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Branding the Chilean nation : socio-cultural change, national identity and international image

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CHAPTER 4

Democratic Restoration and the Search for a New International Image

Introduction

Since democratic restoration in 1990, Chile consciously began to put an end to the nation's relative isolation suffered during the military regime. In order to reposition itself abroad, Chile began to participate in many worldwide forums, and to sign trade agreements with nations all over the world. The return to democracy and the good economic performance of the Concertación governments has been one of the main tools used by Chile from the 1990s on to improve its international image. This has been partially attained, mainly in financial and economic circles where Chile is frequently mentioned as an example of good fiscal administration for developing nations. Thus, the Cato Institute declared that Chile was leading the ranking of economic freedom in Latin America.¹ According to the World Economic Forum, during 2006 Chile was the 27th most competitive economy in the globe.² The organization also classified the country as the most attractive place to invest in the subcontinent.³ Chile is considered to be the safest location in Latin America for foreign investors and corporations according to Latin Business Chronicle.⁴ In 2007 the international credit rating firm

¹ 'Chile Lidera Ranking de Libertades Económicas en América Latina', *El Mercurio*, 12 September 2006.

² 'Chile Mantiene Lugar 27 en Competitividad', *El Mercurio*, 27 September 2006.

³ 'Chile Lidera Ranking del BID sobre Calidad Regulatoria en Latinoamérica', *La Tercera*, 30 April 2007.

⁴ 'Ranking Pone a Chile como País más Seguro de América Latina para Ejecutivos y Empresas', *La Tercera*, 22 February 2007.

Standard and Poor's gave Chile an A+.⁵ In the 2009 United Nation Index for Human Development Chile was listed as the best place to live in Latin America⁶ and that same year the International Monetary Fund reported that Chile had the highest GDP in the region and would continue to do so in the near future.⁷ Finally, between 2009 and 2010, several publications forecast that Chile would become Latin America's Silicon Valley since this country has the best technological infrastructure and the government's innovation policies were as advanced as Singapore's and New Zealand's.⁸

For decades Chile has kept collecting 'good reviews' in economic performance, despite the Asian crisis of the late 1990s and the subprime crisis of the beginning of the twenty first century. Even amidst the latter Chile was praised for its fiscal discipline and counter-cyclical measures, which made the country face this predicament on a better footing than most economies in the region and the world.⁹ Interestingly enough, one of the main sources of criticism against Chile's economic performance does not come from outside its frontier but from the inside. There were several voices—mainly from the rightwing Alianza por Chile coalition—that criticized the economic administration of the Concertación governments, complaining that they put brakes on the system and thus were slowing down the pace of the economy. The fact is that the status of Chile as a developed nation remains quite elusive: it evaporated in the 1980s; it was not achieved by the turn of the century and was not attained by the Bicentennial (2010). President Piñera promised that Chile would abandon underdevelopment by 2018, and Bachelet's Minister of Finance, Andrés Velasco, said that this goal would be attained by 2020. However, that remains to be seen.¹⁰

Yet, in spite of what some classify as a napping economy, or a very slow second half of the match in economic terms (referring to Ricardo Lagos's and Michelle Bachelet's administrations), the fact is that Chile has not stopped growing for over twenty years,

⁵ 'S&P Sube Clasificación de Chile y Dice que su Economía Hoy es Más Sólida que en Toda la Historia del País', *La Tercera*, 19 December 2007.

⁶ 'Chile es el Mejor País para Vivir en Latinoamérica, según Informe ONU', *La Segunda*, 5 October 2009.

⁷ 'Chile Liderará PIB per cápita en la Región en 2010 por Segundo Año Consecutivo', *La Tercera*, 2 October 2009.

⁸ 'Wenceslao Casares Apuesta a que Chile Sea el Nuevo Silicon Valley de América Latina', *El Mercurio*, 25 August 2010 and 'Chile's Silicon Valley', *Business Week*, 13 August 2009.

⁹ 'Chile Es el País de la Región que Mejor Resistirá la Crisis Económica en los Próximos Seis Meses', *La Tercera*, 19 February 2009.

¹⁰ 'Velasco Afirma que Chile Será un País Desarrollado hacia el 2020', *La Tercera*, 28 September 2007.

albeit at a slower pace since the Asian crisis. Besides, the transition to democracy in this country has been generally catalogued as successful —the most successful in Latin America according to some.¹¹ A vast network of agreements, pacts and conventions among a wide and diversified array of negotiators¹² made possible a system of peaceful coexistence in the Chilean democratic transition.

Although the Concertación administrations have not had many difficulties letting the world know about Chile's economic achievements, they have faced considerable obstacles in improving the country's international image as regards the situation of human rights. In fact, several international organizations and movements, as well as Chilean left wing sectors, have criticized the democratic authorities accusing them of not doing enough to clarify the abuses carried out during the dictatorship. In their opinion, numerous *desaparecidos* remain as such, and not all the military men who have or may have been involved have been tried and sent to jail to pay for their alleged crimes.

There are many opposed views as regards what has been done in Chile in the 1990s and since 2000. There are also contrasting assessments of how the country has performed in the field of international relations and of whether Chile's international reputation has improved: of the ExpoSeville iceberg that intended to convey an image of a clean, democratic and efficient Chile¹³ and the detention of Pinochet in London, which made it evident that history had frozen on 11 September 1970 in the minds of many foreigners;¹⁴ of the Chilean economic miracle, the nation as a model, a paradigm, in sharp contrast with the evident animosity that some Latin American countries feel towards Chile partly caused by its clumsy foreign policies; of the Asia Pacific Economic Cooperation (APEC) 2004¹⁵ and the nation-branding campaigns showing a bright and fast developing Chile in opposition in contrast with negative

¹¹ If transition to democracy is over in Chile is still a matter of debate in the country. Some sectors state that there are still institutions —such as the binominal voting system— which prevents full democratic operation. Others deem it necessary for the Right to win an election to consider the democratic transition complete. I suggest that transition was basically achieved during Patricio Aylwin's tenure. Although it is true that institutions generally held as non democratic —such as the existence of designated senators— extended beyond Aylwin's government, it is also true that they did not prevent or gravely hinder the exercise of democracy.

¹² E. Tironi (1999) *La Irrupción de las Masas y el Malestar de las Elites*. Santiago: Grijalbo, p. 159.

¹³ See J. Hernández (2008) 'Transparencias que se Derriten: el Iceberg del 92 y la Identidad Chilena en la Transición', *El Amauta* 5. San Juan: Universidad de Puerto Rico.

¹⁴ See C. Malamud (2002) 'El Caso Pinochet en España' in *Bicentenario. Revista de Historia de Chile y América*. Santiago: Centro de Estudios Bicentenario, Santiago 1(1).

¹⁵ See Communication and Culture Secretariat, *op. cit.*

perceptions in the region. In my opinion, Chile's participation in a global world has been successful and the nation's good name has improved. Nevertheless, I also believe that during the Concertación administrations there was a mismatch of good will, wishful thinking and reality in the management of Chile's international reputation.

Chapter 4 focuses on the two decades of Concertacionista governments, the 1990s and 2000s and the mission taken up by the country: reinstalling democracy without discarding the economic benefits inherited from the dictatorship¹⁶ and reinstating the nation in a world and a region that were not always friendly.¹⁷ This chapter describes the ideological renovation of Chile's Left, the reinsertion of the country in the world arena and the considerable difficulties it faced in its search for a new international image to position itself globally. Chile was slowly improving its international reputation. Even its standing within the region was looking quite positive until it became obvious that its insertion in Latin America was ambiguous. Although Chile was not openly declared as an enemy, it was not treated as a friend by its close neighbours, and was met with antagonism and discomfort.¹⁸ Section 4.1 starts by exploring some aspects of the country's democratic restoration. It describes how Chile's Left renovated and embraced democracy and a liberal economy. This section also touches upon some of the difficulties faced in the country's transition to democracy. Sections 4.2 and 4.3 show that Chile has tried to convey the message of being a successful nation in economic terms and, through this image, insert itself in the world. Nevertheless, as both sections indicate, although that image has met with the approval of institutions such as the World Bank and the International Monetary Fund, which have used Chile as a case study and sounding board to show macroeconomic equilibrium works,¹⁹ it has not been well received in all of Latin America. Besides, the detention of general Pinochet in London made it clear that Chile's bad reputation in terms of human rights violations was still alive, affecting the country's good hard-earned name for its socio-economic development. Finally, section 4.4 explores some explanations about Chile's relative

¹⁶ M. Moreno (2006) *'Emergencia del Paradigma de Gobernabilidad en América Latina. Aprendizajes de la Transición y Consolidación Democrática para la Gobernabilidad en Chile'*. Doctoral Dissertation, Leiden University, p. 98.

¹⁷ H. Brum (2005) 'Entre los Deseos y la Realidad' in H. Fazio *et al.*, *Gobierno de Lagos: Balance Crítico*. Santiago: LOM Ediciones, p. 128.

¹⁸ G. van der Ree (2010) 'Chile's (Inter) National Identities: Framing the Relations with Bolivia and Peru', *Bulletin of Latin American Research*, 29: 208-223.

¹⁹ G. van der Ree (2010), *op. cit.*, p. 213.

failure in its insertion in the subcontinent and shows the specific efforts made by the Concertación governments to improve relations with neighbouring countries.

The three strands —country image, national identity and social change— studied in this thesis also interact in Chapter 4. Identity issues will go into the reaffirmation of the Chileans' self-image of exceptionality, as well as their self-perception as people of order and democracy. Interestingly, this feature of uniqueness is also perceived and corroborated by external actors. This would be the case of the World Economic Forum, which stated Chile had symbolically migrated from the Latin American region in terms of economic performance.²⁰ The identity traits touched upon in Chapter 4 result in various and colliding images. On the one hand, as seen in Chapter 3, Chileans have kept feeling part of a nation of jaguars or tigers. They feel that they belong to a fast developing land and not to an average Latin American country, which has generated an ambiguous relation with the region.²¹ International campaigns promoting Chile have tended to highlight its financial and economic achievements, its technical capacity, trying to convey this self-perception of exceptionality: Chile is different from Latin America to the point that —in my opinion— highlighting such differences has become almost a part of its renovated identity.

The messages of economic success were well received in some parts of the world but not in the whole region. On the contrary, several Latin American nations perceive Chile as overconfident and hostile. On the other hand, in other places of the world the image of Chile had frozen in the early 1970s, in the fall of Allende's government and the rise of the military: the violation of human rights overshadows Chile's reputation up to the present although —as pointed out in Chapter 6— the rescue of 33 miners trapped in a pit in 2010 gave Chile a chance to restore its reputation. Like Chapter 3, chapter 4 also deals with social change from the perspective of the renovation brought in by the market system. At the same time, Chapter 4 explores new areas of change: the transformation of the Left, the advent of democracy, how both the Concertación and the new political opposition had to adapt in order to ensure Chile's governability. While Chile changed, other nations in Latin America did so to, only that under other ideological signs. Thus, Chile was not well received in that environment.²² In

²⁰ See the 2004 report of The World Economic Forum in .
http://www.weforum.org/pdf/Gcr/Executive_Summary_GCR_04

²¹ H. Brum, *op. cit.*, p. 126.

²² 'Trouble with the Neighbours. Can Chile Stay Different?' *The Economist*, 18 July 2002.

addition, border disputes with Peru and Bolivia have added tension and antagonism to Chile's regional participation.²³

4.1 Exile, Socialist Renovation and the Continuation of the Model

Section 4.1 starts by exploring how and why the Chilean Left changed to the point of embracing liberal democracy and economy. Exile was a key factor in such renovation: the experience of living in both Western and Eastern Europe helped exiles to experience personally the dark side of 'real socialism', and the prosperity of the masses achieved in Western European democracies under economic liberalism. Thus, when the Concertación coalition took office in 1990, leading a successful transition to democracy, it showed that the new political path chosen was of one of consensus, dialogue and agreements.²⁴ The Right also consented to this route, thus facilitating the return to what had been Chile's political style throughout most of the nineteenth and twentieth century. Besides, the centre-leftist governing coalition indicated that it would not change the free market model, as it was aware that economic success had become a key legitimating factor.²⁵ This aspect calmed the Right and contributed to the acceptance of the new government. Nevertheless, not all was smooth in the newly regained democracy. Firstly, pockets of non-renovated left-wingers refused to change their political and economic ideas favouring non-democratic environments. Secondly, the opinion polls showed that a considerable proportion of Chileans were not satisfied with democracy.

'Strictly speaking, neo-liberalism paved the way for the deepest revolution ever undertaken in Chilean history'.²⁶ In fact, the process initiated under the military regime, which started flourishing at a steady pace after 1985, reached full bloom in the 1990s. The economy grew by 12 per cent in 1992, reaching approximately a rate of 8 per cent between 1992 and 1997. Inflation dropped to 4.7 per cent that year,

²³ 'Heat, but not Light. An Argument Over Energy Priorities', *The Economist*, 3 June 2010 and 'Después de 100 Años de Negociaciones, el Gobierno Boliviano no Consigue su Ventana al Océano. Bolivia Pretende que Chile Cambie Gas por Mar' in.

<http://www.americaeconomica.com/numeros4/271/reportajes/2vanesa271.htm>

²⁴ See M. Serrano (2009) *La Igual Libertad de Edgardo Boeninger*. Santiago: Uqbar Editores.

²⁵ O. Muñoz (2007) *El Modelo Económico de la Concertación 1990-2005 ¿Reformas o Cambio?* Santiago: FLACSO-Catalonia, p. 10

²⁶ P. Vergara (1984) *Auge y Caída del Neoliberalismo en Chile. Un Estudio sobre la Evolución Ideológica del Régimen Militar*. Santiago: FLACSO, p. 2.

unemployment reached 6 per cent, per capita income rose from US\$ 2.625 in 1990 to US\$ 4.956.²⁷ Thus, by 1990, when Patricio Aylwin took power, his administration and most of the Chilean Left had acknowledged the benefits of the system as a powerful wealth and development hastener. Nevertheless, the embracing of neo-liberalism by the Left was not without internal havoc or transformation of the system itself. As will be seen in this section, far from being a copy-paste adoption of an alien model, throughout almost 20 years in power the scheme suffered transformations more to the liking of the governing leftwing coalition. Nevertheless, in spite of such changes—which in the opinion of several experts from the political opposition have caused the slowdown of the national economy—²⁸ the economic system that Chile has today is liberal, as stated by the Heritage Foundation, a conservative American think-tank. For example, in its 2010 ranking for economic freedom Chile scored an overall 72.2 per cent, and was ranked the tenth most free economy in the world and number one in Latin America.²⁹

Although this statement seems so natural nowadays, the road to reaching such agreement was winding and painful. The bottom line question is why an important part of the Chilean Left changed so dramatically, how Enrique Correa abandoned his staunch Marxist-Leninist ideas to participate in Patricio Aylwin's administration in the early 1990s and later on headed a lobby corporation that assists major national and foreign companies.³⁰ Or what made Communist Roberto Ampuero denounce Cuba's regime³¹ and Mauricio Rojas—a Marxist during the Unidad Popular—³² abandon his postulates to become a member of the Swedish parliament for the Liberal Party. As Silva argues,

the attack on La Moneda Palace by the military, the death of Allende, and the dramatic end to the Unidad Popular experiment signified a bitter awakening from the dream that

²⁷ E. Tironi (2002) *El Cambio Está Aquí*. Santiago: La Tercera-Mondadori, p. 19.

²⁸ M. Reid (2007) *Forgotten Continent. The Battle for Latin America's Soul*. New Haven and London: Yale University Press, p. 183.

²⁹ <http://www.heritage.org/index/ranking.aspx>. Chile is followed by El Salvador (place 32) in this ranking.

³⁰ Enrique Correa: Hicimos la Transición más Exitosa de Latinoamérica, *Qué Pasa*, 4 July 2008.

³¹ R. Ampuero (1999) *Nuestros Años Verde Oliva*. Santiago: Editorial Planeta.

