



May 21st Presidential Message: Solid National Address

The May 21st speech of President Piñera has been qualified, and rightly so, as substantial and capable of demonstrating that the country of opportunities, security and values that was promised to Chileans during the presidential campaign, and 10 months ahead of handing over the presidential band, has started to take shape. All this has been carried out quite successfully, despite the reconstruction's difficult task.

Last Tuesday, President Sebastián Piñera gave the last National Address of his presidential term. The speech had a balance seal, reviewing the achievements of the current administration in the light of campaign promises, without bypassing a series of announcements for the government's last 10 months.

The presidential message recalled his campaign promise of advancing towards greater opportunities, security and values for Chile. Therefore, he highlighted, for example, that now poverty uprooting and improving the quality of life of every Chilean depend more on their work and effort, and a targeted and well designed help from state incentives, rather than from simple assistentialism. He reaffirmed his

commitment to a social market economy, with emphasis upon competition and the respect for consumers' rights, stressing that there is no contradiction between these concepts, but on the contrary, they are requirements for a successful economic system.

In educational matters, he emphasized the freedom of parents (and later on of the students themselves) to choose where to study, allowing different education projects to coexist in the country under the principle of freedom of education. Moreover, the President firmly dealt with the student movement's demands for totally fee-free higher education, underlying that there will be a system of grants and credits available for those who cannot afford to pay their studies, but excluding the fact of allocating the limited state financial resources to higher income university students.

Beyond these and other specific points that were set forth, such as the importance of giving priority to and concentrating the legislative and

government agenda in the more relevant areas during the next ten months, it is essential to emphasize the more profound sense of the recent presidential message: when the country prepares itself to take political decisions in the upcoming elections, the President was able to outline, for all Chileans, a nation proposal which is very different from the one being proposed by the left wing.

The Speech's Key Issues

A crux of the presidential message dealt with the country's growth improvement and the positive effect of employment on poverty and inequality indexes. It is a great accomplishment for the country to have grown at an average rate of 5.8% between 2010 and 2012, the highest index among OECD countries, and to have created 800,000 jobs during this process, almost twice as much as in the previous term. And what is even more relevant is that more than half of the jobs have favored women and over two thirds are quality jobs, that is, with written contract, open-ended, full-time, with health and social security contributions and unemployment insurance, as the President emphasized. Precisely in the line of strengthening work as a social mobility agent, the prompt introduction of a reform proposal to the State's current training system was announced.

It is also important to mention that more than 170 thousand businesses have been created in the last 3 years, a clear sign of the Chileans' confidence in the possibilities of developing a business in Chile.

On the other hand, during this period, 148 thousand people came out of extreme poverty and income inequalities between the richest 10% and the poorest 10% were reduced from 46 to 36 times, thus confirming that the best way to fight poverty and inequality is through the creation of more and better employments. By means of a list of "non-traditional" indicators, the President showed how the quality of life of Chileans has improved in terms of culture, technology, entertainment, travel and others.

In relation to reconstruction, an issue which has created controversy with the opposition, the national address is substantial. More than 90% of the schools, hospitals, homes, ports, airports and roads destroyed by the earthquake and seaquake are currently standing. In housing matters, although there are still pending housing solutions, there are major progresses and improvements in the quality and size of the homes. The committed 222 thousand subsidies have been delivered; 155 thousand homes are finished and already in the hands of their owners, and 57 thousand are being built. There is 4% left, corresponding to 10 thousand pending families for the next 10 months.

Concerning other government action areas, the accomplishments in education and public security are worth mentioning.

With regard to education, the citizen demand for more resources to finance higher education and improve its quality has been fulfilled, in the awareness that this is a basic issue to enable social mobility; but this has been achieved by respecting the freedom of education and the right of parents to choose the institution where their children are educated. Education expenditures have practically increased by 50% during this presidential term, thus showing the priority given to education, which was already reflected in Piñera's government program. It is also important that, in spite of the pressure from higher education students, emphasis has been put on preschool education, where equal opportunities is a key factor for the future, and priority has been given to the subsidy system for the second level transition (3 and 4 years).

As for student demands, the burden of the students' families has been mitigated, but without falling into the fee-free temptation, which represents a regressive and inefficient measure for allocating funds. In 2009, there were 123 thousand grants available and in 2014 there will be 400 thousand. All distinguished students from the most vulnerable 60% are eligible for a grant guaranteed by the State and all others (except those coming from the richest 10%) are eligible for favorable credits at a 2% rate with fees that cannot exceed 10% of their incomes.

In public security matters, one of the big campaign promises, some specific and positive results should be mentioned: the reduction of homes that were victims of a crime between the 2009 ENUSC (Encuesta Nacional Urbana de Seguridad Ciudadana or National Urban Citizen Security Survey), the last one from Bachelet's government, and the 2012 ENUSC is very significant: from 33.6% to 26.3%, that is, there were 300,000 homes less that were victims of a crime. Thus, the 15% reduction goal committed in the Plan Chile Seguro 2010-2014 (Safe Chile Plan) has been fulfilled in advance. Furthermore, the President strengthened his government's support to Carabineros (the police), reaffirming that the action of hooded protesters is not acceptable in our society.

