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“We are committed to reaching 2010 with a more modern, integrated and developed country”



In her first Message to the Nation, on May 21, President Michelle Bachelet described the four key areas of transformation for her administration: social protection, education, development and the quality of life.

“The coming years will be decisive. It is a question of consolidating a society which not only recognizes liberties, but defends and promotes them. A State which not only enumerates rights, but guarantees them to all of its citizens.”

**President Michelle Bachelet
May 21, 2006**

For the first time in Chile’s history, a woman stood before the Full Congress to deliver the annual presidential report to the country. On May 21, as called for by the Constitution.

At the beginning of her speech, President Michelle Bachelet pointed to the changes experienced by the country in recent years. “We have regained the climate of liberty which characterized our Republic for so many years. We have constructed a more open, diverse and tolerant society.”

In her speech, she described the “navigational map” for her four years in office, with its emphasis on social programs and innovation. She also called for the resolution of pending issues in the areas of human rights, the recognition of indigenous peoples and reforms to Chile’s electoral system.

DID YOU KNOW?

- ★ Chile's Congress consists of the Senate and the Chamber of Deputies. Since 1990, it has convened in the port city of Valparaíso, 119 kilometers from Santiago.
- ★ The Lower House is made up of 120 deputies, of whom 16 are women. The Upper House consists of 38 senators, including two women.
- ★ The first election for deputies in Chile was held in May 1811. The first National Congress was inaugurated on July 4 of that year.



“Today there are 627,000 small businesses and microenterprises in the formal sector, which employ 70% of the labor force. Yet this sector produces only 17% of total sales and less than 2% of exports. These are levels far below those of the developed countries. Thus I reiterate, once more, my government’s commitment to support the growth and modernization of small and medium-sized enterprises.”

In concluding her address, President Bachelet referred to “a Chile that belongs to all of us, more modern and welcoming, more integrated and more integrating, more just, more humane. This is the Chile of 2010, and this is the direction in which we will advance.”

The four areas

The President indicated the four areas which will be especially strengthened under her leadership: the retirement system; education; innovation and entrepreneurship; and the quality of life for Chileans.

In the area of retirement, Bachelet noted that her government’s efforts will focus on ensuring that the system “covers all workers, that it takes into account the diverse situations existing in our country. Because social security is a right.” She indicated that there is broad agreement in society about the needed areas for reform: finding ways to expand coverage; incorporating independent workers; increasing minimum guarantees; achieving greater equity between men and women; increasing transparency and competition; and raising the funds’ profitability. The aim is to provide “decent and dignified pensions,” the President asserted.

In education, she pointed to the advances achieved: “We are reaching 100% in elementary and secondary school coverage. As a society, we have guaranteed our children’s right to 12 years of schooling. We have also enhanced and added dignity to places of learning, and provided the necessary materials for education.”

President Bachelet promised to undertake far-reaching reforms to preschool education during her term in office, “because it is in these first years that the first exclusions and inequalities begin to develop.” In response, more day care centers, preschools and elementary schools will be constructed.

The most important task, however, will be to work to achieve “quality, quality and more quality” throughout the educational system. Toward this aim, teacher training will be improved, and initiatives will be carried out to optimize schools’ performance.

Since productivity is a key factor in modern economic growth, as well as a highly significant element in the development of societies, the President identified innovation and entrepreneurial activity as another of the priority areas for her administration. “Raising productivity also implies increasing innovation. It means introducing new products and adding technology to our exports. I want a country in which we export not only copper, but also mining software; not only fruit, but food packaging and preservation techniques; not only salmon, but also vaccines for preventing fish diseases.”

Bachelet announced the creation of an Innovation Fund to boost the country's competitiveness, a 50% increase in public spending in this area, and the extension of digital literacy to a million citizens by 2010.

Finally, the President pledged to promote the establishment of "friendlier neighborhoods to improve the quality of life for individuals." Here, she mentioned policies to preserve the country's cultural heritage and to enhance public areas, as well as measures to improve the quality of low-income housing and increase the space dedicated to it, with emphasis on funding for its construction.

She also announced that her administration would work to eliminate temporary encampments in Chile and to assist the *allegados* (people forced to share homes with others due to a lack of housing). The idea is to drastically reduce the housing deficit among the poorest 20% of the population.

