



## *Latin America and the Caribbean*

# In the wake of the “quiet revolution”

Latent changes in Latin America are making themselves felt with increasing clarity. Citizens are often demanding more from political and economic elites: a greater say in policy decisions, more social services, more honesty. These demands, voiced in growing protests, are a direct consequence of successful transformation. But most governments have yet to find a compelling response to these challenges.

Two decades ago, Argentinian political scientist Guillermo O’Donnell urged patience for the young Latin American democracies. If they could only be afforded a long phase of stability, he predicted, then the disadvantaged masses would organize more decisively to exercise their rights and submit their demands.

This prediction appears to be ringing true. Simmering desires for further change, now spilling over into the streets, are linked to a change in the region’s political culture. In short, this change is driven by citizens who are fed up with poor governance and finally exercising their right to protest and make demands on their governments.

This is related to the fact that problems, such as high levels of social inequality, the fixation on commodity exports and the erosion of stateness, have persisted despite the

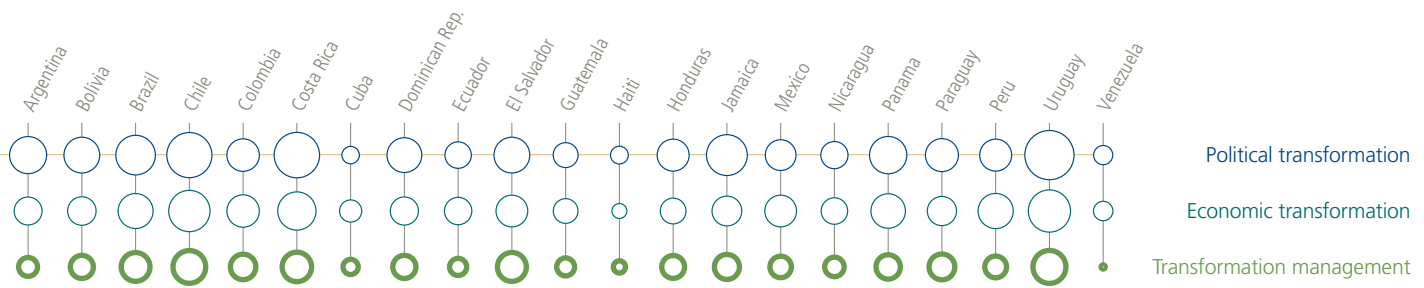
progress made since the 1980s, as has the mismatch between social demands and the responsiveness of the political system. Even in the new democratic era, Latin America’s political class has been largely dominated by elites who remain suspicious of citizen participation and, in some cases, have placed further restraints on such activity.

The social protests in Chile, Brazil and other countries are an expression of widespread disappointment in the absence of responsiveness. At the same time, they mark an opportunity to deepen democracy in these countries. In many other countries, however, the political elites do not seem sufficiently conscious of the growing challenges and have not developed commensurate strategies.

Ironically, the new problems finding expression in a series of social protests – for

example, in Brazil during the 2013 Confederations Cup or the 2014 FIFA World Cup – result in part from a successful economic policy. As numerous studies (such as those from the World Bank) show, economic growth, structural labor-market improvements, rising education levels and a decline in income inequality have contributed to the emergence in recent years of a “new middle class” in many Latin American countries. However, these individuals, who comprise what the International Labour Organization refers to as a “floating group,” live at a level not far above the poverty line. Entire strata of the population therefore remain vulnerable and face the real danger of renewed social decline.

This danger could become reality if declining economic output and an associated job shortage combine with existing struc-



tural deficiencies in education and health care, a neglected infrastructure and the fight against corruption. This is why fears of social decline and the claims made by the “new middle class” are leading not only to demands for the protection of material welfare, but have also been directed toward better education and infrastructure, environmental concerns, greater political transparency and sustainable democratization.