Some specific measures have been controversial in the public opinion, such as the third child bonus, which although it does not nearly solve the country's low birth rate problem, it has the merit of giving the alert on a key issue for the years to come.

Quality and Fulfillment in the Past

Since 2011, Libertad & Desarrollo has analyzed the announcements contained in the speeches made by the President of the Republic at the Congress every May 21st. The purpose has been to systematically analyze the presidential announcements from the point of view of their impact on

the country, combining the quality of the proposals with their rate of progress, in a measurement that summarizes both elements.i

According to this exercise, a score of 5.3 was obtained in 2011 (assessment of 213 announcements in the 2010 speech), where the emphasis was put on State politics and modernization, economy and education, getting the best score in the field of education (6.1), delinquency (6.0) and State politics and modernization (5.8).

Meanwhile, in 2012 (assessment of 100 announcements in the 2011 speech) the score was 5.4, slightly higher than in 2011. While analyzing this speech, we observe that the education subject concentrated the first place of the promises, followed by health and State politics and modernization, and the best scores were given to the areas of reconstruction (6.3), education (6.0) and economy (5.9).

Finally, in the exercise made a few weeks ago for the 2012 speech, where 45 promises were analyzed, the most recurrent subjects were economy, education and poverty and family. The best scores were given to the areas of culture and sports (6.4), education (6.0) and reconstruction (5.9). The general score for this exercise was 5.4, maintaining that of the previous term.

Pending Agenda

Despite the undeniable advances in key issues, prior attention should be given to certain matters in the ten months left for this government.

In the energy field, there is a critical situation regarding the number and magnitude of immobilized electric bills, but the speech does not deal with it with the necessary strength. It is important to pass the bills for electric concessions and the electric highway, which are entangled at the Congress. These bills seek to streamline the procedures enabling the private sector to access the lands that are necessary to build transmission networks. The State should play a major role when coping with wide-ranging projects whose development is not feasible through regular channels. These bills are needed to develop different scaled NCES and hydroelectric plants, including the exploitation of hydro resources in the southern end of the country. It is urgent to adopt these bills, since it is estimated that they could reduce the proceeding time from the current 75 months to eight months.

In labor reforms, it is necessary to discuss a new way of financing child care centers that is non-discriminatory towards women, as is the case today. This bill has been announced by the government, but the definite formula is not known yet and the proposal has not been sent to the Congress either.

In public security and justice, there are 3 key bills which should be passed as soon as possible. The first concerns the bill known as the “reform to the criminal justice reform”, which modifies the Criminal Procedural Code with the aim of strengthening the protection of the victims, improve the role of the Public Ministry and strengthen the police action and efficiency of the criminal justice system. Second, in relation to the Adolescent Criminal Institutional Framework it is important to carry forward the bill that has already been introduced, which eliminates today’s National Youth Service (Servicio Nacional de Menores, Sename), and creates two new Services to cope with the needs of children and teenagers. Finally, the bill that strengthens public order is still pending; among others, it aggravates the offenses committed by hooded protesters that alter public order, an aspect that was highlighted by the President during his speech.

Finally, there is a large and strong education agenda at the Congress that deserves prior attention in the coming months.ⁱⁱ We hope that the government will succeed to make it a State issue in order to join forces and pass the legislation concerning higher education funding and changes in the institutional framework.

Conclusion

The May 21st speech of President Piñera has been qualified, and rightly so, as substantial and capable of demonstrating that the country of opportunities, security and values that was promised to Chileans during the presidential campaign, and 10 months ahead of handing over the presidential band, has started to take shape. All this has been carried out quite successfully, despite the reconstruction’s difficult task.

The contrasts with the indicators from the previous administration are evident, and the government was right to point them out a few months ahead of the elections, when the country will have to take a decision between two very different political projects, represented by the center-right and the new left, more radical, personified by Michelle Bachelet. In fact, when the President assumed the responsibility for complex issues like poverty, work and education, he focused his speech on the center-right ideology when it came to bet on people, their effort, freedom and individual responsibility, instead of falling into the easy way, so fashionable today, of assistentialism.

In brief...

SPEECH OF MAY 21st, 2013:

- Solid project for our country, which puts emphasis on work as the source of poverty uprooting and improved quality of life.
- In education matters, the emphasis on preschool education is a wise decision; as for equal opportunities, the playing field is leveled.
- There are some pending matters which should be urged forward in the speech and the legislative scope, such as energy challenges and public security reforms.

ⁱ The research team of Libertad & Desarrollo has analyzed the announcements' development, so each measure gets a score and is weighted according to its relevance for the lives of Chileans. Then, the total added scores are compared by area with a benchmark that reflects which would be, for Libertad & Desarrollo, an optimal performance, that is, a scenario where all the measures considered positive are executed during the year and those considered negative are discussed, but not implemented.

ⁱⁱ See "*Desafíos de la nueva Ministra de Educación: Un plan legislativo robusto*", Public Issues 1,107, Libertad & Desarrollo, April 26th, 2013. Available in: http://www.lyd.org/wp-content/files_mf/tp1.107agendaeducaci%C3%93n.pdf