

CHILE UNDER SEBASTIÁN PIÑERA: SHIFTS WITHIN A POLICY OF CONTINUITY AND REALLY INNOVATIVE ASPIRATIONS

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On 11 March, Chile will have a new President of the Republic, Mr Sebastian Piñera Echenique.

This right of centre politician takes over from the very popular Mme Michelle Bachelet Jeria, who is a Socialist and the fourth representative of a Left-of-Centre coalition which has occupied the highest offices of state without interruption since the end of the dictatorship of General Augusto Pinochet 20 years ago.

Mr. Piñera inherits a situation which is enviable in a number of ways, beginning with the fact that he assumes the presidency of a democracy well removed from the autocratic excesses that many Latin American countries which 'shifted to the Left' have experienced in the last decade of the 20th century.

So, can he do better? During his entire campaign Mr. Piñera responded: '*Give me a chance!*' Chileans gave it to him on the 2nd round of elections on 17 January.

Mr. Piñera has a very full programme combining continuity and innovative proposals which attracted the majority of his compatriots and can persuade others as well who do not belong to his political camp. But it will turn out to be a delicate task to guide the nation between the temptation of going fast and the risk of frightening a society which still remembers the dictatorship of Augusto Pinochet all too well.

The reasons for a defeat came together with the reasons favouring alternation in power

Mme Bachelet is leaving office with a very high level of personal popularity: more than 80% held a favourable opinion of her at the time of the elections, while at the same time 60% of Chileans said they were satisfied with the way the government was functioning.

However, the Constitution does not allow a President to hold two successive terms in office and with the departure of Michelle Bachelet 20 years of the presidency was continuously in the hands of the *Concertación*, a coalition of parties of the Left (Christian Democrats and

Socialists)¹ which provided 4 successive Presidents² who made the *transición* from the dictatorship of General Pinochet to the democratic Chile of today.

During the 2nd round of presidential elections on 17 January, Mr. Sebastian Piñera, the candidate supported for a coalition of the Right and Centre-Right - the *Coalición por el Cambio* (Coalition for Change)³ – won with 51.6% of the votes versus the candidate of the *Concertación*, ex-President Eduardo Frei.

In the view of a great many observers, the electoral defeat of the *Concertación* is first of all linked to the way this coalition and the Left in general prepared themselves and acted as candidates in this important contest. As one of its leaders said after 17 January, it was a defeat for the *Concertación* rather than a victory for the Right.

The day after the elections, a search for the ‘guilty’ in the ranks of the defeated coalition led some to believe that Mme Bachelet herself bore part of the responsibility. During her term, hadn’t she often showed weakness by explaining her difficulties in dealing with tough issues including the obstacles placed in her path by the parties in her own camp?

Furthermore, in 2007 some fissures appeared in the solidity of the *Concertación* due to the split of the PPD which led to the Chile Primero (a grouping which in 2009 ended up by joining the *Coalición por el Cambio*).

The municipal elections of 2008 saw initiatives made by politicians which confirmed the weakening of the *Concertación*. Thus, militants from the PDC joined the Regional Party of Independents (PRI- non-affiliated with the two large alliances) to create a list of candidates opposing those of the *Concertación* as well as of the other parties. The first victory of the Opposition in the municipal elections since the end of the Pinochet era underlined these signs of weakness in the grand coalition in power.

Finally, one further illustration of the internecine battles which developed these past few years occurred when the Left came out disunited for the 1st round of the presidential elections of 13 December 2009 and fielded 3 candidates:

- Mr. Eduardo Frei (PDC) for the *Concertación* (29.60 % of the votes).
- Mr. Jorge Arrate (PC) for *Junto Podemos Más*, another alliance of the Left (6.21%).
- Mr. Marco Enriquez-Ominami, a young deputy from the PS who was a candidate eliminated during the primary elections within the *Concertación* but quit the PS after this defeat and ran as an independent candidate (20.14 %).

In contrast with the image of break-up given by the Left, the Right quickly decided to save money on primaries and appointed Mr. Piñera as its sole representative (44.06 % in the 1st round).

The days just after the 1st round did not bring about a holy union of the Left and this cost them the victory they could have hoped for if you added up the scores of its three candidates.

¹ Socialist Party (PS), Christian Democrats (PDC), Party for Democracy (PPD), Radical Social Democratic Party (PRSD).

