Chile Report
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Sustainable Governance Indicators 2020
Executive Summary

In Chile, the period under review ended under the impact of a profound social and political crisis. In response to massive peaceful demonstrations, as well as some violent riots, President Sebastián Piñera declared a state of emergency that allowed him to deploy the military in the streets, as well as a short-term nighttime curfew in October 2019. Throughout the country, over 2 million people took to the streets demanding social justice and substantial reforms – including 1.2 million solely in Chile’s capital, Santiago. As stated by the Chilean Human Rights Institute, by 6 November 2019, severe violations of human rights had been reported during the protests, more than 5,000 people had been arrested, another 1,700 hospitalized and 23 had been killed. In his first press interview since the eruption of the crisis, one day before these numbers were published, President Piñera declared that he would be willing to review the possibility of introducing reforms to the current constitution if necessary. The cross-party consensus regarding the desired society and economic model, shared by the majority of the population since 1990, is broken. There is a disconnect between the mass population on the one hand, and the political and economic elite on the other. Intermediary actors have not been able to channel the society’s pressing demands.

Chile is a high-income country and, as such, has not been eligible for official development assistance (ODA) since 2017. It is ranked best among the Latin American countries on the Human Development Index. However, several structural factors still produce inequality and exclusion. Its economy is highly open but extremely dependent on copper exports and is consequently vulnerable to commodity-price volatility. Competitiveness is negatively affected by collusion. Several serious cases of corruption have come to light, involving politicians of almost all parties as well as officials of important state institutions, including the national tax authority, the police and the military. Although the previous government introduced more restrictive regulations on party and campaign financing, political disaffection is still growing, illustrated in part by low rates of voter turnout. Discontent with politicians and politics is especially strong among the younger population and in middle-income households – a development that notably influenced the latest presidential elections in 2017.
Chile is a particularly heterogeneous country, yet economic and political power remain highly centralized in the capital Santiago. Consequently, regional and local interests are often insufficiently reflected in national policymaking. Unresolved ethnic conflicts often trigger a response by the state that, at times, fails to respect the civil and political rights of ethnic minorities (e.g., the Mapuche). In addition, certain forms of political discrimination inherited from the military dictatorship remain. For example, convicts with a prison sentence exceeding three years are barred from voting. Furthermore, convicts with less severe sentences and individuals in custody are de facto excluded from voting as institutional structures do not provide the necessary internal procedures to guarantee their constitutional right to participate in elections.

As a result of the mass protests that continued beyond the end of the period under review, President Piñera announced several reform initiatives encompassing the areas of pension policy, healthcare and a state-subsidized minimum income for employees, among others. High popular hopes have been placed on the writing of a new constitution, as the current constitution lacks legitimacy of origin, with the original text dating from the Pinochet regime. Although the subsequent democratic governments have introduced a number of major modifications, it still contains significant constrains with regard to the fundamental reforms many believe are needed.

Key Challenges

Although Chile, an OECD member, has undergone a far-reaching and successful modernization process in recent years, it still faces serious challenges. Internationally, for example, it remains behind other industrialized countries, while domestically it must close the gap between the privileged rich and marginalized poor. The former government under Michelle Bachelet only partially succeeded in implementing its ambitious political, economic and social reform agenda, in part due to a lack of both consensus and financial resources (due to a decline in the key commodity prices that have an outsize effect on the country’s macroeconomic performance). The social and political crisis of October 2019 revealed the urgent need of structural reforms in these areas, and obliged President Sebastián Piñera’s government to modify its original political agenda drastically.

Long-term challenges:
Political and strategic planning are undermined by a lack of state capacities and instruments that would ensure policymaking adopts a medium- to long-
term perspective, especially in the case of social, economic and ethnic issues. Chile is one of the most centralized OECD countries despite its economic, geographic and ethnic diversity; this fact hampers efficiency. Over the last decade, macroeconomic performance has been positive and stable, and poverty has been significantly reduced, but large socioeconomic disparities remain. These permeate the whole of the social system, but the negative impact is felt particularly within the education, healthcare and pension systems. The lower-middle class is highly indebted and faces strong social pressure to consume. Many middle-income families struggle to maintain their living standards; if one wage earner loses a job or falls ill, families almost immediately have to significantly lower their living standard. The enormous gap between the quality of the poorly funded public educational system (where per student expenditure tends to be less than half the OECD average) and its expensive private counterpart renders the elimination of structural poverty and socioeconomic disparities much more difficult. Additionally, the private educational system is largely controlled by economic and political elites, both in government and the opposition. In this context, the effect of education reform, especially the end of state-subsidies for private and profit-oriented educational institutions within primary and secondary education, will become apparent in the medium term.

Short- and medium-term challenges:
In the general election of November 2017, former President Sebastián Piñera received the highest number of votes in the first round (36.6%) and proved victorious in the runoff for the presidency (54.6%), thus winning a second, non-consecutive term of office. However, voter turnout dropped to a historic low, with only 46.7% of the eligible population voting in the first ballot. This all-time low underscores the generalized discontent among Chileans regarding political elites. Moreover, it undermined institutional channels of mediation in the recent social crisis, as political actors’ legitimacy and representativeness is seriously questioned. By the end of the period under review, poll ratings suggested that only about 10% of the population approved of the government’s leadership.

In his electoral campaign and particularly during the runoff, Piñera pursued a moderate course in which he even floated the possibility of extending fee-free education, a demand closely associated with the political left. Nevertheless, the social crisis that emerged in October 2019 compelled the government to modify its policy agenda, in some cases drastically. For example, the administration rapidly drafted reform initiatives providing higher pensions for the most vulnerable elderly, additional health insurance for catastrophic events and a state-subsidized minimum income for employees, though these had not been part of its original program. The government has also seemed to show a
new openness to a constitutional reform process, one of the core demands of the protests. Without doubt, beyond any policies or constitutional proposals, the government’s primary avowed short-term objective is to gain control over the riots and restore social order in Chile.

Citation:
About the Government Program:
https://observatorioplanificacion.cepal.org/es/planes/programa-de-gobierno-de-chile-2018-2022

Presidential interview on the social crisis:
https://www.bbc.com/mundo/noticias-america-latina-50298552

Party Polarization

Since the return of democracy, political polarization in Chile has been strongly characterized by the legacy of Augusto Pinochet’s military regime: opponents vs. supporters, or critics vs. apologists. The initial binominal electoral system, which was modified in 2015, strengthened the tendency to build two different competing ideological alliances or blocks for election campaigns and government or parliamentary work. Therefore, party polarization as such has not been a major obstacle for policymaking in the past. In general, the search for consensus rather than conflict has prevailed among political actors (and voters) since the transition to democracy. Since 2007, party polarization has been slightly lower than the OECD average as the SGI dataset on ideological polarization in party systems highlights. This tendency might change in the future, as the traditional constellation of political parties and their representation in parliament, especially within the traditional center-left alliance of the Nueva Mayoría, changed significantly following the presidential elections of 2017. (Score: 8)
Policy Performance

I. Economic Policies

Economy

Chile has an advanced macroeconomic and financial policy regime in place. This is rule-based and combines a floating exchange rate, inflation targeting, an autonomous central bank, an overall government budget rule, and effective regulation and supervision of banks and capital markets. As a result, macroeconomic performance has generally been quite satisfactory. A dominant economic role is assigned to foreign trade, markets and the private sector, complemented by active government regulation and policies aimed at limiting noncompetitive market conditions, extending social protection, and – to a limited degree – reducing poverty and income concentration. Economic legislation and regulation provide a level playing field for domestic and foreign competitors. Barriers to international trade and capital flows are negligible, and international competitiveness, adjusted for labor productivity, is relatively high. These policies have enabled a relatively high level of growth, and poverty rates have fallen substantially in the last few decades. Studies by Chile’s central bank have revised forecast the overall economic growth rate for 2019 from an initial value of about 4% downward to between 2.5% and 2.75%. The International Monetary Fund forecasts subsequent growth rates of about 3% through 2024.

At about 7.2%, the unemployment rate showed no significant change in comparison to the last period under review. It thus remains at a relatively high level in comparison to the past 10 years.

At the same time, major structural weaknesses can be observed. Low labor productivity represents a persistent problem. This is especially the case in small and medium-sized businesses (SMBs), which are Chile’s main employers. Low levels of labor productivity is – among other factors – connected to low average skill levels within the workforce. Minor education-
sector reforms have focused on higher education, but given Chile’s economic structure, there is a strong need to enhance capacities at a technical level. In the long run, deficiencies in the education system along with low investment rates in infrastructure and R&D will probably hinder economic growth and undermine the sustainability of the country’s development path. The highly bureaucratic public administration is a further factor impairing productivity.

Economic stability and growth in Chile depend primarily on the export of commodities (e.g., copper as well as agricultural and silvicultural products) with relatively limited or no added value at all. Thus, this South American country shows a comparatively low level of industrialization; the manufacturing sector is small and the majority of consumer, intermediate and capital goods have to be imported. Chile is also highly dependent on energy imports.

Citation:
Informe Política Monetaria del Banco Central
http://www.bcentral.cl
http://www.bcentral.cl/web/guest/-/informe-de-politica-monetaria-septiembre-2018

Instituto Nacional de Estadística
https://www.ine.cl/estadisticas/laborales/

https://www.latercera.com/pulso/noticia/fmi-rebaja-proyeccion-del-pib-de-chile-y-preve-que-crecera-menos-que-el-mundo-hasta-2024/861252/

### Labor Markets

By international comparison, Chile (like most Latin American countries) has very wide-ranging and restrictive labor-market laws and regulations, at least on paper. Excessive regulation of job content, termination restrictions, and flexible and part-time contracts create disincentives to formal-sector employment. Minimum wages are high relative to average wages in comparison with other OECD countries.

The unemployment rate remained roughly stable during the period under review at about 7.2%, one of the highest rates seen in recent years. About 70% of salary earners work in low-wage sectors or do not even earn minimum wage, despite being statistically registered as employed. Policies that would increase labor-market flexibility (e.g., greater integration of certain social groups such as women and low-skilled workers) have largely been ignored. The strength of trade unions varies greatly, from very powerful (in the public sector) to very weak (in the informal private sector); different factors influence this divide, such as inadequate legislation, a lack of enforcement or the prevalence of informality.
Since powerful labor unions, including the Central Unitaria de Trabajadores (CUT) and Comisiones Obreras (CCOO), stress wage-related issues, the limited labor-market policies that have been implemented focus on wage levels rather than on work conditions or on the quality of the labor force. Continuing-education and skill-enhancement training programs are given little support. Despite diminishing productivity, comparatively high wage levels have been established mostly in the mining sector, where wage increases have exceeded the inflation rate.

After several disputes in the Senate and an intervention by the Constitutional Court, a labor reform was enacted by former President Michelle Bachelet in August 2016. The reform sought to modernize labor relations mainly with regard to collective bargaining, broadening negotiable topics and mandating that at least 30% of labor-union representatives had to be women.

In 2018, President Piñera announced a further labor-reform initiative that had been included in his government program. The initiative that was finally presented to the Congress in January 2019 focused on modifying the Labor Code in the following way: (1) ensuring that companies can continue their operations during strikes; (2) ensuring the recognition and involvement of all stakeholders in collective-bargaining processes; and (3) making work schedules more flexible, in part through the introduction of an overtime account with a weekly or monthly limit. In addition, due to the pressure generated by the social and political crisis of October 2019, the Congressional Commission for Labor approved a bill to reduce total official weekly working hours from 45 to 40. By the end of the period under review, no overall studies evaluating the impact of the reforms and reform projects on the labor market had yet been presented. The reform bill had not yet come to a vote in Congress.

