

GREAT DECISIONS

GDTV 2008 Extended Interview

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On political, social and economic reforms in Chile...

Well, it is an interesting mix, but behind this economic success I suppose we have had a very important political background, and I will describe it this way. After the end of the Pinochet era, the Concertation, the center left group of political parties, led the country with this big success. But we had in some ways, in a tacit way, a big important political consensus. Then, economic and social measures received a permanent support beyond the government majority, and this is crucial for countries, like some of the Latin American countries, after military dictatorships or internal conflicts like in many countries of the region. This is a very important step, first, because it is not very understandable to see why we have had such an economic success. It is not just, let's say, an economic group established in a tower in Santiago, developing some economic measures. It is real political consensus, and of course, some successful government decisions. We have grown steadily during the past 15 years and we will grow again this year over 6 percent, and we have reduced poverty from 40 percent to 13 percent following the last surveys in Chile. It is very impressive. But you cannot do that without broad political support.

We have now in Chile social demands that are very strong, because the people say the pie is becoming so big that I would like to have a bigger part of the pie. This happens with health workers, teachers and other association and worker groups. We face a challenge, and this is the main goal of the current government. The main challenges we face in Chile are innovation. We must innovate a lot more, we are doing, we are performing well, but we must do more. Inequality we have. The globalization of our economy, the open market we have has produced a classical market situation, where the rich groups are growing much more and much larger than the lower working groups. We have a country where everyone is performing well in the economy but the poor are earning much less than the rich. And the third important challenge we have is that we have to concentrate the country demographically. We have almost 40 percent of the population in Santiago. In this instance, we are almost an empty country, which is very different from the situation in Brazil or even in Venezuela.

We have a strong discussion about education, and we have some social explosions in education, but if you look at the background, you will understand why this is happening

in Chile. You will understand that today, 70 percent of the students at the universities are the first members in their family that attend university. The change in education is so radical that it is rather difficult to control the movement. We've never had these 600,000 students at university this is enormous as a proportion. We have today about 40 percent of the people in secondary status that will attend university. The demand is much more than the regular reform process in education. This is an explanation for the challenge we face now, and of course the goal now is to improve -- to improve university education but also technical capabilities and technical education because the demand is too high. You have today in Chile almost every Chilean boy or girl completes 14 years of primary and secondary education, sorry, 12 years. This is a lot. Then, the amount of people asking for places at university with qualifications is so high they are put in a difficult situation. It's a situation we have in Chile that is very different from other Latin American countries.

On regional trade...

Well, we have a much better situation than in the past. If I told you about the relationship 40 years ago, Chile exported 50 percent of its goods to Europe, 40 percent to the United States and 10 percent to the rest of the world; Asia, Latin America, all included. Today, we have a big CERT to Asia, a small CERT to Europe, 20 percent to North America, the U.S. and Canada included, and solid 20 percent in Latin America. And this, Latin America, is very important, because the Latin American market is where we sell the most "add value" goods that we have in Chile on one side. And on the other side, we have a big deficit in trade with Latin America, especially because of the oil and gas supplies from different countries. But we have a big surplus with the developed countries, the United States, Europe and Japan. So we feel very comfortable in trade with Latin America. We are a very good market for the Latin American countries, and the Latin American countries play a role accepted and receiving our most developed goods and services.

Yes. Now we are supporting, in very strong form, the free trade agreement with Peru, Colombia and Panama. And to show concrete facts, President Bachelet wrote a letter to the speaker of the House of Representatives, Nancy Pelosi, supporting and asking for an approval of this free trade agreement. We feel it is very important to have free trade agreements with these countries for several reasons. One, you expand trade. But secondly, which is very important, because you help to stabilize the realities in those countries. When you have free trade agreements internationally, you must fulfill your commitments, and this is the best gate against populism, against non-responsible behavior of government, and entrepreneurship in most countries, because you must fulfill what you have agreed. And for this reason we see two very good arguments to support and approve this free trade agreement. Another one is because Chile is very involved in the reality of these countries. Our main investments are in Colombia and second in Peru, and we'd very much like to have, in this neighborhood, successful countries like Colombia, like Peru and like Panama.

On U.S. – Chile trade relations...

Chile-U.S. trade relations are booming today. We have growth of almost 150 percent in two years, the change. Chile has a clear surplus, we exported last year 9.5 billion dollars, and we imported from the U.S. 6.5 billion dollars. At first glance you think this is a good agreement for Chile. It is a good agreement for Chile. We are the number 13 trading partner of the United States. But if you take into account the number of countries in the UN, 191, then we are in the upper third. It is very interesting to look in more detail because last year Chile imported from the U.S. 6.5 billion dollars, imported more U.S. goods than Russia, and Russia has 150 million inhabitants and we are 16. We imported more than Pakistan, another country with 150 million inhabitants. We imported more than Indonesia, 240 million inhabitants. And we imported more than Colombia, more than 40 million, more than Argentina, 36, than the 16 million Chileans. An interesting market for the very powerful United States. We will continue ahead. We are now improving on investments, the American investments were very weak the last few years, and now they are improving. We are also working on other initiatives related to trade but also related to scientific development, technological development, education, etc. We have a very good trade relationship with the United States.

On U.S. relations with Latin America...

Well, I suppose that nobody denies that after 9/11, the U.S. neglected Latin America. But on the same sense, we should realize and recognize that the U.S. is developing a very active Latin American policy right now. If you look at the different visits if I take into account just my country, we have had four visits from American emissaries that don't usually visit Latin America. We have a very active change of foreign ministers, economic ministers, treasury, health, and the same is happening with Brazil. Lula meeting with President Bush at Camp David, it is a political indication, it is much more than a friendly meeting, and the decision to work together on bio-fuels, etc., there are capital political decisions that are shifting the U.S. policy to Latin America, no doubt about it. And we feel now, Chile, we feel very comfortable with the new political dialog between the Chilean senate and the American senate. It is very unique. Usually the American senate doesn't have this kind of friendship group or something like that. We have developed, in two months, negotiations to get 100 scholarships for post-doctorates paid for by us, but the U.S. is providing the language courses, health services, etc. These things used to take years, and it is very clear there is an important policy shift in the U.S. policy towards Latin America.

On human rights progress...

There is no other country in the world after the Second World War that has processed and condemned so many violators of human rights as Chile. We have open today almost 400 prosecutions and we have two jails with about 100 people paying for violations of human rights. We have a completely different situation in the armed

forces. No [sic] difference with the civil power, and we have a very developed conscience about human rights violations, and a very active promotion of human rights, protection of human rights, and I suppose that it is today a very clear consensus than human rights violations are not acceptable now or in the future. We've made big promises and if you compare Chile with other countries, even outside of the region, with the violations of human rights, we have really done the best work by far -- with publications, with commemorations, with complete prosecution of people who violated human rights. We didn't produce exceptional laws to protect human rights, and this is very important, we used the same criminal laws we have had before the dictatorship.

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