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Former Chilean President Announces Reelection Bid amid Conflict of Interest Questions

by Benjamin Witte-Lebhar

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The race to replace President Michelle Bachelet when her term expires in March 2018 has kicked off in earnest now that Sebastián Piñera, her immediate predecessor and the early frontrunner in a broad field of contenders, finally made his candidacy official.

The billionaire businessman and political conservative made the long-anticipated announcement March 21 in a carefully staged, confetti-covered appearance at the Natural History Museum in central Santiago's Quinta Normal park. The event was closed to the public and the location reportedly kept secret until the last minute as a way to avoid would-be protesters.

"I'm convinced that this election represents a crossroads," Piñera (2010-2014) told a group of approximately 2,000 guests. "One option is to insist on or go farther down the wrong path that the government is on. The other is to correct the errors."

In a marked departure from the more centrist-approach he took during his run for president in 2009, the rightist Piñera spent much of his speech lambasting the center-left Bachelet administration and painting a picture of Chile as a country that, after a sustained period of exemplary development, is in perilous decline.

"Chile has lost the leadership position in Latin America that we worked so hard to obtain," Piñera said. "We're hardly growing. We're not creating jobs. The decline in the quality of jobs is something we see every day. Salaries and pensions are stuck in place. Investments, savings, and productivity are down ... Crime, drug addiction and terrorism are on the rise. The quality of education is stagnant. The healthcare system is in crisis, and the rule of law has weakened."

Piñera acknowledged that he, too, made mistakes as president but insisted that overall, his time in office was a success. "We have nothing to hide," he said. "We handed over a Chile that was better in 2014 than the one we received in 2010." The challenge now, he implied, will be to put the country back on course by learning from those mistakes and repeating the successes.

"Deep inside, I felt it was my duty to meet this challenge and fill the leadership role," he said.

'A very bad government'

Bachelet, who first led the country from 2006 to 2010, was the outgoing leader the last time Piñera ran for president as well. Hers was the last in string of four presidencies for the center-left Concertación coalition, which controlled the government continuously since the end the 17-year dictatorship of Gen. Augusto Pinochet (1973-1990) and was showing signs of wear and tear. Bachelet herself, however, was wildly popular, in large part because of how well Chile had weathered the global financial crisis of 2007-2008.

Chile's term-limit laws prevent presidents from seeking immediate reelection, meaning Bachelet would have to wait another four years before cashing in on her political capital ([NotiSur, March 12,](#)

2010, and [March 26, 2010](#)). That created an opening for Piñera, who positioned himself as a business-first centrist in an effort to lure political moderates who had perhaps grown weary of the all-too-familiar Concertación leadership cadre but still essentially supported the coalition's policy choices.

This time around—with copper prices down and the economy growing at a snail's pace—Bachelet is unpopular, with approval ratings in the historically low 20% range. She has also paid a heavy political price for a corruption scandal involving her son and daughter-in-law ([NotiSur, April 24, 2015](#)). All of that provides Piñera with a different kind of opportunity, allowing him to attack the Bachelet administration head-on and present himself not just as a business-savvy upgrade on the old system, but as a much-needed alternative.

"The government of the Nueva Mayoría [New Majority, as the Concertación was rechristened during Bachelet's run for reelection] is a very bad government for Chile," Piñera said during his March 21 candidacy launch. "We Chileans know it. We feel it. We're suffering from it. And although it hurts me to say it, I do so with conviction and good arguments."

Candidate confusion

Piñera faces a nominal challenge on the right from fellow conservatives Manuel José Ossandón, a senator, and Felipe Kast, a congressional deputy who held a Cabinet post early in Piñera's presidency. All three are members of the rightist Chile Vamos coalition, which plans to hold a primary election on June 2. The coalition is anchored by the hard-right Unión Demócrata Independiente (Independent Democratic Union, UDI) and the center-right Renovación Nacional (National Renovation, RN) parties. It also includes the smaller Evolución Política (Political Evolution, or Evópoli) and Partido Regionalista Independiente (Independent Regionalist Party, PRI).

While nothing is guaranteed, most pundits expect Piñera to win the Chile Vamos primary easily. The scenario is far less cut and dry for the political left, which could end up presenting multiple candidates in the presidential election, on Nov. 19. A two-candidate runoff, if necessary, will take place a month later, on Dec. 17. To avoid a runoff, the top vote getter in the initial election will need to secure an absolute majority, meaning 50% of the votes plus one.

The left struggled with cohesion problems even before Bachelet transformed the four-party Concertación into the broad Nueva Mayoría by bringing the Partido Comunista de Chile (Communist Party of Chile, PCCh) and other far-left groups on board. The new grouping—with the PCCh at one extreme and the culturally conservative Partido Demócrata Cristiano (Christian Democratic Party, PDC) at the other—is even more difficult to manage, especially now that public support for the person who brokered the alliance, Bachelet, is so low.