Prudence in public spending

The use of the extraordinary funds received thanks to the high price of copper on the international market was a key topic in the President's address. Bachelet emphasized that fiscal discipline will be maintained, as will the rule of a structural budget surplus of 1% of GDP, thus avoiding fluctuations based on a temporary windfall. She argued that "the price of copper represents an opportunity, but also a challenge," since there have been "too many" examples in Latin America in which "poorly administered boom periods ended in crisis," as seen in Chile with nitrates during the early 20th century.

In that regard, the President noted that "these high copper prices are a transitory form of security. To ensure that our prosperity is not transitory as well, we must manage this increased income effectively, with wisdom and prudence."

Thus, the approach will be to save a portion of the extra funds and spend the rest on the country's social protection system. The President announced to the Congress the creation of a Pension Guarantee Fund and a Social and Economic Stabilization Fund, in which "we will deposit the savings from this temporary bonanza," as the President noted.

Regarding the investments to be made this year with the proceeds from the high price of copper, the President emphasized that they will go toward "projects of direct social benefit." These will include new equipment for regional hospitals; new fully-equipped operating rooms; 16 mammography machines; 150 additional ambulances and mobile dental clinics; 280 new police vehicles for high-risk townships; and an aircraft for the Carabineros uniformed police.

Agriculture will also be among the areas receiving benefits, through the acquisition of state-of-the-art irrigation equipment and technology for small and medium-sized corn producers and rice growers. In addition, support will be offered to improve cattle ranching practices among small producers; the National

FACTS

Since 2001, Chile's budgetary policy has been governed by a structural balance rule. The rule calls for the annual generation by the central government of a structural surplus equivalent to 1% of Gross Domestic Product (GDP).

During the past six years, approximately 70% of the national budget has been dedicated to social spending.



Forest Service (Conaf) will be equipped with new aircraft; and more resources will be added to the Small Business Guarantee Fund administered by BancoEstado.

“In the 2007 budget and those of later years, we will spend that part of our higher income that is permanent and not temporary. It should not be a question of providing higher benefits to individuals, only to take them away later when the price of copper falls. We will carry out a social policy that is ambitious, but at the same time sustainable,” the President asserted.

Social announcements

In her Presidential Message, Bachelet also announced social measures which will be implemented starting in the current year.

- More than 1,200,000 families who participate in the Chile Solidario program and are living on less than 345 dollars a month will receive a special winter assistance subsidy.
- During the third quarter of this year, 130,000 jobs will be created.
- New hospitals will be constructed in two of the most populous townships of the capital.
- Family health centers will be renovated in Arica, Alto Hospicio, Antofagasta, Talca, Concepción, Curanilahue, Temuco, Osorno, Castro, Punta Arenas and Easter Island, and 31 new health clinics will be inaugurated around the country.
- A national scholarship system will be implemented to help young people, especially those from low-income families, complete their university studies.
- The housing subsidy for mortgage loans will be enhanced, and real estate options will be diversified to promote the purchase of existing homes.



Energy

In the area of energy, the President noted that although the pursuit of energy security carries a cost, energy shortages bring an even greater cost. “The initiatives we are taking are in line with this, such as the liquefied natural gas project in Quinteros, exploration for gas in Tierra del Fuego, the creation of an active public-private energy efficiency program, and the promotion of the development of agro-energy, as well as our active participation in opportunities for dialogue with the other countries of the region to promote energy interconnections within the continent.”



Bachelet added that Chile must take advantage of all of its available resources for generating electricity, including renewable sources such as hydraulic, wind and geothermal power, to name a few. “Water, wind and steam are part of our natural heritage. Our country cannot

allow itself the luxury of not using these resources, especially in light of a world situation characterized by restrictions and high prices.”

The Santiago Metro

The President confirmed that Santiago’s Metro system will be extended, so that at the end of four years, 21 Santiago townships will enjoy access to the Metro network. After the expansion, the system is expected to serve 785 million passengers each year.

Toward the Bicentennial

“A more modern, integrated and developed country” is President Bachelet’s commitment for 2010, the year which will mark the Bicentennial of national independence.

Announcing that the public sector will increase research and development spending by 50%, she added that “our goal is that by the Bicentennial, the country will dedicate more than 1% of its GDP to research and development, and that a very significant part of this spending will come from companies, as occurs in the advanced countries.”



As she also stressed, she expects that by 2010, 10,000 primary and secondary schools will be connected to the digital Enlaces Network; a million additional Chileans will be digitally literate; and extreme poverty will have been eradicated through the Chile Solidario program, which will be extended to homeless persons and the 15,000 impoverished adults who live alone.

