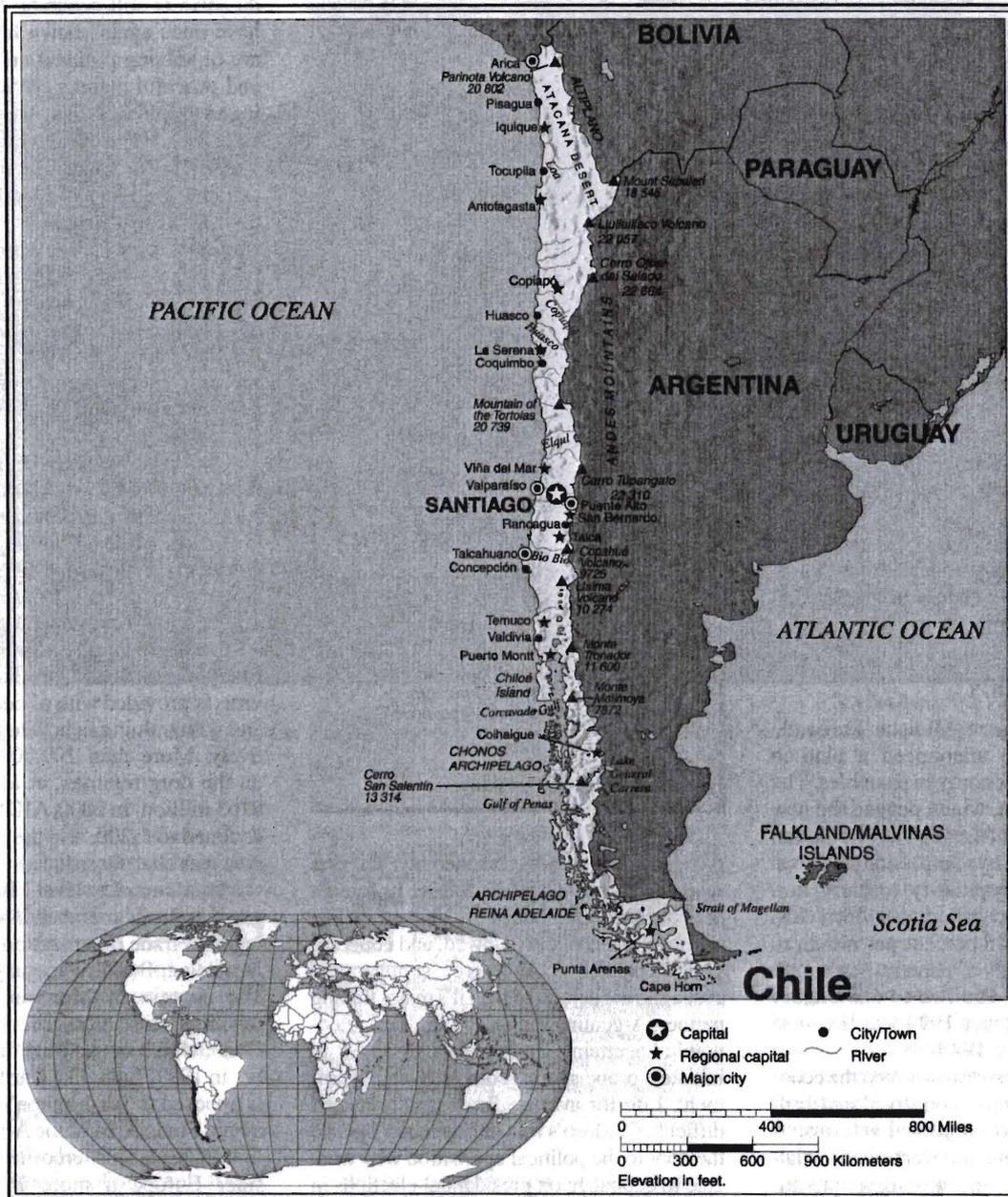


Chile (Republic of Chile)



Chile Statistics

GEOGRAPHY

Area in Square Miles (Kilometers):

292,280 (756,945) (about twice the size of Montana)

Capital (Population): Santiago 5,428,590 (urban)

Environmental Concerns: air and water pollution; deforestation; loss of biodiversity; soil erosion; desertification

Geographical Features: low coastal mountains; a fertile central

valley; rugged Andes Mountains in the east

Climate: temperate; desert in the north; Mediterranean in the center; cool and damp in the south

