Chile: President-elect Gets Down To Business, Names Cabinet

LADB Staff

Follow this and additional works at: https://digitalrepository.unm.edu/notisur

Recommended Citation

This Article is brought to you for free and open access by the Latin America Digital Beat (LADB) at UNM Digital Repository. It has been accepted for inclusion in Notisur by an authorized administrator of UNM Digital Repository. For more information, please contact amywinter@unm.edu.
Citing Chile's first post-Pinochet leader, former President Patricio Aylwin (1990-1994), as his inspiration, President-elect Sebastian Pinera last week unveiled his much-anticipated Cabinet selections: a "transversal" collection of 22 men and women who the conservative leader promises will guide the country through a "second transition." "What Chile asks of us is to keep the good, correct the bad, and improve the mediocre," said Pinera, recalling the words Aylwin used when kicking off his own presidency. Aylwin a member of the centrist Partido Democrata Cristiano (DC) and the first of four-straight presidents from the center-left Concertacion coalition is credited with leading Chile's transition from the dictatorship of Gen. Augusto Pinochet (1973-1990) to democracy. Pinera, who beat former President Eduardo Frei (1994-2000) in a tight runoff last month (see NotiSur, 2010-01-22), promises a second transition for Chile after two decades of Concertacion rule. He is Chile's first elected conservative leader in more than half a century. "We're not starting from zero," said Pinera in a clear nod to his Concertacion predecessors. "A lot has been accomplished, and we've always recognized that. But I also want to make it clear there's still a long and arduous path that must be followed." The president-elect offered the Concertacion another olive branch in the form of his new defense minister, veteran DC member Jaime Ravinet, who held the same position during the government of former President Ricardo Lagos (2000-2006). Among the other 21 Cabinet selections, more than half are political independents. Only eight, in contrast, hail from one of the conservative Alianza coalition's two member parties: the center-right Renovacion Nacional (RN) and the hard-right Partido Union Democrata Independiente (UDI). Critics, however, say there is nothing diverse or even moderate about Pinera's Cabinet choices who whether "independent" or not very much represent the political right. For the most part, they also share a common socioeconomic, educational, and business-oriented profile that mirrors Pinera's own background. A former RN senator, Pinera is a Harvard-educated businessman whose personal fortune is estimated in the US$2 billion range. Like the president-elect, 17 of the 22 Cabinet members are alumni of Santiago's prestigious and historically conservative Pontificia Universidad Catolica de Chile (PUC). Only three attended the country's other top school, the more liberal Universidad de Chile. Many did post-graduate work overseas and most of the appointees, including Alfredo Moreno, the newly named foreign minister, have business rather than political backgrounds. Moreno, a director with department-store giant Falabella, has an MBA from the University of Chicago but no direct experience in international relations. "From the very beginning of the modern state, it's been understood that the government's mission is to look after the common good, not the private interests of individuals or groups," said DC Deputy Gabriel Ascencio. "What we have here is a Cabinet that is basically like the board of a holding company." Much to the dismay of human rights activists, two of Pinera's Cabinet appointees longtime UDI stalwart Joaquin Lavin and fellow "Chicago Boy" Cristian Larroulet were employed directly by Pinochet's military regime. Both worked under economist Miguel Kast in the Pinochet government's Oficina de Planificacion Nacional (ODEPLAN), which was responsible for pushing through the dictatorship's key free-market reforms. Under the Pinera government, they will collaborate with Kast's son Felipe,
selected to head the Ministerio de Planificacion y Cooperacion (MIDEPLAN). "For the first time in the history of the Chilean republic, we're going to have a Cabinet made up of business leaders, academics, and people who supported the military dictatorship," Mireya Garcia, vice president of the Agrupacion de Familiares de Detenidos Desaparecidos (AFDD), told NotiSur. "Within the government we're going to have a conservative right, connected to Opus Dei, which is obviously going to result in substantial changes in individual freedoms, the system of morals and values, and probably human rights as well." Money matters Pinera's Cabinet announcement came less than three weeks after his historic, albeit narrow (51% to 48%) victory over Frei, a member of the DC who currently serves in the Senate. It was the politico-tycoon's second go at the presidency. In 2005, he lost in a runoff to President Michelle Bachelet of the Partido Socialista (PS), who ran as the Concertacion candidate (see NotiSur, 2006-01-20). Chile's first and only female head of state, Bachelet is ending her four-year term with record approval ratings consistently more than 80%. She was barred from competing in this past election under Chilean law, which does not allow presidents to serve consecutive terms. The Concertacion's defeat was somewhat surprising given Bachelet's sky-high support. Enthusiasm for the outgoing president, however, never seemed to rub off on her would-be successor, Frei, who finished his term in office with an approval rating of just 28%. Also working against Frei was the sudden rise of Marco Enríquez-Ominami, a 36-year-old rookie congressman who, after leaving the governing coalition to run as an independent, mounted a progressive yet decidedly anti-Concertacion campaign that ultimately split the center-left vote in Pinera's favor. Enríquez-Ominami captured 20% of the vote in the Dec. 13 general election, coming in third behind Frei and Pinera (see NotiSur, 2009-12-18). Money may have played a factor as well. In the months leading up to the elections, Pinera campaign propaganda seemed to be just about everywhere a multimedia blitz of radio spots, posters, and billboards that more or less drowned out the competition. Campaign-spending figures released earlier this month confirmed that impression, revealing that Pinera spent more than his three rivals Frei, Enríquez-Ominami, and Jorge Arrate, the far-left fourth-place finisher combined. The Servicio Electoral said the president-elect spent US$9.59 million, just US$5,660 under the legal limit. Together, Frei (US$5.98 million), Enríquez-Ominami (US$2.84 million), and Arrate (US$566,000) spent US$9.14 million. A hefty portion of Pinera's campaign spending, US$2.07 million (21.5%), came out of his own pocket, which is well-known to be extremely deep. A majority stakeholder in Chile's leading airline LAN, Pinera also owns a popular television station, Chilevisión, as well as the country's most successful soccer team, ColoColo. The president-elect's tycoon status has drawn him comparisons to Italian Prime Minister Silvio Berlusconi. Both appear on the most recent version of Forbes Magazine's list of the world's most powerful billionaires, published in late January. Pinera figured 15th on the list, ahead of people like Steve Jobs, founder and CEO of Apple Computers, and media mogul Rupert Murdoch. New York City Mayor Michael Bloomberg and Berlusconi hold the top two spots. To the victor go the spoils The president-elect's vast private holdings, already a subject of debate during the campaign, have come under even more scrutiny since his Jan. 17 victory. To stave off concerns about potential conflicts of interest, Pinera promised to sever his many business ties prior to taking office March 11. With just a month to go before his inauguration, however, Pinera has yet to make good on that promise, a delay that has already paid off. On Feb. 9, the day Pinera announced his Cabinet, the share value of Axxion, a holding company through which he controls 19% of LAN, led all Chilean stocks with a 7.3% gain. The stock closed at just shy of 26 pesos per share, up from 8.66 pesos on Dec. 10, two days before Pinera's first-round victory. Axxion rose another 2.3% on Feb. 10, closing at 26.6 pesos per share nearly double what it was worth before the president-elect's runoff win. "It's sad that someone can earn money, after a campaign, thanks to his political position," said Senator-elect
and PS party boss Fulvio Rossi. "One hopes that the money a businessperson earns comes from management capacity in the economic sphere, or from the company, not from political position."