Citation:
See news on labor reform, for instance:
http://reformalaboral.carey.cl/

Study about wages and salary income structure in Chile:

Sebastián Piñera’s labor-reform initiative:
https://radio.uchile.cl/2018/12/27/proyecto-de-reforma-laboral-derecho-al-abuso/
Reduction of weekly working hours

Instituto Nacional de Estadística
https://www.ine.cl/estadisticas/laborales/

Taxes

Chile has a moderately complex tax system. The tax reforms passed in September 2014 and February 2016 raised the corporate income-tax rate from 20% to a range of between 25% and 27% (companies may choose between two different tax regimes) and eliminated a tax credit (Fondo de Utilidades Tributarias, FUT). This latter measure expanded the base for taxes on capital income. Thus, companies now have to pay taxes not only on distributed profits, but also on profit retained for future investments. These changes are expected to increase overall equity within the system, according to a World Bank study commissioned by the Chilean Ministry of Finance. However, the short- and long-term effects are not fully evident, as a component of the reform package has not yet taken measurable effect (e.g., elimination of the FUT tax credit).

As a result of the massive protests of October 2019, the government halted its tax-reform project. Even before the social crisis, the initiative, which sought to integrate corporate-income and individual-income taxes, had been fiercely criticized by the opposition. Critics argued that the integration of the two forms of tax would have primarily benefited the wealthiest sectors of the population. By contrast, the political and social crisis that emerged at the end of the period gave new impetus to the initiative to tax high-income households, given that the wealthiest 1% of households control 33% of total national income (while the wealthiest 0.1% control 19.5% of total national income).

The highest marginal rate for personal-income taxes is 40%. This implies that high-income wage earners have a high tax burden compared to low-income earners in general, and to high-income non-wage earners in particular. Few exemptions are applied to corporate and income taxes, reflecting a relatively high level of horizontal equity within each income-tax category. High-income non-wage earners can legally avoid high-income taxes through incorporation. The value-added tax (VAT) of 19% is the third highest in Latin America (after Uruguay and Argentina) and remains flat. It favors allocative efficiency but has a regressive impact. There is certainly tax evasion in Chile, probably at higher levels than the OECD average due to the prevalence of informality. Yet efforts to ensure tax compliance have generally been successful. Moreover,
Chile probably has one of the most efficient computer-based tax-payment systems in the world.

The government’s tax and non-tax revenue is sufficient to pay for government expenditure, at least at current spending levels. Additional revenue stemming from newly introduced fiscal changes is slated to finance reforms within the education and health systems. By and large, Chile has been successful in generating sufficient public revenue. There are flaws in the efficiency of tax spending, but in general the national budget corresponds to the claims of different sectoral ministries. However, most of the tax income generated by corporate and personal taxpayers is based on VAT, and therefore has a very regressive effect.

Nevertheless, the tax system promotes vertical equity through redistribution at only a relatively low level in comparison to other OECD member states. Expenditures for education and social security are far too low both compared to other countries in the region and to do justice to the needs of the lower-middle class and the poorer population. Tax policy fails to produce equity with regard to tax burdens, as large companies and economic elites pay relatively low tax rates. This has preserved Chile’s relatively strong international competitiveness, especially with regard to services and products of comparatively low sophistication. Although Chile was ranked only 32nd out of 36 countries in the Tax Foundation’s 2019 International Tax Competitiveness Index, it was deemed the region’s most competitive country in the World Economic Forum’s latest Global Competitiveness Report (2019), ranked 33rd out of 141 countries. This latter report highlights the country’s stable macroeconomic environment, its competitive and open markets, and strong financial system. Thus, in general terms, Chile’s tax system contributes to the country’s competitiveness with respect to world trade and investment flows. On the other hand, taxation policy does not foster innovation or increase productivity, and thus endangers competitiveness in the long run.

The only reasonable way to assess Chile’s tax system and the amount of revenue needed to finance a welfare state equivalent to 50% of GDP is to check whether Chile’s ratio of government expenditure to GDP per capita is within the empirical cross-country range suggested by Wagner’s law, which predicts that the development of an industrial economy will be accompanied by greater public expenditures as a share of GDP. Chile’s expenditures do indeed fall within this range.

Regarding the promotion of ecological sustainability, a green tax (Law 20,780), first introduced in 2014, has provide an essential mechanism. The new levies, the first of their kind in the country, focus on the emission of local
(micropollutants (MP), nitrous oxide (NOx) and sulfur dioxide (SO2)) and global (CO2) pollutants from stationary energy sources. After a three-year phase in which the institutional arrangements and procedures were adjusted, the green tax came into force at the beginning of 2017, applying mainly to power plants featuring boilers or turbines with a thermal power rating of at least 50 megawatts. According to a Ministry of Finance analysis, the tax revenue collected in association with these stationary emissions sources was expected to reach approximately $160 million per year by 2018. By implementing these taxes, Chile became the first country in South America and one of the first among developing countries overall to have adopted a price for carbon. Nevertheless, the taxation of important productive sectors such as the mining, forestry, fishing and agriculture industries does not explicitly foster ecological sustainability.

Citation:
http://www.tradingeconomics.com/chile/highest-marginal-tax-rate-individual-rate-percent-wb-data.html
http://www.reformatributaria.gob.cl/principales-modificaciones.html
Economist Intelligent Unit, Country Report CHILE, Generated on November 24th 2014.


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https://www2.deloitte.com/content/dam/Deloitte/cl/Documents/tax/ReformaTributaria/cl-modernizaci%C3%B3n-reforma-tributaria.pdf
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http://www.sii.cl/portales/reforma_tributaria/index.html#&panel1-1


https://taxfoundation.org/2019-international-index/
Budgets

Chilean budgetary policy has been very successful in terms of national debt reduction and reserve fund accumulation. The country’s budgetary policy is based on a fiscal rule that explicitly – and relatively transparently – links overall government spending to an estimate of government revenue trends. This puts Chile at the international best-practice frontier regarding budget policies and fiscal regimes. Although the rule was temporarily suspended during the difficult 2009 – 2010 period, its application since 2001 (and the adherence to fiscal orthodoxy even without comparative legislation since the mid-1980s) has enabled the government to reduce overall debt, accumulate sovereign wealth and reduce its overall financial liabilities to negative levels. This policy proved absolutely adequate in dealing with the global financial crisis. In order to improve fiscal transparency and the validation of the public balance, the Fiscal Consulting Council (Consejo Fiscal Asesor) was created in 2013.

According to the U.N. Economic Commission for Latin America and the Caribbean, in 2018, an increase in tax revenues together with a decrease in public spending (from 4.7% of GDP in 2017 to 3.3% in 2018) reduced the fiscal deficit (from 2.8% of GDP in 2017 to 1.9% in 2018). The fall in public expenditure was mainly related to a decrease in current expenditure (from 6.3% of total state expenditure in 2017 to 3.0% in 2018) paired with a recovery in capital expenditure (from -3.1% of GDP in 2017 to 4.8% in 2018). The fiscal-policy stance allowed the central government to moderate the growth of its overall debt level (24.8% of GDP in 2018 compared to 23.6% in 2017).

Citation:
Cf. DIPRES, Política de Balance Estructural:
http://www.dipres.gob.cl/572/w3-propertyvalue-16156.html

Instructions on the implementation of the budgetary law in the public sector 2018 and 2019 (Ley de Presupuesto)

https://repositorio.cepal.org/bitstream/handle/11362/44326/17/BPE2018_Chile_es.pdf
Research, Innovation and Infrastructure

Research and development (R&D) expenditure as a share of GDP is very low in Chile compared to other OECD countries, and most of this expenditure is undertaken by the government rather than the private sector. But Chile has shown that it is aware of shortcomings in the area of technological innovation, with potentially deleterious impact on the country’s future economic and social development. Significant reforms have been put in place to raise R&D funding, including earmarked taxation (a royalty tax on mining), higher government expenditure, the improvement of tax incentives for private R&D, and the creation of the Ministry of Science, Technology, Knowledge and Innovation in 2018. Although results have to date been disappointing – in large part because of bureaucratic hurdles to the approval of private and public projects – Chilean institutions show good results at least in the area of basic research. But the steps required to transform this strong basic research into applied research are almost never taken. Universities are often not prepared to support research that operates at the interface between basic research and industrial development. This is reflected in the comparatively low number of patents registered per year on a per capita basis, whereas the number of scientific publications is relatively high. In general, access to the limited public funds available for research tends to be quite difficult due to high bureaucratic barriers (red tape). Despite these facts and considering the development of the last decade, clear improvements regarding innovation policy and scientific cooperation can be observed.

Chile is ranked 51st out of 129 countries in the latest version of the Global Innovation Index (2019). Given its previous-year ranking of 47th out of 126 countries, the country’s innovation performance appears to be stable.

Citation:
https://www.globalinnovationindex.org/

Global Financial System

Given its small size and consequent inability to wield hard power, Chile has quite limited weight within international financial structures. Although it participates in regional institutions and regimes, the country has distanced itself from its Latin American neighbors’ recent efforts to strengthen their independence from international-level political hegemony and financial sources. During the world economic and financial crisis, the government applied an austerity policy and engaged in a responsible budgeting policy
mandating a structural surplus of 1% of GDP, largely shielding itself from the worst effects of the crisis. Nevertheless, in the national as well as international context, the official political discourse privileges the virtue of a totally deregulated free market, combating any forms of state regulation.

II. Social Policies

Education

Chile’s school and education attainment levels are very mixed and generally much lower than the OECD average. Pre-primary education coverage is still low, but rising. Primary and secondary education coverage is high, reaching nearly 100% of current age cohorts. Tertiary-education coverage is moderate but increasing; however, the quality of universities and private sector technical institutions varies significantly. Former governments were not able to reduce the qualitative and social gap between the private and public systems; this failure has led to strong public protests that have endured since 2010, with peaks in 2011 and 2012.

Traditionally, high-quality education in Chile has been accessible only to those able to afford it. There is a huge quality gap deriving in part from a significant financial divergence between the private- and public-education systems, with per month spending per public-system pupil averaging CLP 40,000 (approximately $60), and private-schooling fees averaging about CLP 300,000 (approximately $450). Chile used to have a broad public-education system, but as a result of the poor quality of the public schools, the share of students attending public institutions has declined to approximately 40%. In general, Chile’s education system – with the exception of a few top universities – fails in the task of enabling students to acquire the knowledge and skills required for the country to make a quantum leap in economic development and growth. This hampers labor-productivity growth and undermines efforts to diminish poverty rates.

There is a basic ideological disagreement between the government and opposition regarding the respective roles of the free market and the state in the education system. Moreover, a strong teachers lobby has made it more difficult to pass reforms. In addition, there have been conflicts between teachers’ boards and the corporations or enterprises offering private-education services. The latest significant changes to the education system were introduced in March 2016 by the enactment of Law No. 20,845 (Ley de Inclusión Escolar), which increased subsidies for the most vulnerable students.
in primary and secondary education. At the same time, public subsidies for providers of education are now granted only to private entities that legally count as non-profit organizations. Additionally, financial contributions (copagos) by families whose children attend a public school have been lowered. Prior to this latest reform, Law No. 20.882 (Ley de Presupuestos del Sector Público), enacted in December 2015, introduced subsidies for the tuition fees paid by the most vulnerable students attending higher-education institutions (about 25% of the newly matriculated students in 2017).