² Patricio Aylwin Azócar (PDC – 1990/1994), Eduardo Frei Ruiz-Tagle (PDC- 1994/2000), Ricardo Lagos Escobar (PPD- 2000/2006), Michelle Bachelet Jeria (PS-2006/2010).

³ The *Coalición por el Cambio* was formed for the sake of the electoral campaign when the *Chile Primero* party (social liberal, resulting from a split within the PPD) joined the Alianza País, which already brought together the *Renovación Nacional* (RN of Mr. Piñera – Centre Right) and the *Unión Demócrata Independiente* (UDI – Conservative Right – linked in the past to General Pinochet)

Thus, eight days after the 1st round, Mr. Ominami ('MEO') announced his intention to create a new party in January 2010 to exercise a 'combative' and 'constructive' opposition to the person about to be elected.

Between the two rounds, Mr. Frei tried to pick up the votes of supporters of 'MEO' by incorporating in his programme some of their proposals, but he nonetheless maintained his ferocious criticisms of Mr. Frei, saying he represented 'no progress,' and of Mr. Piñera, who would be a 'step backwards.'

The *Concertación* also suffered from the wearing away of its credibility in power. The government of Mme Bachelet had not succeeded in halting the erosion of the image of its political alliance in public opinion.

As already noted, the political games in which the parties of the *Concertación* were largely involved considerably slowed down its government programme. But it was doubtless the phenomenon of expanding corruption in the public sector, linked to a tendency for high posts to be assigned on the basis of political affiliation which most undermined the confidence of Chileans in the *Concertación* during its 20 years in control of power. Putting the public administration under its supervision was done by all parties in the alliance but it was the heads of the PPD and the PDC (nicknamed the Party of Corruption) who particularly distinguished themselves by seizing high level jobs in most of the state enterprises.

The multiplication of instances of corruption – which ended up influencing the evaluations of Chile by *Transparency International* – tarnished the country's image of probity which Chileans have traditionally esteemed. The government of Mr. Aylwin inherited a phenomenon which had taken root under the dictatorship of Augusto Pinochet. But his successors, Mr. Frei and above all Mr. Lagos, were unable to stamp it out. On the contrary, their presidencies were mired in scandals concerning embezzlement and misappropriation of many hundreds of millions of dollars and concerned directly the heads of state, some of their ministers and their protégés.

Though her personal image of probity remained intact, Michelle Bachelet herself had to deal with spectacular scandals right from the first months of her term: embezzlement of school subsidies within the Ministry of Education, catastrophic management of the national railways (EFE), false invoices within the national oil company (ENAP)... Meanwhile, certain cases of corruption affected improvement of the main public services either closely or at some distance (the Transantiago transport system of the capital, rolling stock purchased abroad by the EFE). Passage of new laws (such as on transparency and public information) and the putting in place of mechanisms for institutional control have still not corrected the situation, especially in the view of public opinion. These scandals largely account for *Concertación's* loss of its majority in the Chamber of Deputies and in the Senate by the end of 2007.

In the end, Chile is now ready to listen to a new message.

Many Chilean editorials published in the days following the victory of Mr. Piñera said that these elections mark the end of the *transición* from the era of the dictatorship to an era of democracy which is not afraid of change of governments.

General Pinochet died in 2006 and left office in 1990. Memories fade away. A new generation of voters has not experienced the dictatorship and the message coming from the Left - the *Concertación* or chaos' – mixed with allusions to the links Mr. Piñera is presumed to have had with the regime of Augusto Pinochet⁴ did not produce the expected results.

⁴ The fact that Mr. Piñera voted 'No' during the referendum of 1988 which ended in the departure of General Pinochet from the presidency and had himself fallen victim to attempts at manipulation by the services of the dictatorship.

The partial disintegration of the *Concertación* over the past few years and its creation of new or ephemeral electoral alliances plus its partisan splits in fact showed the Chileans that one could dare to vote differently. On the basis of this newfound political maturity, the message of Mr. Piñera who was proposing alternation of men and methods within the context of continuity of the overall political, economic and social orientations set in place over the 20 years of *transición*, was understood and accepted.

