

# INTER-AMERICAN DIALOGUE'S

## LATIN AMERICA ADVISOR

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### FEATURED Q&A

#### What Does Sebastian Pinera's Win Mean for Chile?

**Q** Chileans on Jan. 17 chose billionaire Sebastian Pinera as their next president, electing a right-of-center leader for the first time since the country's return to democracy in 1990. Will Pinera, who campaigned on a platform of change, significantly depart from the policies of current President Michele Bachelet and, if so, in what areas? Is Chile's relationship with neighboring countries likely to change under Pinera? What does the Concertacion's loss mean for the future of Chilean politics?

roadmap and change the pilot. As president, he will be hard pressed to implement public policies in a more efficient and speedy way. But he ought not divert from the successful course Chile has had in the last two decades, otherwise his support will quickly dwindle. He will introduce changes in policies to combat crime and will push forward state modernization initiatives to foster economic growth, entrepreneurship and employment creation. Pinera will not be among friends in the region. He will need to keep a low profile to avoid being a

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**A** Patricio Navia, master teacher of global studies at New York University and a professor of political science at Universidad Diego Portales in Santiago: "Pinera won precisely because he offered change in the context of continuity. He promised to keep all the good things the Concertacion has done, but he also promised more efficiency, a renewed sense of urgency and a special focus on fighting crime. Since the restoration of democracy, the Concertacion had won all the presidential elections because it always offered change in a context of continuity. Ricardo Lagos in 1999 was a socialist, Bachelet in 2005 was a woman. But in 2009, the Concertacion had a former president as its candidate. Much continuity and little change. In the runoff, Pinera offered the right combination of continuity and change. To govern successfully, Pinera won because he offered to keep the same



#### Honduran Supreme Court Head Exonerates Military Chiefs

The leader of Honduras' Supreme Court, Jorge Rivera, on Tuesday threw out charges against top military commanders involved in the coup against President Manuel Zelaya. See story on page 2.

*File Photo: Honduran Government.*

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## NEWS BRIEFS

**U.S. May Scale Back Haiti Presence Within Six Months**

The U.S. military may scale back its presence in earthquake-ravaged Haiti in three to six months as other international groups take on increasingly larger roles, top Pentagon leaders said Tuesday, Reuters reported. Military leaders are planning for a "six month window ... of intense support" after the earthquake, said Vice Admiral Alan Thompson, who directs the military's Defense Logistics Agency. The quake is feared to have killed as many as 200,000 people.

**Hundreds Evacuated From Machu Picchu After Mudslides**

Private and military helicopters on Tuesday helped free hundreds of tourists stranded near Machu Picchu, Peru's most popular tourist site, after torrential rains and mudslides cut off rail access to the area and killed an Argentine tourist and her Peruvian tour guide, the Associated Press reported. Of the nearly 2,000 tourists initially stranded, 475 were evacuated Tuesday with the help of U.S. military helicopters in the area to combat drug trafficking. Authorities hope to evacuate 800 more people today.

**Mexico Opens Auction for Fiber Optic Network Capacity**

The Mexican government on Tuesday opened a long-anticipated bidding auction for three fiber optic lines spanning the country, in a move that could allow companies to challenge billionaire Carlos Slim's control of the telecom sector. The combined minimum bid for the three government-owned lines is 858.6 million pesos (\$66.6 million) and winners will be announced June 9, the communications and transport secretariat said on its Web site.

**Political News****Honduran Court Head Dismisses Charges Against Military Chiefs**

The president of Honduras' Supreme Court on Tuesday dismissed charges against the country's six top military commanders who had been accused of abuse of power for ordering soldiers to fly President Manuel Zelaya out of the country during the June 28 coup that ousted him. In a statement, Supreme Court President Jorge Rivera said "prosecutors failed to prove the military chiefs acted with malice," the Associated Press reported. Rivera said the charges were unfounded because the military commanders acted to preserve the peace and because they did not intend to harm Zelaya. The case against the commanders did not question the coup itself, only whether armed forces head Gen. Romeo Vasquez and five other military leaders were wrong in expelling him from the country. Today, President-elect Porfirio Lobo is scheduled to be sworn in. Zelaya, who has been living in the Brazilian Embassy in

Tegucigalpa since sneaking back into the country in September, has said he would leave when Lobo takes office. Lobo and Dominican President Leonel Fernandez signed an accord Jan. 20 that grants Zelaya safe passage to the Dominican

“Prosecutors failed to prove the military chiefs acted with malice.”