In summary, the education reform of 2015 – 2016 aimed at eliminating profit, selection and copayments within the private-education sphere, and was based on four fundamental principles:
1) Ensuring that institutions provide a strong education and protect families’ financial security;
2) Creating a high-quality public-education system;
3) Providing for a modern, well-paid, highly skilled teaching profession; and
4) Creating a free (no-fee) higher-education system of high quality.

In line with these goals, the budget proposal submitted by former President Michelle Bachelet to Congress on 1 October 2014 included a 27.5% increase in public investment. Public education received a funding increase of 10.2%, largely dedicated to nurseries, kindergartens, public-school infrastructure and training programs for teachers. In keeping with one of the programmatic focuses of President Bachelet’s government, recent national budgets included an increase in educational spending. In 2018, the current government under President Piñera continued this trend with an increase of 5.9% in comparison with the fiscal year 2017. However, a significantly lower increase of 2.9% (roughly equal to inflation) was slated for educational spending in 2019.

In January 2018, the Congress adopted a tuition-free policy for university education (“gratuidad”), professional institutes and technical training centers after some modifications to Bachelet’s original initiative made by the Senate and Constitutional Court objections to one article were resolved. Thanks to the new law, 60% of students from lower-income families who study in institutions covered by the measure will not have to pay tuition fees.

The effects of the latest reforms, especially regarding higher-education access and the public-education quality, will be reliably measurable in the medium and long term. Nonetheless, they can today be seen as an important step toward more equitable access to (higher) education and as an improvement in the quality of the country’s public-education system.
In terms of opportunity for upward mobility, Chile is still failing to overcome a long-lasting and widening social gap. For instance, considerable exclusion along ethnic lines and a large gap between the poor and the middle class remain. There is also little upward mobility within higher income groups. The middle class in general, and especially the lower-middle class, can be considered as highly vulnerable given the lack of support for unemployed people or those with health problems. Members of the middle classes tend to have accrued a high level of long-term indebtedness, while this population’s share in the national income is low even by Latin American standards. The country’s income distribution is highly unequal. Although GDP (2018) is about $298 billion and GDP per capita (2018) is about $15,900, nearly 70% of the population earns a monthly income of less than $800 (CLP 530,000). About half of the population earns less than $550 (CLP 380,000) per month. Furthermore, poverty rates among elderly people are disturbingly high.

In general terms, political discussions and thus policy proposals on how to promote social inclusion and social mobility still tend to be characterized by profound ideological biases.

In August 2017, an important women’s-rights initiative decriminalizing abortion in three cases was approved by Congress after significant controversy. Today, women can opt for abortion in cases involving sexual assault, a nonviable pregnancy or a significant risk to the mother’s life. In November 2018, under Piñera’s government and after five years of debate, a Gender Identity Law was enacted. This allows people to change their name and sex beginning at the age of 14, and enables them to obtain a new ID card that reflects these changes.

In contrast to the trend observed in Latin America in recent years, and in violation of a mandate by the Inter-American Court of Human Rights, Chile
has not yet passed a bill would legalize same-sex marriage. A measure on the issue was submitted to Congress by President Bachelet in 2017. Although President Piñera is opposed to granting this recognition, he has stated that he will respect the decision of the Inter-American Court of Human Rights. At present, the Chilean state recognizes same-sex couples only in the form of civil union, a legal status that has been available to heterosexual and homosexual couples since 2015.

The reforms introduced by the Bachelet government (in the realms of taxation, education and labor) were expected to have substantial pro-inclusionary effects, but their potential impact has yet to be evident. The social crisis and mass protests beginning in October 2019 prompted the government to introduce several reform proposals, including a 20% increase in the basic solidarity pension scheme, which provides entitlements for people who do not otherwise have a pension, from $147 to $175 per month), the creation of a health insurance plan protecting families forced to pay for expensive medical treatments, and the creation of municipal-level solidarity funds intended to support the most vulnerable communities. The reform proposals were broadly perceived as patches rather than as any substantial step toward a more equitable social system. For this reason, mass mobilizations kept rising, culminating on October 25th in the largest protest the country had ever experienced. In Santiago alone, more than 1.2 million people took to the streets demanding social justice. Some political analysts and academics have argued that that a fundamental transformation of the dominant neoliberal model is needed in order for the country to recover social peace.

The Piñera administration had been unable to bring an end to the protests by the end of the period under review. As a consequence of the social crisis, the government announced it would tap the Economic and Social Stability Funds (Fondo de Estabilización Económica y Social) in order to finance a social agenda of about $600 million in 2020.
Health

For more than three decades, Chile has maintained a dual health system, with one pillar represented by private insurance and private healthcare services chosen by self-financing participants (typically upper-middle-income and high-income groups), and another pillar of public, highly subsidized insurance and public healthcare services for participants who pay only part of their health costs. This dual system provides broad coverage to most of the population, but with large differences in the quality of healthcare provision (especially in the waiting times for non-emergency services). Significant reforms have been implemented gradually since 2003, expanding the range of guaranteed coverage and entailing a corresponding extension of government subsidies to low- and middle-income population groups. In contrast to other policies, these reforms have been pursued in a very consistent and solid way, although some failures can be detected regarding the budget provided for public health and administrative processes. Above all, primary healthcare within the public system has shown great advances in coverage and in quality. These standards have remained stable in recent years.

In the domain of the more complex systems of secondary and tertiary healthcare, a more problematic situation is evident regarding the public healthcare system. These levels show funding gaps and an insufficiency of well-trained professionals. There is still a huge gender gap with regard to healthcare contribution rates, since maternity costs are borne only by women. For these reasons, the quality and efficiency of public healthcare provision (government clinics and hospitals) vary widely.
A survey released in May 2019 by Centro de Estudios Públicos (CEP), one of Chile’s most important polling agencies, showed that 34% of the respondents cited healthcare as their third-highest concern (after crime: 51%, and pensions: 46%).

Citation:
Healthcare as one of the chief concerns:

Families

In recent years, the government has sought to expand the provision of preschool education. New policies have offered Chilean parents more opportunities to place their children in free or low-priced nurseries and kindergartens. Former President Bachelet’s 2015 budget included a significant increase in public funding in both categories.

Under President Piñera, budgets in this area have remained stable. A bill that would facilitate employees’ access to day care services for children under two (sala cuna universal), independently of the company size (previously, only companies employing at least 20 women have been legally obliged to offer daycare services), was submitted to parliament in October 2019. As of the time of writing, discussions had focused on the financial mechanism and the administration of funds rather than on the purpose of this proposed law.

As yet, the day care system does not fulfill actual labor-market requirements, given that nursery opening times often do not coincide with parents’ long working hours. The average annual working hours in Chile (1,941 hours per year and worker) far exceed the OECD average (about 1,734 hours per year and worker). A measure that would gradually reduce official weekly working hours to 40 has been drafted and approved by the lower chamber of Congress, but has yet to pass the Senate.

Families’ abilities to find day care for their children depend to a great degree on their economic backgrounds, as wealthier families normally pay for private housekeepers and nannies. Aside from the issue of labor-market participation opportunities for women, Chilean family policy does not fully respect fathers’ concerns, as tuition for children is paid solely to mothers, for example. Chilean family policies still lack a holistic vision of modern families; for instance, they are weak on issues such as single parents and adoption.

The national social program “Chile grows with you” (Chile crece contigo), which supports expecting mothers and families during a child’s early years, also provides support for adolescent mothers.
Pensions

Chile’s pension system combines a redistributive means-tested pillar financed by general taxation with a self-financed pillar based on individual contributions and individual pension accounts, which are administrated by private pension fund managers and invested both domestically and abroad. The redistributive pillar was extended and broadened very substantially in the context of a pension reform in 2008 that implemented means-tested pension subsidies, guaranteeing a pension floor to all older citizens that is very high relative to the country’s minimum and average wages. The reform also provided pension-benefit entitlements to women based on the number of children they have, with no ceiling. It is a matter of some debate whether the Chilean pension system guarantees intergenerational equity and prevents old-age poverty. It can be argued that both public and private pension systems are fiscally sustainable (like those of Norway, the best-funded system among all OECD countries), and thus provide both intergenerational and intragenerational equity across income groups. Nevertheless, the Chilean system largely fails to guarantee poverty prevention among large parts of the socioeconomically weaker and elderly population who depend on the support of their families or have no pensions at all if they worked under unstable and/or informal conditions. Thus, because of the capitalization logic, the pension system has a negligible redistributational effect.

An advisory presidential commission (Comisión Asesora Presidencial sobre el Sistema de Pensiones) was set up in April 2014 with the task of analyzing possible changes to the pension system, which was established under Augusto
Pinochet and is strongly criticized as being elitist. The commission’s final report, presented in September 2015, contained no radical reform proposals, but did suggest some slight changes such as an increase in contributions and an expansion in the coverage provided by basic solidarity pensions (pensión básica solidaria). The current scenario indicates that poverty among the elderly will rise in the medium and long term if reforms are not introduced soon. Thus, it is no surprise that surveys indicate that the topic of pensions ranks as one of the population’s most pressing concerns.

In 2015 and 2016, massive demonstrations throughout the country revealed the dissatisfaction with the pension system. The mass protest of October 2019, which academics and political analysts have referred to as a social explosion (estallido social), were widely motivated by this generalized discontent with the social security system, including the pension system.

In October 2018, President Piñera announced a reform to the pension system. However, due to the massive protests and strikes of October 2019, this reform initiative will be reevaluated. Among the first measures announced by the government in an effort to calm the situation was an increase of 20% in the minimum social pension (from approximately $150 to $180), along with an increase in the employer contribution rate from 10% to 15% of the worker’s wages. Nevertheless, the announcement of these “first aid measures” were widely regarded as patches to an unjust and thus unsustainable system. The political and social crisis of October 2019 ultimately breathed new life into political and academic debates regarding the possibility of more profound change.

Citation:
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The Commission’s Executive Summary:
http://www.comision-pensiones.cl/Documentos/GetResumen
Centro de Estudios Públicos:
https://www.cepchile.cl/cep/site/artic/20180927/asocfile/20180927122721/cap2_las_inseguridades_de_los_chilenos_aherrera_emunoz.pdf
About the pension reform proposal 2018/2019:
http://www.economiaynegocios.cl/noticias/noticias.asp?id=515123
https://lta.reuters.com/articulo/topNews/idLTAKCN1N302C-OUSLT
Integration

The number of immigrants in Chile has increased significantly during the last years. The integration of immigrants from other Latin American countries, who represent nearly 75% of all immigrants (by far the largest group of foreigners in Chile), does not face significant difficulties since these immigrants share a common language and, to a certain degree, a similar cultural background. Historically, Peruvians have been the biggest immigrant group in Chile. However, during the period under review, more residence applications were submitted by Venezuelans, due to the multiple crises ongoing in that country. Since 2013, immigration from Venezuela has grown by a factor of 19.

Recent estimates indicate that there were about 1 million immigrants living in Chile at the end of 2018 (about 5.5% of the population), with nearly one-third of immigrants lacking a valid residence permit. This is a significant increase from 2014, when about 420,000 immigrants were living in Chile (about 2.3% of the population at that time).

In 2016 and 2017, laws were passed that provide support to refugees and facilitate their integration into Chilean society. Refugee children now receive expedited access to Chilean citizenship regardless of age and residence time when at least one of their parents chooses Chilean citizenship. Before this reform, only adult children qualified to receive citizenship through a parent. Additionally, some administrative barriers have been lowered, making it easier for migrants to attend public schools.