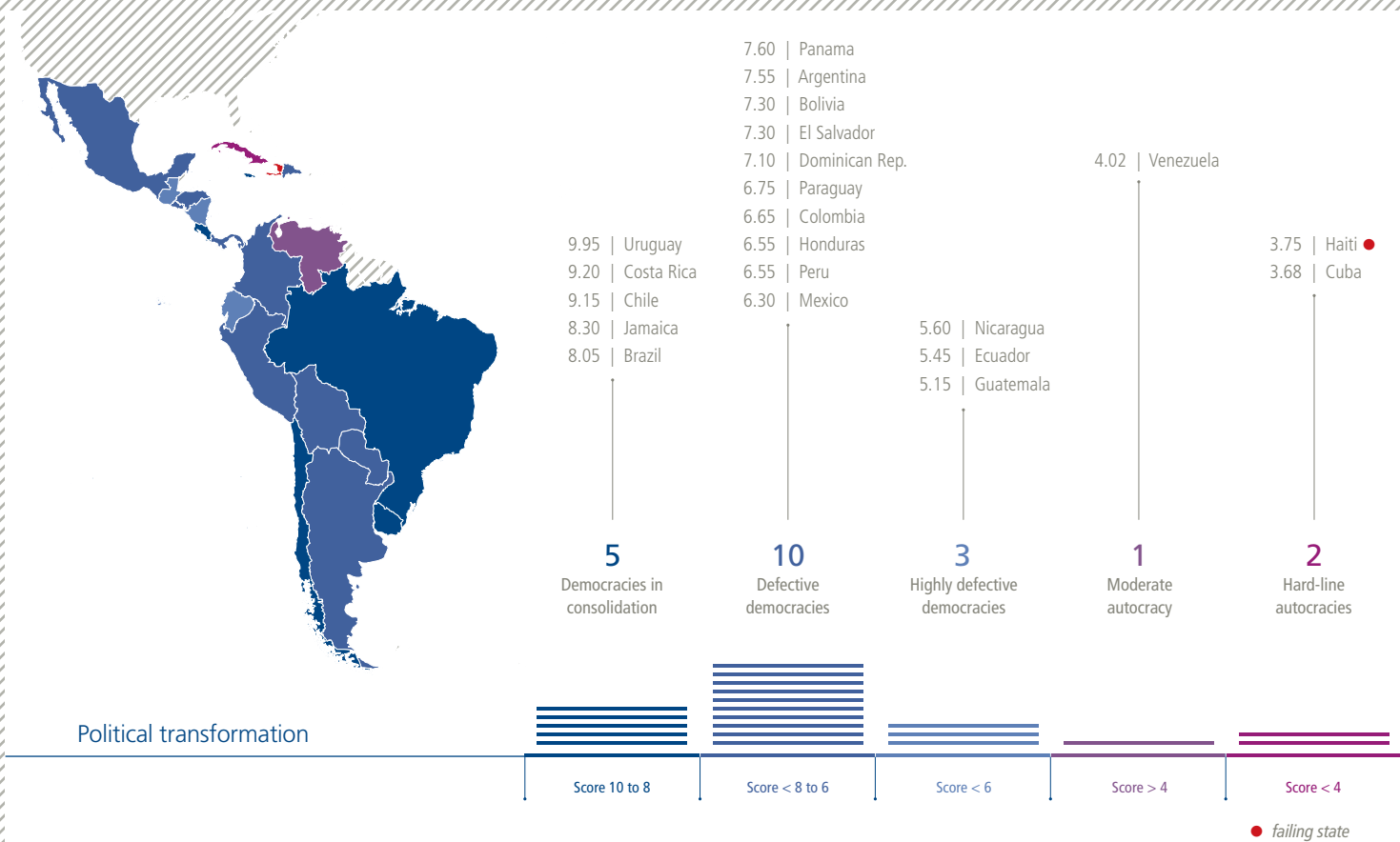
Given this context of socioeconomic upheaval, it is significant that Latin America countries have generally respected the principles of constitutional democracy while cultivating sociopolitical corrective measures in their market economies. Aside from Cuba, which has remained a classic autocracy, and Costa Rica, which has been consistently democratic since 1949, all countries

in the region have undergone a democratization process since the end of the 1970s. Also in response to what, in some cases, were massive human rights violations perpetrated under dictatorships, Latin America was and is characterized by a generally high level of consensus regarding democracy as a guiding principle of transformation.

On the other hand, neoliberal reforms, which were carried out initially in Chile in the 1970s and then more broadly throughout the region in the 1980s, have significantly changed the region’s socioeconomic structure and, with it, the political and social culture. These reforms broke with the Latin American version of Keynesianism and yielded little more than scanty results in many countries, triggering radical and moderate-left countermovements in re-

sponse. The “third way,” featuring mixed systems in Bolivia, Ecuador and Venezuela, remains in place, as does Cuba’s state socialism. Five years after the earthquake, Haiti’s fragility remains unchanged, and prospects are bleak for a run-down Venezuela, too.

An additional characteristic of the region is that – aside from border skirmishes and various U.S. interventions – there have been no interstate wars for almost a century. In this regard, the prospects for intraregional cooperation are good. However, violent domestic conflicts and high murder rates offer a sharp contrast to this fact. The region contains 21 of the 25 countries and 43 of the 50 cities with the highest murder rates worldwide (outside war zones). This poor state of security demands new or even cross-national strategies.



## Still at the crossroads

The growth of democratic deficits in Latin America seems generally to have slowed. However, in some countries, the spiral of violence, structural obstacles and populist temptations have ushered in a lengthy period of negative developments.

Aside from stateness, political participation represents the strongest pillar of democracy in Latin America. This is expressed to a significant degree in the quality of elections. In 2013 and 2014, a total of 12 presidential elections took place, with only two being seriously disputed. The most dubious was the 2013 election in Venezuela, in which Nicolás Maduro was elected as Hugo Chávez's successor – a result that the opposition candidate, Henrique Capriles, refused to recognize. The presidential and parliamentary elections in Ecuador, which in February 2014 not only returned incumbent Rafael Correa to office with a clear majority, but also – supported by a new electoral law – earned his Alianza PAIS party a near three-quarters parliamentary majority, can be deemed free and fair to only a qualified degree.