³² M. Rojas (2007) *Diario de un Reencuentro. Chile Treinta Años Después*. Santiago: El Mercurio-Aguilar, p. 136.

had seemed possible. Both the coup and its aftermath clearly had a traumatic effect on the intellectuals' consciousness.³³

The fall of Allende marked the beginning of a deep process of revision within an important part of those who have supported him. Such a process triggered a renovation stream, which criticized both the mistakes in the economic administration of the country during the Unidad Popular and the political exacerbation encouraged by its ideologues. These factors led to the establishment of an alliance of a former hard Left with the Christian Democrats and the awareness of the necessity of ensuring a good economic management in a future democratic regime, which implied the acceptance of the technocratic running of economic issues.³⁴ Besides, although in the immediate aftermath of the military coup the Left tended to blame the military and the United States for what had happened, towards the mid-1970s many of the former Unidad Popular supporters started acknowledging the failure of the system, especially in its incapacity to reach agreements with the DC.³⁵

For many Chileans the experience of exile was a turning point. They had all escaped from the authoritarianism of Pinochet's regime to fall into repressive systems or came in contact with people who had a bad time in the socialist world. Such was the case of Mauricio Rojas who in exile met a Pole, a Russian and a Cuban, all of them running away from the Communist societies in which they lived. For Rojas it was impossible to deny that socialist ideals had been transformed into dictatorships and that the Marxist views he upheld were causing much damage around the world.³⁶ In fact, life in the Soviet Union or East Germany showed the Chilean exile that the socialist *Heilstaat* was a myth, that there is no good or benevolent dictatorship, regardless of side of the political spectrum.³⁷ Not only the Chilean Left learned the lesson the hard way: also Brazilians and Uruguayans who experienced living under dictatorships transformed democracy into an essential aspect of their political standing.³⁸ It is true that the diaspora triggered by the forced exile generated deep personal dramas for many, but

³³ P. Silva (2008) *In the Name of Reason. Technocrats and Politics in Chile*. Pennsylvania: The Pennsylvania State University Press, p. 142.

³⁴ *Ibid.*

³⁵ E. Tironi (2006) *Crónica de un Viaje. Chile y la Ruta de la Felicidad*. Santiago: El Mercurio-Aguilar, p. 137.

³⁶ M. Rojas (2007), *op. cit.*, p. 136.

³⁷ 'O. G. Garretón: Izquierdas', *La Segunda*, 18 November 2009.

³⁸ *Ibid.*

it also opened new doors to those who were able to overcome those difficult years. Some studied, learned to live and work in different societies, and acquired a different vision of their country and the world. They came to appreciate the advantages of economic freedom and globalization and the importance of tolerance. 'In the end exile transformed the Left and helped it to develop a more receptive political culture, open to the world and the challenges of modernity'.³⁹

Many exiles, who were received as refugees in capitalist Western Europe, realised that economic systems based on a market approach had been able to pull large segments of the population out of poverty and was thus not a scheme meant to further enrich the wealthy and pauperize the needy. The logical conclusion was that capitalism and Western democracy were not evil and had been the object of a systematic demonization from the Marxist Left.⁴⁰ Besides, the negative personal experience of the socialist economies, finally convinced left wing political leaders that such economic system was not what they would want for their own country after the restoration of democracy.⁴¹ Patricio Silva summarizes in a few points the radical shift in the economic thought of the Left. Firstly, this sector had a first-hand experience of implementing socialist economic policies that had been unsuccessful during Unidad Popular. Thus, when the centre-left coalition got hold of power in 1990, very few thought of retrying that approach. Secondly, most of them admitted that thanks to the neo-liberal model, Chile's economy was in better shape than in the past twenty five years.⁴²

In Enrique Correa's opinion 'our generation came to recognise capitalism as a reality, liberal democracy as a great political regime, gradualness as a positive method instead of abrupt change and negotiation instead of confrontation'.⁴³ Many exiled Leftwing intellectuals shifted the focus of their political studies from revolutionary strategies to bringing social change to democratic movements that guaranteed respect for human rights,⁴⁴ whose defence had not been part of the traditional doctrine of their sector.⁴⁵ Actually, the fact of being persecuted themselves for their political ideas and having

³⁹ E. Tironi (2006), *op. cit.*, p. 139.

⁴⁰ O. Muñoz, *op. cit.*, p. 81.

⁴¹ P. Silva (2008), *op. cit.*, p. 158n.

⁴² P. Silva (2008), *op. cit.*, pp. 158-159.

⁴³ 'Enrique Correa: Hicimos la Transición más Exitosa de Latinoamérica,' *Qué Pasa, op. cit.*

⁴⁴ J. Larraín (2001) *Identidad Chilena*. Santiago: LOM Ediciones, p. 224.

⁴⁵ J. Natanson (2008) *La Nueva Izquierda. Triunfos y Derrotas de los Gobiernos de Argentina, Brasil, Bolivia, Venezuela, Chile, Uruguay y Ecuador*. Buenos Aires: Debate, p. 267.

received protection from Christian churches showed the Left the intrinsic value of such rights⁴⁶ and of democracy. The different denominations, until then considered among left-wingers as a bourgeois facade hiding class domination, began to be valued as something that needed to be guarded at all costs.⁴⁷ In this sense revolutionary rhetoric was practically removed from public speech and the polarization of the past was avoided.⁴⁸ Former revolutionaries and comrades, now members of Aylwin's cabinet, were more concerned about foreign investment and fiscal discipline. Correa, who was one of them, explains that the harshest dispute between the renewed socialists and the hard-liners took place between 1986 and 1989 —from the murder attempt against Pinochet to the plebiscite. The former advocated for gradualism and the latter for the overthrow of the dictator.⁴⁹ Wisely, the violent road that aimed at replacing the dictatorship lost strength and steadiness marked the complex transitional process ahead.⁵⁰ The transition to democracy was tricky in many aspects.

On the one hand, the democratic institutions were being subjected to an uncertain reform and the consolidation process, was facing extraordinarily complex issues such as attaining truth and justice in matters of human rights. On the other hand, the economic system installed in an authoritarian regime was being tested in its ability to adapt to a democratic regime and its demands for change.⁵¹

Besides, civil-military relations had to be as smooth as possible in to avoid any violent reaction on behalf of the army. It must be borne in mind that the 'Yes' ballot in the 1988 Plebiscite had obtained over 40 per cent of preferences and that the Right had had good results during the 1989 election: they were a political force that could not be overlooked.

⁴⁶ E. Tironi (2006), *op. cit.*, p. 137.

⁴⁷ J. Natanson, *op. cit.*, p. 266.

⁴⁸ B. Loveman (2001) *Chile: The Legacy of Hispanic Capitalism*. New York: Oxford University Press, p. 311.

⁴⁹ 'Enrique Correa: Hicimos la Transición más Exitosa de Latinoamérica,' *op. cit.*, p. 12.

⁵⁰ In Eugenio Tironi's opinion none of the parties who today integrate the Concertación formally backed the insurrectional strategy preached by the Communist Party, nor the murder attempt against Pinochet. Nevertheless the Communist influence was felt within the Concertación: the return to the road of violence was always a possibility, which eventually did not prosper. E. Tironi (2006), *op. cit.*, p. 175.

⁵¹ E. Tironi (2002), *op. cit.*, p. 16.

(The military government) was a successful regime in economic terms, it rescued Chile from the extremely grave crisis to which Allende's government had driven it and it impelled an economic transformation that helped the country's economy take-off. Besides, the regime ended in a peaceful way through a transition to democracy in agreement with the institutional rules established by the military in the 1980 constitution and there were several elements of continuation between both periods.⁵²

Finally, close advisors to Aylwin's presidency were wary of offering too much, moving too fast and mobilizing social forces to speed up their government programme:⁵³ populism was a real threat and popular power was to be feared.⁵⁴ Pinochet's claim during the plebiscite campaign in the sense that 'Yes' meant order and 'No' meant a return to the chaos of the Allende period seemed not entirely absurd at least to moderate left-wingers.⁵⁵ All of these factors on the balance made the main policy-makers during Aylwin's government adopt an extremely cautious approach to the resolution of even the matters dearest to the Concertación, such as the full clarification of human rights violations, some constitutional reforms and the independence of the armed forces from civil power.⁵⁶ In my view, governability became almost an obsession for the new democratic authorities, which implied efficiency, legitimacy and stability in the exercise of political power,⁵⁷ particularly as most Latin American nations that were getting out of dictatorial regimes had difficulties in generating democratic governability.⁵⁸ Chile was an exception. In fact, democratic governability did not appear out of the blue in 1990 in this country, but had deep historical roots. In Alan Angell's view, in spite of several breaks in Chile's democratic continuum —Pinochet's tenure being the most

⁵² C. Huneeus (2003) *Chile un País Dividido. La Actualidad del Pasado*. Santiago: Catalonia, p. 53.

⁵³ B. Loveman, *op. cit.*, p. 311.

⁵⁴ Interestingly, according to the findings of the 2006 Report of the Programa de Naciones Unidas para el Desarrollo, UNDP, after 16 years of Concertacionista governments, only 7.6 percent of the population surveyed believe that mass protests are useful to claim for what they consider their rights. Thus, the intentions of the Concertación of discouraging popular mobilization, plus the influence of neo-liberalism in that sense, have deterred mass demonstrations.

PNUD (2006) *Desarrollo Humano en Chile. Las Nuevas Tecnologías: ¿un Salto al Futuro?* Santiago: PNUD, p. 231.

⁵⁵ L. H. Oppenheim (2007) *Politics in Chile. Socialism, Authoritarianism, and Market Democracy*. Boulder: Westview, p. 160.

⁵⁶ B. Loveman, *op. cit.*, p. 311.

⁵⁷ M. Moreno, *op. cit.*, p. 232.

⁵⁸ M. Moreno, *op. cit.*, pp. 185-230.

prolonged one— the country is anchored in a tradition of democratic development and strengthening of its institutions.⁵⁹

This does not belittle the government inaugurated in 1990. In fact, the Concertación had promised joy and happiness if they gained power:

expectations as regards democracy were high, although fear was strongly felt by others —entrepreneurs were very scared. We were convinced that people wanted peace and not war and we decided to satisfy the people's desires.⁶⁰

As we shall suggest, the governing coalition understood it was fundamental that the economic benefits that Büchi had attained in the last five years kept growing:⁶¹ efficiency, legitimacy and stability were largely dependent on the government's economic outcome. Secondly, the consensus achieved by the diverse political actors was fundamental to assure Chile's democratic governability. Although the Concertación had won at the polling stations in 1988 and 1989, it did not have the support of strong institutions and had formidable adversaries. Thus there was an urgent need for a pact between the governing coalition that accepted the 1980 constitution and the opposition —Pinochet, the armed forces, their civil supporters and the business community— accepting the transition to democracy as long as no one rocked the boat too hard.⁶² In the end most of society wanted democracy to succeed. On the one hand, the Concertacionistas needed to demonstrate that democracy was not synonymous with chaos and populism.⁶³ On the other, those who had adhered to the military regime wanted their main legacy —the socio-economic market model— to survive in democracy.⁶⁴ Thus, democracy consolidated⁶⁵ and —in Edgardo Boeninger's view— by the end of Aylwin's administration there was no danger of an authoritarian regression.⁶⁶

⁵⁹ A. Angell in O. Muñoz, *op. cit.*, p. 93.

⁶⁰ M. Serrano (2009), *op. cit.*, p. 184.

⁶¹ M. Serrano (2009), *op. cit.*, p. 185.

⁶² P. Isern (2005) 'Democracia, Estado de Derecho, Consensos y Economía de Mercado en Chile: 1990-2005' in P. Isern and G. Salvia, *La Experiencia Chilena. Consensos para el Desarrollo*. Buenos Aires: CADAL, p. 69.

⁶³ O. Muñoz, *op. cit.*, p. 88.

⁶⁴ E. Tironi (2005) *El Sueño Chileno. Comunidad, Familia y Nación en el Bicentenario*. Santiago: Taurus, p. 228.

⁶⁵ A. Angell (2005) *Elecciones Presidenciales, Democracia y Partidos Políticos en el Chile Post Pinochet*. Santiago: Centro de Estudios Bicentenario, pp. 34, 61, 78, and 92.

⁶⁶ M. Serrano (2009), *op. cit.*, p. 179.

In fact, a renewed Chilean consensus was reached.⁶⁷ After experiencing traumatic situations and considerable hardship from the 1970s to the late 1980s, the national political elites had gone back to the old Chilean way of agreement-building. Following this conciliatory state of mind, in a post-Unidad Popular and post-Pinochet period few wanted to go back to a confrontational political backdrop. Thus, both the centre Left and centre Right coalitions acknowledged the benefits of democracy and the market system and abided by their rules, imperfect as they obviously are: as far as human governmental and economic inventions go, both sectors recognise in democracy the fairest political arrangement created up to now. As for the market approach, both admit that it is the economic scheme that more material development has created in Chile throughout the twentieth century.⁶⁸

In spite of what has been said up until now and although there is a certain agreement on the success of the country's transition to democracy, there are two factors which I consider may have shed doubt on the whole process. The first one refers to the data available which shows that Chileans might not have fully converted to democracy. In this sense, there are authors who indicate that Chileans have a very clear authoritarian streak.⁶⁹ Secondly, poll studies carried out by Latinobarómetro in 2002 show that Chileans do not have high levels of support for democracy,⁷⁰ as countries like Costa Rica and Uruguay.⁷¹ The opinion polls state that 31 per cent of Chileans were indifferent to the form of political regime, be it democracy or dictatorship. This information is in sharp contrast with polls conducted in Costa Rica, where 75 per cent of respondents expressed their satisfaction with democracy.⁷² Nevertheless, and in spite of the apparent intensity of antidemocratic feeling in Chile, Carlos Huneeus attributes the results not to a dislike or rejection of democracy *per se* but to the identification of democracy with the Concertación and the identification of the

⁶⁷ P. Isern in P. Isern and G. Salvia, *op. cit.*, pp. 31–63.

⁶⁸ O. Muñoz, *op. cit.*, p. 19.

⁶⁹ B. Loveman, *op. cit.*, pp. 311–312.

⁷⁰ <http://www.latinobarometro.org/>

⁷¹ C. Huneeus (2003), *op. cit.*, p. 93 and *latinobarometro_Informe_2002.pdf* in. <http://www.latinobarometro.org/>.

Only 50 percent of Chileans support democracy in contrast with Uruguayans (77 percent) and Costa Ricans (77 percent). Furthermore, in 2002, 75 percent of respondents in Costa Rica expressed satisfaction with democracy whilst in Chile 69 percent said that they were dissatisfied with democracy.

⁷² *latinobarometro_Informe_2002.pdf* in <http://www.latinobarometro.org/>

military dictatorship —which still has supporters— with non-democratic regimes.⁷³ Interestingly, Latinobarómetro 2008 —in contrast with its 2002 version— shows that Chileans rank the highest when asked if democracy works better in their nation than in other Ibero-American countries.⁷⁴ Besides, the levels of dissatisfaction with democracy in Chile also lowered in 2008: 61 per cent of respondents were not satisfied with democracy. If compared to the 69 per cent obtained in 2002, there has been 8 per cent increase in support of democracy in a span of 6 years.⁷⁵

In this connection, the identity studies of this thesis suggest a taste for strong authorities, order and law abidance rather than a liking for dictatorial regimes. Thus, this study does not share the opinion that Chileans are undemocratic. On the contrary, as shown in Chapters 2 and 3, Chileans perceive themselves and project an image of well-functioning republicanism in open contrast with what the media show of its continental neighbours. What is more, as they are seen as failed, fragile and populist democracies, this only contributes to enhance Chileans' self-image of exceptionality. Furthermore, populism is mistrusted and political parties, even if not as influential as in the past, still have the capacity to preserve the agreements about the courses of action on economic and political issues.⁷⁶ Undoubtedly, this adherence to law or legalism —an attribute of Chile's character— was shown in the fact that Pinochet needed a constitution and a legally approved political path towards democracy to stay in power. When the opposition took over the ruling of the nation, they also had to abide by the constitution to be accepted as legitimate rulers.⁷⁷

In my view, the second issue that sheds doubt on the success of the country's transition to democracy refers to the existence of a hard-line Left that does not agree with Chile's Western liberal democratic style. In fact, the socialist renovation —as it was called in Chile— was not absolute. Pockets of left-wingers outside and inside the Concertación remained either totally opposed to the transformation of their former comrades or had converted themselves half-heartedly. What upsets them most is all

⁷³ C. Huneeus (2003), *op. cit.*, pp. 93–96.

⁷⁴ Chile (44 out of 50), followed by Uruguay (43 out of 50) and Costa Rica (42 out of 50). http://www.latinobarometro.org/latinobarometro_Informe_2008.pdf.

⁷⁵ http://www.latinobarometro.org/latinobarometro_Informe_2008.pdf.

⁷⁶ P. Silva (2006) 'The Politics of Neo-liberalism in Latin America: Legitimacy, Depoliticization and Technocratic Rule in Chile' in R. Robison, *The Neo-liberal Revolution. Forging the Market State*. New York: Pelgrave-McMillan, p. 42.

⁷⁷ E. Kvatavnik (2005) 'La Experiencia Chilena' in *La Experiencia Chilena. Consensos para el Desarrollo*. Buenos Aires: CADAL, p. 186.

the caution in the transitional process —some talk of a mediated democracy in which, in their view, the political power is still in the hands of the armed forces.⁷⁸ A second aspect that they disagree with is the adoption of a liberal economy, as they are unable to forget the ‘original sin’ in which the system was conceived.⁷⁹ In Gonzalo Vial’s words, their marriage to market policies was not out of love but out of sheer convenience.⁸⁰ In this sense, this political sector considers that the advent of democracy has been no more than mere ‘transformism’, a continuation of Pinochet’s rule with less visibility of military uniforms.

