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INFORMED QUESTIONS ON CHILEAN DOMESTIC POLITICS

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Chilean Domestic Politics

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Chile has set the example for modernization in Latin America after struggling to reestablish democracy following 17 years of non-democratic rule. Economic markets are thriving and democracy has stood the test of several elections since reestablishment in 1989.¹ Despite its repression, the military dictatorship was able to institute free market reforms and lay the groundwork for the free market success story that Chile is today. This process is proving difficult for other emerging countries, a fact that speaks to the uniqueness of the Chilean experience. The process of democratization, however, has not been without growing pains. Personal liberties such as free speech, while not fully restricted, are limited in some cases. The Constitution of 1980 is crafted to make changes difficult, and ensure institutional protection from democratic reform for some established elites and the military. Chilean society and the government have not yet come to grips with human rights abuses under the 1970s military repression. The military retains special privileges, making civil control questionable, and at best, difficult. Additionally, the government is grappling with problems that plague other more established democracies, such as erosion of social safety nets (health care and pension systems), the frustration of compromise in the multi-party system, corruption, and establishing a sound course in the troubled economic seas of the new millennium. The following questions, each preceded by a short background paragraph, are intended to provide a starting point for discussion about the Chilean perspective on each of these important issues.

¹ Manuel Antonio Garretón, "Chiles Elections, Change and Continuity." Journal of Democracy Volume 11, number 2 (Apr 2000): 78-84.

Personal Liberties – Freedom of Speech

Recent history of free speech in Chile has been less than one would expect from a democratic state, but far better than most of Latin America. The state security law, enacted under the military dictatorship, remains in effect treating *desacato* (contempt of authority) as a national security crime, carrying a jail term of up to five years.² In 1999 a reporter, Alejandra Matus, was forced to flee the country for writing about judicial corruption in a work titled “The Black Book of Chilean Justice.”³ Legislation that would eliminate *desacato* from the state security law, and improve freedom of the press in general, has been stuck in Congress since 1993. Other more modest reforms waited in the Congress for five years before being passed in 2001.⁴ In the fall of 2002 it was reported that the legislation was moving again and that President Lagos had accorded legislative urgency to its passage.⁵ Yet, as late as January of this year a television commentator, Eduardo Yáñez, was convicted of disrespect to a public institution for calling the Chilean Judiciary “immoral, cowardly, and corrupt” in a televised debate.⁶

Is the legislation to eliminate *desacato* and other limitations on the freedom of expression expected to pass? Is there a government plan to continue to improve free speech and ensure freedom of expression? How do Chilean governmental institutions feel about improving freedom of speech and eliminating laws intended to prevent

² “Speech Unfree.” The Economist Online, 2003, <[Http://www.economist.com/](http://www.economist.com/)> (7 Feb 2003).

³ “Chile, Critical Book Still Banned,” Index for Free Expression Online, 30 Aug 2001, <[Http://indexonline.org/](http://indexonline.org/)> (26 Feb 2003).

⁴ “Speech Unfree.”

⁵ “Chile Fast Tracks Free Expression Reform.” Human Rights Watch, 2003, <<http://hrw.org/>> (7 Feb 2003).

⁶ “TV Commentator convicted of Disrespect.” Committee for the Protection of Journalists Online, 2003, <http://www.cpj.org/news/2003/Chile05feb03na.html> (7 Feb 2003).

disrespect to governmental institutions? Where do the political parties fall out on this – generally opposed by right leaning parties and supported by left leaning parties?

Social Safety Nets – Health Care

Health care in Chile is split between public and private providers. The private fund system, known as Isapres, has been more expensive but historically provides better service. Since the restoration of democracy the government has increased funding to the public system, known as FONSEA, by three times previous levels.⁷ However, it has been reported that the increase in funding was not accompanied with reforms to streamline service and reduce costs. As a result service did not improve dramatically. Within the last year the government has begun to reform the system and proposed an ambitious plan called Acceso Universal con Garantías Explicitas (AUGE).⁸ This reform is popular with the public but unpopular with medical specialists and Congress. Congress is concerned with the increase in funding needed to complete the reforms, reportedly totaling \$230 million. The overall health care budget is expected to increase \$4.3 billion dollars or 6 percent of total GDP annually.⁹

Will these reforms pass opposition in Congress? Is it expected that this reform and funding increase will make the public health care system fairer and more efficient? Is this worth the overall cost to the economy? Is this part of the political platform of a center-left ruling coalition and needed for elections in 2004?