On the basis of Chile’s experience with the humanitarian resettlement of Palestinians, Michelle Bachelet’s government promised to host between 50 and 100 Syrian families, regardless of their religion. However, only 14 families had arrived by the end of October 2017.

In April 2018, President Piñera presented a new law on migration to Congress that would modify the regulation introduced in 2013. Anticipating a long parliamentary debate, the executive passed several administrative decrees addressing “urgent challenges,” which included modifications to the existing law on aliens (Ley de Extranjería). Following the introduction of these executive decrees, visas to stay in Chile have to be issued in a person’s country of origin, and the ability to apply for a temporary work visa in Chile was eliminated.

Although President Piñera belongs to the small group of Latin American heads of state that did not support the U.N. Global Compact for Migration of
December 2018, he joined 10 additional Latin American countries in signing the Quito Declaration on the Venezuelan migration crisis in September 2018, which recognized the need for greater regional cooperation in this realm.

In 2019, Chile became the third-most-popular Latin American destination for Venezuelan migrants. In July of that year, about 400,000 Venezuelans were living in Chile, representing 30% of all immigrants registered in the county. In April 2018, President Piñera introduced the so-called Visa of Democratic Responsibility, which allows Venezuelans seeking refuge from the crisis in their country to reside in Chile for 12 months. By the end of June 2019, approximately 97,000 applications had been for this visa, and it had been granted to 35,000 individuals.

Citation:
Refugee policy: http://www.acnur.org/noticias/noticia/presidenta-de-chile-se-compromete-con-la-crisis-actual-de-los-refugiados/
https://cdn.digital.gob.cl/filer_public/d2/39/d239d0df-c4e9-488e-a36f-8b1ac2ca90ef/nueva_ley_de_migracion.pdf
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Venezuelan migration crisis:
https://www.24horas.cl/data/extra/venezuelo/hola-entregado-mas-de-31-mil-visas-de-responsabilidad-democratica-a-venezolanos-3289539

Executive decrees on migration:
http://www.eldesconcierto.cl/2018/04/10/decretazo-migratorio-las-claves-de-los-cambios-a-la-ley-de-extranjeria-que-prepara-pinera/

Quito declaration:
https://www.voanoticias.com/a/doce-pa%C3%ADses-emitir%C3%A1n-declaraci%C3%B3n-sobre-crisis-migratoria-de-venezolanos/4556841.html

UN-Global Compact for Migration:
https://www.elmostrador.cl/noticias/opinion/2018/12/17/la-retirada-chilena-del-pacto-migratorio-de-la-onu/
Safe Living

Internal security policy is in general quite effective. While organized crime is not apparent to the average citizen, there are some disturbing trends: selective acts of terrorism (or acts classified as such) based on ethnic or political grounds, and a slightly rising incidence of drug trafficking (and related crimes). Homicide rates in Chile are among Latin America’s lowest. Common crime rates have not shown any significant changes since 2012. Still, public perceptions of criminality tend to overestimate the statistical reality. Private security services are widespread in the wealthier urban areas, especially in Santiago. According to a poll released in May 2019 by the Chilean survey institute Centro de Estudios Públicos, insecurity remains the overriding public concern (51%), ahead of pensions (46%) and healthcare (34%), despite the fact that crime rates, especially regarding serious crime, have been relatively stable during the last few years.

Chile has an extremely high share of prisoners among the younger population in particular. Prevention measures are not well developed. The last two governments each launched anti-crime programs focusing on detection and repression rather than on prevention. These had very mixed results. Crime-control programs such as the Plan Cuadrante and the marked increase in the numbers of police officers have significantly reduced crime rates. Penal-code reforms and their implementation over the last eight years have also significantly raised the efficiency of crime detection and criminal prosecution. In the government’s 2017 and 2018 state budget, security was one of the top four priorities (along with education, health and social security).

In July 2018, President Piñera received the final report of the working group on security (Mesa de Trabajo por la Seguridad). The working group had consisted of government ministers, undersecretaries, senators, deputies, mayors and civil society representatives and been debating public safety issues for 90 days. The final report included 150 recommendations across five topic areas, namely: modernizing the police, fostering an “intelligent state system,” tightening controls on the circulation of firearms, stressing the key role of municipalities in the realm of public security, and improving the coordination between actors in the criminal prosecution system. This represented a further step on the way to a new national public security agreement, one of President Piñera’s stated goals. Some of these recommendations were included in the draft laws that the executive presented to Congress in November 2018.

In response to mostly peaceful protests in October 2019, President Piñera declared a state of emergency and imposed a curfew that lasted over a week, deploying police and military forces to restore social order. Although social
tensions had been growing for several years, the scope of these protests overwhelmed the government and political analysts. In the context of these protests, state security forces – primarily the police (Carabineros) – committed massive human-rights abuses. According to the Chilean Institute for Human Rights, the protests claimed the lives of at least 23 people, more than 1,700 were injured and upwards of 5,000 were detained. There have been informal reports of severe human-rights violations, but official investigations were still under way at the time of this writing. Former president and current High Commissioner of the United Nations Office for Human Rights (OHCHR) Michelle Bachelet sent a team to Chile tasked with investigating the incidents. Denouncing the declaration of a state of emergency and the imposed curfew as a violation of the public’s fundamental rights, the opposition filed a “constitutional accusation” against the minister of the interior in November 2019.

The facts underlying the accusations and the results of the investigations initiated by the OHCHR clearly bear on the evaluation of the issue. However, the first official results of the inquiry were not expected until the end of November 2019, beyond the period under review.

Citation:
http://www.ine.cl/canales/chile_estadistico/encuestas_seguridadciudadana/victimizacion2013/presentacion_x_encuesta_nacional_seguridad_ciudadana.pdf

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http://www.seguridadpublica.gov.cl/estadisticas/tasa-de-denuncias-y-detenciones/delitos-de-mayor-connotacion-social-casos-policiales/


Final Report on Public Security:

Draft law Public Securita:
https://www.gob.cl/noticias/gobierno-firma-proyectos-de-ley-del-acuerdo-nacional-por-la-seguridad-publica/

About the riots of October 2019:
https://radio.uchile.cl/2019/10/25/mision-de-derechos-humanos-de-la-onu-llegara-a-chile-el-proximo-28-de-octubre/

https://www.indh.cl/

Global Inequalities

The Agencia Chilena de Cooperación Internacional para el Desarrollo (AGCID) under the Ministry for External Relations has been the national agency responsible for international cooperation, South-South and triangular cooperation since 1990. Its current Strategy for the International Development was defined for the period 2015-2018.

While Chile is a member of the OECD, it has only an observer status in the Development Assistance Committee (DAC).

Chile formally follows and promotes the United Nations’ Sustainable Development Agenda (Agenda 2030) and its 17 Sustainable Development Goals in its foreign policies. In practice, those criteria do not necessarily constitute the main emphasis when it comes to decision-making regarding international cooperation with developing countries in the region (Chile cooperates nearly exclusively with Latin American developing and emerging countries). Chile offers virtually no subsidies to domestic producers, and does not maintain protectionist trade barriers to imports.

Citation:
Agencia Chilena de Cooperación Internacional para el Desarrollo (AGCID):
https://www.agsi.cl/index.php/que-es-la-cooperacion

III. Enviromental Policies

Environment

In general terms, environmental-policy goals tend to be ambitious, especially when taking into account the country’s economic structure and dependence on natural resources. As several studies show, Chile is highly vulnerable to the effects of climate change. For this reason, the country has initiated an active climate agenda coordinated by the Ministry of the Environment and the
Council of Ministers for Sustainability, which includes mitigation and adaptation measures by various sectoral authorities.

Chile has an efficient but scarcely restrictive environmental regulatory system. From 2010 onwards, it has boasted a modern environmental institutional system. For example, the former National Commission for Environmental Issues (Comisión Nacional del Medio Ambiente) was upgraded to the Ministry of Environment (Ministerio del Medio Ambiente). Some progress has been achieved regarding the creation and implementation of complementary institutions, such as environmental tribunals (Tribunales Ambientales) and a chairperson for the environment (Superintendencia Ambiental). In September 2016, Chile signed the Paris Agreement on climate change, which was ratified in January 2017.

However, Chilean environmental policy prioritizes compliance with standards required by international markets, and thus does not necessarily focus on non-commercial aspects like ecological sustainability. In addition, Chilean environmental policy is also subject to major domestic political pressure by the industrial sector, especially in the field of water and forestry use and regulation. This constraint often leads to clashes over the protection, preservation and sustainability of natural resources and the quality of the environment. The judiciary has often acted to stop investments and projects on ecological-sustainability grounds. Tangible environmental-policy impacts on the productive sectors tends to take the form of ex post fines (applied once the law has been violated) rather of preventive regulations and compliance. This weakness can be observed, for example, in the fishery industry. In the field of agriculture and mining, water-use rights and their environmental, social and economic impact have become a prominent public issue. However, especially in the field of water-use rights, environmental concerns are often not integrated across relevant policy sectors.

Chile has imposed a green tax on the energy sector since 2017 with the goal of lowering CO2 emissions and favoring ecologically efficient production. The country is poised to enact a climate change law (Ley de Cambio Climático) intended to establish a more effective climate governance system and reduce carbon-dioxide emissions. A preliminary draft of the law proposal has been drafted, and it is scheduled to be presented to parliament in 2020. With this initiative, Chile is seeking to become carbon neutral by 2050.

A number of recent initiatives in the capital city of Santiago have been taken with the aim of diminishing air pollution and promoting a more sustainable public transport system (e.g., the implementation of electric buses and a significant increase in bicycle paths).
Chile was scheduled to host the COP25 U.N. Climate Conference in December 2019; however, President Piñera canceled the summit due to the political and social crisis of October 2019.

http://www.sma.gob.cl/
http://unfccc.int/paris_agreement/items/9444.php
http://unfccc.int/paris_agreement/items/9444.php
https://climateactiontracker.org/countries/chile/

Cop25:
https://www.cop25.cl/

About the Climate Change Law initiative:
https://mma.gob.cl/proceso-de-consulta-publica-del-ante-proyecto-de-ley-marco-de-cambio-climatico/
https://ciperchile.cl/2019/08/30/ley-marco-de-cambio-climatico-construyamos-una-institucionalidad-con-capaacidad-transformadora/
http://leycambioclimatico.cl/leyccchile/
https://latinamerica.uitp.org/investments-public-transport-santiago-de-chile

Global Environmental Protection

The government demonstrates commitment to existing regimes and international efforts but it is not a genuine promoter of global environmental protection. There has been at least one specific initiative regarding the protection of Antarctica, but in general terms, the government neither initiates significant reforms nor plays a leading role in their advancement within the international community. Chile signed the Paris Agreement on climate change in September 2016, which was ratified by the parliament in January 2017.

The country was scheduled to host the 25th United Nations Climate Change Conference in December 2019, but due to the social crisis of October 2019, President Piñera canceled the summit. The intention to assume the role as host can be seen as signaling an intention to play a more active role in global environmental-protection initiatives.

Quality of Democracy

Electoral Processes

In general terms, candidates and parties are not discriminated against in the registration process. Electoral procedures are very reliable and there is no ideological bias. Since 2013, significant reforms have rendered electoral provisions more transparent and inclusive, and made electoral institutions stronger and more autonomous.