The legacy of the *Concertación*

Apart from the negative realities mentioned above, the *Concertación* is handing over to Mr. Piñera the reins of power in a country which is solidly established as a democracy in the neo-liberal model 'with a human face,' corresponding to choices which place it more 'in the Centre' than 'on the Left' within the regional context.

On the macro-economic level, Chile has achieved its biggest successes. They were crowned by the admission of Chile into the OECD at the beginning of January 2010. Chile is the third emerging country after Mexico (1994) and South Korea (1996) to join this organisation.

Its economy is considered to be one of the most developed in Latin America and is very diversified, characterised by its orientation towards exports: primary resources (beginning with copper), agricultural products and livestock.

The extent of its efforts to open up the economy during the past ten years is illustrated by the large number (about forty) free-trade agreements signed with individual countries or groups of countries which account for most of the world economy, as well as by a determination to increase its relations with Australia, New Zealand and all of Asia, taking advantage of its geographic position.

This opening up has been supported by one of the most developed and stable banking systems in Latin America, as well as by legal protection which has considerably encouraged foreign investments since the beginning of this century.⁵

The principal weak points in this economy are, to be sure, arising due to the same process of opening up (fluctuations in international exchange in general and in the price of copper in particular) but also in its energy dependence (gas) vis-à-vis its neighbours Bolivia and, above all, Argentina.⁶

Since 2000, the rate of growth of the Chilean economy has been sustained at an average of +5%. There was a change-over to 3.2% in 2008, then a negative growth of -1.9% in 2009. But the Central Bank has just posted its forecast of strong recovery, on the order of +5% in 2010.

These prospects show the ability of the Chilean economy to recover from the worldwide financial and economic crisis after benefiting beginning in January 2009 from a major government plan for re-launching growth amounting to 4 billion USD, a plan which took a bite out of the prosperity of public finances.

The good health of the economy allowed the various governments of the *Concertación* to develop many programmes and to promote a variety of

⁵ Chile is ranked 3rd among the countries of Latin America in terms of direct foreign investment: 37.5 billion USD from 2002 to 2008.

⁶ In order to remedy the uncertainties in relations with these two neighbouring countries, the government of Mme Bachelet decided to invest in port installations making it possible to import LNG and to re-gasify it.

initiatives of a social nature. From the very start of her term of office, Mme Bachelet did a lot in this domain, for example:

- Implement various programmes of social protection within the *Chile Solidario* initiative for supporting and reintegrating into society the most underprivileged and weak categories of society.
- Launch of the programme of the Ministry of Health known as ‘Chile *crece contigo*’ (Chile is growing with you) to protect small children and infants.
- Promulgation of a law authorising free distribution of the ‘day after’ pill’.
- Support for the *Vida Chile* programme (which she had designed when she was Minister of Health under the Lagos presidency) to promote hygiene and public health.

Thanks to these efforts made over many years, the country can take pride in performance figures which compare favourably at the international level:

- Life expectancy of 78 years.
- Infant mortality of 7.8 /1000.
- Literacy rate of 95.7%.

Finally, as the first Latin American country to reach the Millennium objectives in this area, Chile has, - according to its official statistics – brought down poverty from 38.6% in 1990 to 13.7% in 2006.⁷

Nevertheless, the legacy of the Concertación leaves for the future President his share of difficulties.

While poverty has receded, profound inequality continues in Chilean society and since 2007 living standards have been affected by the slowdown in the economy.

Inflation grew constantly from 2007 (7.8%) until 2008 (8.7%) before starting to decline in 2009 (4.5%). It has cruelly affected the poorest classes and caused a decline in the living standards of the middle class.

Under the blows coming from the economic and financial crisis, unemployment, which had been increasing slightly but regularly in the first half of the Bachelet presidency (7 to 8% of the active population) rapidly shot past 10% starting in Q2 2009 before finally being estimated as an average rate of 9.7% for the whole year. The unemployment rate among youth has not stopped growing since the end of the 1990s: it is estimated to have stood at double the average rate of unemployment in 1997 to be on the order of triple the general rate now.

Finally, Chilean society is characterised by great inequality in the distribution of wealth. According to a United Nations report, in 2005 Chile was ranked 113th in the world in terms of distribution of income. In 2006, the wealthiest 20% of the population received 54.6% of the revenues and the poorest 20% received 9%. In June 2009, a study by the Economic Commission for Latin America and the Caribbean (CEPAL) qualified as ‘unacceptable’ the inequality existing in Chile in terms of income and living standards. The study put forward even more critical estimates.⁸

⁷ Ranking was done on the basis of individual daily income of 3 USD in urban areas and 2 USD in rural areas.