PEOPLE

Population

Total: 16,284,741 (2007 est.)
Annual Growth Rate: 0.92%

Rural/Urban Population Ratio: 16/84

Major Language: Spanish

Ethnic Makeup: 95% European and Mestizo; 3% Indian; 2% others

Religions: 70% Roman Catholic; 15% Evangelical; 8.3% none

Health

Life Expectancy at Birth: 74 years (male); 80 years (female)

Infant Mortality Rate (Ratio): 8.36/1,000

Physicians Available (Ratio): 1/875

Education

Adult Literacy Rate: 95.7%
Compulsory (Ages): for 8 years; free

COMMUNICATION

Telephones: 3,326,000 main lines
Daily Newspaper Circulation: 101 per
1,000 people
Cell Phones: 12,451,000
Internet Users: 4,156,000

TRANSPORTATION

Roadways in Kilometers (miles): 79,606
(49,464)
Railroads in Kilometers (miles): 6,585
(4,092)
Usable Airfields: 358

GOVERNMENT

Type: republic
Independence Date: September 18, 1810
(from Spain)

Head of State/Government: President
Michelle Bachelet is both head of state
and head of government

Political Parties: Christian Democratic
Party; Party for Democracy; Socialist
Party; National Renewal; Independent
Democratic Union; Radical Social
Democratic; Alliance for Chile;
others

Suffrage: universal and compulsory at 18

MILITARY

Military Expenditures (% of GDP): 2.6%
Current Disputes: boundary or territorial
disputes with Argentina, and Bolivia;
territorial claim in Antarctica

ECONOMY

Currency (\$U.S. Equivalent):
465 pesos = \$1

Per Capita Income/GDP:
\$14,400/\$107.7 billion
GDP Growth Rate: 5.2%

Inflation Rate: 6.5%

Unemployment Rate: 7%

Labor Force: 6,970,000

Natural Resources: copper; timber;
iron ore; nitrates; precious metals;
molybdenum; fish; hydropower

Agriculture: wheat; corn; grapes; beans;
sugar beets; potatoes; fruit; beef;
poultry; wool; timber; fish

Industry: copper and other
minerals; foodstuffs; fish processing;
iron and steel; wood and wood
products; transport equipment; cement;
textiles

Exports: \$66.43 billion (f.o.b.) (primary
partners, European Union, United
States, Japan)

Imports: \$41.8 billion (f.o.b.) (primary
partners United States, European
Union, Argentina)

SUGGESTED WEB SITE

[http://www.cia.gov/cia/publications/
factbook/geos.ci.html](http://www.cia.gov/cia/publications/factbook/geos.ci.html)

Chile Country Report

CHILE: A NATION ON THE REBOUND

In September 1973, the Chilean military, with the secret support of the U.S. Central Intelligence Agency (CIA), seized power from the constitutionally elected government of President Salvador Allende. Chile, with its long-standing traditions of free and honest elections, respect for human rights, and freedom of the press, was quickly transformed into a brutal dictatorship that arrested, tortured, and killed thousands of its own citizens. In the larger sweep of Chilean history, however, the coup seemed to be the most recent and severe manifestation of a lengthy conflict between social justice, on the one hand, and the requirements of order dictated by the nation's ruling elite, on the other. This was true in the colonial period, when there was conflict between the Roman Catholic Church and landowners over Indian rights. It was also apparent in later confrontations among Marxists, reformers, and conservatives.

FORM, NOT SUBSTANCE

Form, as opposed to substance, had characterized the rule of the Christian Democrats in the 1960s, when they created many separate rural unions, supposedly to address the needs of *campesinos* ("peasants"). A divided union movement in effect became a form of government control that

prevented the emergence of a single powerful rural organization.

DEVELOPMENT

Chile, with an average gross domestic product growth of 6 percent over the last decade, has become a model for other Latin American nations. Bilateral trade agreements have continued with Mexico, Venezuela, and Bolivia. Trade agreements were also signed with the United States and the European Union.

In the early 1970s, President Allende—despite his talk of socialism and his genuine attempt to destroy the institutions and values of an old social order—used as his weapon of transformation, a centralized bureaucracy that would have been recognized by sixteenth-century viceroys and nineteenth-century presidents. Allende's attempts to institute far-reaching social change led to a strong reaction from powerful sectors of Chilean society who felt threatened.

