## HEMISPHERE HIGHLIGHTS

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## **Upcoming Events**

December 17 10:00a.m. - 11:30a.m.

Book Launch: "The Future of North America, 2025 - Outlook and Recommendations"

### "By deciding to grant Harper a prorogation, Jean has still established something of a precedent—and the risk that future governments could view prorogation as an acceptable way to avoid confidence votes."

## **Headlines**

Partisan divides in the parliament of Canada push the the country into a constitutional crisis. Rising levels of obesity in Mexico threaten to undermine the country's gains in public health and life expectancy. Costa Rica announces that it will begin negotiations for a free-trade agreement with China. Recent media attention highlights potential areas for improvement in the relationship between Cuba and the Organization of American States. Colombia declares a state of emergency to crack down on illegal business practices after the collapse of a pyramid scheme robs investors of \$240 million. Hugo Chávez' candidates win in 17 of 22 states during regional and municipal elections in Venezuela. Brazil demonstrates its growing regional leadership as chair of the G-20 summit in Washington, DC. Ecuador shows signs it may default on its foreign debt. The president of Uruguay vetoes a bill to decriminalize abortion in the country. The government of Chile takes heat over its failure to notify HIV-positive healthcare patients of their condition. Argentina nationalizes \$23 billion in private pension funds.

## North America

#### Canada

The dysfunctional state of the Canadian Parliament was not resolved by the Conservative party victory in last month's federal election, and has now led Canada to the brink of a political crisis. The three parliamentary opposition parties—the Liberal Party, the New Democratic Party (NDP), and the Bloc Québécois—signed an agreement this week to topple the Conservative minority government and request to the governor general that they form a governing coalition to lead the country. The Conservatives came out of the October 14 election with 143 seats—just shy of the minimum 155 needed for a majority government. The Liberals and NDP combined have 114 seats, and with the support of the Bloc, the tripartite coalition would have a total of 163 seats. According to opposition leaders, this move is a response to the Conservative government's lack of a comprehensive economic stimulus plan to support Canada in the weakening global economy. As part of an economic plan tabled on November 27, the Conservative government proposed the elimination of the roughly CAD\$28 million in federal subsidies that is distributed to political parties based on the number of votes each party receives, as well as limits to the right to strike of Canadian civil servants. The opposition parties however maintain that the changes to political financing were "never the reason" for their mobilization, but rather it was the government's failure to propose a stimulus package to spur economic growth. On October 1, amid political uncertainty, the Toronto Stock Exchange plunged by more than 9 percent—its worst one-day loss since the crash of October 1987. After it became clear that the opposition's outrage over the Conservative economic plan could threaten his government, Prime Minister Stephen Harper backpedaled, withdrawing the proposals and delaying the non-confidence motion by one week. He spoke to the country on December 3 in a televised address to defend his government's position, stressing the threat that brokering a deal with the separatist Bloc would pose to the national interest and stating that he would use "every legal means" at his disposal to

### **Recent Events**

November 10

"Latin America: Hydrocarbons at a Crossroads"

November 14

"Controlling Corruption in Local Governments in Latin America"

December 2

Cuba Outlook Series:

"Cuba's Economy;

Prospects for
Change"

"Analysts blame Mexico's weight gain on the trend toward consuming fast foods and carbonated soft drinks and on increasingly sedentary lifestyles in metropolitan areas."

"protect our democracy, to protect our economy and to protect Canada." On December 4, the Prime Minister met with Governor General Michaëlle Jean, asking the Queen's representative to prorogue (shut down), Parliament until January in order to avoid Monday's confidence vote and buy his government time to refine the federal budget that is scheduled for release on January 27—a request to which the governor general acquiesced. This reprieve will allow the Conservatives a chance to regroup and attempt to regain the confidence of a bitterly divided House of Commons. If Jean had refused to prorogue Parliament, it would have been the first time since 1926 that the Canadian governor general has refused a direct prorogation request from the prime minister. But by deciding to grant Harper a prorogation, Jean has still established something of a precedent—and the risk that future governments could view prorogation as an acceptable way to avoid confidence votes. The opposition's plan for a coalition will presumably endure until Parliament reconvenes in the new year, and if they manage to maintain their momentum and succeed in taking power it would be the first time in history that a Canadian government was successfully ousted by a coalition of opposition parties without triggering an election. Jessica Horwitz