⁸ In issue n°57 of CEPAL, the analysis by Ricardo Infante and Osvaldo Sunkel estimates that despite a doubling of income per capita since 1997, the income of the richest 20% is 13 times greater than that of the poorest 20%.

The issue of Mapuches, though territorially localised, may pose problems for the future government due to the hardening of the situation following violent incidents in 2009.

The Mapuches are a group of indigenous communities numbering around 600,000 persons who are living in the South of the country (Araucania) under very precarious conditions. Having a long tradition of revolts and refusal to submit to authorities, they are demanding the restitution of 'ancestral' lands which today belong to big landowners and forestry companies.

Since 1990, some 650,000 hectares have been given back to them, 35% of that during the presidency of Bachelet. Nevertheless, tempers have been hot since 2008. Some owners say they are ready to chase the Indians away with rifle fire. Meanwhile the Mapuches think that the government is prevaricating. Directed by their radical leaders, they have launched operations to occupy the lands and, in October 2009 they attacked, with arms at the ready, and burned lorries of the forestry teams. Clashes with the forces of order led to the death of two Mapuches during the term of Bachelet (one in January 2008 and the other in August) plus, without doubt, a third death in October 2009.

After the incidents in August, Mme Bachelet named the Minister of the Presidency, Mr. José Viera-Gallo, to be Minister for Coordination of Policy Towards Indigenous Peoples. A group of activists belonging to the very radical *Coordinadora Arauco Malleco* (CAM – leader Hector Llaiful) movement was put under arrest, because Mr. Viera-Gallo himself believed that the actions of October came under the remit of an anti-terrorist law...dating from General Pinochet.

In November, the President convened a 'summit of indigenous peoples' to try to calm people down, but the main community organisation, the Mapuche Territorial Alliance (ATM – 60 communities – leader José Naín) boycotted the meeting.

A draft modification of the Constitution formally recognising the existence of indigenous peoples has been marking time at the doors of the Senate and the Chamber of Deputies for several years.

For historic and economic reasons, but also for political reasons, tensions between Chile and its three neighbours can appear to become greater.

Since the return to democracy, the various Presidents have worked to normalise relations with Latin American countries and especially with its three neighbours. Mme Bachelet conformed to this rule by especially encouraging a strengthening of links with Brazil and Argentina. However, the sky is not totally clear with Buenos Aires. The countries are far from the acute crisis of 1978 between the Chile of General Pinochet and the Argentina of General Videla over 3 small islands and the route of the Beagle Canal which would probably have ended in armed conflict were it not for papal mediation. Nonetheless, Chile depends directly on Argentina for its gas supplies and all during the past few years an arbitrary rhythm of deliveries and the application of rates deemed to be prohibitively high have caused shifts in the mood and anxiety in Santiago.⁹

Relations with Peru remain sour over the sensitive subject of mapping out the zone of economic interest in the ocean. On 19 March 2009, Lima filed its substantiated demand before the International Court of Justice to get some 60,000 km² of ocean space comprising very well stocked fishing areas. Moreover, in November 2009, a case of military espionage in

⁹ Argentine domestic consumption is increasing and its production is having a hard time meeting export contracts. It seems that this situation cannot improve in the near term for lack of investments to increase production.

which Peru was the victim touched off a diplomatic crisis marked by the recall of ambassadors. They returned to their posts in December following the commitment of Mme Bachelet to look very closely into the matter.

Relations with Bolivia remain particularly sensitive because the question of that country's access to the sea¹⁰ has once again become acute following the accession to power of Evo Morales and Chile depends indirectly on this country, which is a supplier to Argentina for its gas supplies. Thus, in 2006, the Bolivian Evo Morales said that the conclusion of negotiations with Buenos Aires over delivery of gas depended on Argentina's commitment not to sell 'one molecule' of it to Chile. During the tenure of Mme Bachelet, dialogue resumed over the question of Bolivian access to the sea, but the results, while positive, did not make it possible to get to the bottom of the question.¹¹

The contents of the message of the candidate and President-elect regarding domestic policy

President-elect Sebastián Piñera is an experienced politician, a company director and a businessman who built up an impressive fortune by his audacity. The President-elect a priori has more than one personal advantage as he attempts to meet the expectations of his compatriots.