Dissatisfaction with the performance of governments has risen notably, leading to growing protests. On the one hand, this indicates that citizens are demanding their rights even outside the electoral context more actively than was previously the case. However, on the other hand, it may also lead to major conflicts as individual political systems fail to respond to public demands. Currently, this trend is evident in about half of the region's countries. So far, this unrest has not led to any major systemic changes. However, the average level of approval for democracy has been on the decline since 2010.

In essence, two phenomena – weakened state structures as a result of the expansion of organized crime, and populist challenges to the liberal state – in combination with structural factors and at times flagrant

mismanagement, are responsible for some significant negative developments. With regard to stateness problems, this applies to Guatemala and Mexico, while the “populist” camp includes Ecuador, Nicaragua and Venezuela.

In Mexico, the downward spiral of violence and counterviolence that began under the presidency of Felipe Calderón (2006–2012) has continued under the Peña Nieto government. Corrupt networks linking politics, law enforcement and drug gangs, and the resulting near-complete impunity, are further undermining the rule of law. Moreover, the human-rights situation is precarious. Quite clearly, the government lacks the capacity to mount a more forceful fight against the threat of national disintegration. As a result, Mexico increasingly resembles Guatemala, which is exposed

## Democracies in retreat



Score changes in the political transformation dimension, BTI 2006–BTI 2016. Only countries with significant changes of  $\pm 0.50$  are depicted.

to a similar syndrome of corruption, escalating violence and criminal networks. And, with its fragile institutional structure, it represents the weakest democracy in the BTI overall.

In the populist camp, proto-democratic institutions and procedures have further deteriorated, particularly in Venezuela. The government of Chávez's successor, Nicolás Maduro, a weak leader, has seen itself confronted with growing economic and social problems since taking office in April 2013, and these issues have been further exacerbated by the decline in oil prices. The government has become increasingly repressive toward the opposition and mass media, and has imprisoned several prominent opposition politicians. While the country's strong political polarization, along with a mostly disunited opposition, constitutes a considerable source of power for a "Chavismo without Chavez," the desolate condition of state institutions makes it impossible to rule out a future scenario of anomie and anarchy.

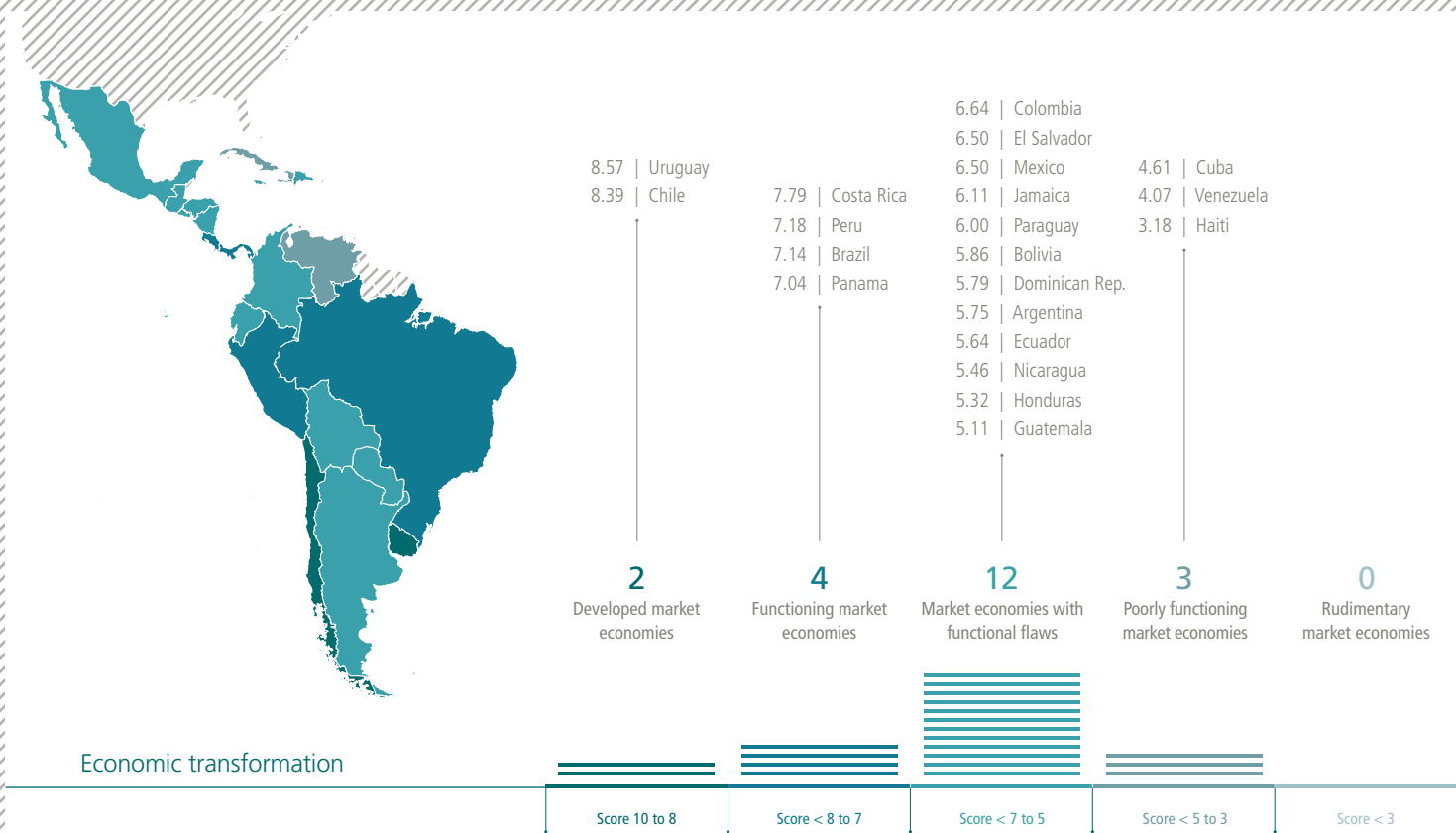
Comparatively speaking, Nicaragua and Ecuador offer a more stable environment, as presidents Daniel Ortega and Rafael Cor-