#### Mexico

Rising levels of obesity in Mexico threaten to undermine the country's gains in public health and life expectancy, warned officials at a mid-November conference on diabetes in the nation's capital. The high cost of treating weight-related chronic conditions such as cardiovascular disease and metabolic disorders also poses economic challenges for the health system, said Health Secretary José Angel Córdova, who opened the meeting. The number of overweight people in Mexico has risen sharply since 1999, according to the 2006 National Health and Nutrition Survey. With at least half of the country's population of 110 million considered to be heavy or obese, children and urban residents face the greatest weight-related challenges. The Federal District has the greatest percentage of overweight children. Thirty-five percent of children ages 5 to 11 are believed to be too heavy, and 72 percent of Mexico City women ages 12 to 49 are overweight. Across Mexico diseases associated with excess weight are becoming more common. Between 2000 and 2006 hypertension rates in the increasingly urbanized country rose 24 percent, and reported cases of type 2 diabetes rose 31 percent. The Mexican Social Security Institute (IMSS) reports that diabetes is the leading cause of death for patients covered through its health insurance program. Analysts blame Mexico's weight gain on the trend toward consuming fast foods and carbonated soft drinks and on increasingly sedentary lifestyles in metropolitan areas. Public officials are taking steps to address the problem by promoting physical activity and nutrition education. The federal government designated 2008 the "year of physical education and sports," and the Congress allocated 1.5 billion pesos for sports infrastructure in metropolitan areas. To encourage citizens to diet, the Secretariat of Health along with the IMSS developed last spring's successful "let's lose a million kilos" campaign, which challenged overweight Mexicans to lose half a kilogram of weight a week. A follow-up campaign, "let's lose a million more," was launched this fall to encourage overweight citizens between the ages of 13 and 60 to engage in a second round of exercise and diet modification. In the Federal District, municipal authorities plan to establish a clinic for morbidly obese patients, and the city's health service has begun offering weekend salsa-aerobics classes in public venues. The private sector is also playing a role, with food and beverage companies working to reduce portion sizes of popular refreshments. Although the increase in diseases associated with excess weight presents challenges to the health sector, the trend also highlights persistent inequality between urban and rural areas, and the National Health and Nutrition Survey figures reveal that there are still populations that do not get enough to eat in rural areas of states with high levels of social marginalization. Despite this nutrition gap, officials estimate that by 2012 90 percent of Mexico's population will be overweight, underscoring the importance of taking immediate action to address the country's obesity epidemic while continuing to improve the health of rural communities. Katherine E. Bliss

### **Central America**

#### Costa Rica

Chinese president Hu Jintao made an official visit to Costa Rica on November 17 in order to begin talks for a free-trade agreement and to sign other bilateral agreements. Hu Jintao and Costa Rican president Oscar Arias agreed to enter into free trade negotiations on January 19, 2009 and hope to finalize a deal in 2010 before Arias finishes his current term in office. The two presidents said that their nations also signed 11 bilateral trade and cooperation agreements. Among these agreements was a pledge for China's National Petroleum Corporation (CNPC) to join Costa Rica's state-owned refinery (RECOPE) in modernizing the Moin refinery. China will also give grants to Costa Rica for the construction of a national sports stadium and will sign an agreement with Costa Rican national banks to obtain credit from Chinese banks. Hu Jintao's visit to Costa Rica was part of a Latin American tour that was designed to strengthen economic and diplomatic relations between China and the region. After his visit to Costa Rica, the President went to Cuba for two days where he also reached various agreements including Chinese investment of \$500 million in Cuba's nickel industry and the donation of \$78 million for hurricane relief and rehabilitation of Cuban ports and earthquake systems. China is Cuba's second-largest trading partner behind Venezuela. President Hu Jintao finished his trip to Latin America when he attended the Asia-Pacific Economic Cooperation (APEC) conference in Peru. Officials of both countries have said that they hope to reach a free-trade agreement. Despite the global financial crisis, this productive tour shows that China seeks to continue to diversify its markets and strengthen bilateral ties with Latin America, and Costa Rica is taking full advantage of China's interest to trade with the region. Aiming to increase commercial ties with China, Costa Rica broke diplomatic ties with Taiwan in 2007, becoming the first Central American countries to recognize China. China's first freetrade agreement was signed with Chile in 2005, and now Peru and Costa Rica have the chance to expand free trade between Latin America and China. Jorge Mora