THE 1973 COUP D'ETAT

When the military ousted Allende, it had the support of many Chileans, including the majority of the middle class, who had been hurt by the government's economic policies, troubled by continuous political

turmoil, and infuriated by official mismanagement. The military, led by General Augusto Pinochet, began a new experiment with another form of centrist rule: military authoritarianism. The generals made it clear that they had not restored order merely to return it to the "discredited" constitutional practices of the past. They spoke of regeneration, of a new Chile, and of an end to the immorality, corruption, and incompetence of all civilian politics. The military announced in 1974 that, "guided by the inspiration of [Diego] Portales"—one of nineteenth-century Chile's greatest civilian leaders—"the government of Chile will energetically apply the principle of authority and drastically punish any outburst of disorder and anarchy."

The political, economic, and social reforms proposed by the military aimed at restructuring Chile to such an extent that there would no longer be a need for traditional political parties. Economic policy favored free and open competition as the main regulator of economic and social life. The Chilean state rid itself of hundreds of state-owned corporations, struck down tariffs designed to protect Chilean industry from foreign competition, and opened the economy to widespread foreign investment. The changes struck deeply at the structure of the Chilean economy and produced a temporary but sharp recession, high unemployment, and hundreds of bankruptcies.



(Department of Defense photo by R. D. Ward)
President Michelle Bachelet is both head of state and head of government.

A steep decline in the standard of living for most Chileans was the result of the government's anti-inflation policy.

and continuing into 1989, the regime's economic policies seemed successful; the economic growth rate for 1988 was an impressive 7.4 percent. However, it masked critical weaknesses in the Chilean economy. For example, much of the growth was overdependent on exports of raw materials—notably, copper, pulp, timber, and fishmeal.

Modest economic success and an inflation rate of less than 20 percent convinced General Pinochet that he could take his political scenario for Chile's future to the voters for their ratification. But in the October 5, 1988, plebiscite, Chile's voters upset the general's plans and decisively denied him an additional eight-year term. (He did, however, continue in office until the next presidential election determined his successor.) The military regime (albeit reluctantly) accepted defeat at the polls, which signified the reemergence of a deep-rooted civic culture and long democratic tradition.

Where had Pinochet miscalculated? Public-opinion surveys on the eve of the election showed a sharply divided electorate. Some political scientists even spoke of the existence of "two Chiles." In the words of government professor Arturo Valenzuela and *Boston Globe* correspondent Pamela Constable, one Chile "embraced those who had benefited from the competitive economic policies and welfare subsidies instituted by the regime and who had been persuaded that power was best entrusted to the armed forces." The second Chile "consisted of those who had been victimized by the regime, who did not identify with Pinochet's anti-Communist cause, and who had quietly nurtured a belief in democracy." Polling data from the respected Center for Public Policy Studies showed that 72 percent of those who voted against the regime were motivated by economic factors. These were people who had lost skilled jobs or who had suffered a decrease in real wages. While Pinochet's economic reforms had helped some, it had also created a disgruntled mass of downwardly mobile wage earners.

Valenzuela and Constable explain how a dictator allowed himself to be voted out of power. "To a large extent Pinochet had been trapped by his own mythology. He was convinced that he would be able to win and was anxious to prove that his regime was not a pariah but a legitimate government. He and other officials came to believe their own propaganda about the dynamic new Chile they had created." The closed character of the regime, with all lines of authority flowing to the hands of one man, made it "impossible for them to

accept the possibility that they could lose." And when the impossible occurred and the dictator lost an election played by his own rules, neither civilians on the right nor the military were willing to override the constitutional contract they had forged with the Chilean people.

HEALTH/WELFARE



Since 1981, all new members of Chile's labor force have been required to contribute 10 percent of their monthly gross earnings to private-pension-fund accounts, which they own. Unfortunately, in 2006 new retirees discovered that their pensions fell far below the guaranteed threshold. One reason was that expenses for managing the funds consumed as much as 33 percent of workers' contributions.

In March 1990, Chile returned to civilian rule for the first time in almost 17 years, with the assumption of the presidency by Patricio Aylwin. His years in power revealed that tensions still existed between civilian politicians and the military. In 1993, for example, General Pinochet mobilized elements of the army in Santiago—a move that, in the words of the independent newspaper *La Época*, "marked the crystallization of long-standing hostility" between the Aylwin government and the army. The military had reacted both to investigations into human-rights abuses during the Pinochet dictatorship and proposed legislation that would have subordinated the military to civilian control. On the other hand, the commanders of the navy and air force as well as the two right-wing political parties refused to sanction the actions of the army.