Pinera owns an additional 7% of LAN through a separate holding company. Altogether, his 26% controlling share of the airline is thought to be worth at least US$1.5 billion. He continues to say he will divest himself of the stocks before the inauguration, although with the clock quickly ticking down, that claim given the sheer size of the investment may be easier said than done. Pinera also promised earlier this month to place Chilevisión, which he acquired in 2005, in a blind, nonprofit trust. According to news reports, the trust will be managed by a group called Fundacion Cultura y Sociedad, a spinoff of the Fundacion Futuro y Sociedad over which Pinera already presides. Rossi and other critics say the trust will be more "one-eyed" than blind. Concerns about potential conflicts of interest are now being directed at Pinera's Cabinet ministers as well. Falabella, the retail chain that employed Moreno, Chile's new foreign affairs minister, has major investments in neighboring countries like Peru and Argentina. Lavin, Pinera's minister of education, is part-owner of a private university. The new environment minister, Maria Ignacia Benitez, worked for years helping energy companies push their projects through Chile's environmental-impact evaluation system. She's currently involved with two energy projects still awaiting approval. And Jaime Manalich, the new health minister, is director of a private Santiago hospital. "During the Concertacion governments, [the health and education] posts were filled by people with expertise in public health or public education, since the state ought to focus on serving lower-income people, the very people who rely on those ministries' services," said Deputy Ascencio. "Right now, however, we see that the people going into those ministries are experts in private health, like the director of Clinica Las Condes, or in private education, like one of the owners of the Universidad del Desarrollo."

-- End --