rea have proven successful in gradually monopolizing power and protecting it with a mix of respect for, evasion of and alteration of democratic institutions. While the former left-revolutionary Ortega has come to terms with Nicaragua's economic elites, Correa envisions an economic order characterized by significant state intervention in order to end the "long night of neoliberalism." Both presidents have successfully made their parties into hegemonic powers and neutralized the weak opposition, so that both countries have taken a step closer to being "electoral autocracies." In Correa's case, it is also true that, in some respects, he actually governs better than his mostly incompetent predecessors, which has earned him a level of support within the population that remains high.

In only two cases in the last decade, by contrast, have there been significant positive democratic developments: Bolivia and Colombia. Bolivia is a particularly interesting case, as the country – governed since 2006 by President Evo Morales – is numbered among the left-populist regimes. Generally, these are almost by definition contrary

to the principles of liberal democracy because the personalization of such regimes is linked to a general weakening of institutions and efforts to monopolize the public sphere. However, with a new constitution and the subsequent establishment of a new institutional structure, Morales has been simultaneously successful in opening the political system and stabilizing the country. Unlike his counterparts in Ecuador and Venezuela, he has had to grant the opposition considerable leeway. He also continues to enjoy strong support in civil society, which is relatively heterogeneous and cannot be controlled.

Colombia's political progress has followed a different track. First, President Álvaro Uribe (2002–2010) strengthened state-ness in the violence-ridden country – at the expense of the rule of law and human rights, but relatively successfully. Under President Juan Manuel Santos, in office since 2010 and re-elected in 2014, the rule of law was once again strengthened, while peace negotiations with the guerrillas, despite repeated setbacks, helped mitigate conflicts.



## Big states, big problems

Despite a challenging global economic environment, most of the region's economies appear to be stable. However, dependence on raw materials remains a massive problem, as does social inequality. Leftist governments are responsible for both the greatest successes and the biggest setbacks.

Declining commodity prices, weak demand from Europe and China – the economic climate has been anything but favorable to the economies of Latin America in recent years. The fact that experts nevertheless regard most of the economies as robust enough to surmount these challenges is a positive outcome of the reform processes of the 1980s and 1990s, which resulted in clear institutional-stability gains in most countries.

However, the region's core problems remain unchanged: first, the dependence on commodity exports, and thus too-low productivity and competitiveness; and, second, the still-high level of social inequality. This, in turn, serves as the breeding ground for a third malady: abrupt, politically motivated changes in economic policy, and changes to the framework of economic institutions. These basic patterns are also reflected in the BTI's classification of Latin

America's market economies, which has remained fundamentally unchanged for years. A handful of developed or at least functioning market economies, with Uruguay and Chile at the top, contrasts with the majority of countries that display clear to, in some cases, severe functional deficits. As previously, Haiti, Venezuela and Cuba bring up the region's rear.

The fact that Cuba has significantly surpassed Venezuela with respect to the economic-transformation assessment is not due to some burst of market-economic development on the Caribbean island, but to Venezuela's increasingly drastic decline. Even if Raúl Castro's reforms are in the public spotlight, the slight improvements in the economic order here (a little competition, liberalization and private property) are broadly balanced by downward social trends (greater inequality as a result of reforms), and the overall trend over the past

few years has been negative due to the weakening economic performance. Venezuela fared far worse and has slid increasingly into economic chaos during President Maduro's term. This has expressed itself in disastrous monetary and fiscal policies, horrendous inflation, supply shortages and a worsening recession, further driven by the decline in oil prices.

The fact that the average regional score for economic transformation has declined since 2010 is primarily due to two factors: less-solid stability policies and, even more so, declining economic performance. This is the consequence of Latin America's dependence on commodity exports. While this contributed to a boom in exports after 2002, and thus also to growing prosperity, a new middle class and a reduction in poverty, the situation has reversed in recent years in the wake of falling prices for raw materials. This drastically reduced

export earnings as well as reserves. According to the Economic Commission for Latin America and the Caribbean (ECLAC), Latin America's per capita economic growth rate has declined from 3.1% in 2011 to 0.1% in 2014, with equally weak IMF forecasts for 2015 and 2016.

