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Chile's new President shifts priority to reconstruction from reform

Conservative billionaire Sebastian Pinera to take reins from Michelle Bachelet, insists earthquake recovery is job No. 1

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Chilean's conservatives can be forgiven for wondering whether they are cursed. The last time the country elected a right-wing president, he governed through the Great Chilean Earthquake of 1960, the strongest quake ever recorded at a magnitude of 9.5.

Thursday, conservative billionaire Sebastian Pinera takes office as the first democratically elected conservative to serve as president of Chile since Jorge Alessandri was elected in 1958, only two weeks after Chile's second most powerful quake at a magnitude of 8.8.

Mr. Pinera had planned to introduce austerity measures aimed to reduce spending and boost economic growth, but now he says, "our government will be about national reconstruction."

Eduardo Bitran, Chile's public works minister from 2006-2008, says the reconstruction effort will dominate the managerial tasks of Mr. Pinera's education, housing, health and public works ministers for the next two to three years.

The Feb. 27 earthquake affected Chile's most populated metropolitan areas, with older homes and poorly built structures collapsing from an earthquake that scientists say physically moved the central city of Concepcion three metres to the west and slightly changed Earth's axis.

Estimates for the financial investment needed for the task ahead range from \$10-billion to \$30-billion (U.S.) in order to restore roads, bridges, schools, hospitals and tens of thousands of homes. The latest official figures show about 500 people have died and one million Chileans are homeless.

"Some industrial sectors in Chile's south, like forestry and wine, have been damaged," says Mr. Bitran, who is currently president of Chile's National Innovation Council. "Around 20 bridges are destroyed, water systems are disrupted, many hospitals and schools are damaged, and as many as 100,000 homes might need to be completely rebuilt. This will require a lot of time to deal with it properly."

A self-made billionaire, Mr. Pinera, 60, returned to Chile in 1976 with a PhD in economics from Harvard University, at first working as a consultant and university professor.

But in the early 1980s, Mr. Pinera founded Bancard SA, which introduced Visa and MasterCard to this South American nation of 16 million people. Later, he expanded to include Chile's largest airline, a national TV network and the country's most popular soccer team among his assets.

As one of Chile's 10 richest individuals, there is some concern he might use his office to benefit his friends and others among Chile's business elite, says Patricio Navia, a Chilean political science professor at New

York University.

“Most Chileans are moderate, and Pinera is seen as being pragmatic, and not a right-wing ideologue,” Prof. Navia says. “But he could also end up being a Chilean version of Italy's Prime Minister, Silvio Berlusconi, with no firewall between his political and commercial interests.”

Mr. Pinera takes over from Michelle Bachelet, a popular socialist who expanded the social net, significantly improving state pensions, health care and schools for children in a largely successful era that saw poverty more than halved and mostly economic prosperity.

Before the earthquake hit late last month, Mr. Pinera talked of putting in reforms and programs to achieve annual economic growth rates of 6 per cent, create one million jobs, improve the quality of public education and lower crime. He insists that he will not let the reconstruction agenda sidetrack him.

Still, the main focus is now earthquake recovery.

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