‘The core ideas are the same: primacy of the market, trickle-down growth, acceptance of free economy and representative democracy as the panacea for a “brave new world”’.⁸¹ This is Tomás Moulian’s view, who —together with the hard-line Left— would rather have participative democracy and an economic system not centred on profit.⁸² Besides, what the non-truly-renewed Left will never accept is that the economic model —and even the handing over to democracy— was planned by the military dictatorship that planted the seed of the ‘Chilean miracle’. Moreover, as will be seen in Chapter 5, in the last years of Concertacionista government, people coming mainly from a socialist background finally let out a cry of protest: for years many of them had swallowed their own preferences and views for the sake of prudence, brooding dissatisfaction and disapproval of what was being done in their political coalition.⁸³ There had been no deep renovation of their ideas. As Edgardo Boeninger puts it,

in my view, socialism today has elements that tend to impose things by sheer authority. For me, imposition from an authority should be an exception. For socialists it is a rule. Socialists do not believe in freedom specifically because they do not trust economic freedom.⁸⁴

Similarly, Patricio Navia points out that what made Lagos’s and Bachelet’s governments successful was that they were able to advance ideals such as justice and equality

⁷⁸ T. Moulian (2002) *Chile Actual. Anatomía de un Mito*. Santiago: Ediciones LOM, p. 14.

⁷⁹ Arturo Fontaine Talavera coined the concept.

⁸⁰ ‘Gonzalo Vial: Nostalgia del Estatismo’, *La Segunda*, 25 November 2008.

⁸¹ T. Moulian, *op. cit.*, p. 15.

⁸² *Ibid.*

⁸³ M. Serrano (2009), *op. cit.*, pp. 183–184.

⁸⁴ M. Serrano (2009), *op. cit.*, p. 192.

with moderation, pragmatism and gradualness, unlike hard core socialists who wish to re-inaugurate a confrontational and fighting Left.⁸⁵

As mentioned before, even if within the Concertación there was hesitation as to the convenience of embracing the market system, the context made it almost impossible to do otherwise: both Chile and its ruling coalition were not ready to get involved in further socio-economic experiments.⁸⁶ Moreover, most developed nations were following the same path, the end of the Cold War was moving socialism in France, Spain and Great Britain towards the political centre. The orthodox communist system, a traditional referent for the Left, was in crisis.⁸⁷ Thus post-Mao China was putting great emphasis on the market⁸⁸ and the economic and political transformation of the former socialist republics in Eastern Europe was like a *coup de grâce* for those who still insisted on the advantages of a centralized economic system.⁸⁹ Always with Allende's failed economic and political experiment at the back of their minds, the new governments understood that their legitimacy as political leaders lay in their capacity to keep up Chile's economic growth —hopefully better than the military had— and keep the social peace and civil order.⁹⁰

'It was satisfactory to realise that the new authorities, who had criticised so much the model when they were in the opposition, kept administrating it with no major changes'.⁹¹ Arnold C. Harberger, mentor to the Chicago Boys, has a similar opinion when he points out that the biggest success of 'Project Chile' —i.e. the training of Chilean economist in Chicago— had not been the adoption of a market approach by the military regime but that the Concertación had continued with it.⁹² Lois H. Oppenheim recognizes the continuity of the system, but acknowledges that from 1990 onwards, the state has played a greater regulatory role on the market.⁹³ Gerard van der Ree affirms that the Concertación economic project has several neo-structural

⁸⁵ 'Patricio Navia: a Destiempo', *La Tercera*, 24 January 2010.

⁸⁶ O. Muñoz, *op. cit.*, p. 10.

⁸⁷ E. Tironi (2006), *op. cit.*, p. 137.

⁸⁸ L.H. Oppenheim, *op. cit.*, p. 171.

⁸⁹ P. Silva (2008), *op. cit.*, pp. 158-159.

⁹⁰ L.H. Oppenheim, *op. cit.*, p. 172.

⁹¹ H. Büchi (2008) *La Transformación Económica de Chile. El Modelo del Progreso*. Santiago: El Mercurio-Aguilar, p. 300.

⁹² A. C. Harberger in G. Vial (2009), *op. cit.*, p. 1385.

⁹³ L.H. Oppenheim, *op. cit.*, p. 206.

elements⁹⁴ that have changed the liberal project of the Chicago Boys in a considerable way. He asserts that neo-structuralism is present, for example, in the way in which the Concertación tries to tackle social justice. Thus, if during the Pinochet era there was concern about raising the living standards of the needy, Ricardo Lagos and Michelle Bachelet tried to extend welfare beyond the extremely poor. An example of this would be the AUGE Plan,⁹⁵ which also intends to benefit the middle class.⁹⁶

Regardless of the differences between the intensity of the liberalism applied during the military regime and the Concertación administrations, there is little doubt that a consensus on the liberal path towards socio-economic progress has been achieved. The variations introduced by the leftwing coalition in two decades, have mainly aimed at tackling the social cost allegedly left unpaid by the previous regime. The issue has always been a thorny one. As mentioned in Chapter 3, the military regime was concerned about improving the living condition of the underprivileged. As Büchi explains, they prioritized the general growth of the country and at the same time the administration tried to assist the poor. He refers to UN indicators which show that, by 1990 —i.e. when the dictatorship had just ended— Chile was one of 10 nations that had most grown in the world in terms of schooling and literacy, nutrition and reduction of infant mortality among others.⁹⁷ However, the Concertación forces judged that not enough had been done, that the gap between the poor and the wealthy was unacceptable and that the number of people living under the poverty line was still considerable. Bearing this reality in mind the Concertación administrations —from Aylwin to Bachelet— tried to reconcile economic performance with an increase in state spending on social development.⁹⁸

Patricio Aylwin's administration inherited a once again growing economy after the 1980s downturn and his challenge was to maintain such growth. At the same time he

⁹⁴ 'Neo-liberals argue that the market can never lead to structural imbalances, and as a result state intervention is unnecessary and disruptive. Neo-structuralists claim that the market does produce such imbalances and that the state should play a regulatory role in order to correct them'. G. van der Ree (2007) *Contesting Modernities. Projects of Modernization in Chile, 1964-2006*. Amsterdam: Dutch University Press, p. 247.

⁹⁵ AUGE: Acceso Universal Para Prestaciones Integrales y Garantías Explícitas Asociadas a la Atención de Prioridades.

⁹⁶ G. van der Ree (2007), *op. cit.*, p. 288.

⁹⁷ H. Büchi, *op. cit.*, pp. 205-206.

⁹⁸ L.H. Oppenheim, *op. cit.*, p. 206-207.

raised the minimum wage, which adjusted yearly to the inflation rate, expanded taxes⁹⁹ and increased social spending by 45 per cent between 1989 and 1993.¹⁰⁰ Eduardo Frei Ruiz-Tagle focussed his government's energies on assuring for Chile an access to the world markets through the negotiation of free trade agreements (FTAs). He increased minimum wages and the general social spending between 1990 and 1996, accounted for 70 per cent of the total budget by 1997.¹⁰¹

The 1997 Asian currency crisis hit Chile quite hard and recovery was very slow. In fact, it was not until halfway through Ricardo Lagos' administration that the Chilean economy started to recover. Undoubtedly, the final negotiating and signing of several international Free Trade Agreements during his period —the best known being that with the United States— helped to revamp the economy. During his government, social spending focused mainly on hard-core poverty. Indigence had proven very difficult to eradicate and during his administration it diminished to 5 per cent of the total population according to Lois H. Oppenheim,¹⁰² although there is no agreement on this issue, as we will see in Chapter 5.

As for Michelle Bachelet's administration, it started on a high with a fast-growing economy and historically high prices for Chile's main commodity export, copper. In the last two years of her administration the initial optimism with which it had been received practically vanished, mainly because of the subprime crisis. This crisis is partly to blame for the shocking news the country received a few months after she had left power: for the first time since 1987, in 2009 poverty had increased in Chile,¹⁰³ an issue that will be referred to in Chapters 5 and 6. Nevertheless, in spite of this and previous crises and the general sluggishness of the economy in the past ten years, the record of material achievements in the country has been quite impressive, not only at a macroeconomic but also at a domestic level. In fact, with the highest per capita rates of phone¹⁰⁴ and cell phone ownership¹⁰⁵ in Latin America, as well as the highest

⁹⁹ L.H. Oppenheim, *op. cit.*, p. 191.

¹⁰⁰ Consejo Nacional para la Superación de la Pobreza (1996) *La Pobreza en Chile: Un Desafío de Equidad e Integración Social*. Santiago: Editorial Despertar.

¹⁰¹ C. Hardy (1997) *La Reforma Social Pendiente*. Santiago: Ediciones Chile 21, p. 37.

¹⁰² L. H. Oppenheim, *op. cit.*, p. 102.

¹⁰³ 'Pobreza en Chile Crece por Primera vez desde 1987 y Afecta a 2.5 Millones de Personas', *El Mercurio*, 14 July 2010.

¹⁰⁴ C. Gervasoni, 'Sobre el Éxito Chileno y lo que Podemos Aprender de El' in P. Isern and G. Salvia, *op. cit.*, p. 23.

¹⁰⁵ *Ibid*, p. 24.

per capita ratios of internet access in the continent,¹⁰⁶ top life expectancy levels¹⁰⁷ and lowest ratios of infant mortality,¹⁰⁸ for many Chileans in 30 years life has changes for the better, as will be seen in Chapter 5. In 1990 the economic development and material improvements were already noticeable. Nevertheless, some important tasks were pending, namely the improvement of Chile's international image and its insertion in Latin America. Section 4.2 starts by addressing the first issue and ends by tackling the second.

4.2 Is Chile Cool? From the Seville World Exposition to the Pinochet Affair

Following the previous analysis, this section begins by explaining some of the reasons why neo-liberalism fitted well —and lasted— in Chile unlike what happened in other Latin American nations.¹⁰⁹ Secondly, the section explains how liberalism transformed Chile, differentiating it from the region and reinforcing the Chileans' self-perception of exceptionality.¹¹⁰ Section 4.2 describes Chile's participation in the 1992 Seville World Expo, explaining why the newly inaugurated democratic government decided to transport an iceberg to represent the Chilean nation at the event. It was meant to transmit the idea of coolness as in modern and chilly: only an advanced country would be able to transport a gigantic piece of ice through the Atlantic and only cold-headed people, belonging to a serious country, would dare to have an iceberg as a symbol.¹¹¹ Obviously, this country had few similarities with most Latin American nations. Section 4.2 also presents a counterpoint or contrast between what Chileans felt they had become —well portrayed by the iceberg— and what that part of the world —Europe in this case— thought. In fact, Pinochet's detention in London showed Chileans that the country which they were so proud of was peripheral and had been misunderstood in its transition to democracy which they considered successful. The section ends with the analysis of several aspects of the Pinochet affair.

¹⁰⁶ *Ibid.*

¹⁰⁷ *Ibid.*, p. 25.

¹⁰⁸ *Ibid.*, p. 26.

¹⁰⁹ For a country by country analysis on Latin America's relation with neo-liberalism see M. Reid (2007) *Forgotten Continent. The Battle for Latin America's Soul*. New Haven and London: Yale University Press, chapters 5 and 6, pp. 107-158.

¹¹⁰ S. Collier and W. Sater, *op. cit.*, pp. 371-372.

¹¹¹ B. Subercaseaux S. (1996) *op. cit.*, p. 61.

That Chile should be considered a model for the rest of Latin America is an idea that is expressed with relative frequency by non-Latin Americans and Latin Americans alike. The equation behind those declarations is simple: if Chile has a successful economic and political system, why not copy it. The answer is not that straightforward, as quite a few countries in the subcontinent tried adopting the market approach during the 1990s and 2000s and several failed in their purpose. In contrast to what happened in most of the latter, the technocrats that pioneered neo-liberal reforms in Chile were totally convinced that the reforms which they intended to introduce were the solution to the nation's problems.¹¹² It was not necessary that some foreign force, such as the International Monetary Fund or the World Bank, should impose structural adjustment policies: the Chilean economists did the job of studying the theory, were convinced of its benefits and adapted it to the nation's characteristics.¹¹³ In addition, as will be further explored in Chapter 5, given that their Chilean-style policies were applied across society, arguably liberalism ended up by sinking in quite deep in at least the minds of better educated people.¹¹⁴ Even if, as will be mentioned in Chapter 5, some authors argue that many Chileans remain in favour of intervention by the state, it is also true that the relative success of market policies earned them approval from the bulk of the population.¹¹⁵ The way in which many leftwing Chileans have changed the way they think—a phenomenon that was studied in section 4.1—is also very important to understand the wide acceptance that the market approach has reached in this nation. Also, the fact that the 1975 and 1982 crises took place during a dictatorial regime—making it very difficult to build a threatening opposition—helped the continuity of the system.¹¹⁶

That Chile constitutes an exception within Latin America in the application of free market policies has all but deepened the national self-perception of uniqueness. In open contrast to what the media shows the public as happening in some countries of the continent—conflicts, crisis, high levels of violence, poverty—Chileans perceive something very different in their society: democratic and institutional stability,

¹¹² See P. Arancibia and F. Balart, *op. cit.*, and E. Fontaine, *op. cit.*

¹¹³ P. Silva (2006) 'The Politics of Neo-liberalism in Latin America: Legitimacy, Depoliticization and Technocratic Rule in Chile', *op. cit.*, p. 43.

¹¹⁴ G. Vial (2009), *op. cit.*, pp. 1384-1385.

¹¹⁵ P. Silva (2006) 'The Politics of Neo-liberalism in Latin America: Legitimacy. Depoliticization and Technocratic Rule in Chile', *op. cit.*, p. 41.

¹¹⁶ L. H. Oppenheim, *op. cit.*, pp. 204-205.

and economic growth albeit slow at times.¹¹⁷ Chile's level of political stability under a democratically elected majority coalition after 1990, coupled with a market system, puts the country at odds with the trajectory of some of its neighbours.¹¹⁸ This has not made things easier in terms of regional integration, at least regarding economic issues. For example, Chile was one of the founding members of the *Pacto Andino*,¹¹⁹ signed in 1969 by Chile, Peru, Bolivia, Colombia and Ecuador. In 1976 Pinochet decided to withdraw from this treaty given Chile's different approach to foreign investment. In Chile's opinion the *Pacto Andino* should have been more liberal; in the other members' opinion, it should have been more protectionist, i.e. there was incompatibility in international trade strategies.¹²⁰

Probably MERCOSUR¹²¹ has been the most noticeable of all South American alliances into which Chile has declined to participate fully. Formed in 1991, the Chilean government of the time —led by Patricio Aylwin— decided not to join because the tariffs for international trade imposed by the organization were much higher than those that Chile already had since the mid-1970s. By joining the group, the latter would have to raise its taxes to foreign trade, thus undoing what had given to this country a considerable advantage in international trade.¹²² The Chilean decision was not well received and augmented the feeling of segregation from the rest of the continent. The international isolation in which Chile found itself during Pinochet's regime was one of the biggest criticisms his government received from the opposition. Interestingly enough, as we shall see here, the Concertación has not been able to fully reverse this tendency in Latin America. The situation worsened somehow with the successive Free Trade Agreements signed with different nations around the world: it was even perceived as an act of treason towards the neighbourhood and was especially opposed by Brazil, which has always wanted to lead regional negotiations for an agreement with the United States.

¹¹⁷ P. Silva (2006) 'The Politics of Neo-liberalism in Latin America: Legitimacy. Depoliticization and Technocratic Rule in Chile', *op. cit.*, p. 42.

¹¹⁸ L.H. Oppenheim, *op. cit.*, p. 255.

¹¹⁹ Andean Pact, now called Andean Community (CAN for its Spanish acronym).

¹²⁰ To have further information on Chile's withdrawal from the Andean Pact, see E. Fontaine p. 150.

¹²¹ MERCOSUR (acronym for *Mercado Común del Sur*) is a regional trade agreement signed by Brazil, Argentina, Uruguay and Paraguay. It aims at promoting trade and the fluid movement of goods, people, and currency. Colombia, Ecuador, Peru and Chile currently have associate member status. In 2010 Bolivia and Venezuela were in the process of incorporation.

¹²² J. Fernandois, *op. cit.*, p. 529.