However, these developments have not had equal impact in all countries. Differences are attributable to specific policy decisions made within different countries, particularly with regard to stability policy and its institutional safeguarding through means such as stabilization funds. Interestingly, it is mainly the smaller countries that have maintained an overall positive development, while it is primarily the large economies that are struggling.

Along with Venezuela, this currently applies to Brazil. The Dilma Rousseff government has pursued a significantly laxer and inconsistent fiscal policy, although a decline in economic performance (rising inflation, trade deficit and budget deficit) has

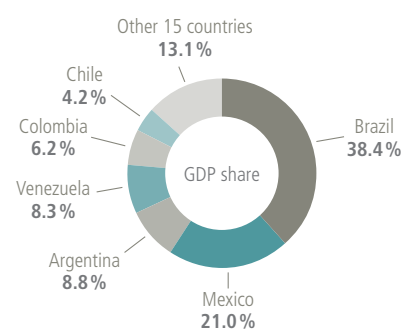
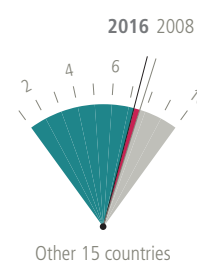
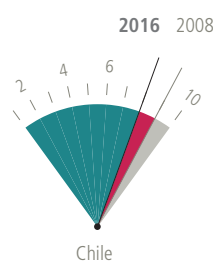
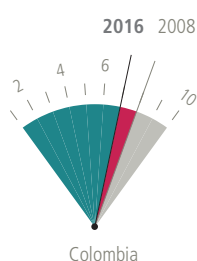
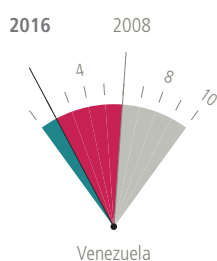
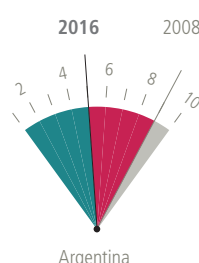
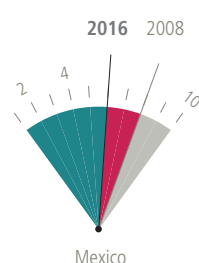
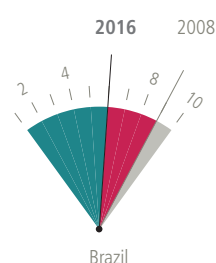
been apparent for a while. The adjustment policy initiated in December 2014 is likely to take effect only in the medium term.

The downward trends in Costa Rica and Mexico show a slightly different pattern, as factors beyond weaker performance and stability policy have also had an influence. In Mexico, where about 40% of the state budget is financed through oil revenues, these additional factors included the effects of increasingly undermined property rights as well as weak environmental policies. In Costa Rica, which has long been viewed as a country with relatively good social standards, poverty and inequality have expanded over the course of years, and have become a burden for the country's development. Costa Rica was one of the few countries in Latin America to see a rise in the Gini coefficient during the boom years of 2002–2011; this trend has continued since then, and reached a historically high level in 2013. By contrast, most other countries were far better able

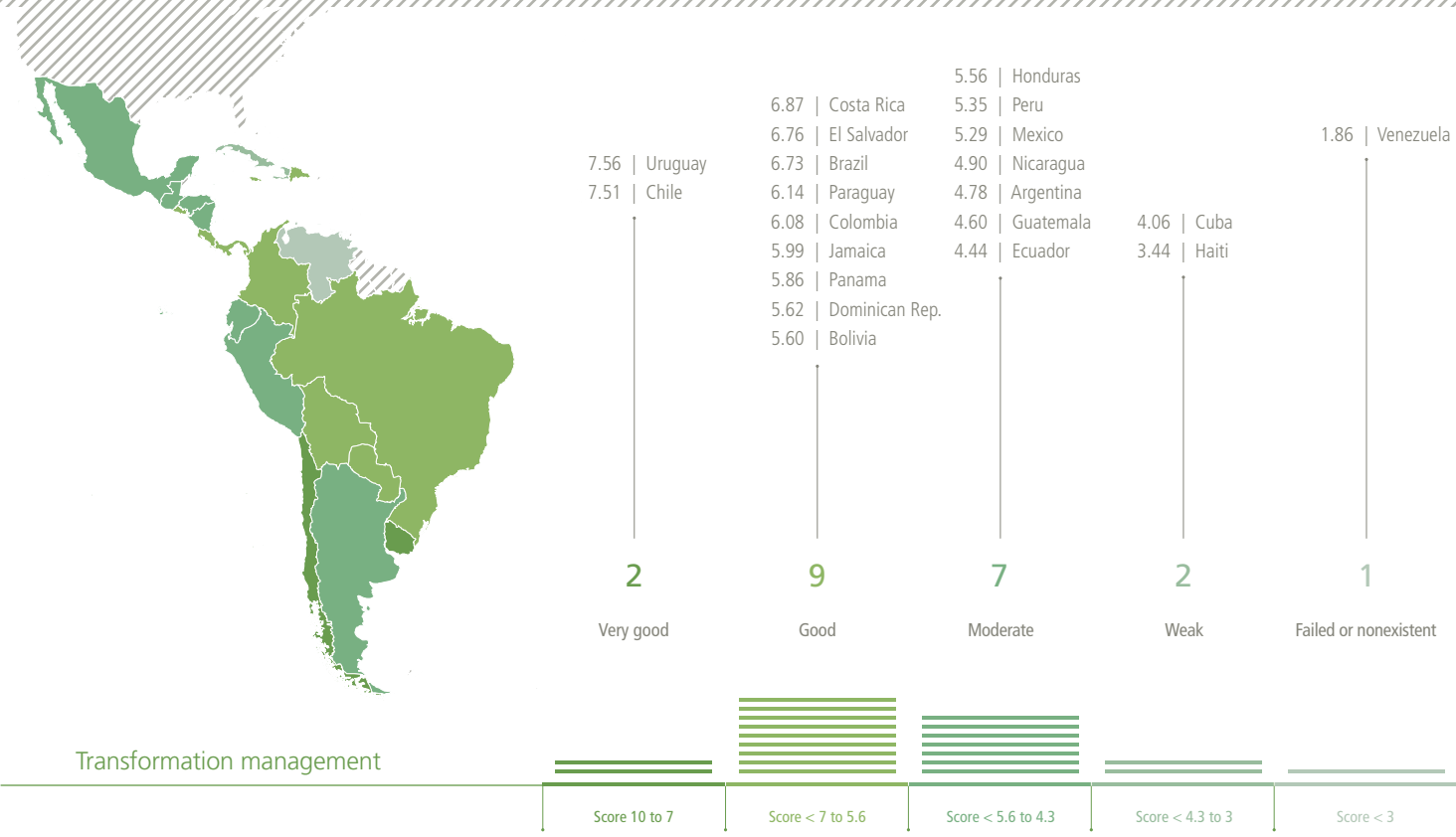
to overcome the social challenges despite partial weaknesses.

