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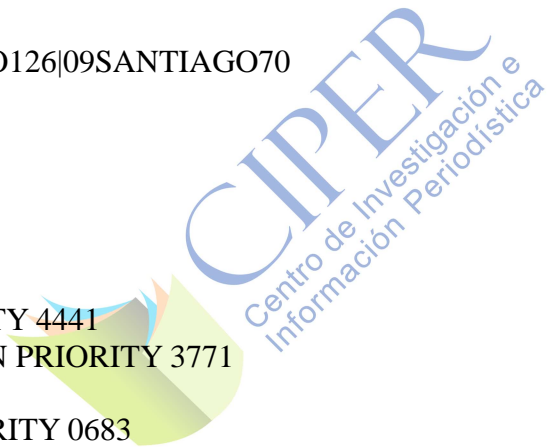
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**TAGS:** PGOV, ECON, CI

**SUBJECT: HOW CHILE'S RIGHT SEES THE PRESIDENTIAL  
CANDIDATES: THE OLD GUARD VS. THE TYCOON**

**REF:** A. SANTIAGO 126  
B. SANTIAGO 70  
C. SANTIAGO 106

**Classified By:** Political Officer Jennifer Spande for reason 1.4 (b).



1. (C) Summary: Conservative political leaders and analysts see both their own presidential candidate, Sebastian Pinera, and the rival Concertacion candidate, Eduardo Frei, as ho-hum choices who are unlikely to arouse much voter enthusiasm. Frei benefited greatly from his father's legacy when he was first elected president by a wide margin in 1994, but must now stand on the strength of his own mixed record as president. Pinera's business success could help him: voters give him high marks for his ability to manage the economy. However, the Concertacion is trying to paint him as one of the greedy tycoons at fault for the financial crisis. And at least one influential conservative politician worries about Pinera's reputation as a "jerk" who flouts the rules. End Summary.

### **No More Coattails: How Alianza Views Frei**

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2. (SBU) Alianza leaders are excited to be facing someone they perceive as a weaker Concertacion candidate than in years past, and believe that they now have their best shot ever at gaining the presidency. At first glance, Frei--a senator, former president, and heir to a political dynasty--seems to be a formidable opponent. In the 1993 presidential election, Frei defeated independent Arturo Alessandri and other minor contenders with 58 per cent of the vote--the highest vote a presidential candidate has received since Chile's return to democracy. However, conservatives believe that this strong showing in the past is not a good indicator of Frei's strength today. In 1993, Frei was running largely on his father's strong record as a president and statesman. In this year's election, however, Frei will have to run on his own merits.

3. (C) Frei's six-year presidential term (1994-2000) left a mixed legacy in the minds of many. He was relatively popular early on, and is remembered for successful educational reform, several trade agreements, strong economic growth, state modernization, penal reform, and dealing with Pinochet's arrest in London. However, many believe that he mismanaged the impact of the Asian financial crisis on Chile in his last two years. By the end of his time in office, his approval rating had dipped to just 28 per cent. Today, Frei is seen as representing the old guard and the stale Concertacion coalition, and does not have a compelling personal history (like President Bachelet's) to overcome this perception.

4. (SBU) While Frei certainly has a strong core of support among Concertacion partisans, Alianza leaders believe that he is deeply unpopular with other groups. Frei has the highest rejection ratings of any candidate, Rodrigo Yanez, an analyst with conservative think tank Instituto Libertad, told poloff. Forty-six percent of respondents in the latest poll by the Center for Public Studies (CEP) said that they would never vote for him.

5. (SBU) Frei has been rejected by the new generation, Yanez continued, as demonstrated by the 30-point gap between the number of unregistered voters who support Frei and Pinera (24 versus 55 percent). (Note: Because few young people are registered to vote, the views of unregistered voters are often used as a proxy for opinions of the younger generation. End Note.) These views may well rub off on registered voters, or could have a direct impact on the election if proposed voting reforms usher in automatic registration in time for this year's election (Ref A).

#### **Little Enthusiasm for Pinera**

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6. (C) While Alianza analysts do not see Frei as a particularly impressive opponent, they also appear underwhelmed by their own candidate, Sebastian Pinera. Asked to talk about how the Alianza views Pinera, two key insiders from Pinera's own National Renewal (RN) party--Rodrigo Yanez, the analyst from an RN-affiliated think tank, and RN International Relations Secretary Samuel Valenzuela--were noticeably reticent. Yanez referred only to polling results, highlighting that Pinera does well in attribute polling, i.e. questions about how the public sees his ability to manage different thematic areas from education to health to the economic crisis, as well as personal qualities like confidence.

7. (C) Valenzuela predicted that the left will try to use Pinera's image as a tycoon to demonize him. Indeed, Yanez noted that the Concertacion is already trying to put a negative spin on Pinera's commercial activities, suggesting that his business success is due to a penchant for speculation and that his behavior is emblematic of the sort of corporate practices that caused the financial crisis. However, these attempts appear to have been unsuccessful so far, with voters giving Pinera high marks for his ability to handle the financial crisis.

8. (C) Dario Paya, a parliamentarian and one of the founders of the staunchly conservative Independent Democratic Union party (UDI), was the most outspoken in his criticism of Pinera, describing him as having a "big ego" and telling Poloff "Pinera's a jerk, but he can handle the job." Pinera suffers from the perception that he buys his way through life and flouts the rules that govern most Chileans. Examples range from the idiosyncratic (illegally parking his helicopter on a municipal soccer field, causing a game to be delayed) to the serious (a USD 680,000 fine for insider trading).

### **Does Pinera Represent the Center?**

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9. (C) Pinera's political evolution is likely to receive attention during the campaign. Born into a prominent Christian Democrat family, Pinera voted against continued Pinochet rule in the 1988 plebiscite and joined the National Renewal Party shortly after being elected to the Senate in 1990. Pinera has always tried to portray himself as a centrist rather than a conservative, but Paya believes that this characterization may ring hollow with voters. In Chile, *la derecha* (the right) is identified as much with wealth as with politics, and as a billionaire, Pinera is definitely a member of the club.

### **Comment**

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10. (C) Just like their progressive rivals, conservative leaders appear to see both of this year's political candidates as uninspired, and hope that voters see their standard bearer as the better of the two options (refs B and C). Frei's candidacy may once again be overshadowed by questions of others' legacies. In 1999, he benefited from his father's glowing reputation, but ten years later, he may be a victim of Concertacion fatigue. Pinera's fortunes are equally hard to predict, though his billionaire status is likely to be an underlying theme: Is Pinera the financial messiah who can create jobs and insulate Chile from the global financial storm? Or is he the corporate Judas who has earned his thirty pieces of silver on the backs of Chilean consumers now facing an economic downturn? One thing is certain: if the Concertacion paints Pinera as a greedy tycoon, Alianza is likely to point a finger right back at Frei, who was a successful engineer for twenty years, eventually becoming a partner in one of Chile's largest engineering firms.

**SIMONS**