Far from hiding what Chile perceives as its differentiating traits, the country has often tried to show them off. Thus, the need to demonstrate how it had changed since the advent of democracy, that the political transition was a success, that Chile was very different from the rest of the region were some of the reasons why Aylwin's government chose an ice sculpture as the national symbol to represent Chile at the 1992 World Exposition in Seville.¹²³ The fact of being able to carry the enormous blocks of ice all the way to Spain and to be able to preserve the ice figure intact during the torrid Mediterranean summer, said much about Chile's technical ability.¹²⁴ In fact, if such a feat could be accomplished, then Chile was more than capable of exporting fresh products like fruit, vegetables and salmon.¹²⁵ Chile's technical prowess was criticized by ecologists who considered that the initiative would start the looting of the Antarctic continent.¹²⁶ Others opposed it as they considered that the Antarctic Treaty was being violated as it forbids any mining activity. They also claimed that taking ice from the Antarctic went against the conservation of one of the most precious elements on earth: drinkable water.¹²⁷ In spite of all these and other criticisms, Chile's 60 ton iceberg, placed on a refrigerating platform covered in *lapis lazuli*, was one of the main attractions at Expo Seville, thus fulfilling some of several aims of the creators of Chile's stand: making this country better known and fostering business relations.¹²⁸

The goodbye to Latin America through a process of differentiation had already started in the 1980s, as seen in Chapter 4. The idea —a new version of Chile's self-image of exceptionality— persisted during the democratic governments showing that it was a concept not exclusively ascribable to the Right, but rather a national identity

¹²³ B. Subercaseaux S. (1996), *op. cit.*, pp. 60-61.

¹²⁴ In fact the technical deployment needed to set up the project was quite impressive. Firstly, a ship from the navy transported some 120 tons of 500 thousand year old ice from the Chilean Antarctic territory to Punta Arenas. Then, the ice was carried to Valparaíso and from there a second ship took it to Spain in blocks in ten refrigerated containers. The voyage through the Atlantic took 28 days and it ended in Cádiz. There, several trucks moved the blocks to Seville where the ice sculpture was built. When the Seville exposition ended, and in a gesture of environmental conscience, Chile brought the ice back to its original location in Antarctica.

For more information see 'En Siete Containers Llevan Hielo a Expo Sevilla', *La Tercera*, 12 November 1991; 'Embarcaron Témpano a Sevilla', *La Tercera*, 21 December 1991; 'Iceberg Chileno Llegó a Sevilla', *La Tercera*, 18 February 1992.

¹²⁵ J. Hernández, *op. cit.*, p. 6.

¹²⁶ 'Critican el Traslado del Iceberg', *La Tercera*, 14 November 1991.

¹²⁷ 'El Iceberg Antártico que se Expondrá en la Expo 92 Levanta una Fuerte Polémica en Chile', *El País*, 28 November 1991.

¹²⁸ J. Hernández, *op. cit.*, pp. 10-11.

trait. Chile and another four countries¹²⁹ chose to have their own stands, segregated from the shared Latin American platform built by the Spanish government. As has been argued by Juan Hernández, in doing so Chile and Puerto Rico tried to seize the chance to prove that they were different from the other nations in the subcontinent. If we attempt to interpret the elements chosen as their symbols —the Puerto Rican salsa dance and the Chilean iceberg— both tried to convey the message of political, cultural and economic modernity. Thus, the salsa although tropical, is a typical urban music that connected the island's capital city with New York. Accordingly, the ice sculpture recalled a Santiago–Antarctica correlation, hence positioning Chile south of tropical America:¹³⁰ Chile is cold and efficient like the Nordic countries, not tropical, unreliable and unstable like other nations in Latin America.

Repositioning the country in the minds of those who visited ExpoSeville was the principal objective of the publicists who conceived the Chilean stand: a modern nation, a new country with no past, with almost no pre-Spanish culture, no ethnic problems, and open to the future, competitive and able.¹³¹ 'We are not interested in making an impact as an exotic place, which we are not (...) those working at the stand will be people of personable looks, bilingual (...) we need them (Europeans) to see us as their equals, not as a curiosity'.¹³² No wonder those chosen to be 'ambassadors of the nation' on the stand were mainly children of recent European migrants.¹³³ The iceberg also represented the launching of a new country in political terms, 'sanitized, and purified by the long journey across the sea. The iceberg had no blood prints, no *desaparecidos*. Not even Pinochet's shadow was there'.¹³⁴ It also hid the murder of a Senator of the Republic, Jaime Guzmán,¹³⁵ and the way in which the government had dealt with that crime: in a nutshell, it tried to hide the problems faced by the new democracy. In spite of all its defects, the initiative was applauded by all those —within the Concertación as well as the Right— who applauded the country's transitional process and its economic achievements: Chile was a tiger, not a loser wet kitten. After so much effort and so much suffering Chile was decidedly on its way to development, it was a nation

¹²⁹ Puerto Rico, Venezuela, Cuba and Mexico.

¹³⁰ J. Hernández, *op. cit.*, pp. 15–16.

¹³¹ B. Subercaseaux S. (1996) *op. cit.*, pp. 60–61.

¹³² F. Leniz, *La Época*, Santiago, 1 November, 1990.

¹³³ 'Nunca tan Privilegiados: Lolos Chilenos en Expo Sevilla 92', *La Tercera*, 14 June 1992.

¹³⁴ T. Moulian, *op. cit.*, p. 41.

¹³⁵ Guzmán was murdered on 1 April 1991 by members of the leftwing extremist group 'Frente Patriótico Manuel Rodríguez' (FPMR).

of winners: 'we did not get there (to Seville) with a third-world, second-rate nation attitude'.¹³⁶ On the contrary, Chile felt the peer of the developed countries in the world.

'It is a mistake to mix up economic success with a permanent change in our position in the world'.¹³⁷ Pinochet's detention in London in 1997 was a very clear example of those words: no matter how advanced Chile's economy was, or that almost ten years had elapsed since democracy had been restored, or the gigantic dimensions — seven meters tall, 8 meters wide— of the Seville iceberg. In the minds of millions of people around the world 11 September 1973 was the day when history had stopped for a small, poor and underdeveloped Latin American nation. Probably, the fact that Pinochet did not retire from the public arena kept alive the international memory of his performance during the dictatorship. If he had, perhaps his detention, humiliating for him and the country, would not have taken place.¹³⁸ In Chile the news of the detention was met with all sorts of reactions. Utter disbelief was widespread, followed by joy, anger or perplexity depending on the person's political stance. The position of Eduardo Frei's government was especially difficult. On the one hand, the individual imprisoned was a political adversary. On the other, the detention came to ruffle the waters of the national political stability, which had so cautiously been kept calm during the years of the transition to democracy. Besides, there was every possibility that the Chilean-Spanish commercial relations, especially the future of Spain's investments in Chile, would be negatively affected.¹³⁹ Finally, most people felt that Chile's borders and sovereignty had been violated in a country where foreign intervention in national matters has always been rejected by the whole political spectrum.¹⁴⁰

Like years before with the episode of the poisoned grapes,¹⁴¹ Chileans had to admit the bitter truth: their country, no matter if they felt it had become a jaguar, was powerless and peripheral on the world scene.¹⁴² It was as if it had two faces, one for

¹³⁶ 'En Expo Sevilla 92: Relatan el Desafío de Dar a Conocer a Chile al Mundo', *El Mercurio*, 20 April 1992.

¹³⁷ José Miguel Insulza in J. Rodríguez Elizondo (2006) *Las Crisis Vecinales del Gobierno de Lagos*. Santiago: Random House Mondadori, p. 179.

¹³⁸ C. Huneeus (2003), *op. cit.*, p. 65.

¹³⁹ C. Malamud, *op. cit.*, pp. 94 and 99.

¹⁴⁰ P. Silva (2000) 'Politics Across Borders: Pinochet's Arrest and the Chilean Democratic Process' in P. van Dijk et al. (eds.), *Fronteras: Towards a Borderless Latin America*. Amsterdam: CEDLA, p. 153.

¹⁴¹ Cfr. chapter 3, note 238.

¹⁴² P. Silva (2000) 'Politics Across Borders: Pinochet's Arrest and the Chilean Democratic Process', *op. cit.*, p. 154.

Chileans, a different one for the world. In spite of having suffered important economic backlashes, during the 1970s and 1980s the nation had advanced decidedly towards development: ‘*Vamos bien, mañana mejor*’¹⁴³ was the jingle during the military regime. Even the dictatorship was ‘getting better’ as the government promised fair balloting for the plebiscite. The victory of the ‘No’ and the following triumph of the Concertación in the coming elections made Chileans feel better—including members of the new opposition: after all, the dictatorship many had supported was like no other, it had accepted its defeat and had launched the nation towards development.¹⁴⁴

As previously analyzed, the iceberg in Seville was not intended to convey a false message but one believed to be true by many Chileans. Pinochet’s detention showed what others—other nations, other continents—perceived, which was radically different from what Chileans did. As subsequent communications studies have shown, in Spain many believed that Chile was not a democracy, regardless of how many congressional and presidential elections there had been. Spaniards thought that the streets of Santiago were filled with tanks and soldiers: Chile was utterly incapable of sustaining its own democratic process,¹⁴⁵ its democracy being controlled: a false free society “open until curfew”.¹⁴⁶ No wonder Judge Garzón was a hero for Chileans, patronizing Spanish citizens supposed. And thus, it is not surprising that they thought that President Frei was quite arrogant when he declared that there was little Spain could teach Chile about democracy, given that so far the Spaniards had never tried anybody responsible for human rights violations in the already long post-Franco era.¹⁴⁷

In Carlos Malamud’s opinion, the Pinochet affair was used by the Spanish political parties to obtain political advantages. On the one hand the PSOE—*Partido Socialista Obrero Español*—was deeply divided with a party president who opposed the party candidate for the elections, and both taking advantage of the Pinochet case to fight over their differences. As for the PP—*Partido Popular*—the Pinochet affair broke out in the midst of its drive towards the political centre. Thus, the approval of Pinochet’s

¹⁴³ ‘We are fine. Tomorrow we will be better’.

¹⁴⁴ E. Tironi (2006) *op. cit.*, p. 130; C. Huneeus (2003), *op. cit.*, p. 71; A. Valenzuela in L. Diamond, J. Linz and S. M. Lipset (ed.) (1995) *Politics in Developing Countries*. London: Rienner, *op. cit.*, p. 108; I. Allende, *op. cit.*, p. 92; J. Piñera, *op. cit.*, p. 21; A. Angell (2005) *Elecciones Presidenciales, Democracia y Partidos Políticos en el Chile Post Pinochet*. Santiago: Centro de Estudios Bicentenario, p. 26.

¹⁴⁵ A. Sepúlveda and P. Sapag (2001) ¡Es la Prensa, Estúpido, la Prensa! Cuando Chile fue Noticia... por la Razón o la Fuerza. Santiago: Ed. Copygraph, pp. 50-55.

¹⁴⁶ C. Malamud, *op. cit.*, p. 97.

¹⁴⁷ C. Malamud, *op. cit.*, pp. 96-97 and A. Sepúlveda and P. Sapag, *op. cit.*, pp. 65-66.

detention was very timely to show that it was not a hard-line Rightist grouping.¹⁴⁸ Malamud highlights the behaviour of Felipe González¹⁴⁹ and Manuel Fraga¹⁵⁰ who, from the prestige of their long and successful political careers were almost the only ones in Spain to express moderate views about the case, showing more respect for what Chile's transitional process had been.¹⁵¹ Chile's Ministers of Foreign Affairs during the crucial months of Pinochet's detention were José Miguel Insulza and Juan Gabriel Valdés Soublette. Both of them defended the idea that criminal territoriality had to be safeguarded and therefore, Pinochet could only be judged in Chile for the alleged crimes that had been perpetrated in this country. In Valdés' opinion, Chile's defence of such a principle would inevitably sully the good name of the country and of the Concertación, misleading people into believing that Chile was still governed by the General. Nevertheless, in his opinion, Frei's government did what had to be done, although trying to muffle the effect by, among other strategies, taking advantage of Felipe González's declarations in support of Chile's position.¹⁵²

Pinochet's detention in London uncovered an angle of Chile's international image, which most people residing in Chile thought had already been sorted out, namely, the ominous connotation of the human rights violations during the dictatorship. Much to the contrary, it became apparent that the idea projected was that nothing had changed since 1990, that it was as if 'there had been no Rettig Report,¹⁵³ or General Izurieta¹⁵⁴ had not been named by Frei Ruiz-Tagle's government to succeed Pinochet (as Commander in Chief of the army), or that the old officials who had headed the coup d'état

¹⁴⁸ C. Malamud, *op. cit.*, p. 100.

¹⁴⁹ PSOE Secretary General between 1974 and 1997, President of the Spanish government from 1982 to 1996.

¹⁵⁰ Minister during Francisco Franco's government and during the coming democratic regime. President of Galicia from 1990 to 2005. He was one of the main contributors to the Spanish Constitution of 1978.

¹⁵¹ C. Malamud, *op. cit.*, p. 100.

¹⁵² Juan Gabriel Valdés S., (Minister of Foreign Affairs, June 1999 to March 2000. Executive Director *Fundación Imagen de Chile*) interviewed on 10 December 2008.

¹⁵³ The Rettig Report was a study prepared by a commission designated by President Aylwin to investigate human rights abuses resulting in death or disappearance occurred under the military dictatorship.

¹⁵⁴ Ricardo Izurieta Caffarena replaced general Pinochet as Commander in Chief of the army. He held this post from March 1998 to March 2002.

had not retired (...) or that Manuel Contreras¹⁵⁵ was not in prison”.¹⁵⁶ The role played by some —mainly Socialists and Communists who orchestrated campaigns against the dictatorship—¹⁵⁷ partly explains the survival of Chile’s human rights bad reputation. Some of the people who did not return in 1986 when the military regime put an end to the exile status kept in contact across Europe and were able to create some sort of mythical aura around their cause,¹⁵⁸ keeping alive the memory of the excesses of the military regime. Also, the famous film by Patricio Guzmán called *La Batalla por Chile*,¹⁵⁹ greatly contributed to fix in the memory of thousands the images of the last weeks of the Unidad Popular government and Allende’s death. Having won several awards —which explain its considerable diffusion— the film became a referent for a whole generation of Europeans.¹⁶⁰ Moreover, the Chilean case became illustrative and symbolic, which explains why Pinochet’s regime —responsible for allegedly three thousand deaths— is remembered much more than the Argentinean military dictatorship during which at least twelve thousand people were killed.¹⁶¹ In fact,

Chile’s case became emblematic. First of all, there was Pinochet with his dark sunglasses: that image spoke for itself of the gravity of the military coup. Before Pinochet, Frei Montalva’s government had attracted world attention with his revolution in liberty; many considered Chile as an example to be followed. Then Allende came, supporting a democratic transition to socialism: he also had tremendous world support. And when Allende was overthrown by the military that was considered just plain wrong: the same would have happened if Frei Montalva had been overthrown. Allende was an absolute hero (...) the addition of all these factors helps to understand why Pinochet was challenged.¹⁶²

Finally, many misunderstandings regarding Chile point to the European mass media fixed on ideas like, for example, Salvador Allende’s death. Despite the independent

¹⁵⁵ Juan Manuel G. Contreras S., nicknamed ‘Mamo’, created in 1973 and lead until 1976 Chile’s secret police department DINA. Intellectual perpetrator of several political murders, he was finally taken to trial and condemned in 1993.

¹⁵⁶ A. Sepúlveda and P. Sapag, *op. cit.*, p. 23.

¹⁵⁷ M. Serrano (2009), *op. cit.*, p. 182.

¹⁵⁸ A. Sepúlveda and P. Sapag, *op. cit.*, p. 31.

¹⁵⁹ For further information about this documentary check Patricio Guzmán’s web page. http://www.patricioguzman.com/index.php?page=films_dett&fid=1

¹⁶⁰ A. Sepúlveda and P. Sapag (2001), *op. cit.*, p. 17.

¹⁶¹ M. Serrano (2009), *op. cit.*, p. 182.

¹⁶² M. Serrano (2009), *op. cit.*, p. 182.

autopsy practised on his body during Aylwin's government, or the statement of those who had remained with him in La Moneda until the end, or not even the testimonies of doctors Oscar Soto and Patricio Guijón, who saw the President's body, the idea that Allende did not commit suicide but was murdered has proven almost irremovable.¹⁶³ In my opinion, these events do nothing but confirm that Chile has a sad tradition of bad habits in the exercise of political communication —i.e. the use of communication for influencing political decisions— and thus has lost many battles in the area of the international perception of its history. This state of affairs has much to do with Chile's pattern of international political behaviour by means of which it tends to promote foreign relations at an economic and commercial level and neglect other areas of contact.¹⁶⁴ In fact, for the past 30 years Chile has abused the practice of marketing the country for its economic achievements, neglecting political bilateral or multilateral issues. This explains why, for example, Chileans think so highly of their country while its continental neighbours —despite of admiring its economic achievements— often have negative judgments.¹⁶⁵ Another example of Chile's inadequate communication strategies can be observed in the way it has handled its opposition to Bolivia's claims for sea access. Although from a juridical perspective Chile is right to assert its sovereignty over the northern coastline of the country, the international public opinion tends to feel sympathy towards Bolivia.¹⁶⁶ In my opinion, once again —and probably not for the last time— Chile is losing the communications battle.