— Jorge Rivera

Republic. Zelaya still faces charges of treason and abuse of power, but Lobo has said he backs amnesty for the ousted president and those who took part in the coup. Among those expected to be present for Lobo's inauguration is Arturo Valenzuela, the U.S. assistant secretary of state for Western Hemisphere affairs. [Editor's note: See related Q&A in the Jan. 15 [issue](#) of the *Advisor*.]

**Featured Q&A**

*Continued from page 1*

scapegoat for populist leftwing leaders in the region who are facing economic hardships. Also, since he won't have strong regional allies, he will be pressured to sit at the negotiating table with Bolivia to find a solution to end the landlocked condition of that country. As for the Concertacion, if Pinera's government is moderate and successful, the Concertacion will find it difficult to return to power in 2013."

**A** Jorge Heine, former Chilean ambassador and cabinet minister and chair in Global Governance at the Balsillie School of International Affairs in Waterloo, Ontario: "Though under the broad (and very vague) banner of 'change,' President-elect Pinera campaigned effectively, arguing that he was the best alternative to continue and

deepen the policies of the Concertacion and President Bachelet, keeping the social safety net and strengthening the state. If this holds, we should see no

“Chile has little to gain from becoming Washington's 'pet poodle.'”

— Jorge Heine

major changes on the social policy front. We should see some on the economic front. Tax cuts and more flexible labor laws are two of the most likely. Mr.

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## Former Guatemalan President Portillo Arrested After Indictment

Former Guatemalan President Alfonso Portillo, who was indicted Monday on federal money laundering charges in the United States, was arrested Tuesday in



Portillo

File Photo: Guatemalan Government.

Izabal province as he prepared to flee the country by boat, the Associated Press reported. "They had hired a boat to leave from a beach at 9 a.m., but before that, police and soldiers surrounded the house where he was hiding out," Carlos Castresana, head of the U.N.'s International Commission Against Impunity in Guatemala told the AP. The indictment, unsealed Monday in New York, alleges that Portillo embezzled public funds, including \$1.5 million in donations from Taiwan intended to purchase library books and nearly \$4 million from the Guatemalan Ministry of Defense. Portillo also stands accused of misappropriating money from the publicly financed reserves of Guatemalan bank **Credito Hipotecario Nacional**. Portillo allegedly used foreign banks, including ones in the United States, to launder stolen money. "Alfonso Portillo is charged with converting the office of the Guatemalan presidency into his personal ATM," Preet Bharara, the U.S. Attorney for the Southern District of New York, said Monday in a statement. Portillo has denied the allegations. Portillo had fled to Mexico in 2005 after losing immunity from prosecution but was extradited to Guatemala in 2008.

## Company News

### PDVSA, Italy's Eni Agree to Jointly Develop Venezuelan Oil

Venezuela's state oil company **PDVSA** and Italy's **Eni** have agreed to jointly develop \$18 billion worth of oil in the South American country's Orinoco Belt,

## The Dialogue Continues

### How Should Haiti Rebuild in the Earthquake's Aftermath?

**Q** Two weeks after Haiti's devastating earthquake, foreign governments and aid groups are facing serious obstacles in providing food, water and medical attention to survivors. What are Haiti's short-, medium- and long-term needs in the aftermath of the catastrophe? Will the international community make a permanent commitment to recovery and reconstruction in Haiti in the coming years, or will donor interest be short-lived? What role will private companies, many of which have donated extensively to earthquake relief, play in rebuilding Haiti's infrastructure and economy?

**A** **Marc L. Bazin, former prime minister of Haiti:** "What we are talking about is not simply for Haiti to recover from the earthquake but also for it to break out of its longstanding poverty, improve ecological sustainability and invest for growth. Haiti's future growth can be built upon tourism, export processing and primary and processed growth. The investment strategy should be grounded in national scale infrastructure (roads, power, safe water and sanitation, ports and disaster reconstruction), primary health care, education (primary, secondary, vocational and tertiary) and private and public sector partnership in tourism, exports and agriculture. Note, however, that the level of tourism is currently at less than one-tenth of its potential based on a comparison of arrivals per capita in Haiti to other

