rent, health-care, shelter and medicine.

IRC recognised the Colombian government's "extraordinary" efforts to help, but said refugees still faced widespread hardship. In a key diagnosis of prospects for an intensified exodus from Venezuela, IRC Colombia director Marianne Menjívar said "each day the crisis in Venezuela is deepening" with economic and political collapse putting food and medicine beyond the reach of "hundreds of thousands of Venezuelans".

News from inside Venezuela has confirmed that conditions continue to deteriorate. While the government does not publish credible data, the Organization of the Petroleum Exporting Countries (Opec) estimated that oil production fell to 1.17m barrels per day (bpd) in October, some 39% below the 2017 average of 1.88m bpd. Oil sales are the country's only real source of revenue. Because of a combination of US sanctions, chaos in the state oil company Pdvsa, and lower capacity at the main export terminal due to a tanker collision in August, crude exports to the US fell by 19% on the previous month to 489,000 bpd in October. There are now widespread petrol queues and shortages in a country that has one of the largest proven oil reserves in the world.

According to the opposition-controlled national assembly, inflation totalled 833,997% in the 12 months to October. Food shortages are widespread. Cattle ranchers claim that the government is seizing up to 60% of their livestock for slaughter, severely impairing future breeding and beef supply. There are regular electric power cuts. The economy is expected to contract by 10% or more this year, meaning it has halved in size since 2013 when President Nicolás Maduro took office.

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