As happened during the imprisonment of Pinochet, it is in the field of relations with Bolivia, Peru and Argentina that Chile must take into consideration where it really stands as regards other countries. Although bilateral and trilateral relations with these nations improved after the advent of democracy,¹⁶⁷ the absence of armed confrontations is not a synonym of peace. Moreover, every so often important conflicts between them ignite showing that in spite of entrepreneurial joint ventures or the signing of

¹⁶³ See 'Doctor Guijón: Yo Ví Cuando se Suicidó Allende', *El Mercurio*, 28 January 2011. Also see 'En Portada. Allende, Caso Cerrado', *Corporación RTVE*, 27 March 2009 in: <http://www.rtve.es/noticias/20090327/portada-allende-caso-cerrado/254667.shtml>

¹⁶⁴ M. Colacrai and M. E. Lorenzini, *op. cit.*, pp. 57-58.

¹⁶⁵ For example, see the article 'Peruanos Consideran a Chile un "Enemigo Natural", pero Admiran su Éxito Económico', *La Tercera*, 30 April 2006.

¹⁶⁶ H. Brum, *op. cit.*, p. 148.

¹⁶⁷ Twice in the 1970s Chile was in danger of facing an armed conflict with its three neighbours at the same time, not to mention the conflict with Argentina about Picton, Nueva and Lennox islands in the Beagle Channel.

economic cooperation agreements, business deals are not sufficient to build up trust.¹⁶⁸ I am not saying that any of the countries, Argentina, Bolivia, Chile or Peru, is the sole responsible for these tense neighbour country relations. Actually, the probable reasons for the conflicts can be found firstly in the lack of appropriate territorial demarcation during Latin America's colonial time and the consequent deficient settling of limits after the independence from Spain;¹⁶⁹ secondly, in the Pacific War;¹⁷⁰ and thirdly in Argentina's alternative attempts to dominate either the southern Atlantic and Pacific oceans¹⁷¹ or ensure its dominion over the southern Atlantic leaving the Pacific to Chile.¹⁷² Besides, several democracies in the region—including these nations—tend to go through or have gone through periods of institutional instability resulting in lack of governability.¹⁷³ In my opinion, this situation has triggered aggressive international behaviour. Having said this, I do not think that Chile is just a victim deserving sympathy for living in a bad neighbourhood. Some critics point out that Chile has been too concerned about its own development, lacking in solidarity towards the region. What is almost unquestionable is that Chile's emphasis on an economic diplomacy and the lack of tact of the Chilean state and some of its citizens provoke unnecessary friction. Also, lack of information on certain issues—including inept responses on the part of the authorities—has made Chileans react in a chauvinistic manner.¹⁷⁴

By 2004 Chile had signed some free trade agreements and the nation's image shifted again in the eyes of the region. If in the 1990s Chileans were perceived as arrogant, in the 2000s the perception increased. And reality proved this perception right: Chileans now felt they belonged to the big leagues. Moreover, because of hosting APEC 2004—which will be referred to below—Chile believed that its international prestige was confirmed. It was then, at the peak of success, that this nation had to face the old vicinal threat yet again, this time in the shape of a triple assault from its northern and western

¹⁶⁸ J. Rodríguez Elizondo (2006) *op. cit.*, p. 21.

¹⁶⁹ See P. Lacoste (2003) *La Imagen del Otro en las Relaciones de La Argentina y Chile. 1534-2000*. Buenos Aires: Fondo de Cultura Económica and R. Riesco (2004) Reseña in. http://www.scielo.cl/scielo.php?pid=S0717-71942004000100013&script=sci_arttext

¹⁷⁰ 'Joaquín Fermandois. Bicentenario 3: Fragilidad Internacional', *El Mercurio*, 10 August 2010.

¹⁷¹ See P. Lacoste, *op. cit.*

¹⁷² This principle has been a source of conflict with other nations as Argentina has claimed territorial sovereignty over several islands located in the Southern Atlantic. Such was the case when Argentina claimed dominion over three small islands (Picton, Nueva and Lennox), located in the Beagle Channel which were considered Chilean when the 1881 treaty on Chilean-Argentine limits was signed. Chilean sovereignty over the islands was ratified by the British arbitration award of 1985.

¹⁷³ M. Moreno, *op. cit.*, pp. 11-12.

¹⁷⁴ J. Rodríguez Elizondo (2006) *op. cit.*, p. 305.

neighbours, an issue that will be addressed in section 4.3. Alejandro Toledo and Carlos Mesa, Presidents of Peru and Bolivia respectively, signed an agreement to block any attempt to export Bolivian gas through Chile. Mesa used the occasion to put forward an aggressive maritime demand. At the same time Toledo claimed a revision of Peru's maritime southern borders with Chile. And last, but not least, Argentina's President Nestor Kirchner decided to cut gas supplies to Chile, thus breaking an international agreement signed in 1995. Not happy with that, he later on agreed with Mesa not to sell Chile any Bolivian gas that went into Argentina. Thus completed the energy blockade against Chile, this nation felt once again the heavy weight of isolation.¹⁷⁵

4.3 The New Nation-Branding Campaigns and Regional Turbulences

This section presents a counterpoint between Chile's self-perception and reality in terms of international image. The section starts by addressing two new events of nation-branding: firstly, what APEC 2004 meant for Chile in terms of global exposure and secondly, the country image campaign launched by ProChile. In sharp contrast with those attempts, the coming years were to show that the nation's immediate neighbours, i.e. Argentina, Peru and Bolivia, did not really care whether Chile's economy was growing or if its political institutions were stable: those reasons were not powerful enough to persuade them to foster better relations with Chile. The failure to build a gas pipeline across Chile to export Bolivian gas and the declaration of the Bolivian President stating that no Bolivian gas would be sold to Chile;¹⁷⁶ Argentina's unilateral decision not to sell any more gas to Chile, thus violating a 1995 international treaty;¹⁷⁷ and Peru's revision and disputing of its maritime boundaries with Chile, to the point of submitting a claim at the International Court of Justice in The Hague¹⁷⁸ provide evidence, in my opinion, that Chile's insertion in the region has not been successful

¹⁷⁵ After these episodes Chile decided to build liquefied-natural-gas (LNG) terminals along the country so as to import gas from various producers without the gas supply being jeopardized by either Argentina, or Peru or Bolivia. So far two plants have been built (in Quintero Bay and in Mejillones Bay). Both supply gas mainly to central Chile and the great northern mining industries and have helped Chile to increase its energy-supply independence. Nevertheless, they do not constitute a final solution as in the event of a natural disaster—for instance, a mayor earthquake along the country's northern coastline—Chile's capacity to import gas would be seriously impaired.

¹⁷⁶ H. Brum, *op. cit.*, pp. 145-150.

¹⁷⁷ H. Brum, *op. cit.*, pp. 129-130.

¹⁷⁸ J. Rodríguez Elizondo (2009) *De Charaña a La Haya. Chile, entre la Aspiración Marítima de Bolivia y la Demanda Marítima de Perú*. Santiago: La Tercera Ediciones.

in spite of its nation-branding efforts. In fact, Chile may be admired for its socio-economic achievements and democratic regime, but not necessarily liked. In spite of these discouraging problems the section ends on a high note: Chile's participation in the UN-led peace mission in Haiti and José Miguel Insulza's election as Secretary General to the Organization of American States, may open up more auspicious prospects to Chile being accepted in Latin America.

The APEC 2004 Meeting at Santiago gathered together world leaders such as George W. Bush, Vladimir Putin and Hu Jintao. A couple of decades ago it would have been unthinkable and unlikely to have an international meeting in Chile with such high-ranking leaders, given the way in which international politics were articulated at the time and because Chile was just not the place to organize a world level economic gathering that normally receives considerable coverage from the international media. So, the fact that APEC 2004,¹⁷⁹ the twelfth general meeting of the organization, was held in Santiago somehow showed what Chile had become. For a few days the attention of important mass media conglomerates concentrated on Chile, and the local government organized things so as to make the most of the exposure that this country would have in a short period of time. Besides, being visited by some of the most important world leaders, provided the chance to give them a first-hand experience of what Chile had attained: stability, functioning democracy, stable state institutions, a progressing economy, all this against a backdrop of natural beauty.¹⁸⁰

The meeting had positive effects in economic terms. For example, it was the occasion for establishing agreements between the Chilean *Corporación Nacional del Cobre* (CODELCO) and China Minmetals Corporation, the gigantic Chinese corporation interested in buying Chilean copper. In terms of international relations, APEC 2004 can be considered one of the most successful foreign-policy events that took place during the Concertación era.¹⁸¹ As for the impact it might have had in the expansion of a positive image of Chile, this is almost impossible to ascertain. On the one hand,

¹⁷⁹ The Asia-Pacific Economic Cooperation forum —APEC— is a grouping of 21 Pacific Rim countries or regions. Its aim is the discussion of the regional economy, cooperation, trade and investment. Its membership is claimed to account for approximately 41 percent of the world's population, approximately 56 percent of world GDP and about 49 percent of world trade. The activities, including year-round meetings of the members' ministers, are coordinated by the APEC Secretariat. <http://www.apec.org/>

¹⁸⁰ See Communication and Culture Secretariat, *op. cit.*

¹⁸¹ I. Witker, *op. cit.*

understandably, the Chinese, American and Russian press fixed their attention on their Presidents and not on the wonders that Chile offered. In fact, they were more interested in showing the disagreement that the Chilean police had with members of the American security staff rather than highlighting Chile's economic achievements. Conversely, there are some surveys on what other people who participated in APEC thought of the country, and the findings were quite positive.¹⁸² Interestingly, 17 per cent of respondents answered the question 'what are the future challenges Chile must face?' by saying that it had to improve the neighbourhood effect, i.e. have better relations in the region and make sure that negative events that might occur there did not affect such relations. The answer given by that 17 per cent of the business leaders present at the CEO Summit¹⁸³ was timely, as 2004 was the year for a new round of regional trouble.

Soon after APEC finished, the World Economic Forum's competitiveness report was launched. It contained laudatory words about Chile:

Within Latin America, we note that Chile improved its performance significantly, moving up from twenty-eight to twenty-second place in the overall rankings. Chile not only has the highest ranking in Latin America, but the gap with respect to its nearest rival (Mexico) is a full twenty six places; there is no other continent in the world where we can observe this symbolic 'migration' from the region, in terms of performance.¹⁸⁴

With the symbolic migration jingle as background music and in high spirits, ProChile announced one more initiative also aimed at the promotion of Chile's international image. It was another nation-branding campaign and the final result was little more than a tag line that read 'Chile All Ways Surprising' which intended to sell the nation for its natural beauty, its efficient and warm citizens, its institutional order and economic success. The idea was received with coldness by the public, and very soon criticism appeared in the press. Firstly, some thought that neither the logo nor the colours represented Chile.¹⁸⁵ Secondly, if the brand intended to attract foreign investment, the word surprise was absolutely out of the question: what investors seek is security, not surprises. Even the syntax of the phrasing was criticized, not to mention the great

¹⁸² Communication and Culture Secretariat, *op. cit.*

¹⁸³ *Ibid.*

¹⁸⁴ The World Economic Forum's Annual Global Competitiveness Report (2004-2005). http://www.weforum.org/pdf/Gcr/Executive_Summary_GCR_04. p. 4.

¹⁸⁵ Question/discussion time with the press on 25 April 2006 during the launching of the slogan.

similarity the slogan had with the campaign that Swatch —the world famous watch brand— had launched just a few weeks before.¹⁸⁶

Eight months after the launching of the new Chilean logo very little had been made to promote it either inside or outside the country. Lack of money, a change of ProChile's directors and the approaching presidential campaign, were excuses given to explain the inactivity. According to the press, it looked as if from the very start the initiative had been badly conceived and the approach unprofessional. For example, Interbrand, the international publicity agency chosen to create the logo, had won a public bid to do so, but had never shown its ideas prior to the choice.¹⁸⁷ Also, the people working in the project, such as Interbrand's Executive Director in Chile Luis Hernán Bustos or Silvana Gattini, ProChile's Manager of Commercial Promotion, had different views on what 'Chile All Ways Surprising' should be: a tag line, a slogan, a national campaign, an operation directed to the outside world.¹⁸⁸

As for the alleged lack of cooperation of the private sector to the campaign, some business men openly declared that they would not contribute to an unclear promotional strategy,¹⁸⁹ an opinion that was backed by a well-known trio of Chilean journalists in a radio programme in 2007: 'Velasco (then Finance Minister) will not give them (ProChile) one more peso as they are so inefficient in its administration'.¹⁹⁰ They were wrong though, and shortly afterwards Michelle Bachelet's government gave ProChile US\$ 40 million to spend during 2009. This is not surprising, as Chile's major competitors such as Australia, New Zealand or South Africa, kept increasing their budgets to promote their produce around the world —only that theirs were highly successful and well-orchestrated campaigns.¹⁹¹ Nevertheless, the government was not taking past mistakes sitting down. It announced a new nation-branding effort, and for this it launched an all-encompassing public-private agency led by diplomat and ex minister, Juan Gabriel Valdés Soubllette. The outcome of this will be seen in the next section.

¹⁸⁶ Swatch's logo reads "Swatch is always surprising". See <http://www.always-surprising.com/>

¹⁸⁷ Hugo Lavados, (Director of ProChile) interviewed on 5 July 2006.

¹⁸⁸ Luis Hernán Bustos, (Executive Director of Interbrand Chile) interviewed on 27 June 2006.

¹⁸⁹ Anibal Larraín C., (Vicepresident *Watt's S.A.* holding, one of the biggest companies in Chile) interviewed on 20 June 2006.

¹⁹⁰ Héctor Soto, Cesar Barros, Fernando Villegas in 'Terapia Chilensis' Radio Duna, 14 November, 2007.

¹⁹¹ 'Claves para Aprovechar el Fondo de Imagen País', *El Mercurio*, 21 May 2008.

As already mentioned, shortly before APEC took place and Chile's new nation-branding campaign had been launched, the neighbourhood effect came to the fore once again. On this occasion conflict sparked in Bolivia. Tarija is the area where Bolivia has one of the largest untapped natural gas reservoirs in the world,¹⁹² and thus a source of considerable wealth for the country. California, always on the brink of an energy shortage, was most interested in this commodity. In order to be able to export the natural gas to the United States, it was necessary to build a gas pipeline ending in a Chilean port, for the gas to be shipped to its final destination. At the beginning of 2002, news about the negotiations between Bolivian President Jorge Quiroga and Chile's President Ricardo Lagos hit the press.¹⁹³ And then all hell broke loose. One year later the project was abandoned and Chile's Consul, Edmundo Pérez Yoma, left La Paz. By July 2004, that is, three Bolivian Presidents later, the Bolivians voted that they approved that their gas should be used as a diplomatic tool —or weapon— to force Chile to give back the territory lost by their nation more than a century before. The issue at stake was not the gas pipeline —that had been totally discarded— but the wish that 'not even a molecule' of Bolivian gas should have Chile as its destination.¹⁹⁴

This show of animosity to Chile among Bolivians was quite appalling. 'Pérez Yoma should have known that anti-Chilean feeling is the amalgam of the minimum possible national unity in Bolivian politics'.¹⁹⁵ Interestingly, Chile is not Bolivia's only enemy or the country that seized the most territory from it. In fact, a few years after the War on the Pacific, Brazil snatched from Bolivia its right to access the Amazon River. Then Paraguay left it with no direct access to the River Plate. 'This is so only because, as happens with Peru, Chile has been chosen as the one enemy that synthesizes all national catastrophes in the nation's collective imagination'.¹⁹⁶ The abrupt end of the gas-pipe project was a sad epilogue to what promised to be 'the best instrument the country (Bolivia) has known since the War on the Pacific in its march towards the sea'.¹⁹⁷ In fact, the sad thing was not only that a good business opportunity vanished, or even

¹⁹² Bolivia's gas reserves stand at 60 trillion cubic feet. For further information on Bolivia's gas reserves see E. Pérez Yoma (2004) *Una Misión. Las Trampas de la Relación Chileno-Boliviana*. Santiago: Random House-Mondadori, p. 46.

¹⁹³ Conversations had started previously, with Bolivian President Hugo Banzer.

¹⁹⁴ 'Después de 100 Años de Negociaciones, el Gobierno Boliviano no Consigue su Ventana al Océano. Bolivia Pretende que Chile Cambie Gas por Mar' in. <http://www.americaeconomica.com/numeros4/271/reportajes/2vanesa271.htm>

¹⁹⁵ J. Rodríguez Elizondo (2006) *op. cit.*, p. 103.