"Despite the global financial crisis, this productive tour shows that China seeks to continue to diversify its markets and strengthen bilateral ties with Latin America."

### Caribbean

#### Cuba

The media recently cited Bolivian President Evo Morales as urging that Cuba be allowed to "return" to the Organization of American States (OAS), and that if this does not happen, that "another OAS" without the presence of the United States be created to include Cuba. Cuba in fact remains a member of the OAS, although its membership has been suspended and it has been excluded from participation in the organization since 1962. The relationship between Cuba and the OAS is a point worthy of careful consideration, although it is doubtful that Evo Morales had exactly that purpose in mind when he made his comments. Cuba remains at odds with OAS conventions regarding respect for democracy and human rights, the key element preventing its return to active membership. The approval of the 2001 Inter-American Democratic Charter, which states that "the peoples of the Americas have a right to democracy and their governments have an obligation to promote and defend it" put further distance between Cuba and active OAS membership. OAS secretary general José Miguel Insulza is on record as favoring dialogue between the OAS and Cuba, an idea that makes sense if it can be used to promote progress in respect for basic rights or in encouraging movement toward democratic practices on the island. Because the OAS has well-established bona fides on human rights and democracy, it should examine potential steps to encourage those values in Cuba. Peter DeShazo

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### **South America**

#### Colombia

The downfall of an apparent pyramid scheme last week in Colombia has led Colombian government officials to declare a 30-day state of emergency as they try to crack down on illegal investment schemes in the country. "Dinero Rápido, Fácil, y Efectivo" (Easy Money Fast Cash) collapsed in November when owner Carlos Alfredo Suárez fled the country after losing about \$270 million in investments when the company was no longer able to make payments. The company had offered monthly returns of between 70 and 150 percent on the initial investment, very high and unlikely return percentages that Suárez used to lure predominantly poor investors who did not own formal bank accounts. Angry investors looted branches of Dinero Rápido, Fácil, y Efectivo and there have been two deaths reported. A state of emergency was called in order to curb the violence and chaos in the wake of the company's collapse. The state of emergency gives the government the power to increase prison terms for businesses that operate with illegally collected money and enables governors and mayors to shut down businesses that they believe are operating in this fashion. To date, officials have recovered about \$42 million from 68 branches of the company and arrested 52 employees. Suárez was captured on November 19 in Panama, but it is uncertain if and when he will be returned to Colombia. Colombian president Álvaro Uribe has promised to help the poorest investors who lost money, but claims that the wealthier investors, including senators, should have known better than to put their money into a business offering such generous returns. Officials have not publicly offered any details of plans to return lost money to investors. Alex Demosthenes

"Angry investors looted branches of Dinero Rápido, Fácil, y Efectivo and there have been two deaths reported."