A similar picture can also be identified in the medium-term perspective since 2006, which identifies Argentina, Venezuela and Brazil as those countries suffering the greatest losses and, aside from Peru, primarily smaller countries, such as Uruguay, Paraguay, Ecuador and Bolivia, as those registering the greatest gains. With respect to the underlying economic-policy principles, this points to an apparent paradox, as Latin America's left-wing governments – and not only the moderate ones – have been responsible for both the greatest progress and the greatest setbacks. As Bolivia and Ecuador show, left-populist governments do not necessarily have to fall into an erratic economic policy à la Venezuela, but can safeguard and combine inclusion-oriented economic and social policies with some standards of liberal economic order.

Large economies under pressure



Changes in the economic performance criterion, BTI 2008–BTI 2016. The 15 smaller economies were merged and their scores weighted by GDP.



## Suffering from the “Brazil syndrome”

All across Latin America, new social classes are creating new challenges. Yet political responses have largely failed to keep pace. This is not the only area in which the region has developed a considerable backlog of reforms.

The 2013 Confederations Cup in Brazil was planned as a joyful event and a mass spectacle. Instead, it turned into a catalyst for mass anger. However, the protests ignited in the context of this World Cup preparatory tournament transcended national borders. They serve as examples of how difficult nearly all governments in Latin America are finding it to develop appropriate responses to the region’s new configurations of multifaceted problems.

The “Brazil syndrome” is closely linked with the social changes underway that have accompanied democratic advances and growing socioeconomic opportunity in the past decade. Economic success and socio-political policies have precipitated the emergence of a “new middle class.” These strata

of the population, whose members feel that their social status is at risk, have clear expectations and demands of the political system with regard to education, infrastructure, transportation, public security and environmental protection. If the state’s performance fails to meet these expectations, a latent discontent emerges, which becomes manifest displeasure if—as in Brazil—massive sums of money are expended on prestige projects and protests are apparently not taken seriously. Corruption scandals embroiling leading politicians exacerbate this effect, deepening the rift between the population and the political class or, in extreme cases, even promoting a disaffection with the idea of democracy.

Since 2013, Dilma Rousseff in Brazil has faced exactly this mixture of reform

deficits, discontent and loss of legitimacy. And even if, at the end of the review period, some signs indicated that Rousseff had at least recognized the necessity of fundamental reforms, the government has not yet been able to demonstrate forward-looking perspectives.

Brazil is not an isolated case. The situation in Chile, where the legacies of the Pinochet era continue to play a defining role, is similar if somewhat differently configured. The rise in social and political conflict under the presidency of Sebastián Piñera – protests particularly by students and the conflict with the Mapuche – contributed to Michelle Bachelet’s re-election as president. Backed by a majority of her own allies in parliament, Bachelet initiated



Population: 11.4 mn

Life expectancy: 79.2 years

GDP p.c. PPP: \$20,611



a tax reform, an electoral reform and an education-system reform in her first year in office, among other policies. In this regard, she was able to build on the country's institutionalized mechanisms of good governance. Thus, once again, Chile holds second place in the BTI's entire management ranking, following Uruguay.