The Nueva Mayoría's member parties have agreed in theory to hold primaries and thus whittle down what for now is an extremely crowded field of candidates. Some of those decisions, however, may end up being made behind closed doors. As it stands, the PDC is backing Carolina Goic, a congressional deputy. The Partido Radical Socialdemócrata (Social Democratic Radical Party, PRSD) has opted for Alejandro Guillier, a senator and former newscaster. The Partido por la Democracia (Party for Democracy, PPD) stands behind former President Ricardo Lagos (2000-2006). And Bachelet's Partido Socialista (Socialist Party, PS) is weighing two options: José Miguel Insulza, a former head of the Organization of American States (OAS), and Fernando Atria, a university professor and constitutional lawyer.

Independents like Franco Parisi, an economist, and Marco Enríquez-Ominami, the son of slain Chilean revolutionary Miguel Enríquez, may also run. Both participated in the 2013 presidential election, finishing third and fourth respectively with approximately 10% of the vote each ([NotiSur, Nov. 22, 2013](#)). Enríquez-Ominami also ran in 2009, finishing third behind Piñera and former President Eduardo Frei (1994-2000) with approximately 20% of the vote ([NotiSur, Dec. 18, 2009](#)).

Complicating matters even more is the recent appearance of a new political grouping, the Frente Amplio (Broad Front, FA), an upstart coalition of far-left fringe parties determined to chart a progressive course that is fully separate from the Nueva Mayoría. The FA's goal is to break up the Nueva Mayoría/Chile Vamos duopoly that has dominated Chilean politics since democracy was restored in 1990. The top FA contenders are Alberto Mayol, a sociologist and television commentator, and Beatriz Sánchez, an outspoken radio journalist and activist.

Among the various leftwing contenders, the favorite, according to recent polls, is Guillier, followed by Lagos and Goic. Guillier's outsider status as a political independent, and his profile as a well-known and trusted news anchor, are seen as assets at a time when public opinion of the country's mainstream parties and party leaders is markedly low. But he also lacks political experience and continues to trail in the polls behind Piñera, who is clearly benefiting from the left's current candidate confusion. Approximately 25% of respondents to a recent survey by the polling firm CADEM said they would vote for Piñera compared with 15% for Guillier.

Still, the race for the presidency is by no means over. And there's little to suggest that Piñera is the kind of political juggernaut who—as Bachelet did in 2013—will necessarily steamroll his way back into power. At a time when anti-establishment sentiments are running high in Chile and across the globe, Piñera is a consummate establishment figure: an ex-president with an estimated personal fortune of US\$2.5 billion. That's one strike against him. Another is his record as president.

Conflicts of interest

Economic growth may have been more robust during his tenure as president than it is now, but the slowdown began on his watch. Piñera's presidency was also marred by massive student-led protests that caused his approval ratings to plummet ([NotiSur, Nov. 11, 2011](#)). He failed to reach any kind of meaningful agreement with the movement, a lesson surely not lost on the many Chileans who continue to demand deep structural change not only to the country's education system, but to things like health care and Chile's much-maligned system of privately managed individual pension accounts ([NotiSur, Aug. 12, 2016](#)).

The candidate is also being hounded by accusations of unscrupulous business dealings and conflicts of interest. The latest scandal to emerge involves a firm called Bancard International Investment, which is registered in the British Virgin Islands, a known tax haven. Piñera controls the investment company but left it in the hands of family members, including his son Sebastián Piñera Morel, after being elected president. During that time, Bancard invested in the Peruvian fishing company Exalmar, which holds fishing rights in a vast area of coastal waters that were awarded to Peru as part of an International Court of Justice (ICJ) decision handed down in early 2014, near the end of Piñera's time in office ([NotiSur, Feb. 28, 2014](#)).

Exalmar, in other words, stands to benefit from the ruling, as does Bancard, which now owns more than 9% of the company. Critics see the case as an obvious conflict of interest, as does a prosecutor in Santiago, who is pursuing the matter in court and may call Piñera to testify. Last week, the

prosecutor called on detectives to take statements from the candidate's wife, Cecilia Morel. The legislature, in the meantime, has set up its own inquiry.

Proving that Piñera knew about the Bancard purchase, or that he had any inside information regarding the eventual ICJ ruling, will be easier said than done. But the case could still have major repercussions in the court of public opinion, especially once the Nueva Mayoría can settle on a single candidate and turn its attention to Piñera rather than on each other.

"Once we organize, we'll regain ground," Guillier told reporters shortly after Piñera announced his candidacy. Alejandro Olivares, a political scientist at the Universidad de Chile's Instituto de Asuntos Públicos (Political Affairs Institute, INAP) agrees.

"The big advantage for the Nueva Mayoría is that it has an electoral machine that functions well when they want it to do so," he said in a recent interview with El Mercurio. "They can have differences or problems between themselves, but when the time comes to get organized and compete, they'll have a real chance of winning. They can come together as a coalition and shouldn't be underestimated."

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