In April 2015, a new electoral law (Law No. 20,840) was enacted that replaced the 25-year-old binominal electoral system for parliamentary elections with a system of “proportional and inclusive representation.” The allocation of seats is still based on the D’Hondt method, but this now takes place in multimember districts of smaller magnitude (three to eight deputies and two to five senators). Further changes include the following:

- An increase in the overall number of deputies (from 120 to 155) and senators (from 38 to 50).
- A reduction in the number of Chamber of Deputies districts and constituencies (from 60 to 28).
- A reduction in the number of Senate districts and constituencies (from 19 to 15).
- The introduction of a gender quota applied to party lists: neither males nor females may exceed 60% of the total number of candidates presented by a party (valid through 2029).
- An increase in the amount of state reimbursement for each vote received by female candidates and the introduction of a gender bonus of about $20,000 for each woman elected as deputy or senator (up to 2029).
- A lowering of the requirements to create parties. The number of signatures parties must collect decreased from 0.5% of the voters in the last election for the Chamber of Deputies in eight of the 15 regions or in three geographically contiguous regions to only 0.25%, but limited to the region in which they are registered.
- The introduction of the M+1 rule; unlike the binominal system, each party list must now include as many candidates as seats are to be distributed, plus one. As before, the lists are open.
Electoral pacts between parties are allowed only at the national level. In December 2016, another electoral law (Law No. 20,990) introduced the direct popular election of the top executive in the country’s 12 administrative regions. The regional mayors (Intendentes Regionales), which were designated by the central government, are being replaced by elected regional governors (Gobernadores Regionales), with the goal of fostering decentralization and citizen participation. The newly created office has a term of four years, with only one consecutive reelection possible. To be elected, a candidate requires at least 40% of the valid votes in the first round or more than 50% in the runoff (a second round between the two candidates with the most first-round votes). The new electoral system for Congress was first applied in the legislative elections of November 2017 together with the presidential election. The first direct election of regional governors will take place in 2020.

Citation:
http://www.bcn.cl/leyfacil/recurso/nuevo-sistema-electoral-para-elecciones-parlamentarias-%28fin-del-sistema-binominal%29
https://www.bcn.cl/leyfacil/recurso/eleccion-democratica-de-gobernadores-regionales

https://www.leychile.cl/Navegar?idNorma=1098725
https://www.efe.com/efe/americap/20000035-3136356#

Access by candidates and parties to public TV channels is regulated by law (Law No. 18,700, Ley Orgánica Constitucional sobre Votaciones Populares y Escretinios, and Law No. 18,603, Ley Orgánica Constitucional de los Partidos Políticos). Given the high concentration of media ownership with a specific political viewpoint, candidates and parties de facto lack equal opportunity of access to a plurality of media and other means of communication. La Nación, a former daily paper owned and run by the state, stopped publishing a print edition during Sebastián Piñera’s first administration in 2010 (although the publication is still accessible online). Chile’s largest free TV channel (TVN) is state-owned, and is required by law to provide balanced and equal access to all political views and parties – a regulation which is overseen by the National Television Directorate (Consejo Nacional de Televisión, CNTV). The private media is mainly owned and/or influenced by elite associated with the Chile Vamos (until 2015, Alianza por Chile) coalition, which represented the opposition until March 2018 and has been the ruling political force since then. Although La Nación and TVN are state-owned, they must operate according to market rules, relying on advertising revenues and strong audience ratings. In
general, regional candidates tend to have fewer media-access opportunities due to the strong centralization of Chile’s political and media systems.

Law No. 20,568, enacted in January 2012, and Law No. 20,669, enacted in April 2013, changed the voter registration system, eliminating the voluntary registration and compulsory voting system and replacing it with automatic registration and a voluntary right to vote for citizens older than 18 years. This reform promoted the participation of younger and especially first-time voters in the 2013 presidential elections. This law also introduced assisted voting for citizens with disabilities.

Since April 2014, Chileans living abroad have been automatically registered to vote if they are registered correctly with the registrar. These citizens are officially allowed to participate in presidential elections, presidential primaries and national plebiscites (which are not explicitly provided for by the constitution), but not in parliamentary or municipal elections. Chileans living abroad were able to vote for the first time in the presidential elections of 2017.

Citizens who have been charged with a felony and sentenced to prison for more than three years and one day, as well as people classified as terrorists, lose their suffrage rights. Prisoners who have not been charged but remain on remand de facto lose their right to vote as administrative and infrastructural barriers impede their participation in elections. Nevertheless, Law No. 20,568 eliminated penalties previously dealt to registered voters who did not vote and failed to have an explicit and officially approved excuse for not doing so. The fact that the act of voting is now completely voluntary is questioned by some politicians and intellectuals who argue that voting not only represents a civil right but also a civil duty. Fears were raised by academics that the transition to voluntary voting would be accompanied by a bias toward middle- and upper-class voters, since lower-class and marginalized voters would disproportionately stay home. These fears ultimately turned out to be unjustified, as balloting has demonstrated no significant bias with regard to socioeconomic status in comparison to previous elections. However, voter-turnout rates dropped to a historic low in the municipal elections of 2016. The presidential election of 2017 confirmed this tendency, with the voter turnout rate in the first ballot dropping to 46.65% as compared to 49.13% in the previous election of 2013.

http://www.bcn.cl/leyfacil/recurso/voto-de-chilenos-en-el-extranjero
http://www.biobiochile.cl/2014/04/30/presidenta-bachelet-promulga-ley-de-voto-chileno-en-el-extranjero.shtml
https://www.servel.cl/voto-de-chilenos-en-el-exterior-2/

About suffrage of prisoners:
https://ciperchile.cl/2013/08/27/votando-en-la-carcel/
In general, party and campaign financing processes have not been very transparent in the past. Upper limits to campaign financing are set by law, but enforcement and oversight are not very effective. Electoral campaign expenditures are financed by public funds and private financing, but ineffective monitoring often enables the latter to be rather opaque. No real mechanisms exist for applying penalties in the event of irregularities. Law No. 20,640, approved in October 2012, made it possible for a political coalition to support candidates on a joint basis. This process is voluntary and binding, and joint campaign expenditures are limited by the current public-transparency law (Ley de Transparencia, Límite y Control del Gasto Electoral). This limit is set at 10% of the amount allocated for normal elections.

At the end of 2014, wide-ranging evidence of corruption in political-party funding came to light. As the investigation progressed, more and more politicians and political parties across the ideological spectrum turned out to be involved. However, the courts have tended to impose fairly insubstantial penalties. As a response to the crisis, former President Bachelet convened an anti-corruption council that proposed several anti-corruption measures, including new restrictions on private campaign funding, which were largely enacted in April 2016. With Law No. 20,900, which modifies former Law No. 19,884, a higher base amount is provided by the state for electoral campaigns, but enterprises are barred from providing funding to political parties or campaigns. In addition, anonymous donations became illegal and all donations must be transparently registered.

Citation:
http://www.servel.cl/financiamiento-de-campanas/

The Chilean constitution is one of the most restrictive on the topic of direct democracy (e.g., referendums, plebiscites and citizens’ initiatives) in present-day Latin America. The last nationwide plebiscite was initiated by the government in 1989, albeit during a military dictatorship and in the midst of the agreement process on the transition to democracy. At the moment, the national government does not contemplate mechanisms for direct democracy, though they have been called for by various civil society groups and movements. At the municipal level, the Organic Constitutional Law of Municipalities (2002) provides for popular consultations (i.e., plebiscites). These may be either top-down (at the initiative of a mayor, with the agreement
of the council, or by the municipal council itself, with a two-thirds majority) or bottom-up (by a minimum of 10% of a municipality’s citizens). Thus, the possibility to initiate referendums at the municipal level officially exists, but these referendums are not necessarily legally binding and may be ignored by the authorities.

**Access to Information**

In general, rules and practice of media supervision guarantee sufficient independence for public media. Privately owned media organizations are subject to licensing and regulatory regimes that ensure independence from the government. In its last edition (2017), the Freedom House index evaluated Chile’s freedom of press as “free” whereas in 2015 it was still evaluated as “partly free.” The report’s authors stated that the level of violence and harassment faced by journalists covering protests had significantly decreased in recent years. However, this might have changed in the context of the October 2019 demonstrations. The index takes into account “the legal environment in which media operate, political influences on reporting and access to information, and economic pressures on content and the dissemination of news.” The latest Press Freedom Index 2019, published by the international NGO Reporters Without Borders, ranked Chile at 46th place out of 180 countries, a significant drop of eight places compared to the previous year. The report states that covering demonstrations still remains difficult. Given Chile’s media landscape and its ideological and economic concentration, the degree of government influence over the media depends largely on which coalition is leading the government and clearly limits democratic debate. The presidency of Piñera, a successful entrepreneur, is more market friendly, and is consequently closer to business and media interests.

**Citation:**
- Reporters without borders press freedom index: https://rsf.org/en/chile

**Media Pluralism**

In general terms, the high concentration of media ownership in Chile notoriously limits democratic pluralistic debate. This is especially the case among print media, which is practically a duopoly. The El Mercurio group and Copesa together account for much of the country’s print sector, have the greatest share of readers and control of a considerable amount of the country’s advertising portfolio. The papers owned by these two dominant groups offer essentially uniform political-ideological projects, editorial positions, styles and news coverage. However, these newspapers tend to be more influential among
Chile’s upper-middle class and political elites than among the broader public. A similar pattern is evident in the public-television sector, but on the whole, the electronic sector offers a more diversified scope of opinion (especially on local radio stations and in a few online publications). In general, there is a very narrow informational mainstream, with the government-owned TVN being the most dominant free station. Whether it presents politically balanced views and provides access to all viewpoints is a point of debate. At the end of 2017, TVN was declared bankrupt. A bailout package to ensure the channels survival was approved by the Senate in January 2018. The government also decided to create a cultural channel as part of the TVN capitalization project.

Citation:
https://www.eldinamo.cl/entretencion/2018/01/24/senado-culmino-la-tramitacion-del-proyecto-de-capitalizacion-de-tvn/

The statute on access to public information (Ley No. 20,285 sobre Transparencia de la Función Pública y Acceso a la Información de los Órganos de la Administración del Estado) was approved by Congress in August 2008 and implemented in 2009. It stipulates two dimensions of transparency. The first is “passive transparency,” and obliges all public institutions and authorities of the government to respond to any request for information constituted as public information within a 20-day period (with extensions of up to ten more days possible). The other dimension is that of “active transparency,” and requires governmental ministries and agencies to publish broad information on various topics on their websites. The statute also creates the Transparency Council (Consejo para la Transparencia), an independent agency responsible for monitoring transparency, regulating transparency practices and compelling public services to provide information should they refuse to do so. The Transparency Council’s board of directors is nominated by the executive and approved by the Senate. Information classified as a state secret is exempted from these transparency stipulations. This remains an important clause, as there are about 200 Chilean laws that are officially still classified as secret. These laws derive in some cases from the beginning of the 20th century, and in others from the military regime. Most are actually common knowledge but remain formally treated as secret. The current government of Sebastián Piñera presented a law proposal (Ley de Transparencia 2.0) to facilitate access to the laws. Although the Transparency Law (Ley de Transparencia) leaves very little room for administrative interpretation, there have been cases of negligence regarding access to and publication of relevant information.

Citation:
http://www.freedominfo.org/regions/latin-america/chile/

http://www.chiletransparente.cl/
Civil Rights and Political Liberties

The state and the courts efficiently protect civil rights. However, the huge income gap in the population, as well as prevalence of discrimination against indigenous people, leads to inequality in the exercise of those rights. Anti-terror legislation – which dates back to 1984 and violates international conventions signed by Chile – has in recent years been applied in conflicts involving ethnic minorities, such as the Mapuche community in the southern region of Chile, generating human rights violations. There have been multiple cases in which detainees in the Mapuche conflict have been held significantly longer than average, independently of any results of an investigation. During the period under review, two severe incidents were revealed (the “Catrillanca case” and “Operation Huracán”) involving the infringement of rights and perpetration of criminal offenses by the government and police officials within the context of the Mapuche conflict.

