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Slumping in the Polls, Chile's President Sebastián Piñera Struggles to Keep Political House in Order

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Weighed down by a pair of government scandals that have exacerbated intracoalition rivalries and already cost several administration officials their jobs, President Sebastián Piñera may be longing for the days when his biggest problems came from outside his political circle.

Piñera spent a busy first year in office grappling with a host of external challenges, starting with an magnitude 8.8 behemoth of an earthquake that struck central Chile less than two weeks before his inauguration (NotiSur, March 12, 2010).

Now into his second year, the president is facing a very different, though no less taxing, leadership test: keeping his political house in order. Personnel management, Piñera is discovering, is no easy chore, particularly when it involves taming the historic tensions so deeply embedded in his conservative Alianza coalition.

The latest mess to land on Piñera’s proverbial doorstep is the "caso Kodoma," a relatively public spending fiasco that is nevertheless causing some big problems for the administration. Kodama, a construction company, is suspected of overcharging Chile’s Ministerio de Vivienda and Urbanismo (MINVU) several million dollars for work it did on a Santiago highway project.

Last December, the private contractor presented MINVU with a bill for roughly US$87 million in excess costs associated with the long-delayed road project. Under the guidance of Alvaro Baeza, an attorney and close advisor of then Housing Minister Magdalena Matte, the ministry negotiated the bill down by more than half. In January, Matte signed an order to pay Kodoma US$36 million—an apparently good deal for the government considering the first bill came with a seal of approval from Universidad Católica researchers.

Tipped off by another MINVU official, however, Matte—suspecting the Kodoma bill was still too high—changed her mind about paying the US$36 million and ordered the government in late February to stop payment. In early April, she turned the matter over to investigators in the Ministerio Público (MP). The case is also being examined by the Controlaría, the government comptroller’s office, which released a preliminary report suggesting Kodoma’s final bill was still US$15 million too high.

It remains unclear who is responsible for calculation errors. Nor have authorities determined whether anyone in the government looked to benefit from the aborted transaction. Still, with the case beginning to attract more media attention, Matte made the somewhat surprising decision April 20 to resign her post.

"Although apparently I lose something on a personal level....I avoid an unnecessary political conflict," Matte wrote in her resignation letter, "I have the conviction, Mr. President, that I did everything a proper person would do in the face of a situation such as the one I had to deal with."
Matte is the fifth Cabinet minister to step down this year, following in the footsteps of Jaime Ravient (defense), Ricardo Raineri (energy), Felipe Morandé (transportation), and Camila Merino (labor). Her replacement is Rodrigo Pérez Mackenna, who was promoted from the position of intendente (regional governor) for central Chile’s O’Higgins Region.

**With friends like these**

At this point, no one is suggesting Matte did anything wrong other than accept some bad advice from Baeza, a colleague and reportedly close friend long before the two worked together in MINVU. Her decision to take the fall has instead earned her praise—from both sides of the political aisle.

"She offered a lesson," said former President Ricardo Lagos (2000-2006) of the Partido Socialista (PS). "We’re in the presence of an honest minister, no question about it." The PS is one of four member parties in the center-left Concertación coalition, which led Chile for two decades prior to Piñera’s inauguration.

Why, then, was Matte so quick to call it quits? At least part of the answer can be gleaned from the parting letter she submitted to President Piñera. "I’d like to take an additional step and, as it’s my duty as minister, accept political responsibility [for the mistake]," she wrote. "I know that this attitude is not common in Chilean political life."

That last comment, many observers believe, was in direct reference to another embattled member of Piñera’s political circle, Jacqueline van Rysselberghe, the former intendente of Biobío Region. A former mayor of Concepción, one of the cities hardest hit by last year’s quake, she resigned April 3.

Like Matte, Van Rysselberghe quit her job after being embroiled publicly in a political scandal. She is accused among other things of knowingly providing post-earthquake housing subsidies to nonqualifying constituents. But, unlike Matte, Van Rysselberghe did not quit willingly or quickly. Her resignation instead followed a several-month standoff that ended only when ‘smoking-gun’ evidence surfaced linking her to falsified documents.

The delay proved to be both embarrassing and politically costly for President Piñera, who chose initially to support the beleaguered intendente. That decision drew public criticism from members of Renovación Nacional (RN), the more moderate half of the governing Alianza coalition, which also includes the hard-right Unión Demócrata Independiente (UDI).

RN leaders accused Piñera (a former RN senator) of unnecessarily kowtowing to UDI pressure. Both Matte and Van Rysselberghe are members of the UDI. UDI critics, in turn, lambasted RN leaders for what they viewed as insubordination. The UDI, founded by technocrats associated with the dictatorship of Gen. Augusto Pinochet (1973-1990), has also at times openly questioned Piñera. The UDI-dominated think tank Libertad y Desarrollo (LyD), for example, routinely chides the president for leaning too far left.

**Sophomore slump?**

This is by no means the first time the RN and UDI have publicly clashed. For many analysts, the period of relative calm that allowed the two Alianza members to unite behind a single candidate—Piñera—and go on to win the presidency (for the first time since democracy was restored to Chile) was an exception rather than the rule.
In the 2006 election, Piñera stomped on the UDI’s toes by running against Joaquín Lavín, a UDI veteran who, after narrowly losing the 2000 election to President Lagos, had hoped to represent the Alianza unopposed. Piñera not only challenged Lavín, he also outpolled him (NotiSur, Dec. 16, 2005). Once in power, Piñera offered Lavín an olive-branch appointment, putting him in charge of the Ministerio de Educación (MINEDUC).

For the Chilean public, the RN-UDI rivalry is hardly breaking news. But that does not mean voters appreciate the open bickering. Recent polls suggest the Alianza infighting is eroding Piñera’s popularity, which is now below the 50% mark after peaking last November at 63%. A recent survey by the polling firm Ipsos put the president’s approval rating at 49%. Ipsos found that support for the Piñera administration as a whole is now less than 47%. Another firm, Adimark, put that number even lower, suggesting in a poll released last month that only 42% think the government is doing a good job.

"Something’s not working in terms of political management and communication," Adimark director Roberto Méndez explained in an April interview with Radio Agricultura. "The fact that 49% of the public disapproves of the president is a major issue. There’s something that’s just not working well."

The numbers are all the more telling considering that President Piñera—the Matte and Van Rysselberghe distractions aside—has been on a bit of a roll of late. In March, the president hosted his counterpart US President Barack Obama, traveled to Europe and the Middle East, and advanced on his presumably popular plans to reduce health costs for the elderly and extend maternity leave for Chilean women.

"[March] should have been a great month for Piñera because there were many announcements. It was a month full of good news," said Méndez. "But it all got obscured by the more-than-two-month conflict between the Alianza and the administration regarding the Biobío intendente."

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