#### Venezuela

On the heels of the November 23 state and municipal elections, Venezuelan president Hugo Chávez announced that he has "given his authorization" to his political party—the United Socialist Party of Venezuela (PSUV)—to initiate steps to obtain approval of a constitutional amendment allowing for his reelection as president. Speaking via a national news hookup on November 30 at the inauguration ceremony of Jorge Rodríguez, the newly elected PSUV mayor of the populous Libertador municipality of Caracas, Chávez extolled what he considered the "resonant triumph of the revolution" in the November 23 elections and blasted his opposition as "fascists" and "a coup in progress." Announcing that he is ready to continue in power until 2021 "or however long God and the people command," he asserted that "there is no chavismo without Chávez" and warned dissidents within the chavista movement that "he who betrays Chávez dies politically." On December 1, Chávez expressed his desire to see the constitutional referendum on presidential reelection take place in January 2009. Well before the November 23 vote, it was clear that the results of the election would have an important bearing on Chávez' oft-stated goal of extending his term in office beyond 2012. While progovernment candidates were elected in 17 of 22 Venezuelan states and in a majority of municipalities, the opposition triumphed in five key states: Zulia, Miranda, Carabobo, Táchira, and Nueva Esparta, as well as winning important municipalities such as Maracaibo, Metropolitan Caracas, and the working class municipality of Sucre in Caracas. Several of Chávez' top lieutenants, most prominently Diosdado Cabello, Jesse Chacón, and Aristóbulo Istúriz, were defeated in the elections. Chavez' decision to mobilize his supporters to put the constitutional amendment process in motion may reflect the confluence of several currents of thought. One is that despite his continued strong support at the polls overall, time is no longer on his side, and a decline in oil revenues and the gains made by the opposition in November point to an electoral environment increasingly less favorable to him and his government. Peter DeShazo

"Announcing that he is ready to continue in power until 2021 "or however long God and the people command," he asserted that "there is no chavismo without Chávez."

Although Venezuela's political opposition has been energized by its victories in five states in last month's regional and local elections, there are early indications that President Chávez intends to do whatever he can to diminish the power of these newly elected governors and mayors and to prevent them from mounting a national challenge to his rule. Speaking to red-clad chavistas at the end of the month, Chávez called on his civilian supporters and the military to prepare for a showdown with his political opponents. He told his backers they must "be prepared to die for the revolution." He also signaled that he could move to select new regional officials who would answer to the central government as well as cut off funds to the newly elected opposition leaders. Chávez portrayed the election outcome, where 17 of 22 governorships and most municipalities remained in government hands, as a triumph for his United Socialist Party. Nevertheless, Chávez and his top lieutenants must be concerned about the election results. His allies have already begun investigating some opposition leaders on corruption charges and have hinted that they might move to shut down another TV station because of its election coverage. Clearly urban Venezuelans called for change and although Chávez may still try, it will not be easy for him to repeat a constitutional referendum that would remove the ban on more than two presidential terms. Furthermore, 2009 will be a very difficult test for his government's ability to cope with the drastic fall in the price of oil, the country's only significant source of income, and the government seems ill-equipped to deal with the aftermath of the worldwide economic downturn. The opposition still lacks much of a national program and remains divided into many fiefdoms, but new leaders are emerging and Chávez will face his most serious challenges yet in the next year. Lowell R. Fleischer

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#### Brazil

Latin America emerged as a clear winner after the G-20 Summit held on November 14-15 in Washington, DC. This was due to the visibility that regional leaders had in advancing the agenda of the emerging economic engines of this century. Brazil, Mexico and Argentina especially played an expanding role in the debate. In a sign of its growing global leadership, Brazil, chair of the G-20, hosted a two-day conference in São Paulo just before the Washington summit to lay out the concerns of those high growth countries that were adversely affected by the global economic meltdown caused by the collapse of the U.S. financial sector this fall. Brazilian president Luis Ignacio Lula da Silva underscored the role that countries like Brazil would play in crafting a roadmap for recovery. Lula noted that that according to the International Monetary Fund, nearly all of next year's economic growth would come from emerging market countries. In spite of its efforts, in recent weeks Brazil's stock market declined by 37 percent and the country devalued its currency by 30 percent as a result of the global economic turndown. Lula argued that Brazil and others in the G-20 should be given a greater voice to resolve the crisis. In addition to seeking an urgent mechanism to stabilize the financial sector, Brazil seeks new regulations and mechanisms to enhance the influence of emerging economies in multilateral financial institutions. Specifically, this means reopening the Doha round of trade talks. The anticyclic measure of opening up global trade could be a powerful tool for fighting the impact of the current economic crisis on poor and developing countries, especially for a primary commodity exporter such as Brazil. While no specific actions came from this summit, Brazil achieved the voice and position it wanted—a placeholder for action. Johanna Mendelson Forman

"Lula noted that that according to the International Monetary Fund, nearly all of next year's economic growth would come from emerging market countries."