Despite these successes, the subtle delegitimation of the so-called democracy of agreements is ongoing, however latent. The internationally recognized politics of consensus, with which the political elites have successfully governed the country since 1990, have for some time also been perceived as the expression of a party oligopoly. Increasing alienation among a broad portion of the citizenry has been the result. Bachelet's program initially purported to be engaged in a "refounding" of democracy. However, following several corruption scandals involving members of the government as well as the president's son, this idea has nearly vanished.

Similar sets of problems are visible elsewhere. In Mexico, the Peña Nieto government, after a hopeful first year with its "Pact for Mexico" and a few important reform initiatives, has been thrown on the defensive by the escalation in violence and the subsequent protests. Not least because of its ambivalent reactions to the massacre of students in the state of Guerrero, the government has largely lost its legitimacy.

In Guatemala and Honduras, too, early 2015 saw the beginning of waves of protest against violence, corruption and impunity. These were driven primarily by young citizens who organized themselves using social networks, outside traditional channels of participation, and who were in large part protesting against the established power structures. These recent clashes are attended by older conflicts in other countries that remain unresolved in many cases or have even been (consciously) exacerbated. This is the

case in Argentina and Ecuador, for example, where governments have resolutely pursued a strategy of polarization. However, it is also true of Peru, where President Ollanta Humala has not been successful in defusing that country's complex conflict, which has contributed to a certain weakness of leadership on the part of the government.

To be sure, the BTI 2016 also registers significant positive developments. Alongside the special case of Cuba, which has significantly improved in the last decade – albeit from a very low level – this is certainly true of Panama. Here, the new president, Juan Carlos Varela, has ushered in a breath of new democratic air, revising the autocratic governing style fostered under predecessor Ricardo Martinelli. Similarly, Paraguay under President Horacio Cartes, who took office in 2013, has returned to democratic routine following the turmoil surrounding the ouster of President Lugo. This has also enabled the country's reintegration into the Mercosur and UNASUR regional organizations.

## Where does Raúl's course lead Cuba?

December 17, 2014 numbers among the more historic days in the current BTI review period. On this day, Cuba and the United States announced the resumption of diplomatic relations – after more than five decades of silence. For Cuba, it was also the high point to date of a rigorous, long-term reform process.

Since the former army general Raúl Castro took over the state's leadership from his brother Fidel in 2006, he has dedicated himself to opening the country's foreign policy, particularly from the standpoint of the diversification of trade partners, the strengthening of administrative institutions and the implementation of (albeit still limited) market-economic reforms. Although only about one-tenth of Cubans are currently employed in the private sector, the momentum is indisputable – and necessary, as Venezuela, its partner country, can ultimately no longer be relied on. To be sure, there are also losers in this process of opening, particularly among those who lack access to the U.S.-dollar-linked convertible peso. However, the planned abolition of the parallel currency poses a high risk of inflation. For this reason, among others, it was postponed.

Raúl Castro has announced that he will give up power in 2018. The most likely candidate to succeed him seems to be Miguel Díaz-Canel, who is 30 years younger. But no matter who Cuba's future president is, he or she will need new allies and alliances in order to achieve the goal of maintaining the Communist Party's power. Above all, Cuba's citizens must sense tangible benefits in compensation for the loss of old securities.



The full country report is available at  
[www.bti-project.org/cub](http://www.bti-project.org/cub)





## A new pact is needed

Stability or stagnation? This is the question with regard to short- and medium-term developments in Latin America and the Caribbean. In historical perspective, the positive must be noted first: Outside the problematic cases of Cuba, Haiti, Venezuela and, to some extent, Guatemala, political and economic institutions alike are more stable overall. The great differences in institutional quality are nevertheless an indicator that the countries are quite differently prepared for future internal and external challenges, and are thus vulnerable to crisis to a greater or lesser degree.

In the political realm, these challenges have in recent years included increasingly visible problems with the responsiveness of the political systems, while in the economic sphere, the combination of structural deficits and the uncertainties of external conditions has been a particular concern.

In the area of political transformation, with the exception of the always highly ranked Chile, Costa Rica and Uruguay, the gap between a relatively high level of “polyarchy” (political participation) and the lack of quality regarding the rule of law has remained unbridgeable. This mismatch represents an Achilles’ heel for future development, as political power legitimized by elections cannot be sufficiently controlled, and the systems are thus vulnerable to autocratic tendencies, corruption and populism. Particularly in Central America, the prospect of future crises cannot be excluded. As in Mexico, the situation here is further complicated by stateness problems and the relatively high level of violence and

organized crime. In addition, the latent tension between democratic values and security needs is sure to render things all that more difficult.

The institutionally more consolidated democracies have thus far proved better positioned to react to social upheavals and to launch reform initiatives. This suggests that – despite current problems which will likely compel Brazil and Chile, in particular, to undergo political changes in the coming years – these challenges will not negatively affect these countries’ democratic stability.

A similar pattern can be seen in the area of economic transformation. Although progress and setbacks have balanced one another here, the majority of countries have been able to build on top of fairly solid economic institutions. To be sure, economic structures differ to what is at times a significant degree, so development prospects vary considerably. In addition, shortcomings (particularly in the areas of the welfare state and education) hamper the development of greater economic dynamism. In this regard, the political elites have failed to follow up on specific social programs by also introducing fairer taxation systems.

