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**TAGS:** PREL, PGOV, CI

**SUBJECT: CHILE'S ELECTIONS: BACHELET AND PINERA CLOSE**

**REF:** A. SANTIAGO 02486  
B. SANTIAGO 02495

**Classified By:** Deputy Chief of Mission Emi L. Yamauchi. Reasons: 1.4 ( b and d).

**Summary**

**CIPER**  
Centro de Investigación e  
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1. (C) National Renewal candidate Sebastian Pinera scored an early victory over Concertacion candidate Michelle Bachelet during the first week of campaigning for the presidential run-off election, which will take place on January 15. Pinera persuaded former Independent Democratic Union (UDI) presidential candidate Joaquin Lavin to lead his campaign, secured public endorsement from other prominent UDI figures, and intensified his efforts to court centrist voters. Bachelet got off to a rocky start as she struggled to secure endorsements from key Christian Democrat (DC) party leaders following that party's defeat in the December 11 elections. In an embarrassing contrast to Pinera, Bachelet flip-flopped on naming popular DC senatorial victor (and former foreign minister) Soledad Alvear as her campaign manager.

2. (C) By week's end, DC leaders had been folded into high-profile campaign positions and voiced their commitment to supporting Bachelet. The December 19 announcement by the Lagos Administration that it would introduce legislation proposing amendments to Chile's binomial system may be designed to help convince ""Together We Can"" coalition supporters to vote for Bachelet. Bachelet and Pinera have agreed to participate in a televised debate on January 4.  
End summary.

### **January 15 Run-Off: Bachelet vs. Pinera**

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3. (U) Ruling center-left Concertacion coalition candidate Michelle Bachelet and center-right National Renewal candidate Sebastian Pinera emerged from the first round of the presidential elections as the top two vote-getters and will face each other in a run-off on January 15 (ref A). According to the first-round results, Bachelet won 45.9 percent of the vote Pinera 25.44 percent Independent Democratic Union's Joaquin Lavin 23.23 percent and ""Together We Can"" coalition's Tomas Hirsch 5.39 percent.

### **Pinera: Out of the Gate First**

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4. (U) Lavin delivered what most observers considered a gracious concession speech immediately after the release of the official results. He thanked his supporters and called on them to unite behind Pinera as the single Alianza candidate. On December 12, Pinera announced that Lavin had agreed to head his campaign and that other prominent UDI figures (including UDI President Novoa and recently-elected Senator Pablo Longueira) had pledged to support him. Pinera wasted little time in courting the centrist vote, as he continued to portray himself as the real center of the country in contrast with Bachelet's ""leftist tendencies.""

5. (C) Bachelet emerged from the first round elections with higher than expected numbers and a Concertacion majority in both houses of Congress. However, she stumbled out of the blocks and suffered a rocky first week before settling down. Her difficulties were in part due to her failure to secure public backing from the various DC factions and her inability to reach an agreement with former presidential rival (and recently-elected Senator) Soledad Alvear regarding the latter's position in Bachelet's campaign. By week's end, DC figures had been named to key campaign positions and Alvear had agreed to campaign on Bachelet's behalf, but only in the greater Santiago region. The Lagos Administration's December 19 announcement that it would introduce amendments to Chile's binomial electoral system may be designed in part to persuade supporters of ""Together We Can"" candidate Tomas Hirsch to vote for Bachelet in January (reform of the binomial electoral system, which currently favors the two larger coalitions, is one of Hirsch's pre-conditions for supporting Bachelet.)

### **Initial Poll Shows Bachelet and Pinera Close**

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6. (U) In a poll of 800 residents in Santiago, Valparaiso and Concepcion (Chile's three largest cities) conducted by one of the leading Chilean dailies (""El Mercurio"" January 13-15, Bachelet outpolled Pinera by roughly a five-point margin, 42.8 percent to 37.5 percent. The number of undecided voters was 19.7 percent. Pinera has narrowed the gap from mid-November, when Bachelet outpolled him by a 15-point margin, 46.9 percent to 31.8 percent.