Sebastián Piñera Echenique is 60 years old. He is married and is the father of 4 children. In 1975, he finished two years at Harvard with a doctorate in economics after having previously studied this same specialty at the Pontificia Universidad Católica of Santiago. His first business activities were devoted to the banking sector, both on the national and international levels. After drawing close to the *Renovación Nacional* (RN) party and having voted 'No' during the referendum on General Pinochet remaining in the presidency, at the beginning of the 1990s he made his 'entrance into politics' and took his first steps as a businessman (he bought 16% of the shares of the airline LAN Chile). From then on he divided his energies between his political commitment and his business activities, which led him to build one of the largest fortunes in Chile.¹² In his political career, he distinguished himself by a term as Senator with the RN (1990–1998, for the metropolitan area East), by the presidency of the RN (2001–2004) and by his candidacy on behalf of *Alianza por Chile* in the 2006 presidential elections which he lost in the 2nd round to Mme Bachelet.

The success of Mr. Piñera has resulted from the quality of his electoral message presenting him as reformer and bearer of hope, all the while advancing a project resting on the achievements of the *Concertación* and capable of being accepted by a fringe of voters not belonging 'naturally' to the Right or the Centre-Right.

During his entire electoral campaign and at the end of dozens of proposals assembled in his 'government programme for change, a future and hope,' Mr. Piñera has managed to hail the political, economic and social achievement of the *Concertación* (while criticising what he views as their limitations).

¹⁰ Bolivia lost its Pacific coastline during a conflict with Chile at the end of the 19th century.

¹¹ In July 2009, negotiations made it possible to make progress on water management of a river separating the two and on the admissibility of the Bolivian request to use the Chilean port of Iquique.

¹² On the eve of his election Mr. Piñera controlled 19% of LAN Chile (the number one airline company of South America); he was also the owner of the television channel Chilevisión (since 2005) and the main shareholder in the football club ColoColo, the 2009 champion of Chile 2009 (whose president is Gabriel Ruiz-Tagle, also an RN activist since the end of the '80s). He also owns a part of the island of Chiloé.

Under the heading of the future and hope, Mr. Piñera has set a strategic objective for the period up to 2018¹³ : Chile will be ranked among the developed countries with ‘a standard of living like the countries of Southern Europe.’

Change will not consist of undoing things but in continuing to build on what has been achieved:

- By leaving the state with its role as supplier of goods and services.
- By offering new opportunities and guaranteeing assistance to segments of society which have a promising future (such as young people and women) and development of the economy (SME).
- By putting direction of the country’s affairs under managers known for their personal skill rather than selected on the basis of their political affiliations and supported by a body of officials who are well educated and monitored by reliable organisations of verification.

The promotion of a new state of mind in governance of the country naturally leads the President-elect to promise to open the future government to people who are ‘honest, capable and having the calling of public service’ whatever side of the political spectrum they come from.

Invested with a virtuous presentation, this offer of a government of national union made right after 17 January and repeated in the weeks which followed covers two objectives presenting medium- and long-term advantages for Mr. Piñera :

- To cause the *Concertación* to break up
- To broaden political bases while seeking to re-balance the very marked *Coalición* on the Right with the UDI.

The main target appears to be the Christian Democrats, whose leaders have ‘gotten the message’ very well... and at the end of January passed a resolution providing for the exclusion from the party of any supporter accepting a post in the future government.

It should come as no surprise that Mr. Piñera is going to focus his efforts in the social domain and that of economic development with the support of the state.

In the social domain, he will not cast doubt on what his predecessors have put in place in terms of social protection, education and public health. He is proposing some improvements and ways of energising the existing mechanisms. Hence, the system of pensions via capitalisation, which involves some private operators (banks), must be improved through various technical measures benefiting the contributors, while the state could step in to help those who are temporarily unable to pay their subscription fees.

The family and women should be the beneficiaries of new initiatives: the establishment of day-care centres in cities, a 6-month maternity leave, the possibility for housewives to contribute to a personal pension fund...