¹⁹⁶ *Ibid.*

¹⁹⁷ *Semanario Pulso*, Bolivia, 17 November 2001.

that Chile lost a good gas supplier for its territory, but that the joint venture would have helped to create a climate of trust and understanding between both nations, thus paving the way for future discussions of far more sensitive issues, such as a sovereign access to the sea for Bolivia.¹⁹⁸

Interestingly enough, in the opinion of some Chilean pundits, there is much more than meets the eye as to what made the agreement fall through. Undoubtedly, the emotional nationalistic feeling emerging in Bolivia has much to do with it. Nevertheless, the roles played by President Quiroga and President Alejandro Toledo from Peru¹⁹⁹ were important too. In fact, Toledo's offering of Ilo as an alternative port to export the Bolivian gas was quite unrealistic²⁰⁰ and I believe it was just a clever —and successful— way of introducing a wedge in the Chilean-Bolivian conversations: that Peru will try and spoil any approach between Bolivia and Chile is a well-known geopolitical regional axiom.²⁰¹ Besides, given that Toledo's popularity was drastically dropping, he fell back on the always successful tool of weak governments: turning public attention towards an external enemy. Thus, Toledo resorted to a Peruvian claim for a re-definition of the Chilean-Peruvian sea boundary.²⁰² The claim was furthered by his successor Alan García who submitted the case to The Hague's International Court.

¹⁹⁸ J. Rodríguez Elizondo (2009) *op. cit.*

¹⁹⁹ O. Pinochet de la Barra, J. Rodríguez and E. Pérez Yoma are of the opinion that president Quiroga had a real chance of getting the project approved. Nevertheless, he thought it was not politically convenient for him as the agreement would have met some opposition from nationalistic sectors. Secondly, Quiroga knew his presidential period was close to an end and he might have wanted to leave a source of instability to his successor: he proved to be right.

²⁰⁰ To run the operation through Chile was a far better economic option and, since a Bolivian oil pipe has functioned through Chilean territory for similar purposes since the 1960s, the gas pipe business should have encountered few obstacles. The gas pipe to unite Tarija and Chilean ports of Mejillones or Patillo would have been 750 kilometres long, whilst the pipe to join Tarija and Ilo would have been 1,040 kilometres long. The cost of building that extra 285 kilometres amounted to US\$ 600 million. As this was not commercially feasible, the transnational companies interested in funding the project withdrew and Bolivia has not been able to materialize gas exports through a Peruvian port ever since.

²⁰¹ 'Oscar Guillermo Garretón: Latinoamericanistas', *La Segunda*, 31 August 2009.

²⁰² The maritime boundaries between Ecuador and Peru and between the latter and Chile, were fixed in the 1950s by the same trade agreements, ratified by the three nations and by the consuetudinary use of the accords over fifty years. Only in 1986 was there diplomatic manoeuvring as regards this issue, which could imply a certain challenge to the treaty. The first formal questioning was put forward in the year 2002. Although not publicly acknowledged, what is really at stake is a large fish-rich area located in the northernmost area of Chile's seas. A very serious issue at risk is that, if Peru wins its case for a change in boundaries, this would practically blocks out any chance that Bolivia may have of getting some sea back, as Chile would only yield some territory in the extreme north of the country

Even if it may be true that on occasion hatred against Chile is important as a merger of the Peruvian social forces because of the country's lack of internal unity, or because it bears fruit to some political movement,²⁰³ I believe it is also true that Chile has often been clumsy, to put it mildly, in its bilateral dealings. This was the case with the ungracious videos shown in LAN Peru,²⁰⁴ or the graffiti painted by a couple of Chilean youngsters on Inca constructions,²⁰⁵ or the sometimes xenophobic treatment that Peruvian immigrants have received on Chilean soil,²⁰⁶ to name but a few examples. As recent polls show, 57 per cent of *Limeños* think that Chile and Peru are natural enemies on a permanent basis, i.e. with little or no chance of improving such relations in the future. Chile is perceived as a worse enemy than Ecuador, a country against which they went to war in 1995. Although *Limeños* admire their southern neighbour's economic improvement, they also think that Chile is ambitious and expansive: 59 per cent believe that it has started an arms race and 65 per cent consider it to be the most ambitious nation in the region. According to these opinion polls, Peruvians consider that Chileans feel superior and are proud,²⁰⁷ which coincides with the widespread opinion of other Latin Americans. As a matter of fact, many say that Chileans have become the new Argentines, only that poorly dressed, alluding to the alleged proverbial arrogance of Argentines who, besides, are very stylish. The transformation of the Chilean character is quite recent, as shown by Pablo Halpern.²⁰⁸ In fact, it was only in the 1980s approximately that the inhabitants of the former poor and dangerous Captaincy General —a real colonial backwater— started doing business around the continent acting as if the other countries were inferior, less able and not organized.

given it cannot accept that the country be split apart by a sash of foreign land, regardless of how narrow it might be. Thus, Bolivia might have access to the sea, but no sea.

²⁰³ Ollanta Humala, elected as Peru's president in 2011, is a good example of the use of anti-Chilean feeling as a political tool. For instance, he criticized Chilean investments in his country, and stated that Chile was engaged in an arms race, etc.

²⁰⁴ Lan Peru is a privately owned Chilean airline operating in Peru. Its on-flight entertainment included a US-made video showing a sad picture of Peruvians: misery in some cities, people urinating in the street, etc. LAN was not the only airline showing the video at that time: British Airways, TAM and Avianca did so too.

²⁰⁵ Enzo Tamburrino and Eduardo Cadima, students of 20 and 21 years old, were arrested in December 2004 for drawing on an Inca wall in Cusco. When President Ricardo Lagos talked about this incident to the media, he said that it was not an important issue but rather a typical —albeit wrong— attitude of two youngsters who liked graffiti. His comments were considered inadequate by Peruvians.

²⁰⁶ 'Peruanos en Chile Sufren Insultos y Maltratos tras Declaraciones de Donayre', *El Mercurio*, 3 December 2008.

²⁰⁷ 'Peruanos Consideran a Chile un "Enemigo Natural"', *op. cit.*

²⁰⁸ P. Halpern, *op. cit.*

The last round of unpleasant regional events that took place in 2004 had to do with Argentina. On 9 November 2003 two Chilean military officers went into the Argentine consulate in Punta Arenas, on an intelligence-gathering mission under orders from military superiors. They were discovered and, in their hasty escape, one of them left behind his coat, with an identity card.²⁰⁹ Their clumsy procedure showed that they were amateur spies, a fact that did by no means make the situation any less serious. The military personnel involved in the affair were discharged, proper diplomatic excuses were sent to the Argentine government, and things seemed to have settled down. It looked as if the espionage attempt had been just a strange incident that came to interrupt many years of good bilateral relations with Argentina. Oddly enough, a few months later, during the *Cumbre Iberoamericana*, President Kirchner declared that he was in favour of the cession of Chilean territory to Bolivia. Finally, as already mentioned, in March 2004 Kirchner announced that Argentina would not honour the gas agreement and would therefore stop supplying this commodity to Chile.²¹⁰ This cancellation put Chile in a very difficult situation as two thirds of its gas supply came from the other side of the Andes. Things got worse in April, when Bolivia and Argentina agreed not to re-route any gas imported by Argentina to a third nation, a euphemism soon clarified by Bolivian President Carlos Mesa: not one molecule of its nation's commodity should go to Chile.²¹¹

It was then that Chilean analysts started putting together a few ideas and arriving at an alternative reading of the facts. Firstly, Kirchner was in need of boosting his general social and specific *Peronista* support. Sending gas to Chile in the midst of a supply shortage in Argentina, even if this meant not honouring an international agreement, would have made him unpopular. Moreover, apparently Argentine law allows gas exports only if there was no problem with the domestic supply,²¹² which—in my view—makes the people who negotiated the treaty on behalf of Chile appear as very naive. Secondly, it appeared that the Punta Arenas espionage episode had not been as innocuous as originally thought. In fact, several factors related to the Falklands or Malvinas war were resurfacing once again. Apparently, there were old grievances about

²⁰⁹ 'Cuatro Detenidos en Chile por el Espionaje en Punta Arenas', *Clarín*, 13 November 2003.

²¹⁰ 'Néstor Kirchner: los Altibajos de Bachelet y Lagos en su Relación con el Ex Mandatario', *La Tercera*, 28 October 2010.

²¹¹ 'Después de 100 Años de Negociaciones, el Gobierno Boliviano no Consigue su Ventana al Océano. Bolivia Pretende que Chile Cambie Gas por Mar', *op. cit.*

²¹² H. Verbitsky (1992) *Robo para la Corona. Los Frutos Prohibidos del Arbol de la Corrupción*. Buenos Aires: Planeta, p. 267.

the role that Chile had played in that war.²¹³ As Kirchner himself was from the area of Argentina that faces the Malvinas, he had a personal grudge to settle, not only because Chile had helped the United Kingdom in the early 1980s but also because of Chile's current commercial ties with the Kelpers, as the islanders are called. In fact, although Britain subsidized the island, the day to day supply of food, medical care, flights to the continent, etc. was provided by Chile from Punta Arenas. Argentina used to do all that in a pre-Galtieri time,²¹⁴ but no longer did so for obvious reasons. 'Sidestepping Galtieri's clumsiness and the market codes of practice, they (the Argentine) saw in Chile a country that, in addition to having backed the United Kingdom, had deprived them of a possible strategy that might be appealing to the Kelpers'.²¹⁵ Even though the present dealings of Chile and the Falklands were strictly commercial, many suspicious eyes saw a second intention. There were several on-going investigations on behalf of Argentine consuls, the military and diplomats to see how close the relations between the islanders and Chileans were.²¹⁶ It is interesting to note that Argentina finally succeeded in severing those commercial ties by placing restrictions on the traffic of the supply boat that went from Punta Arenas to Port Stanley.²¹⁷ So, after all, the Chilean spies caught red-handed did have some work to do in the consulate.

Although the Chile-Argentina relations did not undergo any other grave conflict ever since these episodes and during the rest of Michelle Bachelet's tenure, it is also true that the intermittent supply of gas to Chile always added tension to what might have otherwise been a good bilateral deal. In addition, Argentina's decision to increase the price of the gas exported to Chile —and even charge a higher price to Chileans who crossed the border to buy much cheaper gas in Argentina— have undoubtedly strained bilateral relations. What did not improve until late in Bachelet's tenure were relations with Peru. As already mentioned, it was Alejandro Toledo that introduced into the

²¹³ Although it was suspected that Pinochet had helped Thatcher, it was during his detention in London that the information was disclosed by the 'Iron Lady'. Information on Chile's participation was also made public in *The Official History of the Falklands Campaign* published in the United Kingdom.

²¹⁴ Leopoldo Fortunato Galtieri was a *de facto* President of Argentina between 1981 and 1982. He declared war on the United Kingdom over the Falkland Islands.

²¹⁵ J. Rodríguez Elizondo (2006) *op. cit.*, p. 67.

²¹⁶ It is to be remembered that Chilean private citizens restarted commercial ties with the Malvinas in the early 1980s. In 1984 the Argentinean government sent a note to Chile's ambassador in that country, Arturo Fontaine Aldunate, complaining about such transactions.

²¹⁷ 'Barco que Abastece a las Malvinas Suspende la Recalada en Punta Arenas e Impacta al Comercio', *El Mercurio*, 30 June 2010.

bilateral agenda the discussion over the redefinition of the sea boundary between Chile and Peru. And Alan García, far from retracing on Toledo's steps, complicated matters even further by taking the case to the International Court of Justice at The Hague.²¹⁸

According to Chile, the maritime borders between Chile and Peru were fixed in the 1950s, specifically, by the tripartite treaty of 1952 and 1954 signed by these two nations and Ecuador. Previously, in 1947, they had recognized their respective sovereignty extending over 200 nautical miles offshore. Besides being ratified by the three countries, both treaties were also ratified by the consuetudinary compliance with the agreement by the nations directly involved in the border delimitation and third countries that had commercial dealings with Ecuador, Peru and Chile. Peru had accepted the boundaries with Chile without any formal questioning until 2002.²¹⁹ Funnily enough, it has never questioned the border with Ecuador which is surprising, given that the international instrument used for the demarcation of the boundary with Ecuador is exactly the same one used for the delimitation with Chile.²²⁰ Although not publicly acknowledged, what is really at stake here is a large catchment area located in the north of Chile.²²¹

Peru's impugnation of the 1952 and 1954 treaties has resulted in a string of connected regional problems. Firstly, Ecuador has not felt comfortable with its southern neighbour's claim: it may well be that in the near or distant future Peru will start contesting their common border. Thus, it came as no surprise that in May 2010 Ecuadorian President Rafael Correa declared that his country regards the aforementioned agreements demarcating the Ecuadorian-Peruvian maritime boundaries as valid.²²² Secondly, as already mentioned in footnote 202, if Peru wins its case for a change in the borders with Chile, it practically blocks out any chance that Bolivia may have of getting some sea. Chile would only yield territory on the northernmost part of the country as it could not accept being divided into two by a strip of foreign land. Thus, Bolivia may have access to the sea, but no sea. These issues have obviously strained

²¹⁸ 'Chile, Perú y la Haya', *El Mercurio*, 29 June 2010.

²¹⁹ Cfr. note 203.

²²⁰ 'Piñera Califica como "Poco Comprensible" que Perú Aplique Criterios distintos con Ecuador y Chile', *La Tercera*, 9 March 2011.

²²¹ Sergio Lecaros M., (President Duncan Fox S.A. holding, one of the biggest companies in Chile) interviewed on 11 December 2006.

²²² 'La Haya Notifica a Ecuador y Abre Espacio para que Opine en Juicio entre Perú y Chile', *El Mercurio*, 23 May 2010.

relations between Bolivia and Peru. In what looks like revenge for impeding Bolivia's access to the Pacific, President Evo Morales came to the fore backing the Peruvian indigenous movements that oppose Alan García. At the same time, García pushed through the idea of the existence of secret agreements between Chile and Bolivia to solve the latter's landlocked problem, without consulting Peru. García added that he wanted to be involved in the maritime discussion from the very beginning, and thus, the issue now affects three countries and not just two.²²³ Although the start of the border dispute between Peru and Chile initially helped to improve Chilean-Bolivian dealings, an on-going discussion over ownership of the waters of the Silala River in the north has once again complicated matters.²²⁴ Perhaps taking advantage of this situation in an attempt to cool down Chilean-Bolivian dealings, García tried a rapprochement with Morales by insinuating that he would facilitate a sea port for Bolivia if Peru wins at The Hague.²²⁵

As shown in this section, during Ricardo Lagos's and Michelle Bachelet's governments Chile's relations with its immediate neighbours were not cordial. Nevertheless, as mentioned above, two events may have proved favourable to Chile's efforts to bond with Latin America: the Chilean presence in Haiti and José Miguel Insulza's election as the Organization of American States (OAS) Secretary General. In the first case, in June 2004, while Ricardo Lagos was President of Chile and Michel Bachelet his Defence Minister, the United Nations Stabilization Mission in Haiti (MINUSTAH) was established and Chile was entrusted with its direction.²²⁶ It was not the first time that Chile had taken part in UN peace keeping missions.²²⁷ However, its participation

²²³ 'La Jugada a Dos Bandas de Alan García', *La Tercera*, 30 August 2009.

²²⁴ The Silala River is a stream of water that springs in south eastern Bolivia and crosses the Andes to end in Chile. According to Bolivia, its waters are diverted to Chile by a canal built under a Bolivian concession to the Antofagasta-Bolivian Railway Company, a Chilean firm now known as Ferrocarril Antofagasta-Bolivia which obtained two water concessions (in 1906 and 1908). Bolivia affirms that Chile should pay taxes for the use of the Silala's water as it is an artificially built water path and thus not subject to international law. That law establishes that as regards international rivers, none of the riverside dwellers can affirm they have absolute sovereignty over the shared water resources. As stated above, Bolivia claims that the matter involves flows originating in some 94 springs in its territory, diverted to Chile in the shape of an artificially formed stream and thus not subject to international rulings in this regard.

²²⁵ Tres Mensajes Estilo Maquiavelo, *La Tercera*, 30 August 2009.

²²⁶ President Bertrand Aristide had departed Haiti for exile in the aftermath of an armed conflict which spread to several cities across the country.