Enacted in November 2016, Law No. 20,968 modified the competences of the military justice system defined by Law No. 20,477. Henceforth, no civilian – perpetrator or victim – will be prosecuted by military courts. The new law also introduced the crime of torture into the criminal code.

In response to the mass protest of October 2019, President Piñera declared a state of emergency that included a one-week curfew in several regions and the deployment of soldiers in the streets. Reports subsequently emerged that state forces – in particular the police (Carabineros) – had committed severe human-rights violations during protests and after arrests were made. At the time of this writing, official investigations were still under way. According to the Chilean Institute for Human Rights, at least 23 people died, more than 1,700 were injured and 5,000 detained during the protests. Former president and current High Commissioner of the United Nations’ Office for Human Rights (OHCHR) Michelle Bachelet sent a team to investigate the incidents.

Citation:
In general, political rights are protected by the constitution and legislation, and are enforced by government policy and practice. Nevertheless, police interventions have sometimes crossed the line from guaranteeing law and order into repression – especially during the more intense period of the student movement, during protests by Chile’s indigenous people and during the mass demonstrations of October 2019, all of which exposed the limitations on the right to protest. Furthermore, the biased media landscape limits equal access to information and the opportunity to communicate different political opinions and versions of conflict situations.

In general terms, political rights are protected by legislature and government bodies. Major failings can be seen, for example, in the case of the Mapuche indigenous conflict in the southern part of Chile. The Mapuche are not constitutionally recognized as an ethnic minority with collective rights. Despite official denials, some Mapuche captives claim to be political prisoners. In June 2017, former President Bachelet officially apologized to the Mapuches for the “mistakes and horrors” (errores y horrores) committed or tolerated by the state toward these communities, and presented the Plan de Reconocimiento y Desarrollo (Plan for Recognition and Development) Araucanía. This initiative seeks the recognition of collective rights and their language (mapudungún), introduces a holiday in their honor (Día Nacional de los Pueblos Originarios) and creates the Ministry of the Indigenous Peoples and the Council of Indigenous Peoples. The current president, Sebastián Piñera, has continued with its implementation, emphasizing the urgent need to create a proper ministry and secure constitutional recognition for indigenous peoples. Once operational, it remains to be seen if the ministry will improve protections against discrimination for the indigenous population.

With regard to gender, Chile is ranked 54th out of 149 countries in the 2018 Global Gender Gap Index; its parity-imparity score (ranging from 0.00 = imparity to 1.00 = parity) is 0.717. Both figures represent an improvement compared to previous years. Only about 22.6% of Chile’s serving deputies and 23.3% of the senators are women, a slightly better average than the former election period. Nonetheless, these averages are much lower than comparable shares elsewhere in Latin America or in the OECD as a whole. In order to improve the ratio of women representatives, a new electoral law obligates political parties’ electoral slates to be composed of at least 40% women.
beginning in the 2017 elections and provides financial incentives for the candidacy and election of women. Furthermore, a new labor-reform package enacted in August 2016 mandated that at least 30% of labor-union representatives be women.

As of the end of the review period, same-sex marriages had not been recognized, while both heterosexual and homosexual couples could enter into civil unions. However, two draft laws on same-sex marriage and same-sex couples’ adoption of children were being debated by Congress.

Citation:
Interparliamentary Union, Situation as of 1. September 2018
http://archive.ipu.org/wmn-e/classif.htm

Global Gender Gap Index (reviewed by October 18th 2018)

https://www.t13.cl/noticia/nacional/bachelet-anuncia-creacion-ministerio-pueblos-indigena

https://www.biobiochile.cl/noticias/nacional/region-de-la-arauquina/2018/09/24/plan-arauquina-reconocimiento-constitucional-de-pueblos-originarios-ley-de-cuotas-y-financiamiento.shtml

https://prensa.presidencia.cl/comunicado.aspx?id=95682

**Rule of Law**

Acts and decisions made by the government and official administrative bodies take place strictly in accordance with legislation. There are moderately effective autonomous institutions that play an oversight role with regard to government activity, including the Office of the General Comptroller (Contraloría General de la República) and the monitoring functions of the Chamber of Deputies. Government actions are moderately predictable and conform largely to limitations and restrictions imposed by law.

Chile’s judiciary is independent and performs its oversight functions appropriately. Mechanisms for judicial review of legislative and executive acts are in place. The 2005 reforms enhanced the Constitutional Tribunal’s autonomy and jurisdiction concerning the constitutionality of laws and administrative acts. In the second half of 2019, a dispute between the Supreme Court and the Constitutional Tribunal emerged over the issue of judicial supremacy. As the judicial institution in charge of reviewing potential infringements of fundamental rights, the Supreme Court argued that this mandate gave it the power to review sentences rendered by the Constitutional Tribunal. The dispute had not been resolved by the end of the period under review.

During the current evaluation period, Chilean courts demonstrated their independence through their handling of the corruption scandals revealed over
the past few years, which have included political parties and a large number of
the country’s politicians. Nevertheless, the sentences imposed so far have
tended to be rather light.

Citation:
https://prensa.presidencia.cl/comunicado.aspx?id=56160
https://www.bcn.cl/leyfacil/recurso/delito-de-tortura

Members of the Supreme and Constitutional Courts are appointed
collaboratively by the executive and the Senate. In recent years, there have
been several cases in which the judiciary has acted to check executive power.
This has come in the area of environmental policy, for example, in which the
Supreme Court has affirmed its autonomy and independence from political
influence.

In general terms, the integrity of the public sector is a given, especially on the
national level. The most notable problem consists in the strong ties between
high-level officials and the private sector. No matter what their ideological
position, political and economic elites overlap significantly, thus reinforcing
privilege. However, this connection has tended to be more evident in the
current Piñera government, as many members of the Alianza – including the
president himself – are powerful businesspeople. Such entanglements produce
conflicts of interest in policymaking (e.g., in regulatory affairs). There are no
regulations mandating transparency for potential conflicts of interest among
high-ranking politicians (e.g., the president or government ministers). The
corruption scandals revealed in recent years have shown that such questionable
practices are more common than the country’s scores on international
transparency indexes might suggest.

In response to the corruption scandals earlier in the decade, former President
Bachelet convoked a council (Consejo Asesor Presidencial contra los
Conflictos de Interés, el Tráfico de Influencias y la Corrupción) that in its final
report (April 2015) proposed several anti-corruption measures intended to
prevent abuse of office. Restrictions on private campaign funding (Ley sobre
Fortalecimiento y Transparencia de la Democracia) and the creation of a
public register for all lobbyists were subsequently implemented in 2016. In
August 2018, President Piñera announced a draft law on transparency (Ley de
Transparencia 2.0) aimed at improving the existing regulation.

Citation:
http://consejoanticorrupcion.cl/
http://consejoanticorrupcion.cl/lanzamiento-final/
https://www.leylobby.gob.cl/

http://www.latercera.com/noticia/estas-son-las-normas-que-fija-la-nueva-ley-para-regular-el-financiamiento-de-campanas-politicas/

Governance

I. Executive Capacity

Strategic Capacity

The president has the ability to ask for and ensure strategic planning, whether through formal or informal channels. Line ministries, most notably the Ministry of Finance, and the president’s advisory ministry (Secretaría General de la Presidencia, Segpres), have considerable influence in strategic-planning processes. Meetings between strategic-planning staff and the head of government are held frequently. However, no long-term view of policy challenges and viable solutions is necessarily presented – these are either limited in scope or depth of impact depending on the topic. Strategic planning, policy planning and regulatory reforms, budget planning, and ex ante evaluation of government policies and public-investment programs are carried out by specialist units and departments inside the various ministries. While there is no explicit multi-year budget planning process in place in Chile, this takes place implicitly due to the fiscal rule that (by law) links overall government expenditure to forward-looking estimates of long-term government revenue, based on growth trends and copper-price projections. These forecasts are provided in a transparent way by specialist budgetary commissions comprised of academic and private sector experts (mostly professional economists).

Technocratic institutions and practices play an important role in government decision-making. Experts from academia, NGOs, partisan think tanks and the private sector are very influential in the preparation of government (presidential) programs and the development of policy-reform proposals by presidential or ministerial technical commissions. These technical commissions, which are charged with proposing policy reforms in specific areas (education, pension, social and wage policies, minimum wage policy, fiscal rule, etc.) or for singular policy challenges (e.g., corruption), tend to have significant impact on government legislation. Commissions are largely comprised of experts, and to a minor extent of representatives of interested
parties, and cover a wide political spectrum. This kind of technical input into the policymaking process belongs to the technocratic tradition in Chilean politics. As a political practice, this can be described as institutionalized, as both the former and the current coalition followed this tradition. The main policies of government programs tend to be elaborated and accompanied by expert commissions. Some reform initiatives in the education and environmental sectors, for example, have been accelerated or even blocked due to ideological differences within the commissions dealing with the issue. Experts (economists in particular) are a key factor in drafting the reform proposals submitted to the president or to ministers.

### Interministerial Coordination

The president’s advisory ministry (Ministerio Secretaría General de la Presidencia, Segpres) and the Government or Cabinet Office (Ministerio Secretaría General de Gobierno, Segegob) have the necessary instruments and capacities at their disposal to monitor and evaluate the policy content of line-ministry proposals. Nevertheless, channels of evaluation and advice are not fully institutionalized, and may change with each new head of state.

The Government or Cabinet Office and line ministries have a strong tendency to coordinate activity, and in practice the president or Government Office and the Ministry of Finance are nearly always involved in the preparation of policy proposals. No serving minister would ignore the president’s opinion in the preparation and elaboration of a policy proposal.

Citation:
About the structure of the Cabinet Office (Centro de Gobierno):
https://www.cepchile.cl/cep/site/docs/20160304/20160304100347/presentacion_CAninat.pdf

Ministerial or cabinet committees are not necessarily central when it comes to decision-making on policy matters. Depending on the topic, ministerial committees are more or less involved in preparing cabinet proposals, especially those of relatively significant strategic or financial importance. These proposals are normally coordinated effectively.

Ministry staff and civil servants do not always play a dominant role in the drafting of policy proposals before those proposals reach ministerial committees. Depending on the ministry and the importance of the proposal, officials and civil servants are more or less effectively involved in the preparation and coordination process.
Informal coordination plays an important role in settling issues so that the cabinet can focus on strategic-policy debates. Existing informal mechanisms might be characterized as “formal informality,” as informal coordination mechanisms are de facto as institutionalized as formal ones in daily political practice.

The president’s advisory ministry (Ministerio Secretaría General de la Presidencia, Segpres) and the Division for Digital Government support line ministries and respective services with digitalization, facilitating instruments and providing advice regarding the implementation of digital services. The implementation of the Digital Agenda 2020, released in 2015, has been continued by the current government of Sebastián Piñera. In general, and especially in comparison with other Latin American countries, the level of digitalization regarding public information and services in Chile is quite advanced. Chile is trying to follow OECD recommendations to ensure consistency in the use of technology as an enabler for open government. To achieve this, public institutions have increasingly adopted digital tools and open-government agendas.