At all levels, education deserves tangible efforts at improvement based on a strong sense of direction such as: access to pre-school education for children in the poorest strata of the population, the dissemination of high quality primary schooling through increases in resources made available at the level of local government, support for students through

¹³ This selection of 2018 tells us a lot because that is the bi-centennial of the country’s independence. It is at the same time curious, because it corresponds to 2 presidential terms in office (whereas a President cannot today serve for 2 consecutive terms).

additional stipends and a doubling of state assistance, the widening of access to higher education by establishing loans for a much greater number of young people, ...

In the domain of health, Mr. Piñera sets as the priority bringing resources closer to the population by opening 10 new hospitals and 70 centres of medical consultations as well as modernising existing infrastructures.

In the economic domain, it comes as no surprise that Mr. Piñera has set the urgent objective of recovery from the crisis and reaching an annual rate of growth of 6%. To achieve this, he is proposing the following main courses of action:

- Increasing investment to take it from the present level of 23% of GDP to 28% in 2014, while maintaining taxation at its present level; the SMEs will benefit from improvements to existing legal mechanisms to encourage reinvestment of their profits.
- Increasing the supply side of candidates for employment by opening up opportunities to women and young people, by a complex effort of making improvements in the domain of job training; the theoretical target is to create one million new jobs.
- The creation of 100,000 new companies by simplifying administrative procedures and by opening new channels of financing.
- Increasing long-term productivity through modernisation of the state, through greater decentralisation of the administration of public affairs and the reorganisation of management of public companies including the powerful Codelco¹⁴.
- Controlling inflation and monitoring the financial stability of the country while strictly respecting the role of the Central Bank.
- Prudently raising public spending at a rate of increase below today's, estimated to be 9.7% per year and deemed to be unsustainable in present conditions.

Due consideration for the issue of the Mapuches is clearly incorporated – though not specifically identified – in the chapter of the programme devoted to the ‘indigenous peoples.’

The choices and orientations seek to be clear to all:

- Recognise the indigenous peoples in the Constitution.
- Ensure that their representatives participate at various levels in the management of public affairs (municipalities, provinces, regions).
- At the central level, establish a Council of Indigenous Peoples and an Agency for the Development of Indigenous Peoples tasked with coordinating policies.
- Continue the restitution of land according to the existing norms with respect to financial compensation.
- Publish research into what will be essentially rural solutions to better integrate the indigenous peoples into Chilean society.

It will be interesting to follow the concrete initiatives of Mr. Piñera vis-à-vis the Mapuches following his statements during the most recent incidents in which he alluded to the likelihood foreign intervention was involved (FARC ? ETA ?).

Clearer positions with respect to foreign relations and some unsurprising policies on issues of defence

¹⁴ CODELCO (*Corporación Nacional del Cobre*) is a state enterprise which accounts for 21% of world copper production. The priority is to reorganise its top management ('more professional and less under political influence'), provide a 'strong' overture to foreign capital and end its institutional participation in financing the budget of the armed forces.

The official programme pulls together the proposals of Mr. Piñera in these two domains without any explicit links between them apart from safe-guarding the permanent and higher interests of the country.

As regards foreign relations, Mr. Piñera announced that he intends to give priority to **Latin America**. To be sure, the reasons are of an economic nature (promotion of an integrated market in energy in the Southern part of the hemisphere and positioning Chile as a 'nerve centre' in the domains of trade, services and research...) but also political (promotion and safe-guarding democracy under the growing control of the Organisation of American States).

On this point it is certain that Mr. Piñera, who has already expressed his disapproval of the Cuban regime and verbally crossed swords with Hugo Chavez soon after his election, is going to be tempted if not actually drawn into adopting public positions which are much more clear than those of Mme Bachelet¹⁵ regarding the ALBA countries, where democracy is 'on the ropes.'

However, in the context of a highly varied regional political scene, it would appear to be illusory to expect that Chile, even as it 'shifts to the Right' with the zealous congratulations of Colombian President Uribe, can have a major influence on future political reorientations in Latin America. This will be so unless a political heavyweight like Brazil itself comes to the same side and/or a regime like that of Hugo Chávez implodes.

Vis-à-vis its 3 neighbours, it is clear that Mr. Piñera will devote himself above all to safe-guarding the interests of his country. It is unlikely Bolivia may expect to get more than facilities for port access.