⁷ “A New Prescription: A Minimum Plan for Sickness – and Health.” The Economist Online, 2002, <[Http://www.economist.com/](http://www.economist.com/)>, (7 Feb 2003).

⁸ “Chile Country Profile,” The Economist intelligence Unit, 2002, <[Http://www.eiu.com/](http://www.eiu.com/)>, (7 Feb 2003).

⁹ “A New Prescription: A Minimum Plan for Sickness – and Health.” ; and ISAPREAS Online, 2003, <<http://www.isapre.cl/>>, (7 Feb 2003).

Social Safety Nets – Pension System

The Chilean pension system, based upon a privately managed pay-as-you-go system, is both innovative and successful. The first 20 years of its existence produced average annual real returns of between 10 and 13 percent.¹⁰ It is admired throughout the world and has been studied by many countries hoping to duplicate its success. During the recent economic downturn, however, many funds have returned a negative performance.¹¹ This has brought increased scrutiny and criticism of the system's flaws. No fund has invested more than 1 percent of total capital beyond Chile's borders, needlessly exposing investors to instability in a small domestic market.¹² The scheme is compulsory only for those with "formal" jobs, so 3.5 million (mostly rural farm workers) of Chile's 5.6 million strong workforce fail to invest, limiting the overall investment pool.¹³ And, if a fund's return is below 2 percent, the average of all funds the investment company must make up the differences with its own capital, discouraging companies to diversify.¹⁴ In short, while the system is exemplary for its innovative approach, it has critical flaws that in the long term could render it dysfunctional and a liability to the Chilean government.

Does the government plan to reform the system and make needed adjustments to ensure its long-term viability? If yes, what reforms are planned? What is the popular opinion of the Chilean people regarding the system and do they perceive a need for its overhaul?

¹⁰ Reese Erlich "Retirement in Chile is a private – and heated – matter" Christian Science Monitor, 1 May 2002, 7.

¹¹ "From Chile with a Pinch of Salt" The Economist Online, 2003, <[Http:www.economist.com/](http://www.economist.com/)>, (15 Feb 2003).

¹² "From Chile with a Pinch of Salt."

¹³ Erlich, 10.

¹⁴ "From Chile with a Pinch of Salt."

Constitutional Reform

The Chilean constitution of 1925 was replaced in 1980 by the military dictatorship to retain a supervisory role for the armed forces over the government for the foreseeable future. As the Economist country profile notes:

Three mechanisms were instituted to make it difficult to modify the way the country was organized: a high number of unelected “institutional” senators; a requirement for large legislative majorities to amend the constitution; and a bi-nominal electoral system which required more than 65% of the vote to gain both seats in a constituency, making it hard for any coalition to secure a significant majority in the Senate.¹⁵

The constitution was amended in 1989 to make it more democratic and reduce the role of the military.¹⁶ Significant changes included: simplification of constitutional change procedures; modification of the composition of the National Security Council by adding civilians to give greater control over the military; reduction in overall powers of the National Security Council; an increase of elected senators from 24 to 38, reducing the influence of the “institutional” senators.¹⁷ There is still consensus that in the near term more constitutional modifications are needed. A political forecast by the Economist predicts that modifications will happen within the next 18 months.¹⁸

Is the current constitution viewed by Chileans at large as fair and legitimate? If not, then what aspect of it is viewed as most needing reform? Is there popular support or desire for a reform of this constitution? Does the ruling coalition have the votes needed to reform the constitution, given their narrow margin in Congress? Is there significant resistance to reforms by the opposition and/or non-elected senators? How does the

¹⁵ “Chile Country Profile,” 8.

¹⁶ “Chile Country Forecast,” Political Risk Services Online, 2002, <[Http://www.prs.org/](http://www.prs.org/)> (7 Feb 2003).