tourist destinations in the Caribbean. Assembly operations before the earthquake had a potential to reach 100,000 workers but were employing only 25,000. Agriculture employs more than half the population but contributes only 25 percent of GDP. Strategy for business development would include political stability, physical and legal security, larger access to external markets, tax holidays, supportive infrastructure, development of small and medium scale enterprises and larger access to finance. Finally, one additional sector must be added and treated on its own merits as demonstrated by the earthquake. It is environmental management, which calls for a watershed-based strategy for environmental conservation. Next steps should include: 1) the appointment of a high commissioner for international humanitarian assistance, 2) a public-sector job creation program, 3) immediate creation of multiple centers of reallocation of affected population, 4) a five-year plan with estimates and financing needs for reconstruction, which we roughly estimate to cost around a net of \$1.5 billion per year, 5) a plan for multi-year engagement with the donor community and 6) the implementation of a larger and better-financed social insurance policy for the poor."

*Editor's note: The above is a continuation of a Q&A published in the Jan. 22 issue of the Advisor.*

Bloomberg News reported Tuesday. The project, of which PDVSA will own 60 percent and Eni will own the remaining 40 percent, aims to pump 240,000 barrels of crude daily after \$8.3 billion in investments to develop the Junin 5 oil block, Venezuelan Oil and Energy Minister Rafael Ramirez said on state television

during a ceremony with President Hugo Chavez and Eni CEO Paolo Scaroni. The venture aims to begin producing oil in 2013 and reach full capacity by 2016, according to Eni. The Rome-based company also plans to build a \$9.3 billion refinery in Venezuela to process oil from the current Petromonagas project.

**Featured Q&A***Continued from page 2*

Pinera's comments about Argentina and Venezuela at his first press conference with foreign correspondents indicates that he is tempted to play the role of Washington's hope in the region and thus challenge President Chavez and ALBA. This would be a mistake. For 20 years, Chile has had excellent relations with Washington, while steadily improving its relations with all of South America, except for Peru. With 50 percent of its exports going to Asia, Chile has little to gain from becoming Washington's 'pet poodle.' Mr. Pinera would do better by sticking to Chile's traditional principle of an independent foreign policy, something he has also indicated being aware of. If Mr. Pinera were to raise Chile's growth rate to 6 percent, boost its flailing productivity and create the one million jobs he has promised over the next four years, he would be in a good position to make the victory of his Coalition for Change more than a one-off. Once the newly (automatically) registered young voters come on the rolls in accordance with a new law, the key challenge in the next four years will be to win their allegiance. One weakness of the Coalition is that there is no clear successor to Pinera, whereas the Concertacion has Bachelet. But the earlier cleavages of Chilean politics are softening and much depends on what the Concertacion does to reinvent itself."

**A** **Peter M. Siavelis, associate professor of political science and director of the Latin American Studies Program at Wake Forest University:** "The results of Chile's presidential elections signal neither the growing strength of the right nor a resurgence of conservative ideology. This was not a win for the right; it was a loss for the Concertacion coalition. More than the policies of the Concertacion (which have been extraordinarily successful) this was a repudiation of the way the coalition has done politics. Chileans per-

ceived that there was little popular participation during Concertacion governments and that politics was elitist and conducted behind closed doors. Therefore, Pinera will likely change little in substantive policy terms. His policies will fundamentally follow the centrist and negotiated type of politics that have characterized Chile since the transition. It

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“The election is quite significant ... as an indication that Chile is moving beyond the divisions of the Pinochet era.”

— *Peter M. Siavelis*

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must be this way because he lacks a majority in the Congress and Chile is fundamentally a center-left country. Therefore, the danger for him is that he will be seen as simply representing more of the same. The election is quite significant, however, as an indication that Chile is moving beyond the divisions of the Pinochet era. For many years the right was unelectable in Chile, given its association with the Pinochet government. Pinera's victory shows that these old divisions are fading into the past. In the end, it is probably a good thing for the center left to spend four years out of government, remake its image and attempt to shed some of the elitism and arrogance that Chileans came to associate with the Concertacion. In addition, the spectacularly popular Bachelet can run again in four years!"

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*The Advisor welcomes reactions to the Q&A above. Readers can write editor Gene Kuleta at [gkuleta@thedialogue.org](mailto:gkuleta@thedialogue.org) with comments.*

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