As for the **United States**, the future President will seek to establish an agenda of bilateral cooperation covering a number of different domains. Relations with **Europe** will be directed towards 'extracting some of the commercial potential' arising from its recent enlargements. Relations with **Asia** will be developed taking into account the importance of an area with which 40% of Chile's foreign trade is conducted; there will be actions taken to facilitate the signing of a free trade agreement with ASEAN.

With respect to defence, Mr. Piñera stresses the strategic importance of the maritime zones and Antarctic territories for Chile.¹⁶ Consequently, we may expect that the efforts at defence undertaken over the past few years will continue, with priority given to modernising and augmenting the potential of the navy. Nevertheless, remaining tensions with Bolivia and Peru will no doubt prompt Chile to maintain a dissuasive level of capability for its ground forces, which are now undergoing renewal (Leopard tanks, artillery) and continuation of the modernisation of the air force (F 16 fighter planes).

In parallel, Mr. Piñera has announced an ambitious domestic programme: the reorganisation of the Ministry of Defence, an 'explicit' definition of the security policy of the country, the establishment of 'technical and transparent' criteria attached to its requirements... Thus, by displaying a determination to (re)take control of the armed forces, the future President seems to want to send a clear message to those of his detractors who might be tempted to likening him to the past in a simplistic way.

¹⁵ Vote in favour of Guatemala against Venezuela for a place representing Latin America in the UN Security Council but condemnation of the use of force in Honduras against President Zelaya, who is supported by Hugo Chávez.

¹⁶ Chile maintains 6 permanent bases and a dozen temporary bases (for the southern summer) on its Antarctic territory of some 1,250,000 km².

Some additional factors weighing in the balance

Although one can count on the determination of a man who has just attained an objective he has sought for years, one also has to take into account a certain number of handicaps.

Firstly, there is the lack of experience in the practice of the Executive among the future government leaders coming from the *Coalición*, since the parties of the Right have been kept out of power for two decades. Add to this 'historic' lack of experience that of the young age of the governmental team which Mr. Piñera says he wants to put in place.

Secondly, though the future President may say he is aware of it, he will find himself constrained by the very short duration of his term in office, 4 years. Of these 4 years, the last 18 months are usually disturbed by preparations for the next election. At present we cannot see on the political landscape – and surely the same is true for Mr. Piñera – who might be the personality capable of taking over from him and continuing the innovative action he wants to undertake. Moreover, it will not be by rushing things along that the future President is going to win a closely related political challenge: that of persuading us that a 'New Right' is born and knows how to conduct the affairs of the country for the good of the majority.

Finally, and this is not the least of the handicaps for the future Head of State, he has to reckon with a legislature where the parties of the *Coalición* have not had clear control since the parliamentary elections of December 2009: 16 out of 38 (versus 19 for the *Concertación*) and 58 deputies out of 120 (versus 54 for the *Concertación* plus 3 Communists).

In order to have greater freedom of action and to hope to project his action and proposals for a 'New Right' beyond the limits of his term in office, it will be necessary for the future President to succeed in passing at least one of the following two reforms about which he has not yet spoken in his programme:

- **the possibility of serving two successive presidential terms;**
- **dropping the bi-nominal system in the context of legislative balloting¹⁷**

But the parties of the *Coalición* have in recent years opposed the repeated attempts of the *Concertación* to get them to agree to abandon the bi-nominal system....

There remains the first reform, which would seem to encounter favourable opinions among the various parties, though they do not say so publicly. In view of certain objectives of his programme which go beyond the time horizon of 2014, we can foresee that Mr. Piñera will touch upon this subject in a matter of months - but certainly not in the days immediately ahead due to the disarray presently going on in the *Concertación*.

In conclusion, it is indisputable that the domestic scene of democratic Chile will be interesting to follow: to see the successes and difficulties of a man who will bear responsibility for proving that peaceful political alternation in office is possible, even in Latin America.

One may imagine that Mr. Piñera will devote most of his energy to driving forward his programme on the domestic scene and that, to the extent that the regional environment does not show any major change among one of its 'heavy-weights,' he will restrict his activities on the Latin American political scene,, and

¹⁷ This system, which was installed under the Pinochet regime de facto limits the representation of an y political force in the legislative bodies and generally obliges it to negotiate to arrive at an agreement e on a draft law.

on the international scene in general to what can support his project of ranking Chile among the developed countries.

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