President Aylwin regained the initiative when he publicly chastised General Pinochet. Congress, in a separate action, affirmed its supremacy over the judiciary in 1993, when it successfully impeached a Supreme Court justice for "notable dereliction of duty." The court system had been notorious for transferring human-rights cases from civil to military courts, where they were quickly dismissed. The impeachment augured well for further reform of the judicial branch.

Further resistance to the legacy of General Pinochet was expressed by the people when, on December 11, 1993, the center-left coalition candidate Eduardo Frei Ruiz-Tagle won the Chilean presidential election, with 58 percent of the vote. As part of his platform, Frei had promised to bring the military under civilian rule. The parliamentary vote, however, did not give him the two-thirds majority needed to push through such

FREEDOM



Chile's first woman president, Michelle Bachelet, who was elected in 2006, was arrested, tortured, and exiled by the Pinochet dictatorship. Her father died while in prison. She said that she "was a victim of hatred, and I have dedicated my life to reversing that hatred."

Social-welfare programs were reduced to a minimum. The private sector was encouraged to assume many functions and services once provided by the state. Pensions were moved entirely to the private sector as all state programs were phased out. In this instance, the state calculated that workers tied through pensions and other benefits to the success of private enterprise would be less likely to be attracted to "non-Chilean" ideologies such as Marxism, socialism, and even Christian democracy. State-sponsored health programs were also cut to the bone, and many of the poor now paid for services once provided by the government.

THE DEFEAT OF A DICTATOR

To attain a measure of legitimacy, Chileans expected the military government to produce economic achievement. By 1987,



Courtesy of Paul Goodwin

Chilean Vineyard. Wine has become a major export.

a reform. The trend toward civilian government, though, seemed to be continuing.

Perhaps the final chapter in Pinochet's career began in November 1998, while the former dictator was in London for medical treatment. At that time, the British government received formal extradition requests from the governments of Spain, Switzerland, and France. The charges against Pinochet included attempted murder, conspiracy to murder, torture, conspiracy to torture, hostage taking, conspiracy to take hostages, and genocide, based on Pinochet's alleged actions while in power.

British courts ruled that the general was too ill to stand trial, and Pinochet returned to Chile. In May 2004 a Chilean appeals court revoked Pinochet's immunity from prosecution. Still, in November 2005 Pinochet was arrested on charges of tax fraud and passport forgery in connection with secret bank accounts he maintained under false names in other countries. Almost simultaneously a Chilean judge indicted him on human-rights abuses. Previously, the army had accepted blame for human-rights abuses during the Pinochet era. As the army commander wrote in a Santiago newspaper: "The Chilean Army Chile has taken the difficult but irreversible decision to assume responsibility for all punishable and morally unacceptable acts in the past attributed to it as an institution. . . . Never and for no one can there be any ethical justification for violations of human rights." Importantly, the army's admissions is reassuring to those who wish to pursue human-rights issues but were fearful of the military's possible

reaction. Pinochet's death in 2006, before he could be brought to trial, only partially closed this sad chapter in Chile's history.

THE ECONOMY

By 1998, the Chilean economy had experienced 13 consecutive years of strong growth. But the Asian financial crisis of that year hit Chile hard, in part because 33 percent of the nation's exports in 1997 went to Asian markets. Copper prices tumbled; and because the largest copper mine is government-owned, state revenues contracted sharply. Following a sharp recession in 1999, the economy once again began to grow. However, domestic recovery has been slow. Unemployment remained high at 9 percent of the workforce, and a growth rate of 5.5 percent did not produce sufficient revenue to finance President Lagos's planned social programs and education initiatives. The sluggish global economy in 2001 was partly to blame, as prices fell for copper, Chile's number-one export.

Although there is still a large gap between the rich and poor in Chile, those living in poverty has been reduced from 40 percent to 20 percent over the course of the last decade. The irony is that Chile's economic success story is built on the economic model imposed by the Pinochet regime. "Underlying the current prosperity", writes *New York Times* reporter Larry Rohter, "is a long trail of blood and suffering that makes the thought of reversing course too difficult to contemplate." Many Chileans want to bury the past and move on—but the persistence of memory will not

allow closure at this time. Chile has chosen to follow its own course with respect to economic policy. While many of its neighbors in the Southern Cone—notably Argentina, Brazil, Bolivia, Peru, Ecuador, and Venezuela—have moved away from free trade and open markets, Chile remains firmly wed to both.