¹⁷ “The Constitution of Chile 1980/1989” Government of Chile, Biblioteca del Congreso de Nacional De Chile, 2003, <[Http://bcn.cl/](http://bcn.cl/)> (14 Feb 2003).

¹⁸ “Forecast” The Economist Online, 2003, <<http://www.economist.com/>> (14 Feb 2003).

military view proposals to reform the current constitution that could possibly increase civilian control over it?

Transparency in government

Chile is ranked by Transparency International's corruption perceptions index as 17th in the world and first in Latin America for lack of corruption.¹⁹ This is a remarkable accomplishment by any standard. Chile, however, like any government, has its share of corruption scandals. The most recent scandal, involving the public works minister and the liberal ruling coalition, has received much attention in the Chilean press since the fall of 2002.²⁰ The crisis, dubbed the GATE scandal, has cost five Concertacion deputies their parliamentary immunity.²¹ Three of these deputies were later arrested and formally charged with accepting bribes in excess of \$20,000 each.²² Investigations are ongoing and further arrests are expected.

Earlier this year President Lagos introduced the National Transparency Agenda, which is supported by a broad spectrum of political parties. The agenda, consisting of 49 legislative bills, is divided into three areas: state modernization, transparency and national growth.²³ The President has also included a "short agenda" which is a group of legislative initiatives that must be approved before the annual Presidential address to Congress on 21 May 2003. Both the long and short agendas reform public acquisitions, campaign and party financing, Congressional financial management, and the

¹⁹ "Transparency International Corruptions Perception Index." Transparency International Website, 2003, <[Http://www.transparency.org/](http://www.transparency.org/)> (20 Feb 2003).

²⁰ Alonso de Contreras "Chileans Awash in Mounting Corruption Scandal" Financial Times Information, EFE News Services, 14 November 2002, LexisNexis Online <[Http://web.lexis-nexis.com/](http://web.lexis-nexis.com/)>, (24 Feb 2003)

²¹ "Chilean Lawmakers Stripped of Parliamentary Immunity", Financial Times Information, EFE News Services, 27 November 2002, LexisNexis Online <[Http://web.lexis-nexis.com/](http://web.lexis-nexis.com/)>, (24 Feb 2003).

²² Benjamin Witte "Judge Aranguiz Orders Arrests of Three Deputies" The Santiago Times, 7 Feb 2003, <[Http://www.chip.com/](http://www.chip.com/)>, (7 Feb 2003).

²³ "Chile, Highlights of TV Nacional de Chile, 30 Jan 03," BBC World Wide Monitoring, Lexis-Nexis Academic, 2003, <[Http://web.lexis-nexis.com/](http://web.lexis-nexis.com/)> (20 Feb 03).

professionalism of public service (the replacing of political appointees with civil servants).²⁴

Many reforms are started as the result of scandal within the political system and as a reaction to criticism of the ruling party by the opposition. Was this initiative a reaction by the ruling coalition to lessen the impact of the GATE scandal, or was this reform planned prior to the scandal and launched at this particularly opportune time? Will this affect the ruling coalition's chances in the upcoming 2004 elections? Given that Chile is so highly ranked as an uncorrupt country will this agenda succeed and improve upon Chile's already exceptional record?

Domestic Politics

The Chilean system is characterized by two general coalitions forming around the right and left leaning parties. These coalitions formed in the late 1980s following decades in which the Chilean political system was split into three parts: a fractured left, composed of socialists and communists; a unified centrist Christian Democratic Party; and a right wing characterized by divisions among authoritarian parties.²⁵

The Concertacion forms the left-center coalition and is composed of the Christian Democratic Party, the Party for Democracy, the Socialist Party, and the Social-Democratic Radical Party.²⁶ In general, the Concertacion has been supportive of free markets but its parties all have strains that are statist and tend towards planned economies.²⁷ The most centrist of the coalition, the Party for Popular Democracy, has gained five seats in the Chamber of Deputies in 2001. The balance of the Concertacion

²⁴ "Chile Highlights of TV Nacional de Chile 20 Jan 03"

²⁵ "Chile Country Profile," *The Economist intelligence Unit*, 10.

²⁶ "Elections in Chile" *Election World*, 2003, <[Http://electionworld.org/](http://electionworld.org/)> (21 Feb 2003).