In nearly all countries, some structural problems have remained unresolved despite – or perhaps because of – the economic boom. The dependence on commodity exports has not diminished, and is accompanied by a relatively low level of productivity and added value. In addition, inequality still has not been significantly reduced and, in many places, is associated with an extensive informal sector.

As already evident in the review period, a further slackening of international demand could put the current growth model even more strongly to the test. In recent years, the clear reduction in poverty as well as in inequality, to some extent, has primarily been linked to the increase in employment. Consequently, setbacks in this area could also be possible, which would have implications for political development.

The political and economic challenges facing governments and the political elites overall remain immense, demanding new adjustment and reform strategies. With regard to the region’s growth model, ECLAC has called for no less than a “new social contract” that would lift Latin American economies to a higher level of productivity and social equality – in part through reforms creating a more redistribution-oriented tax structure. However, the question is whether Latin America’s political elites are ready for this, or whether they will rather hold to the habitual strategy of “muddling through” until the next round of major crises.



This summary is based on the Latin America and the Caribbean regional report by Peter Thiery, available at [www.bti-project.org/lac](http://www.bti-project.org/lac)



Full reports for each country in the region available at [www.bti-project.org/countryreports/lac](http://www.bti-project.org/countryreports/lac)



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## Interview

### “The majority wants a new constitution”

Esteban Valenzuela Van Treek on Chile's structural paradoxes – and the goals of the different protest groups

*As a recently joined member of the OECD, Chile is a politically stable and economically powerful country. But, in recent years, students, the indigenous Mapuche minority and concerned citizens have expressed their dissatisfaction with developments through massive protests. What happened to Chile as a model case?*

Chile is indeed a country with strong institutions, low levels of corruption and impressive economic growth. But three structural paradoxes remain: low poverty levels combined with high income inequality and an expensive education system; steady economic growth rates and a high dependence on copper; and, finally, fair elections and a sound rule of law combined with an overly centralized system lacking adequate indigenous representation. The student protests, the Mapuche demonstrations and the regional movements express a discomfort with these paradoxes. These groups strive to inspire change and build a new consensus.

*What happened to civil society under 20 years of Concertación government? Why was it so passive for so long?*

The growing levels of discomfort and protests underway since 2000 have been neglected by many observers and undervalued in terms of their significance. The demonstrations we are witnessing today are just the culmination of an opposition in civil society to an overly dominating, centralized and unjust state.

*What are the protesters demanding?*

Generally speaking, many people want a more participatory political system and a fairer share of burdens. Politically, they question the strictly majoritarian system and want real indigenous political power; they want to elect regional governors. Socioeconomically, they criticize the low levels of state investment in the periphery, which in part accounts for high poverty rates in the Mapuche region. Struggling with high fees for energy, water, health and education, many citizens are dissatisfied with the low levels of state investment in infrastructure. Measures to improve fairness would include reforming a tax system that is based on low rates for business but high consumption and income tax rates. A popular demand is for companies, especially in the mining sector, to pay more in taxes. Reform-oriented political leaders like former President Bachelet intend to increase taxes and call for free university education, improved health services and higher pensions.

*Do the – in some cases violent – protests bring with them the danger of delegitimizing democratic norms and processes? After all, the majority of young Chileans do not vote.*

Ninety-nine percent of youth protesters are peaceful. They are unhappy with the Concertación governments but do not favor the right-wing coalition. They see the center-left Concertación as having introduced only minor changes to the political and economic model originally designed by Pinochet and call for a more radical alternative. This is why they support new political forces, such as the Democratic Revolution. The regions want elected governors (“intendentes”) and constitutionally guaranteed federal revenues following the Peruvian example. The Mapuche people, the only native nation undefeated by the Spanish, want autonomy – including the official use of their language and real political power. They also demand control of their territory, including control over decision-making processes regarding the large pine plantations, biodiversity conservation and support for small farmers. In terms of discrimination, Chile also has far to go in order to achieve gender equity.

*Michelle Bachelet is planning to run again in the 2014 presidential elections. As former secretary general of the Party for Democracy (PPD), a key Bachelet supporter, what is your opinion on her candidacy? Will she be willing to take up the fight against the cartelistic structure of party blocks you recently referred to as “the junta”?*

Chile has been a good example of continuous improvement, but now a solid majority in society wants a new constitution with more democratic and non-authoritarian features. The Chilean center-left electorate is pluralistic and wants a new coalition able to address their diverse needs and bring about real change more resolutely than Concertación. There is much talk about the New Majority, which is comprised of various parties on the left, the Christian Democrats, environmentalists and regional and youth movements. I hope that Marco Enriquez' Progressive Party (PRO) will also join the new coalition. I advise Bachelet on issues of decentralization, and she is determined to press for meaningful reforms in that area. Society has demanded reforms, and we will ultimately seek cohesion and integration that can overcome the cleavages in Chilean society while creating a more open-minded country, both domestically and internationally.