### **Ecuador**

It will probably be mid-December before it becomes clear whether in fact Ecuador will default once again on its foreign debt. At the end of the month of November, Ecuadorian foreign minister María Isabel Salvador said her country will not default on its \$10 billion sovereign debt. However, President Rafael Correa continues to indicate that his country will do just that. At a recent Bolivarian Alternative for the Americas (ALBA) summit in Caracas he hinted that Ecuador would appeal to "international tribunals" to repudiate what he has termed "illegal debt." In mid-November, Ecuador announced that it would use a 30-day grace period to decide whether to make a \$30 million interest payment. A few days later, an audit commission, appointed by the president, said it had uncovered "illegality and illegitimacy" in its foreign obligations. The growth in Ecuador's debt over the past three decades "occurred for the benefit of the financial sector and transnational companies and clearly went against the interest of the country," the commission said. Fearing the worst, investors have driven the price on the country's 12 percent bonds maturing in 2012 to 14 cents on the dollar. Ecuador, whose finances have come under stress as the price of oil has dropped by more than 60 percent from its July high, has defaulted six times on its foreign debt, most recently in 1999. Ironically, if the country defaults, thereby further discouraging private investment, it will become even more dependent on petroleum for both foreign exchange and government revenue. Lowell R. Fleischer

## Uruguay

In November Uruguayan president Tabaré Vázquez vetoed a bill that was to have decriminalized abortion in the first 12 weeks of pregnancy. Passed by both the Chamber of Deputies (49 to 48) on November 5 and the Senate (17 to 13) on November 11, the bill would have allowed for abortions in the cases of extreme poverty, risks to a woman's health, severe fetal malformations, and extraordinary family or social circumstances. In justifying his November 13 veto, President Vázquez, himself a physician, cited his priority as being the financial and medical support of women faced with unwanted pregnancy and not the enabling of abortions. The veto blocks any chance for a public referendum and requires a three-fifths congressional majority to overturn it within 30 days—a majority that the bill's proponents do not have. Under the bill's provisions, adolescents would have had to obtain the representation of a legal guardian or a judge. Medical institutions would have been required to perform the procedure although doctors could have opted out on moral or ethical grounds as long as they notified their superiors. It would have represented the most liberal abortion law apart from Guyana in South America. Abortion currently is illegal although punishment can be waived in the case of rape or the threat to a mother's life. Dating from the criminal code of 1938, law 9.763 states that a woman who obtains an abortion can face 3 to 6 months in prison, while collaborators can face 6 to 24 months. Doctors who perform the procedure can face two to eight years. The vetoed legislation had provoked a strong reaction from Uruguay's Catholic Church hierarchy, which threatened to excommunicate the members of Congress who supported it—a position that in turn was strongly criticized by some in Congress as meddling in politics in a country where church and state have been separated for 90 years. Vasquez' party, the Frente Amplio, is working on another bill that would decriminalize therapeutic abortions in the cases of a threat to the mother's life or severe fetal malformations. In the end, the presidential veto does not reflect public opinion; 57 percent of Uruguayans are in favor of decriminalization while 63 percent of those polled were not in favor of Vázquez' actions even if they agreed with him ethically. Researchers estimate that 33,000 illegal abortions are performed each year in this country of 3.3 million people. Cassia Roth

"An audit commission, appointed by the president, said it had uncovered "illegality and illegitimacy" in [Ecuador's] foreign obligations."

"The vetoed legislation had provoked a strong reaction from Uruguay's Catholic Church hierarchy, which threatened to excommunicate the members of Congress who supported it."