²⁷ "Political Forces in Chile" *The Economist Online*, 2003, <[Http://economist.com/](http://economist.com/)> (21 Feb 2003).

parties have lost seats in recent elections, narrowing the Concertacion margin in the Chamber of Deputies from 26 seats in the 1993 elections to six seats in the 2001 elections, and in the Senate from five in the 1993 elections to two in the 2001 elections.²⁸

The Alianza por Chile is composed of the Independent Democratic Union (UDI) and the National Renewal (RN) parties, both of which are described as authoritarian-conservative. The Alianza has been making gains in both the Senate and Chamber of Deputies. It is buoyed by strong UDI gains in local and national elections. The UDI is characterized by a strong commitment to market economics, commitment to the plight of the poorest Chileans, and non-confrontational tactics.²⁹

What accounts for this trend of the electorate towards conservative and center parties? What is the expected trend if the global economy continues to slow and adversely impact the Chilean domestic economy? Does this trend towards conservative and centrist parties indicate a desire for more liberalization of market economies by Chilean society? Given recent corruption charges against Concertacion deputies and subsequent loss of their seats and legislative immunity, narrowing the coalition's margin in the Chamber of Deputies to one seat, will Concertacion become more cooperative with the Alianza? How will this affect President Lagos' National Transparency Agenda and other free speech initiatives? Will this slow the reform of the public health care or pension systems? Will this slow initiatives to reform the constitution?

Civil Military Relations

Chilean civil-military relations are out of step with the Chilean democratic transformation. Dr. Felipe Aguero, a noted scholar on Chile, states that "institutions for

²⁸ "Elections in the Republic of Chile" Psephos Election Archives, <<http://psephos.adam-carr.net/psephos/index49c.html>> (23 Feb 03).

²⁹ "Political Forces in Chile."

the mediation of state-military relations lag behind, captive to the authoritarian enclaves, which leads scholars and observers to depict the Chilean situation as one of incomplete transition or imperfect democracy.”³⁰ Historically the Chilean military has shown a preference for “grand politics” and concern for the state of Chilean society as a whole. When it has become involved in politics, as in 1924 and 1973, it has viewed itself as a progressive power that was protecting the *patria* from destructive forces. These interventions were brief and relatively non-violent. Dr. Aguero attributes these interventions to tension between the military and civilian elites stemming from different goals, aspirations and a relative isolation from each other.³¹ Since 1990, however, an intense civil-military interaction has taken place, in effect breaking the historical isolation between the groups.³² This interaction is a unique experience, one that has laid the groundwork for future democratization of the relationship between civil authorities and the military. Dr. Aguero notes that, “democratic development has remained hampered ...by the absence of a proper constitutional and legal framework that would place the military under unmistakable civilian political leadership.”³³

Four reforms, constitutionally and administratively, are widely viewed as essential to structuring civil-military interaction: reformation or elimination of the National Security Council to greater empower civil authorities; reformation of the organic law of the armed forces to eliminate budgetary and appointment/dismissal constraints on civil authorities; resolution of human rights issues stemming from the

³⁰ Felipe Aguero, “Democracy and the future of Civil-Military Relations in Chile: An Exercise in Historical Comparison,” Working Papers Archive, University of Miami Sante B. Fascell North-South Center, May 2002, <<http://www.miami.edu/nsc/>> (27 Feb 2003).

³¹ Aguero, 17.

³² Gregory Weeks points out the more prominent role of the military during and following the military dictatorship in: “Democratic Institutions and Civil-Military Relations: The case of Chile,” Journal of Third World Studies, 87, no.1 (2001): 69.

³³ Aguero, 16.

years of military rule; normalizing the consideration of a military outlook in the Chilean political dialogue thus integrating or co-opting the military into the democratic process.³⁴

What is the position of the Chilean military on reforms? Does the Chilean military feel a need to modify the constitution to give greater civilian control? What is the position of the political left on these reforms? What is the position of the Chilean right on these reforms? What is the popular view of society on the role of the military in a Chilean democracy? What reforms are viewed as essential and thus need to be implemented first? How long should reforms take? What reform is viewed as the most difficult to implement?

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³⁴ "Forecast." The Economist Online.

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