Citation:
https://digital.gob.cl/
http://www.agendadigital.gob.cl/#/

Evidence-based Instruments

All newly proposed laws must be accompanied by a report summarizing their predicted fiscal impact and the financial implications for the government budget. This report is always prepared by the fiscal department of the corresponding ministry. Chile also has a constitutional restriction on policy proposals that imply budget changes. Legally, there is no obligation to present a report concerning potential socioeconomic impacts that do not implicate the state budgets, but political practice shows that those aspects are normally also considered. Furthermore, there are supervisory bodies (Superintendencias) that monitor enterprises within specific sectors and produce evaluations and reports. In a strictly legal sense, these supervisory bodies do not have the specific objective of evaluating the impact of new regulations or proposed modifications to the legal framework. Nevertheless, the evaluation of possible impacts tends to be one result of their work. Chile currently features the following supervisory bodies:

• Supervisory Board for Social Security (Superintendencia de Seguridad Social)
• Supervisory Board for Electricity and Fuels (Superintendencia de Electricidad y Combustibles)
• Supervisory Board for Health Services (Superintendencia de Servicios Sanitarios)
• Supervisory Board for Health (Superintendencia de Salud)
• Supervisory Board for Casinos (Superintendencia de Casinos de Juegos)
• Supervisory Board for Pensions (Superintendencia de Pensiones)
• Supervisory Board for the Environment (Superintendencia del Medio Ambiente)
• Supervisory Board for Education (Superintendencia de Educación Escolar)
• Supervisory Board for Bankruptcy and Re-entrepreneurship (Superintendencia de Insolvencia y Reemprendimiento)
• Supervisory Board for Financial Markets (Comisión para el Mercado Financiero)
• Supervisory Board for Higher Education (Superintendencia de Educación Superior)

In some areas, the line ministries serve as the oversight body for RIA reviews.

In January 2018, the former Supervisory Board for Securities and Insurance was transformed into the Steering Committee for the Financial Market (Consejo de la Comisión para el Mercado Financiero) with a wider scope of responsibilities.

Citation:
http://dx.doi.org/10.1787/9789264254596-en
About the Steering Committee for the Financial Market
http://www.cmfcchile.cl/portal/principal/605/w3-propertyvalue-25543.html

Given the partly informal and non-institutionalized character of instruments used for regulatory impact assessments, reports do not necessarily specify the purpose of and the need for a regulation. Furthermore, they do not tend to analyze alternative options. Depending on the topic, stakeholders may play a certain role in the RIA process, but this does not entail a high degree of relevance within the political process over the medium or long term. As stated in Regulatory Impact Assessment published by the OECD in 2017, there is no standardized practice for regulatory consultations, for instance with regard to the length, scope, timing and procedural mechanisms. RIA assessments are not routinely evaluated by independent bodies.
RIAs do not necessarily analyze a regulation’s impact on sustainability in the broad sense. Short-, medium- and long-term analysis tends to focus exclusively on economic rather than ecological or social issues. Some exploratory efforts have been made to include wider and standardized sustainability checks within the RIA framework in the future.

Since 1997, the Ministry of Finance’s Budget Office (Dirección de Presupuestos, DIPRES) has had the power to assign specific budgets to line ministries for the contracting of external consultants to carry out ex post evaluations of their government programs (Evaluación de Programas Gubernamentales, EPG). Programs or institutions to be evaluated are agreed on with the Congress annually, with the instruction coming via ministerial decree. The evaluation results are normally made publicly and freely available.

Societal Consultation

Frequent consultations with civil society groups and particularly stakeholder organizations take place. However, consultations tend to be inclined toward economic-interest groups. By contrast, unions and environmental organizations are often underrepresented. Online surveys have been
implemented with the aim of gauging opinions within the non-institutionalized public. The president’s advisory ministry (Secretaría General de la Presidencia, Segpres) is primarily responsible for initiating and monitoring consultations. Depending on the issue, sectoral institutions can also be involved. The ad hoc advisory commissions represent another means of societal consultation, as they include interest-group representatives, experts and other stakeholders.

Policy Communication

Each new government designs its own communication policy. As a result, strategic communication often tends to be rather haphazard at the beginning of a presidential term, but improves as the administration gains experience. During the period under review, the government’s communication and coherence regarding public announcements worsened significantly. Several announcements were perceived by the public as contributing to and accelerating the generalized discontent and social crisis. Incoherence and lapses in the field of government communication were particularly noticeable during the October 2019 protests. For instance, in announcing the curfew, President Piñera announced that “we are at war,” a statement that he withdrew two days later and followed up with a public apology.

Implementation

Implementation performance varies widely, ranging from excellent in areas where benchmarks and oversight mechanisms are strictly enforced (i.e., the general government budget) to weak in less rigidly monitored areas (i.e., implementation of some sectoral reforms such as Transantiago, the Santiago transport system). For example, the Michelle Bachelet government had to downsize its tax- and education-reform proposals. In general terms, far-reaching reforms that would require constitutional change and thus support by at least three-fifths of the national deputies and senators have not been considered as a part of government programs. Thus, this high hurdle has not proved to be a practical obstacle in the achievement of governments’ core policy objectives.

Due to the mass protests and strikes of October 2019, it is likely that the current government under President Piñera will have to adjust its program and policy objectives significantly in order to restore social order and peace. By the end of the period under review, several reform proposals that did not form part of the administration’s original policy objectives had already been announced. The Intelligent Citizenship Foundation’s (Fundación Ciudadanía) website reviews the balance of compliance between the Piñera government’s
second-year legislative promises and the announcements made during the social mobilizations in Chile. On average, the rate of compliance was between 35% and 50%.

Citation:
Independent initiative to measure implementation of the government program:
https://ciudadanointeligente.org/
https://deldichoalhecho.cl/

Ministerial Compliance Score: 9

The president annually evaluates his or her ministers’ policy performance. In a commission consisting of the president’s advisory ministry (Secretaría General de la Presidencia, Segpres) and budgetary units of the government, ministers have to present their sectoral priorities, and if necessary, arrangements and modifications are made to ensure alignment with the government program.

Monitoring Ministries Score: 9

The president’s advisory ministry (Secretaría General de la Presidencia, Segpres) and the respective budgetary units of the government monitor the line ministries (especially within the annual performance evaluation). If necessary, arrangements and modifications are made in order to ensure effective alignment with the government program. Monitoring of effectiveness seems to have improved slightly since 2011.

Monitoring Agencies, Bureaucracies Score: 7

To a certain extent, high positions in government agencies are filled not via political appointments but through the government’s civil service department (Alta Dirección Pública, ADP), based on candidates’ technical capacity and experience. Clear goals are identified by the directors of executive agencies and the corresponding ministries. Exhaustive evaluations of the system and of personnel choices are performed annually by the minister, the civil service and the president’s advisory ministry (Secretaría General de la Presidencia, Segpres). In addition, the Ministry of Finance’s budget office monitors decentralized agencies and public enterprises from a budgetary perspective very tightly and effectively. Nevertheless, the changes in government in 2014 and 2018 showed that the selection of candidates through the ADP is in fact only moderately institutionalized, as there is still an understanding that a successful candidate is a “government officer” rather than a “state officer.” The monitoring of bureaucratic activities and executive agencies, especially at the subnational level, tends to be distorted by this effect.

Task Funding Score: 6

Chile’s central government exercises strong control over municipal and regional budgets, and accounts for a significant proportion of local revenue. Currently, about 18% of the federal government’s budget is redistributed to the regional and local level (OECD average is about 45%). However, the assignment of new duties to the municipal level does not necessarily imply a corresponding allocation of adequate funds.
Municipal programs are monitored relatively closely by the central government, although spending overruns do sometimes occur, resulting in local-government debt. The quality of services (e.g., the public health and education systems) provided by less wealthy municipalities are sometimes below average as some municipalities are unable to raise the income required to effectively provide the services themselves. This challenge is characteristic of Chile’s centralized political system and must be regarded as a structural problem. The former government convened a commission to study decentralization, with the ultimate goal of addressing these ongoing issues. The commission’s proposal, which was presented publicly in October 2014 and supported by the then President Bachelet, included several proposals designed to strengthen regional governments. Two such measures originally slated for implementation by the end of 2017 were delayed until 2020:

1. Regional governors (Gobernadores Regionales) will replace the current regional mayors (Intendentes Regionales) and be directly elected, enabling citizens to hold them accountable for promises made in their political campaigns.

2. Regional governors (Gobernadores Regionales) will be given responsibility for regional and urban planning, the administration of the National Fund for Regional Development, and implementation of social and economic policies at the regional level. The regions will create three new divisions for this purpose: Industrial Advancement (Fomento e Industria), Human Development, and Infrastructure and Transport. During the period under review, these new divisions were being piloted in some regions, with the aim to upscale the experience in 2020.

By the close of the review period, no decision had been made on a possible increase in the amount of federal funds provided to regional governments, or regarding changes to the underlying administrative and financial mechanisms.

The current scenario points to a less extensive implementation of the reform proposals by 2020. Currently, Chile and Turkey are the only OECD member countries in which regional authorities are appointed by the central government rather than being democratically elected.

Citation:
http://chiledescentralizado.cl
http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/
Chile is a centrally organized state. This represents a structural problem given the wide-range of differences between the respective regions regarding geography, development and density of population. Nevertheless, local governments legally enjoy a considerable degree of autonomy concerning mandates and tasks that do not touch on constitutional issues and can be executed within the allocated budget. Furthermore, the government has tended to devolve responsibilities to local governments (i.e., in the domain of urban regulation). In comparison to the local or municipal levels, regional governments enjoy a relatively high degree of budget autonomy. At the regional level, however, governors’ autonomy is limited by their simultaneous function as representatives of the national government.

In January 2018, a new law (Ley No. 21,074) was enacted that enhances the regionalization of the state (Ley de fortalecimiento de la regionalización del país). This can be seen as an important step in the context of the ongoing decentralization process, which is planned to be fully implemented with the first direct-democratic election of regional governors in 2020.

Citation:
http://chiledescentralizado.cl/eleccion-de-gobernadores-regionales/
http://www.subdere.gov.cl/sala-de-prensa/proyecto-que-regula-traspaso-de-competencias-fue-despachado-por-comisi%C3%B3n-mixta

Law Nr. 21,074:

Due to the different financing structures at the regional and municipal levels, the national government can guarantee services at an adequate standard only at the regional level. The central government has clearly failed to establish nationally upheld standards at the municipal level. Relatively poor municipalities and those in rural regions often lack the capacity to meet national standards for public services, especially in the fields of healthcare and education. However, this segregation is also evident in Santiago itself, where public schools in richer districts clearly tend to show higher standards and better results than public schools from poorer districts. In comparison to
previous years, a slight improvement can be noticed in the field of education and primary healthcare. Nevertheless, there is still a huge gap to be closed.

Some regulations are highly influenced by economic-interest groups, especially regulations affecting the productive sectors (e.g., fishing, agriculture and the mining industry). However, once enacted, government agencies usually enforce regulations effectively and without bias. Therefore, it’s more a question of how regulations are designed than a question of their enforcement.

Adaptability

The modernization of the Chilean state is still underway in some areas, but national institutions have already become quite solid over the last decade. In general terms, the reform of domestic governing structures tends to be driven by national fiscal-policy concerns, which implies that any innovations implying financial changes (such as a budget augmentation for a certain ministry or for a department within a ministry) are very difficult or even impossible to realize. Changes concerning topics that might be of future interest and do not directly affect current political challenges – for example, the expansion of a department’s staff or the creation of a new unit dedicated to topics of possible future interest – are driven more by fiscal or political reasons and political cycles than by international or supranational developments. However, Law No. 20,600 of 2012 established environmental tribunals (Tribunales Ambientales) in three regions of the country (north, central and south), and the creation of the Ministry of Science, Technology, Knowledge and Innovation and the reconfiguration of some supervisory boards can be seen as a domestic adaptation responding to international and supranational developments.