By the end of her term, the President asserted, Chile will have 100 Family Health Centers in communities throughout the country, and guaranteed coverage for 80 medical conditions will be included in the AUGE Plan, which guarantees access to opportune, quality and financially protected health care.

Human rights

On the topic of human rights, the President stressed that “the memory of thousands does not permit an endpoint. While there are still disappeared persons, we will never stop searching for them.”



After asserting that “responding to the human rights violations of our recent past with truth, justice and reparations is necessary in order to lay the foundations of effective coexistence among Chileans,” she noted that “we have implemented concrete measures to provide reparations, in recognition of the truth about the disappeared detainees and political executions, as well as the victims of political imprisonment and torture.”

With respect to the National Human Rights Institute, an entity whose establishment was announced during the previous administration, the President expressed her hopes that the bill creating it will be approved this year, “so that we will have an autonomous body responsible for the promotion and protection of human rights, with the ability to recommend measures that guarantee those rights.”

International policies

“The world respects us for what we are: an institutionally serious, democratic country which is seeking its own path to development. But we are also respected for what we promote: the values of democracy, peace, multilateralism, respect for international law, free but fair trade, and integration processes, which are sometimes complex but necessary for the development of our peoples.”

Chile, she said, will not neglect global challenges or the strengthening of international ties, but it will give priority to regional policies and relations with its neighbors, “especially at a time in which a debate seems to have arisen about the future of regional integration. Chile has not been, nor will it be, a passive participant in this debate, and it has an important role to play during this stage.”

“Members of Congress, I will give you another example of exclusion: why do we not get together and agree once and for all to grant the right to vote to the thousands of Chileans living abroad?”

DID YOU KNOW?

★ May 21 is a national holiday in Chile. It commemorates the Naval Battle of Iquique, which took place on that day in 1879. During the battle, the old Chilean wooden corvette *Esmeralda*, under the command of Captain Arturo Prat, fought for nearly five hours against the powerful Peruvian battleship *Huáscar*.

Refusing to surrender, the *Esmeralda* sank with its flag still flying, and 144 of its 200-member crew were killed, including Prat.

The main event is the parade in the port of Valparaíso, in front of the monument containing Captain Prat's remains, attended by the President of the Republic and the Commander in Chief of the Navy.

With respect to the United Nations peacekeeping mission in Haiti, in which Chilean troops are participating, the President described it as an immediate and concrete challenge to contribute to the success of democracy in that country, “where the stability of the Caribbean Basin is at stake, along with the credibility of the United Nations, and – why not say it – that of our region.”

Original peoples

“An essential reform” was the term used by President Bachelet to describe the constitutional recognition of Chile’s indigenous peoples. “We insist on it, because it seems to us an act of justice, an act of historical reparation; it is an ethical imperative that we recognize ourselves for what we are: a nation constructed by many peoples.”

Bachelet pledged her most sincere commitment to promote the development of the country’s original peoples, “recognizing and respecting their dignity, their rights and their roots. I want our indigenous peoples to feel included in Chilean society and to feel represented by the State.”

Women

The President’s address also emphasized the struggle of women for their rights. She called for a country without exclusions, one which “demands that women fully exercise citizenship in all its facets. Discrimination and segregation are still everyday experiences in Chile. My administration will support the effective exercise of women’s rights with the greatest decisiveness.”

President Bachelet also affirmed that “Chile will be a more developed, just and democratic country when the powerful barriers against the integration of women into work, culture, the economy and public life are removed. Without the active presence of women, we cannot defeat poverty, nor can we become a more competitive country.”

After remembering illustrious women from Chilean history, the President pointed to the historic moment being experienced in Congress: “Who would have thought it! Today a woman President is speaking to this Full Congress. Here are my ten female ministers and my 15 female deputy secretaries. Here, as I promised during my campaign, is the first gender-balanced administration of our entire history.”

At the end of her speech, President Bachelet read a letter from a 12-year-old boy:

*“Hello Mrs. President,
I would like to congratulate you,
because you are moving Chile forward. You
can make Chile a better country for its
citizens.*

*Poverty can be seen in the homes. It is
like having a cold; we must find the cure. You
are the cure for the most needy.*

*Mrs. President, I know that you can make progress toward a
new Chile in which we can place our trust.*

With cheerful greetings,

*Rodrigo Valenzuela Mardones
Class 6A, Liceo Avenida Principal, Conchalí.”*



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