²²⁷ For example, it did take part in UN missions in Salvador (1992), Kuwait (1991), Cambodia (1993) Nicaragua (1993) Peru and Ecuador (1995) among others.

in this specific mission was to prove especially beneficial in the sense that it would contribute to improve Chile's unstable relations with the rest of Latin America. Firstly, Haiti has considerable strategic importance within the continent and thus its normalization affects it as a whole. Being close to the United States, Cuba and Venezuela and dominating important maritime water passages, it is a place where proxy confrontations can take place. Besides, the island can be a breeding ground for drug trafficking and terrorism.²²⁸ Secondly, Chile's participation sends a message to the rest of the continent: 'we do care about Latin America'. Somehow it is trying to tell the other nations that it has decided to join MINUSTAH not only for the benefit of international commerce²²⁹ but also to share in the task of continental peace-keeping. Chile's cooperation with MINUSTAH has undoubtedly brought benefits to the country. Such is the opinion of Juan Gabriel Valdés Soublette who acted as the UN official representative on the island. In his opinion, the Chilean army members had managed to develop the best diplomatic relations with the military people from the other Latin American countries deployed in Haiti, decisively contributing to a better understanding between them. In his opinion, 'Chile's armed forces have developed a more successful and better diplomacy towards Latin America than the civil governments'.²³⁰

As for José Miguel Insulza's election as the OAS Secretary General, it was not an easy task and Chile had to display all its diplomatic ability to ensure his appointment.²³¹ The attainment of this post would be a good way of endorsing Chile's role as promoter of international cooperation in the region²³², just like its participation in MINUSTAH had been. Nevertheless it was Miguel Ángel Rodríguez, former President of Costa Rica, that was elected as head of the OAS in 2004. However, Rodríguez had to step down as he had to face charges of corruption in his country. It was then that Lagos's government concentrated all its diplomatic efforts on getting the chair. Mexican Foreign Minister Luis Ernesto Derbez and former Salvadorian President Francisco Flores presented their candidacies too. Flores, who was said to

²²⁸ D. Snow (2003) *Cases in International Relations. Portraits of the Future*. New York: Longman.

²²⁹ M. Tapia Canihuante (2005) 'Misión de Paz en Haití (MINUSTAH). Análisis de la Participación de Chile' in:
http://www.ndu.edu/chds/Journal/PDF/2005/N2-September/Tapia_essay-edited1.pdf

²³⁰ Juan Gabriel Valdés S., (Minister of Foreign Affairs, June 1999 to March 2000. Executive Director *Fundación Imagen de Chile*) interviewed on 10 December 2010.

²³¹ H. Brum, *op. cit.*, p. 153.

²³² G. van der Ree (2010), *op. cit.*, p. 216.

have the United States' support, withdrew his candidacy in April 2005, as he knew that he had not rallied enough votes. Derbez and Insulza confirmed that they would remain on the race. However, after intense negotiations between Mexico, Chile and the United States, it was announced that the Mexican candidate had withdrawn, leaving Insulza as the sole candidate for the post. In May 2005 he was duly elected to serve as Secretary General of the OAS. Voting was 31 in favour, two abstentions (believed to have been Mexico and Bolivia), and one vote left blank (announced in advance by Peru). Chile's biggest supporters were Brazil, Argentina, Uruguay and Ecuador, followed by Venezuela. In my opinion, Insulza's election was ambiguously positive for Chile. On the one hand, I believe that it showed that this country was able to gather enough backing to have a Chilean head the OAS and it also proved Chile was not totally isolated within the wider continental context. On the other hand, the election obviously produced animosities with Mexico and it also meant that Chile had to make an important diplomatic effort as the backing of its candidate was not immediate. In fact, Horacio Brum thinks that winning this time had high costs such as triggering Mexico's support for Bolivia's maritime claim.²³³ Even further, Brum believes that the strenuous manoeuvring exerted by Chile's diplomacy prior to the election made it clear that this nation's business approach to international relations was not good enough to ensure friendly regional dealings.²³⁴ Even though I believe that any country that aspires to lead the OAS has to face important diplomatic obstacles, I agree with Brum in that the ability to sell salmon, grapes or copper does not make up for capability of fostering good international political contacts. As I will go into in section 4.4, Chile tends to use business diplomacy which does not always bear sweet fruits.

4.4 Something Old, Something New: Chile's Difficult Marriage with South America

Section 4.4 will attempt to give an explanation —however limited— of why Chile's insertion in the continent is not smooth. It will also try to show the specific efforts carried out by each Concertación government —from Aylwin to Bachelet— to increase Chile's participation in the world arena and improve its regional contacts. The section starts by pointing out the differences between Chile's democratic and liberal Left and some of the subcontinent's leftist administrations. In fact, the 2000s saw several left

²³³ H. Brum, *op. cit.*, p. 153.

²³⁴ H. Brum, *op. cit.*, p. 153.

wing regimes gain power throughout Latin America, their tendency to populism and state intervention putting them at odds with the Concertación's governmental style.²³⁵ In fact, they are different Lefts: once again Chile's neo-liberal stance puts the country in conflict with its neighbours, increasing its feeling of isolation.²³⁶ Then section 4.4 explains how Latin America is not a well-integrated continent in itself. Therefore, in the midst of frequent struggles, Chile's ambiguous situation is not totally surprising. This should not prevent Chile from changing its mainly economic diplomacy strategy and be more tactful in its dealings with other Ibero-American nations, especially Peru, Bolivia and Argentina given that their vicinity and common history has fostered mistrust. The section ends by showing what Presidents Aylwin, Frei, Lagos and Bachelet did during their tenures to improve Chile's integration to the world and the region.

Admiration is what many economic experts and citizens in Latin America feel for what has been Chile's path towards development, hence contributing to foster the Chilean self-image of exceptionality.²³⁷ Some 25 years of non-stop growth, albeit at a much slower pace since 1997; a considerable reduction of poverty; the signing of free trade agreements with the United States, Europe, Japan, China, India, Korea among others;²³⁸ the growth of its market from 17 million to 900 million people worldwide thanks to these accords,²³⁹ are all factors that add up to the world business and financial elites' approval of the Chilean economic management for the past decades. Besides, the relative good name that the country has in terms of transparency and low corruption, has made it possible in recent years to publicize Chile as a safe and accessible place for

²³⁵ See P. Silva (2009) 'Swimming against the tide? The Chilean social democratic model in historical perspective' in Steve Ludman and Geraldine Lievesley (eds.) *Reclaiming 'Our America': Radical Social Democracy in Latin America*. London: Zed Publishers, pp. 82-104.

²³⁶ It is also true that during the 2000s Brazil, Peru and Colombia have liberalized their economies. Nevertheless, as it is not the first time they do so and there are chances that they may go back to interventionist policies, as has happened before. This thesis does not get into analyzing the implications for Chile of there being more nations with liberal inclinations.

²³⁷ C. Gervasoni, 'Sobre el Éxito Chileno y lo que Podemos Aprender de El' in P. Isern; G. Salvia, *op. cit.*, p. 16.

²³⁸ Chile has signed Free Trade Agreements with Japan, China, USA, Canada, Mexico, South Korea, Central America, EFTA (Iceland, Liechtenstein, Norway, and Switzerland); Association Agreements with the EU and P4 (Chile, New Zealand, Brunei Darussalam, Singapore); Complementarity Agreements with Argentina, Bolivia, Colombia, Ecuador, MERCOSUR, Peru and Venezuela; A preferential Trade Agreement with India and works in conjunction with multilateral organizations such as APEC, WTO and OECD. For further information check the DIRECON web page at <http://www.direcon.cl/index.php?lang=en&accion=>

²³⁹ E. Kvatarnik in P. Isern; G. Salvia, *op. cit.*, p. 185.

foreign companies that want to invest in, and/or operate their investments in Latin America, from Chile. Laws and regulations have been approved in to promote Chile as a springboard into new markets and the strategy has proven to be effective: by 2004 forty important multinational enterprises have located some of their facilities in Chile and have used the country as an export platform to other destinations.²⁴⁰ Investing in other nations is not only done via Chile, but also by Chileans. In fact, a new feature of the current Chilean economic situation is that Chile has become an exporter of capital mainly to other South American countries.²⁴¹ Although the economic benefits for the investors have been positive, the presence of Chilean businesses in neighbouring nations has brought some hostile responses.

As we have seen throughout this study, Chile's past fifty years of social, economic and political experimentation and its outcomes —a stable democracy and growing liberal economy— makes this country an exceptional case in the region. Thus, Frei Montalva's 'revolution in liberty' attracted global notice; Salvador Allende's attempt to lead the country to socialism through the voting polls was quite unique in the region and the world, and generally admired.²⁴² Another experience, this time under Pinochet's dictatorship, made Chile become the first country where neo-liberalism was adopted under conditions of military rule.²⁴³ Seventeen years later, Chile underwent yet another important experience, which led to a success story: the restoration of democracy accompanied by a liberal socio-economic system and the blossoming of unseen economic growth and prosperity.²⁴⁴ Probably the country with the best governability performance in the region,²⁴⁵ 'this level of political stability under a democratically elected majority coalition, coupled with a market-oriented economic policy, puts Chile at odds with the trajectory of many of its neighbours'.²⁴⁶

As I see it, if Latin America could be compared to a jigsaw puzzle and the different countries to its pieces, Chileans seem to believe that their piece does not fit in properly, or that it belongs in a different puzzle altogether. Although I admit that this may be

²⁴⁰ See Foreign Investment Committee at <http://foreigninvestment.cl/index/.asp>.

²⁴¹ L. H. Oppenheim, *op. cit.*, p. 187.

²⁴² M. Serrano (2009), *op. cit.*, p. 182.

²⁴³ P. Craig Roberts and K. LaFollette Araujo, pp. 28-41.

²⁴⁴ L.H. Oppenheim (2007) *Politics in Chile. Socialism, Authoritarianism, and Market Democracy*. Boulder: Westview, p. 255.

²⁴⁵ M. Moreno, *op. cit.*, p. 185.

²⁴⁶ L.H. Oppenheim, p. 255.

an exaggeration, it is undeniable that—at least in the past 10 years—there have been several clashes that have prompted and encouraged this line of thought. Probably and partially caused by an imbalance triggered by Chile's different economic parameters as regards nearby nations,²⁴⁷ in spite of being surrounded by left wing governments, most of the Concertación administrations did not get on with them as well as expected. José Natanson refers to Latin America's Left wing governments of late as a 'new left'. In his view, the end of the Cold War made the United States forget the continent located south of the Río Grande, as it had ceased to be fertile ground for Communist guerrilla. Thus, a new style of Latin American political Left started taking shape: it abandoned its revolutionary goals, rose to power using democratic means and became pragmatic.²⁴⁸ Although with diverse styles, the up-and-coming leftist governments shared the same goal: they sought to increase state intervention mainly getting hold of a bigger portion of the national income without risking macroeconomic stability.²⁴⁹ Thus, Natanson holds that it is not appropriate to talk of a sensible and modern Left versus a nationalist and populist one: they are basically the same ideological movement.²⁵⁰ Unlike Natanson, I believe that there are considerable differences in political performance between Evo Morales and Ignacio 'Lula' da Silva; Cristina Fernández and Michelle Bachelet. Also, Hugo Chávez's Left—with its violent claims for social justice, expropriation of private property and censorship of the press—reminds more of the pre Cold War Left rather than Ricardo Lagos's methods, more in the line of the renewed Left (see section 4.1).²⁵¹ In fact, Chile's democratic political approach, its law abidance and respect for the Constitution, the adoption of a market economy and the application of social policies, demonstrate that Chile's Left is quite different from Evo Morales' or Cristina Fernandez's, and closer to Ignacio 'Lula' da Silva's in Brazil and Tabaré Vázquez's in Uruguay.²⁵² A growing convergence with these nations' political and economic styles might result in friendlier international relations for Chile in the future.

²⁴⁷ E. Rodríguez Guarachi, *op. cit.*, p. 96.

²⁴⁸ J. Natanson, *op. cit.*, pp. 261-267 and J. Castañeda (1993) *Utopia Unarmed: The Latin American Left After the Cold War*. London: Vintage Books.

²⁴⁹ J. Natanson, *op. cit.*, p. 169.

²⁵⁰ J. Natanson, *op. cit.*, p. 268.

²⁵¹ P. Navia (2006) 'La Izquierda de Lagos vs. La Izquierda de Chávez' in http://www.cadal.org/documentos/documento_52.pdf

²⁵² 'Vargas Llosa y el Ascenso del Perú', *El Mercurio*, 16 October 2010.

Indeed, a growing closeness in political styles and economic parameters may contribute to the continent's smoother interaction and thus improve not only Chile's insertion in the region but also the peaceful cohabitation of some Latin American nations. In my view, this should be applicable to Chile, Colombia, Costa Rica, Mexico, Peru and Brazil, as all these countries have become the standard-bearers of democracy and capitalism in the area.²⁵³ Although it is difficult to know if this liberalizing trend will last, for the moment it ensures a bloc of nations with similar goals. Alternatively, the development of a second grouping, consisting of Argentina, Bolivia, Cuba, Ecuador, Nicaragua and Venezuela²⁵⁴ —which at least rhetorically oppose neoliberal capitalism— makes it possible to foresee political clashes between the blocs.²⁵⁵ In fact, more than half of the countries in South America —most of which are aligned with either bloc— do not have full diplomatic relations. Thus Bolivia, Colombia, Chile, Ecuador, Peru and Venezuela do not have or have withdrawn their ambassadors from some of these nations.²⁵⁶ I suggest that this is part of the problem as regards Chile: in a fragmented continent, divided in spite of much integrationist rhetoric and anti-imperialist speeches, it is certainly difficult to advance in terms of good regional relations. Moreover, there is a long list of mutual interventions in the national affairs of other countries in the region, a fact that does not contribute to a healthy and pacific coexistence. For example, Colombia allowed the United States to have more military bases in its territory²⁵⁷, while Venezuela agreed to accept Iran's and Russia's aid to develop nuclear energy.²⁵⁸ Also, military equipment sold by Sweden to Hugo Chávez's Venezuela ended in the hands of the Colombian FARC guerrilla, which aims at overthrowing the Colombian regime. To boot, it was also found that the same FARC had financed Ecuador's Rafael Correa's election.²⁵⁹ Finally, it is quite possible that Venezuela may have been granting sanctuary to some 1,500 Colombian guerrilla fighters.²⁶⁰ As for Chile, although there have been attempts to present it as a counterweight to Hugo Chavez's leftwing populism —thus encouraging the latter's

²⁵³ J. Kotkin, 'The New World Order', *Newsweek*, 26 September 2010.

²⁵⁴ J. Kotkin, 'The New World Order', *Newsweek*, 26 September 2010.

²⁵⁵ M. Falcoff (2002) 'Two Latin Americas' in America Enterprise Institute for Public Policy Research in <http://www.aei.org/outlook/14404>

²⁵⁶ 'Hernán Felipe Errázuriz: Bicentenario Latinoamericano', *El Mercurio*, 1 August 2009.

²⁵⁷ 'Eje Venezuela Irán', *América Económica* in <http://www.americaeconomica.com/portada/opiniones/septiembre09/110909/varde110909.html>

²⁵⁸ 'Russia agrees to Help Venezuela Build First Nuclear Power Station', *The Guardian*, 15 October 2010 and 'Eje Venezuela Irán', *op. cit.*

²⁵⁹ 'Hernán Felipe Errázuriz: Bicentenario Latinoamericano', *El Mercurio*, 1 August 2009.

²⁶⁰ 'Latinoamérica y el Fracaso de Unasur', *El Mercurio*, 1 August 2010.

intervention in Venezuela's internal affairs— apparently Chile is not willing to play that game and has continuously avoided becoming involved in regional ideological controversies.²⁶¹

Coming back to the Chilean case within Latin America, Chileans believe that they have done their homework in connection with internal development, re-democratization and globalization. But as I said before, the country has not often been successful in its dealings with other Latin American countries, especially its Andean neighbours. As already mentioned (sections 4.2 and 4.3), at times Chile's foreign affairs have been conducted with clumsiness and arrogance,²⁶² yet I also believe that the formation of a less democratic and less free-market oriented group of countries has also contributed to hinder positive interactions. In fact, Jorge Castañeda and Mitchell Seligson have shown that the existence of a non-populist and a populist Left in Latin America has been a source of controversy.²⁶³ Governments that have nationalized companies and even private pension schemes and have intervened mass media²⁶⁴ clash with Chile, which has maintained a privatization policy and respects private property. Also, nations whose presidents have tried —and in some cases succeeded— to be re-elected *ad infinitum*, who foster *caudillismo* and populism,²⁶⁵ are in contention with nations like Chile, that has a tradition of non-populist and non *caudillista* leadership and a constitution that forbids permanent re-elections.

Although the political and economic differences with its neighbours help to understand Chile's difficult integration to the region, they represent only one of several factors. In fact, past history and several Chilean identity traits and the resulting international image that they project are significant in Chile's dealings with its close and distant neighbours. For example, already during the Spanish conquest some discrepancies between Chile and Peru entered the scene through the civil war that confronted the followers of Peru's conqueror, Francisco Pizarro, and 'the Chileans', i.e. those supporting Diego de Almagro, who had been the first Spaniard to explore

²⁶¹ For example, President Sebastián Piñera went to Argentina, Venezuela, Mexico and the United States aiming at visiting antagonistic nations during the same trip. See 'Presidente Piñera Suma Visita a Estados Unidos a su Gira por Venezuela y México', *El Mercurio*, 25 May 2011.

²⁶² See J. Rodríguez Elizondo (2009).