Citation:
Environmental Tribunals:
http://www.tribunalambiental.cl/2ta/informacion-institucional/sobre-el-tribunal-ambiental/historia/

http://www.mma.gob.cl/1304/w3-article-53480.html

The government is endowed with the institutional capacity to contribute actively to international efforts to foster the provision of global public goods. The government actively participates in the international coordination of joint reform initiatives. This is underlined by the fact that Chile represents one of the most active countries in Latin America with regard to international policymaking initiatives. However, the impacts of national policies on these global challenges are not always systematically assessed and then incorporated into the formulation, coordination and monitoring of policies across government.
Organizational Reform

Ministries are required to establish sectoral goals, which are then evaluated annually. Reports are presented on a quarterly basis but do not focus directly on the adequacy of institutional arrangements. For example, the accomplishment of ministerial goals is evaluated, but not the adequacy of the ministry in general. The Ministry of Finance assesses the adequacy of institutional arrangements in the case of new law proposals, but there is no specific institution assigned to monitor preexisting institutional arrangements. Furthermore, to a certain degree, changes in institutional arrangements tend to be influenced by personnel criteria and are not driven by an effort to introduce long-run strategic structural change. Ministry portfolios are subject to sporadic monitoring while procedures and work formats are subject to regular monitoring.

In recent years, some improvements in strategic capacity have been made by modifying institutional arrangements. For example, in 2012 the erstwhile Planning Ministry (Ministerio de Planificación, MIDEPLAN) was transformed into the Ministry of Social Development (Ministerio de Desarrollo Social, MDS), with some minor institutional changes that increased its strategic capacity, and the Ministry of Science, Technology, Knowledge and Innovation was created in 2018. Furthermore, the reorganization of complementary institutions such as environmental tribunals (Tribunales Ambientales) and the reconfiguration of supervisory boards (Superintendencias) over the past decade has improved capacity in these areas. However, in general terms, attempts to alter institutional arrangements tend to encounter substantial bureaucratic obstacles.

II. Executive Accountability

Citizens’ Participatory Competence

Print-media discussion of policy-reform proposals and government programs is relatively widespread, including discussion of reform proposals and options presented by the ad hoc policy-reform commissions. This has been recently displayed following the proposal of education, pension, fiscal and labor reforms. New forms of public communication regarding government policymaking, in many cases through websites and social networks, are on the rise. Yet a large share of the population is excluded from such discussion due to low levels of education, limited understanding of in-depth analysis and/or
its lack of exposure to media other than television. For instance, a study conducted by the National Cultural Council in 2011 (Consejo de la Cultura) indicated that 84% of Chileans of all ages did not have an adequate understanding of content they had read. This observation was confirmed by a 2015 PISA study on the reading comprehension of adolescents. Furthermore, Chile’s oligopolistic media structures distort the political options offered to citizens (e.g., policymaking regarding ethnic minorities and the associated conflicts).

Disinformation and manipulations hinder public-policy discussions. In addition to these deficits in news coverage, citizens in general show low interest in policymaking. Policy interest within the socioeconomic elite is also generally fairly limited, at least as long as public policies do not substantially affect their lifestyle in a nearly completely privatized environment (discussions of fiscal redistribution, as took place during the 2014 fiscal reform, represent a notable exception). Those elements of the middle class that are interested in these debates tend to have access only to the low-quality information sources mentioned above, while members of the socioeconomically lower-class population often know only about the specific public-subsidy systems they use, and lack broader familiarity with public policies and public policymaking.

Citation:
www.uchile.cl%2Fdocumentos%2Festudio-sobre-el-comportamiento-lector-a-nivel-nacional_110593_2_2405.pdf&usg=AFQjCNHhAyEyR819xPkhH1ch5LLJ0dIgJQ&sig2=yRzmtJFaAlB-Bf3ltxYgsW

http://radio.uchile.cl/2011/12/14/solo-el-84-de-los-chilenos-entiende-lo-que-lee

In general terms, the level of digitalization with regard to public information (e.g., commission reports, draft laws, and information on line ministries and government activities) is quite high. Since the implementation of the transparency law of 2008 (Ley de Transparencia), data about the personnel structure and expenditure of public institutions is also publicly accessible. Though some delays in publishing relevant information may occur, and – considering the relatively high educational gap – information and data is not always published in a comprehensive way.

Legislative Actors’ Resources

The National Congress is furnished with a multidisciplinary staff of consultants in order to support deputies and senators in their representative, legislative and control functions as well as in the field of congressional diplomacy. Nevertheless, this support tends to be asymmetric in comparison with ministerial analytical and investigatory capacities. The National
Congress’ oversight function is based in the Chamber of Deputies. However, this function in many cases tends to operate as a reaction to journalistic complaints or political conflicts rather than as a proactive mechanism for monitoring the government’s ongoing activity.

Congressional committees or individual deputies can request documents, which must be delivered by the government within legally defined time limits. Those deadlines are generally met, but there are de facto limitations in the exercise of oversight, as the majority party or coalition can block the minority’s request. Until recently, obtaining information from state-owned companies or the Ministry of Finance was difficult.

In August 2005, a constitutional reform (Law No. 20,050) established the process of ministerial interpellation. Committees in the Chamber of Deputies and the Senate have the right to summon ministers for questioning about matters concerning their area. The ministers are obliged to attend. This political instrument has been used on various occasions. The effectiveness of this instrument of congressional oversight depends on the quality and quantity of information accessible to the National Congress through other channels.

Congressional committees may summon any civil servant to interview as a subject-area expert. Private experts can also be invited, but the National Congress lacks the financial funds to pay for the assistance of prominent private experts. However, there is a group of 50 to 60 specialists from a variety of subject areas affiliated with the Library of the National Congress whose task it is to offer professional support to the members of Congress in their lawmaking, representative, diplomatic and oversight tasks.

The Chilean legislature’s oversight function lies mainly with the Chamber of Deputies and its (currently) 30 permanent committees (Comisiones Permanentes) and several ad hoc investigative committees (Comisiones Investigadoras). These permanent committees correlate in part with the 24 ministries, but there are various exceptions in which a single committee is responsible for the domain of various ministries or one ministry’s area of responsibility is distributed across multiple committees. It should be noted that Chile is not a parliamentary but a presidential system and thus ministers are not directly accountable to the Chilean National Congress. Therefore, the degree of control exercised by the congressional committees is institutionally rather weak.
Media

Legal norms are published in the Official Journal (Diario Oficial de la República de Chile), a state institution dependent on the Ministry of the Interior and Public Security. Its print version was terminated on 17 August 2016. Since then, the Official Journal is available only as an online edition.

Although locally or regionally produced news programs tend to be of higher quality and draw large audiences – particularly through radio – Chile’s newspapers and the main public TV stations report tabloid news, and employ bold headlines and techniques with strong popular and infotainment appeal. Furthermore, statistics released by the National TV Commission (Consejo Nacional de Televisión) show that on average, less than five hours a week per channel or radio station is spent discussing in-depth political information. More than 50% of the news presented through publicly accessible channels is dedicated to sports and crime. Surveys indicate that the Chilean audience would prefer less sports news and more focus on national and international politics. Due to the biased media landscape, there is a strong ideological framing of political information and policy discussion.

Chile’s largest free TV channel (TVN) is state-owned, and by law is required to provide balanced and equal access to all political views and parties – a regulation which is overseen by the National Television Directorate (Consejo Nacional de Televisión, CNTV). Although La Nación and TVN are state-owned, they must operate according to market rules; they have to fund themselves by relying on advertising and high audience ratings. In 2018, the Senate approved an additional $47 million in funding for TVN in order to save the channel from bankruptcy.

During the mass protests of October 2019, misinformation regarding the backgrounds of allegedly involved actors was published even by large newspapers such as La Tercera. Following the intervention of a public prosecutor, a number of print publications offered a joint public apology.

Citation:

https://www.diariooficial.interior.gob.cl/
Parties and Interest Associations

Chile has a presidential governmental system. As the president determines the government’s policy agenda, presidential elections are much more relevant in terms of policy direction than are congressional ballots. Therefore, in campaigns for the presidency, government programs are presented by the presidential candidates and not by their coalitions or parties. These global program proposals tend to be limited to descriptions of policies’ intended public effects rather than technical details or any detailed discussion of content. The primary elections for the 2013 and 2017 presidential elections demonstrated that candidate selection and issue agendas are largely controlled by the parties’ leaders. However, the left-wing Broad Front (Frente Amplio) coalition formed in 2017 by several minor parties can be seen as a positive exception to this tendency.

Policy proposals by economic-interest groups do address relevant topics and are not always short-sighted or untenable; however, they tend to be narrow and largely guided by the groups’ interests. Unions as a socioeconomic interest group are relatively weak, and their influence in formulating policies relevant to their interests is quite limited. Exceptions to this rule of thumb do occur.

A substantial number of autonomous, self-organized groups, associations and organizations exist in Chile. Civil society’s organizational landscape has become increasingly differentiated since the return to democracy. Religious, environmental and social organizations, as well as NGOs, academic groups and professional associations often present substantive policy-reform proposals that contribute positively to policy discussions and government reforms and take long-term perspectives into account. Various political foundations and think tanks play a decisive role as formulators of relevant policies. On the other hand, there are great disparities in the durability and organizational strength of associations, mostly as a result of social inequalities. In addition, numerous think tanks are directly connected to economic-interest groups.

Independent Supervisory Bodies

Chile’s General Comptroller (Contraloría General de la República) has far-reaching competences, and is invested with strong political and legal independence. The officeholder is nominated by the president and must be approved by a three-fifths majority vote in the Senate. The comptroller has oversight power over all government acts and activities, and investigates
specific issues at the request of legislators serving in the Chamber of Deputies. The office presents an annual report simultaneously to the National Congress and the president. The National Congress has the right to challenge the constitutionality of the comptroller’s work.

The congress does not have a formal ombuds office. Efforts to establish such an office failed twice under previous governments. However, the National Congress and its members listen informally (but not systematically) to concerns expressed by citizens and public advocacy groups, inviting them to congressional hearings. In general terms, direct-democratic elements in Chile are quite weak.

However, the first public and autonomous ombudsperson’s office on a special issue was installed in 2018. In compliance with the act establishing the Office for the Defense of Children’s Rights (18 April 2018), the Senate of the Republic of Chile, at the proposal of the Senate’s Human Rights Commission, unanimously appointed the first children’s ombudsperson.

Chile still lacks an effective data-protection framework, although Article 19 of the constitution guarantees the right to privacy. In August 2019, the Commission of the Senate on Constitution, Legislation, Justice and Regulations gave the Chilean Transparency Council (Consejo para la Transparencia) responsibility for the issue of data protection. The related modifications to Law No. 19,628 on the protection of private life are expected to enter into force in 2020. As stated by the International Comparative Legal Guides, the Transparency Council is responsible for ensuring public sector compliance with data-privacy laws, but there is no regulatory authority in Chile that monitors private sector compliance. Thus, enforcement of the law is in this respect carried out by the courts, with affected individuals seeking to uphold their rights or win redress for violations on an individual basis.
Chilean Constitution:
https://www.leychile.cl/Navegar?idNorma=242302

On data protection in Chile:

International Comparative Legal Guides:
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