#### Chile

Chilean health minister Álvaro Erazo announced on November 13 that at least 2,500 Chileans who tested positive for HIV between 2004 and 2008 were not notified of their status, adding to an already heated public debate on government performance and a weak health sector. Public health services failed to inform 512 patients, and in the private sector, an estimated 1,700 patients were not informed of their diagnosis. Most tests were conducted during routine laboratory procedures to hospitalized patients. Although the Health Ministry tried unsuccessfully to contact 244 patients, no efforts were made to reach the other 268 cases. Failure often resulted from incorrect contact information and/or miscommunication between the Health Ministry and the National AIDS Commission. Erazo's statement comes two weeks after the former health minister María Soledad Barría resigned after information surfaced that 25 public sector patients in the northern City of Iquique were not notified of their HIV-positive status. Two of these patients later died of complications due to AIDS. Soledad Barría's resignation, accepted by President Michelle Bachelet, was the beginning of this scandal that has seen the number of uninformed HIV-positive patients increase exponentially. Chilean lawmakers have called for an investigation into the situation, and the Central Metropolitan Health Service of Santiago already announced the investigation of why 107 patients in its jurisdiction were not notified of their HIV-positive status. Even as the government has ratcheted up efforts to contact patients, controversy remains around issues of confidentiality. One man filed a complaint that health workers arrived at his work and notified him of his HIV-positive status in front of his supervisor; he subsequently lost his job. The scandal comes at a difficult time for the center-left government of Michelle Bachelet as conservative politicians are citing government inefficiency to bolster their efforts to win next year's presidential race. But the controversy goes beyond politics. Of the 18,500 registered AIDS cases in the country since 1984, roughly half have occurred in the last five years. Since 2003 registered cases reached 9,901; 6,636 were recorded in the public health system, while 3,265 were recorded in the private health sector. Even though Chile received \$16.3 million from the Global Grant Fund in 2003 to improve antiretroviral drug treatment and to reduce discrimination of those living with HIV/AIDS, only 5,407 received treatment; 717 died. The current HIV/AIDS incidence rate is 98.1 per 100,000 persons. While men who have sex with men make up 62 percent of reported cases, the infection rate among heterosexuals is rising. Health experts blame the increase in cases due to "conservative sexual mores that have prevented sexual education in Chile's schools and hindered public health campaigns." The Supreme Court recently overturned a law passed by the Bachelet administration that allowed young women as young as 14 to receive emergency contraception without parental notification or consent. Television networks have refused to air government-sponsored ads that promote condom use. Many place the scandal in the larger problem of a conservative culture that denies access to and information about healthy sexual practices. Cassia Roth

"The scandal comes at a difficult time for the center-left government of Michelle Bachelet as conservative politicians are citing government inefficiency to bolster their efforts to win next year's presidential race."

### Argentina

On November 20, the Argentine Senate passed a bill approving the nationalization of approximately \$23 billion in private pension funds that had been managed by a collection of private retiree and pension fund institutions known as the AFJP. After a lengthy debate, the measure passed by a vote of 46 to 18. The legislation was already approved last month by Congress' Lower House, meaning it will be put into effect as soon as it is signed by President Cristina Fernández. Some 9.5 million individuals will be affected by the change, and will have their assets transferred to be managed by ANSES, the national social security administration. The 10 entities that made up the AFJP will shut down, eliminating 11,000 jobs. The bill also adjusted the manner in which pensions will be distributed. Whereas previously disbursements depended on how much money someone had contributed to the pension fund during his/her lifetime, now payments will be based on the wages of the last 10 years of a person's career. Thirty years of contributions will be the only eligibility requirement. Supporters of the bill argue that the move will protect retirees' money from the fluctuations of the current financial crisis. They also point to a poll taken by Latinobarómetro in October that found that 90 percent of respondents in Argentina believe that pensions should be in state hands. Critics, on the other hand, say the move is an attempt by the Fernández government to acquire more funds without having to placate international investors and will prove harmful in the long term when bigger returns will be possible from external investments. They fear that the new source of revenue will be used by the government to pay off debt and point out that despite the recent surge in support for public pensions, by 2003, 84 percent of Argentines with a pension scheme had chosen to move their funds out of the state-run program precisely because of its poor track record. When they were offered the chance to switch to the state-run program last year free of charge, only 20 percent chose to do so. It seems that the crisis has caused a reevaluation of this stance. Matt Potter

"Critics, on the other hand, say the move is an attempt by the Fernández government to acquire more funds without having to placate international investors and will prove harmful in the long term."

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