### **Christian Democrats: Up for Grabs?**

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7. (C) Christian Democrat Party international secretary Tomas Jocelyn-Holt (protect) told poloff December 16 that Bachelet was in a strong position to win the run-off election. He argued Bachelet's first-round numbers (45.9 percent) were higher than the polling numbers during the final weeks of the campaign, and reflected the public's confidence in her ability to maintain the course adopted by President Lagos. Jocelyn-Holt, who is close to DC president Aldolfo Zaldivar, has expressed reservations about some of Bachelet's leftist tendencies. He believes that Bachelet is vulnerable in a few areas: men (where her numbers have dropped recently) and young people (where according to Jocelyn-Holt, 70 percent of the 200,000 newly registered voters voted for Pinera in the first round). Nevertheless, Jocelyn-Holt expressed confidence that Bachelet could shore up these groups' support between now and the January 15 election. Given Bachelet's solid"" first round numbers and the Concertacion's popularity, Bachelet will win the election, he predicted.

8. (C) Jocelyn-Holt downplayed the likelihood that Pinera would siphon away centrist voters. He acknowledged the Concertacion had underestimated Pinera and noted that some of Pinera's economic positions resonated with the Chilean center.

That being said, the DC and its base ""distrusted Pinera and considered him an opportunist."" He predicted that DC politicians, rank-and-file, and power brokers in the private sector will continue to support Bachelet. In response to a question about the 11 DC lawyers who had announced publicly their support for Pinera, Jocelyn-Holt said this was an ""isolated incident,"" which would not lead to a mass exodus of DC supporters. Given the DC's tenure as the backbone of the Concertacion "" and its poor showing in the recent congressional elections, the DC's immediate future could only lie with the Concertacion.

9. (C) Jocelyn-Holt said it was not clear whether Pinera would capture the Lavin vote (23 percent) during the run-off election. While acknowledging that UDI supporters in general were more likely to vote for Pinera than for Bachelet, he said there were some Lavin voters -- women, the poor and the elderly -- who would not vote for Pinera. ""These are three segments of the Chilean population that have nothing in common with a billionaire,"" Jocelyn-Holt said.

### **UDI: Likely to Unite Behind Pinera?**

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10. (C) UDI Deputy Dario Paya (protect) told poloff on December 19 that UDI and its supporters were not taking Lavin's loss very well. Nor were they pleased with the prospect of a Pinera presidency. Paya, who was re-elected on December 11 and worked on Lavin's presidential campaign, said Lavin and UDI have made a number of mistakes since the October 2004 municipal elections. The number one mistake: Lavin's failure to fully grasp the threat that Pinera posed to UDI and the Alianza coalition. Paya noted that as early as January, it was clear Pinera would run and would ""go all the way"" until December, rather than agree to support a unified (read Lavin) candidate. ""Pinera cares about only one person -- himself,"" Paya stated.

11. (C) Paya expressed confidence that most UDI supporters would vote for Pinera, although he acknowledged ""some party faithful would rather boycott the election."" He said the reason behind UDI's support was more practical than ideological: UDI has little option other than to support Pinera. Despite past bad blood and ideological differences, UDI and RN agree on one thing: a Pinera presidency was better for Chile than a Bachelet presidency. ""He (Pinera) is the worst of the two evils,"" he said. Paya said that according to some internal, not-to-be published nationwide polling conducted on December 15-16, nearly 100 percent of the voters outside of the greater Santiago region who voted for Lavin in the first round said they would vote for Pinera on January 15. However, in the greater Santiago area, some of the poor and middle-class voters who had voted for Lavin said they would not vote for Pinera. While expressing confidence that Pinera ""has a good chance of defeating Bachelet,"" Paya conceded it would not be easy.

## Comment

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12. (C) Michelle Bachelet emerged from the first round election in a strong position to succeed President Lagos as Chile's next president. She enjoys broad-based support, a Concertacion majority in Congress (ref B), and the backing of President Lagos and his six years of success. However, her victory is far from certain. There are several factors likely to influence the outcome on January 15. These include: the degree of the Lagos Administration's public support for Bachelet (and any personal involvement by the President himself) Bachelet's ability to hold on to the centrist voters and persuade ""Together We Can"" coalition supporters to vote for her Pinera's ability to mobilize the UDI machinery during the campaign and persuade Lavin voters to vote for him Pinera's success in ""stealing"" some votes from the more conservative wing of the Christian Democrat Party (of which Pinera used to be a member) and the number of ""hidden votes"" in the first round's 12 percent abstention rate -- will these voters come forward in the run-off election?

**KELLY**