Newly elected President Michelle Bachelet, Chile's first woman president, who served in the outgoing Lagos government first as minister of health and then as minister of defense, remains committed to close ties to the United States and to free trade. As a Socialist she will strive to meet the needs of women and the poor—but she will also keep in place economic policies that have made the Chilean economy one of the most dynamic in the region. Unemployment continues to fall, standing at 7.8 percent in 2006 and 7 percent at the end of 2007. Bachelet has also amassed a \$20 billion Economic and Social Stabilization Fund to provide for social spending. A portion of the high revenues generated by the state-owned copper industry provides money for the fund.

Not all Chileans are pleased with Bachelet's policies. Some are opposed to social change and others feel that change has not occurred as quickly as they expected. Gender has certainly been an issue both during her campaign for the presidency and in the first year of her administration. In an interview with journalist David Rieff she stated that "women say that my election represents a cultural break with the past—a past of sexism, of misogyny." That past exists in the present as Bachelet's male critics complain about her apparent "indecisiveness."

Peruvian novelist and politician Mario Vargas Llosa observes that while Chile "is not paradise," it does have a "stability and economic dynamism unparalleled in Latin America." Indeed, "Chile is moving closer to Spain and Australia and farther from Peru or Haiti." He suggests that there has been a shift in Chile's political culture. "The ideas of economic liberty, a free market open to the world, and private initiative as the motor of progress have become embedded in the people of Chile."

ACHIEVEMENTS



Chile's great literary figures, such as Gabriela Mistral and Pablo Neruda, have a great sympathy for the poor and oppressed. Other major Chilean writers, such as Isabel Allende and Ariel Dorfman, have won worldwide acclaim.

GLOBAL STUDIES

Chilean novelist Ariel Dorfman has a different perspective: "Obviously it is better to be dull and virtuous than bloody and Pinochetista, but Chile has been a very gray country for many years now. Modernization doesn't always have to come with a lack of soul, but I think there is a degree of that happening."

SIGNS OF CHANGE

Although the Chilean Constitution was essentially imposed on the nation by the military in 1980, there are signs of change. The term for president was reduced from eight to six years in 1993; and in 1997, the Chamber of Deputies, the lower house of the Legislature, approved legislation to further reduce the term of a president to four years, with a prohibition on reelection. Military courts, which have broader peacetime jurisdiction than most other countries in the Western Hemisphere, have also come under scrutiny by politicians. According to the *Revista Hoy*, as summarized by *CHIP News*, military justice reaches far beyond the ranks. If, for example, several people are involved in the commission of a crime and one of the perpetrators happens to be a member of the military, all are tried in

Timeline: PAST

- 1541**
The founding of Santiago de Chile
- 1818**
Independence of Spain is proclaimed
- 1964–1970**
Revolution in Liberty dramatically alters Chilean society
- 1973**
A military coup ousts President Salvador Allende; General Augusto Pinochet becomes president
- 1988**
Pinochet is voted out—and goes
- 1990s**
Asian financial woes cut into Chilean economic growth

PRESENT

- 2000s**
Ricardo Lagos, a moderate Socialist, wins the presidency in December 1999–January 2000 elections
Lagos government accelerates prosecution of human-rights abusers
- 2006**
Chile elects its first woman president, Verónica Michelle Bachelet Jeria

a military court. Another abuse noted by politicians is that the military routinely uses the charge of sedition against civilians who criticize it. A group of Christian Democrats wants to limit the jurisdiction of the military to military crimes committed by military personnel; eliminate the participation of the army prosecutor in the Supreme Court, where he sits on the bench in cases related to the military; grant civilian courts the authority to investigate military premises; and accord civilian courts jurisdiction over military personnel accused of civilian-related crimes. The military itself, in 2004, in an effort to improve its tarnished image has worked in the background to hold accountable those officers involved in human-rights abuses in the past.

Another healthy sign of change is a concerted effort by the Chilean and Argentine governments to discuss issues that have been a historical source of friction between the two nations. Arms escalation, mining exploration and exploitation in border areas, and trade and investment concerns were on the agenda. The Chilean foreign relations minister and the defense minister sat down with their Argentine counterparts in the first meeting of its kind in the history of Argentine–Chilean relations.