Chapter 13
Chile under the Government of Sebastián Piñera

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ABSTRACT
The purpose of this chapter is to present the presidency of Sebastián Piñera with an emphasis on his economic policy and development plan for Chile. The chapter begins with an analysis of the 2010 presidential elections and the profile of the latest Chilean president. The chapter also presents the economic and political history of the country since Salvador Allende’s rise to power in 1970 through the Pinochet regime and the government of Concertación por la Democracia. Furthermore, the milestone events of the presidency of Piñera are identified and their influence on the approval of the presidents is evaluated. The study conducted in this chapter was based on the analysis of books and scientific journals that dealt with the political and economic history of Chile. The current situation of the country was analyzed on the basis of academic articles as well as press releases and reports.

PRESIDENTIAL ELECTIONS IN CHILE IN 2010
One can perceive 2010 as an important year in Chilean modern history, as on January 17, 2010, the second round of presidential elections were held and brought a change in the Chilean political scene. After 20 years of the government of the conglomerate Concertación para la Democracia which won the 1989 elections and ended the dictatorship of General Augusto Pinochet, the opponent right-wing candidate, Sebastián Piñera from Alianza por Chile, was elected as the 47th President of the Republic. With 51.61% of votes in favor, in the second round of the presidential elections he defeated his counter-candidate, Eduardo Frei from Concertación who gained 48.39% of the votes (Infolatam, 2010). Piñera took office officially on March 11, 2010 and still holds that office as of the end of 2013.

The election results meant an important change in the mentality of the Chilean electorate and started a new generation of political elites composed of technocrats educated and trained abroad, primarily in the United States. The intention of the new elite is to relate to the Chilean electorate in modern ways, not to skew the discourse based on the social conflicts of the past but rather oriented to the future regarding economic development and prosperity (Yocelevzky, 1997). In 2010, the recently elected president seemed to be a model representative of that group.
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Sebastián Piñera’s victory and the change of the governing elites reflected the consolidation and maturity of the Chilean democracy. The decision of the electorate was made on the grounds of consciousness and rationality in pursuing the common good and prosperity. The results of the 2010 presidential elections showed that neither the society nor the political elites of the country were afraid of such changes. Today, the 2010 elections and Piñera’s government can be seen as a stabilizing factor marking the end of consolidation of Chilean democracy. In case of the Chilean presidential elections, it is interesting to note that when it came to the competition between the governments of Concentración para la Democracia and Alianzapor Chile, despite the high popularity of Michelle Bachelet’s government (almost 84 percent of support), the candidate from her party, Eduardo Frei, did not have a good position in the pre-electoral ranking. That situation is known as the “Chilean paradox” (Ysart, 2009).

Who is Sebastián Piñera?

Before becoming the President of Chile, Sebastián Piñera was a well-known businessman, investor, and senator for the Republic from 1990 until 1998, and a presidential candidate in 2005 when he lost to Michelle Bachelet in the second round of the elections with 46% of the people’s support (Ketterer, 2010). It is important to note that Piñera was a model technocrat president. Piñera completed his PhD in Economics at Harvard University with his thesis on education in Latin America, and later he was a consultant to the World Bank, the Inter-American Development Bank, and the Economic Commission for Latin America and the Caribbean (ECLAC). In ECLAC, Piñera dedicated his studies to the issue of poverty in the region. He also conducted classes at the Pontificia Universidad Católica de Chile and Universidad Adolfo Ibáñez (Gutiérrez, 2012).

When analyzing Piñera’s political career, one should remember his strong personal economic position. According to Forbes magazine, Piñera was ranked in 2010 as 437th on the list of the richest people in the world with a fortune estimated at US$2.2 billion and important shares in Chilean companies such as the airplane company LAN Chile, the television ChileVisión, and the most popular Chilean football club, ColoColo (Bonfey, 2010). According to Gutiérrez (2012), Piñera’s prosperity history can be traced back to 1994 when he purchased 16% of the LAN Chile shares for 80 pesos each. In December, 2011, the price of the shares of that company reached 12,200 pesos when Piñera’s participation stood at 26%. Piñera, also known as a man who brought the company Apple to Chile, was awarded in 2012 the Bravo prize for leader of the year (Gutiérrez, 2012).

In 2013, his position on Forbes magazine’s billionaire list lowered to 589th place, but his fortune grew to US$2.5 billion. Piñera now holds the 49th position among the world’s most powerful people (Forbes, 2013). After being elected President, Piñera sold his shares in LAN Airlines and Chilevisión as he had promised in his electoral campaign.

CHARACTERISTICS OF CHILEAN ECONOMY, POLITICS, AND SOCIETY

Chilean Economic Profile

In his interview for the Council on Foreign Relations (Tomilson, 2011), Piñera stated that Chile is one of the most stable and secure countries in South America. It is rich in mineral resources (especially copper which represents 80% of the mining sector, 20% of Chilean GNP, 1/3 of fiscal revenues and 40-50% of the country’s exports), has low fiscal debt, and enjoys good political stability. As a country highly dependent on exports, especially copper, Chile’s economy is also highly dependent on the free-trade agreements with Mercosur, the United Nations, the European Union, and South Korea, among others. Only in 2011 did Chile’s export grow by 17%. The country’s international