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WHAT'S NEXT IN CHILE?

by José S. Sorzano

Earlier this month Chileans went to the polls in record numbers to give a simple 'YES' or 'NO' answer to the question of whether General Augusto Pinochet should extend his fifteen year rule for almost another decade. The verdict went against Pinochet with 43% of Chileans voting 'YES' and 55% voting 'NO'.

The conduct of the plebiscite was impeccable. Of the slightly more than eight million Chileans eligible to vote almost seven and a half million registered and an amazing 92% turned out to vote. The voting was monitored by thousands of party representatives and foreign observers and no significant questionable practices were reported.

Ensuring an honest vote was but the latest in a sequence of steps taken by the military-backed government to implement the constitutionally mandated transition to democracy. In the face of international skepticism the government enacted the laws regulating party organization, presided over a massive voter registration, granted prime time TV access to the opposition (in a more lively format than our "debates"), and ensured order for the plebiscite that put an end to its days in office.

Not many military regimes can point to such a record. But it is precisely this record which indicates that the democratic transition will not be interrupted but will continue with the government now starting to implement the measures necessary to conduct the 1990 multiparty presidential elections automatically triggered by the victory of the 'NO'.

Guessing how that election is going to shape up is more difficult. During the last fifteen years Chile's society and economy have undergone profound transformations. In that same period there have been no competitive elections to measure relative political strengths. There are several cues, however, which suggest some likely scenarios.

The results of the plebiscite point to the broad political coalition that opposed Pinochet as the current front runner. Despite the obvious problems in welding together a working alliance between sixteen parties ranging from the extreme left to the moderate right they waged an effective and ultimately victorious campaign. In doing so they had to overcome the natural advantage of incumbents and the voters' fear that a decision against Pinochet would bring back the chaos, violence, inflation and scarcity of the last days of the Allende government. Their moderation, ability to maintain unity and an astute TV campaign (reminiscent of Reagan's soothing "Its morning in America" 1984

presidential campaign theme) reassured voters that there was nothing to fear about the "return of happiness".

On the other side are the political forces that supported Pinochet by voting 'YES' in the plebiscite. Despite the advantages of incumbency Pinochet faced almost impossible odds. He had to overcome Chile's history of a fractured electorate and obtain an absolute majority. He failed. Yet, he still received 43% of the vote. That level of popular support would have won a multi-candidate election (Allende won the presidency in 1970 with just 36% of the vote) It is also much higher than the level of support that could be obtained by most, if not all, of the current democratically elected Latin American presidents if they could seek re-election.

This surprising level of support is mostly a reflection of the popularity of the free market economic policies implemented during Pinochet's tenure. Chileans today enjoy a smaller, less suffocating, less corrupt government. The economy is now export-oriented and Chileans are confident that they can compete favorably in the world market. The positive economic results-unique in Latin America - show five consecutive years of growth averaging over five percent. Inflation and unemployment are down to single digits and the external debt is being reduced. These palpable results have led to a widespread acceptance of free market economic policies. Even Pinochet's adversaries

acknowledged the political appeal of market policies during the campaign and promised to continue them once they assumed office.

The appeal of the market policies and the relatively high level of support for Pinochet suggest that the next elections will much more closely contested than commonly assumed and that they may produce results opposite to those of the plebiscite.

Indeed, the results of the plebiscite indicate that support for both the 'YES' and 'NO' positions was more or less evenly distributed throughout Chilean society straddling class lines and previous electoral divisions. This suggests that after all the changes in Chile the new cleavage line in Chilean politics may lie between those that generally support the changes effected by Pinochet and those who do not.

In that light, the 43% of the electorate that voted 'YES' constitute a very solid basis for putting together a winning coalition in the forthcoming presidential elections. On the other hand, although numerically superior, the 55% that voted 'NO' represents a coalition of disparate elements. The key for both sides will be to preserve unity but it will be more difficult for the 'NO' to preserve its present strength. Much will also depend on the candidates that will emerge with neither side having an easy time picking a single candidate around whom to rally.

In the likely event that no candidate obtains the required absolute majority in the elections, then the second round between the two top finishers will be a replay of the plebiscite with one candidate promising to continue the successful policies of the Pinochet regime and the other running on the need for change. But with Pinochet not on the ticket it will be easier for the candidate that advocates the continuation of previous policies to obtain the support of those who previously voted 'NO' than vice-versa.

A scenario similar to this may be influencing the market in Chile. Despite the victory of the 'NO' there has been no capital flight (Chileans are allowed to have dollar accounts in local banks), the dollar is down against the peso and foreigners have continued to pump money into Chile since the plebiscite. This indicates a measure of confidence on the part of those that desire the continuation of free market policies in Chile. They must calculate that the odds are that the next government of Chile will be democratically elected and committed to economic growth through free market policies. This outcome, were it come to pass, would serve as a beacon to the other Latin American democracies currently stagnating in a self-imposed economic morass.

Ambassador Sorzano was an observer during the October 5 plebiscite. He served until last June as Senior Director for Latin America in the National Security Council.