²⁶³ M. Seligson (2007) 'The Rise of Populism and the Left in Latin America', *Journal of Democracy* 18(3): 81-95 and J. Castañeda (2006) 'Latin America's Left Turn', *Foreign Affairs* 85(3): 28-42.

²⁶⁴ 'Argentina's President Moves to Seize Control of the Country's Newsprint', *The Guardian*, 25 August 2010.

²⁶⁵ J. Kotkin, 'The New World Order', *Newsweek*, 26 September 2010.

Chile.²⁶⁶ In the case of Bolivia, having been part of the Viceroyalty of Peru, once it became an independent entity it inherited the Peruvian animosity towards Chile. Finally, as mentioned in section 4.2, the lack of proper territorial demarcation during the colonial period and the poor settling of limits during the nineteenth century, help to understand the early ill feelings between Argentina and Chile.²⁶⁷

Gerard van der Ree points out that currently there are three Chilean identity traits that frame the relations between Chile and Bolivia, and Chile and Peru. Firstly, Chile's neo-liberal development has fostered its economic presence in the region. This fact has been interpreted as a revival of the nineteenth century free-trade boom, its connection with the nitrate business and the War of the Pacific and, consequently, considered a new phase of Chilean expansionism.²⁶⁸ Also Chile's legalism —and its legalistic approach to diplomacy—²⁶⁹ have had negative regional connotations. Thus, Chile has always focused on existing treaties in connection with Peru's and Bolivia's territorial claims, asserting that international treaties are not to be discussed.²⁷⁰ The refusal to negotiate on this basis has contributed to build an image of Chile as arrogant.²⁷¹ Finally, the Concertación's twenty years in power have shaped a progressive identity: in fact, by the Bicentennial, Chile is far more leftist than twenty years before.²⁷² Although this identity trait has fostered the sympathy and understanding of other left-wing leaders such as Lula da Silva and Tabaré Vázquez, in the progressive circles of Peru and Bolivia, it has been mocked as a naive and fake effort to mitigate the exploitative nature of capitalism.²⁷³

So far, section 4.4 has tried to explain some of the reasons why Chile's insertion in Latin America, and more specifically among its Andean neighbours, has been difficult and ambiguous. In the following paragraphs, the section will show the attempts of the four Concertación governments to boost Chile's participation in the world and enhance its regional contacts. Patricio Aylwin's tenure was marked by the effort to lead a delicate transition to democracy, which explains why the first government of the Left

²⁶⁶ 'V. García B.: Tan Cerca de Chile y tan Lejos de Dios', *El Comercio*, 15 May 2005.

²⁶⁷ See R. Riesco, *op. cit.* and P. Lacoste, *op. cit.*

²⁶⁸ G. van der Ree (2010), *op. cit.*, pp. 213-215.

²⁶⁹ M. Colacrai and M. E. Lorenzini, *op. cit.*, pp. 57 and 59.

²⁷⁰ H. Brum, *op. cit.*, pp. 148-149.

²⁷¹ G. van der Ree (2010), *op. cit.*, pp. 215-218.

²⁷² P. Navia (2006), *op. cit.*

²⁷³ G. van der Ree (2010), *op. cit.*, pp. 218-219.

wing coalition concentrated mainly on domestic affairs. In fact, Aylwin's government is generally remembered for the improvement of civil-military relations and the compiling of the Rettig Report mentioned in section 4.2. Nevertheless, his government was very interested in improving regional relations, especially with Argentina.²⁷⁴ Hence, it dealt with the much debated and criticized Aylwin-Menem 1991 agreement on the delimitation of an area of the southern Patagonia disputed by Argentina and Chile. The first Concertacionista administration also sent a clear international economic message: by deciding not to participate in MERCOSUR but in ALADI,²⁷⁵ an association that promoted the reduction of trade barriers in the region,²⁷⁶ Aylwin's Chile was showing continuity as regards neo-liberalism. In the same line, Aylwin signed several economic agreements with nations like Mexico, Argentina, Venezuela, Bolivia and Colombia, thus contributing to further Chile's integration into the world economy. Also Aylwin's government orchestrated Chile's participation in Expo Seville 92, as mentioned in section 4.2. Its aim was to show the world that it had regained democracy and was a good commercial partner, given that the European media was not totally convinced by Chile's transition, as Pinochet's image was still present.²⁷⁷

It was during Eduardo Frei's tenure that economic relations with the world improved considerably, as one of the second Concertación governments' goals was to institutionalize global commercial ties.²⁷⁸ In fact, negotiations with the United States, the European Union, and China entered the fast track stage. In terms of regional integration, during Frei's administration, Chile joined MERCOSUR as an associate member. In 1995 it also signed an international treaty with Argentina to secure its gas supply, although this treaty was finally no guarantee, as seen in section 4.3. In spite of Chile's efforts to improve its international reputation, Pinochet's detention in London showed that the transition to democracy had not been perceived as exemplary as many Chileans thought it was.²⁷⁹ President Lagos inherited 'the obsession to settle economic agreements',²⁸⁰ and his government shone for achieving the final signature of four

²⁷⁴ I. Witker, *op. cit.*, p. 53.

²⁷⁵ Asociación Latinoamericana de Integración. Its members are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, Venezuela and Cuba.

²⁷⁶ Chile's participation in Aladi is a contentious issue as some consider it only involves more expense for the state and very few benefits, as Chile's economy is more open to foreign trade than the economies of the other members. For more information, see E. Fontaine, *op. cit.*, p. 150.

²⁷⁷ H. Brum, *op. cit.*, pp. 127-128.

²⁷⁸ I. Witker, *op. cit.*, p. 53.

²⁷⁹ H. Brum, *op. cit.*, p. 132.

²⁸⁰ H. Brum, *op. cit.*, p. 131.

important free trade pacts with the United States, the European Union, China and South Korea. What the third Concertación administration was not heir to were the peaceful dealings with Chile's neighbours, as shown in section 4.3. In fact, one of the features of Ricardo Lagos's mandate was the trouble regional relations encountered.²⁸¹ In a way Lagos' tenure was a compendium of the key idea that I have tried to convey in Chapter 4: Chile was convinced that its international reputation and dealings with other countries had improved, but its Andean neighbours proved it wrong. This country found itself once again at odds with its neighbours, which goes to show that economic performance does not suffice to be accepted as a friend.

Before going into some aspects of Chile's dealings with other nations during Michelle Bachelet's tenure, it is important to highlight that the Concertación governments succeeded in enhancing this country's insertion into the world. Moreover, they 'sold' Chile's economic success abroad and the resulting new international trade deals fostered a national consensus, making it possible for Chileans to be united at least on one front. In fact, social changes and a shift in values had sharpened differences within the country, making it difficult to find the social agreements so necessary for a healthy national coexistence. Thus, the fact of finding a common denominator in economic and technical matters has helped Chile to continue building up an acceptable level of internal cohesion.

As for Bachelet's government, the most contentious issues were those based on values. Thus, the discussion over the free distribution of the Postinor 2, the famous 'day-after pill', sparked bitter rows not only between, but also within the government and the opposition.²⁸² Once again, international affairs and economic issues helped to preserve the national unity, so it is not surprising that the government should have resorted to business diplomacy. In addition, the performance of the government economic team, led by Minister of Finance Andrés Velasco, was generally approved, especially concerning the management of the subprime crisis, which was considered worldwide as an example of good administration.²⁸³ Also some external problems, such

²⁸¹ See J. Rodríguez Elizondo (2006) *op. cit.*

²⁸² 'Diputado UDI Celebró Decisión de Minsal de Entregar Píldora del Día Después', *La Tercera*, 23 November 2010.

²⁸³ 'Chile Es el País de la Región que Mejor Resistirá la Crisis Económica en los Próximos Seis Meses', *La Tercera*, *op. cit.*

as the boundaries dispute with Peru, proved beneficial in terms of fostering enough national agreement.²⁸⁴

Finally, Bachelet's tenure made renewed efforts in the promotion of Chile's national brand. In fact, the *Fundación Imágen de Chile*²⁸⁵ started its activities raising hopes of a better administration of Chile's international reputation in the near future. This organization was conceived of as an organization that would coordinate the diverse groups —private and public— dealing with country image issues. It specifically aimed at designing concepts, initiatives and specific actions that would contribute to spread Chile's good name around the world. It is headed by the Minister of Foreign Affairs, and renowned Chilean personalities from different walks of political life are board members. The foundation hired Simon Anholt during 2009 as international adviser and developed several focus groups, surveys and studies to define what Chileans and foreigners think of this country. The aim was to collect information about diverse aspects of the national culture, from literature, poetry and films to Chile's originary people in order to develop a corpus of information that might be of interest overseas. What the organization declared it would not do was to focus its efforts on the development of a logo, such as the failed 'Chile All Ways Surprising': they developed one but have coordinated many more initiatives, examples of which will be seen in Chapter 6. The foundation's first executive director, Gabriel Valdés Soubllette, declared that what Chile needed was to establish a narrative, i.e. tell others what Chile has done in the past years that makes it worth paying attention to this small Latin American nation:²⁸⁶ The year 2010 gave the country a unique opportunity to do so, as shown in Chapter 6.

Concluding Remarks

My first conclusion related to Chapter 4 is that every cloud has a silver lining. In fact, exile, difficult as it was, gave Chilean expatriates the opportunity of living in societies that in one way or another opened their eyes to what hard-line or real socialism meant and to the benefits of democracy. A turning point in the Left's path towards a liberal market economy was the economic failure of socialism in the communist world and

²⁸⁴ 'Tenemos la Tranquilidad de que el Derecho Internacional Respalda Postura de Chile', *La Tercera*, 19 March 2009.

²⁸⁵ <http://www.fundacionimagendechile.cl/>

²⁸⁶ Juan Gabriel Valdés S., (Minister of Foreign Affairs, June 1999 to March 2000. Executive Director *Fundación Imagen de Chile*) interviewed on 10 December 2008.

in the Chilean Unidad Popular.²⁸⁷ When the Concertación took office in 1990 and led a successful transition to democracy, it showed that the new political path chosen was that of democracy, consensus and economic liberalism.²⁸⁸ Those who had backed the military regime also agreed to the democratic route, thus facilitating the return to Chile's political style of agreements and political pragmatism, which had characterized the country for decades. In fact in Chapter 4, I conclude that the so-called 'Chilean consensus'—the capacity to reach agreements between divergent ideological sectors—has been prompted by the pragmatic spirit that characterized Chilean politics prior to the 1960s. To begin with, economic liberalism performed well under both dictatorial and democratic regimes. Then the Concertación coalition had to be pragmatic and abandon or postpone matters that had been or still are very much at the heart of left-ist sensibilities: such was the case of mass mobilizations—which might lead to social chaos—or the wish to inaugurate Aylwin's tenure by taking human rights violators to court.²⁸⁹ The rightwing sectors also adapted to the new scheme of things—not being in power, being governed by their ideological opponents, and so forth—and were able to build up an important political opposition to the ruling coalition.

Although the Chicago Boys' neo-liberalism is different from that of the Concertación, which is more inclined to state intervention and fiscal expenditure, there is little doubt the market system remained. In fact, even if sectors of the leftwing coalition might not be fully convinced of the merits of market economy, this system has proved its capacity to create wealth and Chileans will not accept other schemes unless they permit the levels of consumption that liberalism does. It is in this sense that Ecuador's President Rafael Correa commented: 'with due respect to the Concertación and my friend Michelle Bachelet, Chile's economic policy has always been rightist. It did not change much compared to Pinochet's'.²⁹⁰ To a certain point, Chile's adoption of liberalism and its consequent socio-economic development has placed the nation at odds with the region. In fact, although the financial world might applaud Chile's achievements, its participation in Latin America has been difficult and ambiguous.²⁹¹ Moreover, Chile's adoption of a market economy is not going to be easily transmitted to other countries of the region as its path towards this system occurred under atypical circumstances and resulted in Chilean-style liberalism. Thus, the main conclusion of

²⁸⁷ O. Muñoz, *op. cit.*, p. 99.

²⁸⁸ See M. Serrano (2009), *op. cit.*

²⁸⁹ See M. Moreno, *op. cit.*, p. 97; M. Serrano (2009), *op. cit.*, p. 183; G. Vial (2009) *op. cit.*, p. 1381.

²⁹⁰ 'Correa Dice que Piñera Resultó Ser una Grata Sorpresa', *El Mercurio*, 31 May 2010.

²⁹¹ G. van der Ree (2010), *op. cit.*

this chapter is that Chile cannot really be a ‘model’ for the region as it has so often been suggested.²⁹²

In Chapter 4 I also attempt to explain why and how market policies fitted in Chile, triggering its socio-economic development and increasing its self-perception of exceptionality.²⁹³ It is in this sense that the setting of Chile’s pavilion at 1992 Seville World Exposition should be understood. Organized around an iceberg —meant to convey the idea of coolness, seriousness and technological development—²⁹⁴ the exhibition brazenly asserted Chile’s pretensions of being dissimilar to its vicinity. Nevertheless, when a few years later Pinochet was arrested in London, Chileans learned that —no matter if they were proud of their nation’s economic, social and political evolution— Chile was peripheral and misunderstood in its transition to democracy. The incident also showed that Chile tends to opt for international communication policies based on the promotion of its economic achievements and neglects other areas of its global image.²⁹⁵

In the following sections, I presented another counterpoint between Chile’s self-perception and reality in terms of international acceptance in the 2000s. Two new events of nation-branding took place, namely APEC 2004 and the country image campaign launched by ProChile. In sharp contrast with these initiatives, the coming years were to show that Chile’s Andean neighbours —Argentina, Peru and Bolivia— were not impressed by Chile’s economic growth or convinced by its business diplomacy. In fact, in my opinion, the failure to build a gas pipe across Chile to export Bolivian gas; the assertion of the Bolivian President that gas would not be sold to Chile;²⁹⁶ Argentina’s determination to stop gas exports to Chile;²⁹⁷ and Peru’s revision of its common border with Chile²⁹⁸ are all episodes that reveal that Chile’s insertion in the region has not been successful in spite of several nation-branding efforts: Chile might be admired but not necessarily liked. This issue has to be understood in the context of a continent that remains divided, several of its nations not having bilateral diplomatic representations.

²⁹² L.H. Oppenheim, *op. cit.*, pp. 204–205.

²⁹³ S. Collier and W. Sater, *op. cit.*, pp. 371–372.

²⁹⁴ B. Subercaseaux S. (1996) *op. cit.*, p. 61.

²⁹⁵ See H. Brum, *op. cit.*

²⁹⁶ H. Brum, *op. cit.*, pp. 145–150.

²⁹⁷ H. Brum, *op. cit.*, pp. 129–130.

²⁹⁸ J. Rodríguez Elizondo (2009) *op. cit.*

Chile's tendency to promote itself by means of its economic achievements and to establish links at a commercial level may work with some institutions such as the International Monetary Fund or the Organization for Economic Cooperation and Development (OECD) but not necessarily with the nations of the region. Thus, the Chilean negotiators in the case of Bolivian gas exports through Chilean soil should have known that, despite how positive business perspectives were for both nations, the deep animosity that Bolivia feels towards Chile was going to tip the scales. Something similar can be said of Argentina's failure to abide by an international treaty—although in this case it looks as if President Kirchner rather than the whole of Argentina held a grudge against its Andean neighbour. In fact, throughout Kirchner's presidency and that of his wife cold and distant relations towards Chile have been typical.²⁹⁹ As for Peru, its claim to the northern area of Chile's sea complicates Bolivia's access, and has made the progress of a Chilean-Bolivian understanding even harder.

Despite all this, I believe that not all the blame should be placed on the hostile behaviour of Chile's neighbours as if this country was blameless. On the contrary, Chile has often performed clumsily at a governmental and private citizen level making. This has shown that the management of international relations by the government must be professionalized, and that private citizens must be chastened. In fact, although Chile's neighbours have sometimes acted aggressively, it is not irreproachable. On the contrary, Chile as a state and Chileans as private citizens have at times shown a clumsy and arrogant behaviour. In spite of this, it is undeniable that the four Concertación Presidents made efforts to integrate Chile into the world and the region, although several critics point out that they leaned too much on economic diplomacy. I would also like to suggest that the emphasis on business mediation may have an internal explanation: Chile tends to set up contacts around the globe on economic grounds not only because it fails to understand the negative aspects of neglecting political affairs but because it helps the country keep a basic internal unity. In fact, Chile's society is in conflict over issues such as values, poverty, what it means to be Chilean towards the Bicentennial, and how Chile's society has changed, all of which are issues that will be addressed in Chapter 5. One aspect that encourages national consensus is economic development through trade. It is then understandable why the Concertación administrations have kept promoting the country by highlighting aspects that generate internal agreement and a relative internal harmony.

²⁹⁹ 'Fallecimiento y Trascendencia de Néstor Kirchner', *El Mercurio*, 28 October 2010.