



# Piñera makes a play for the middle class

by Andrew Thompson

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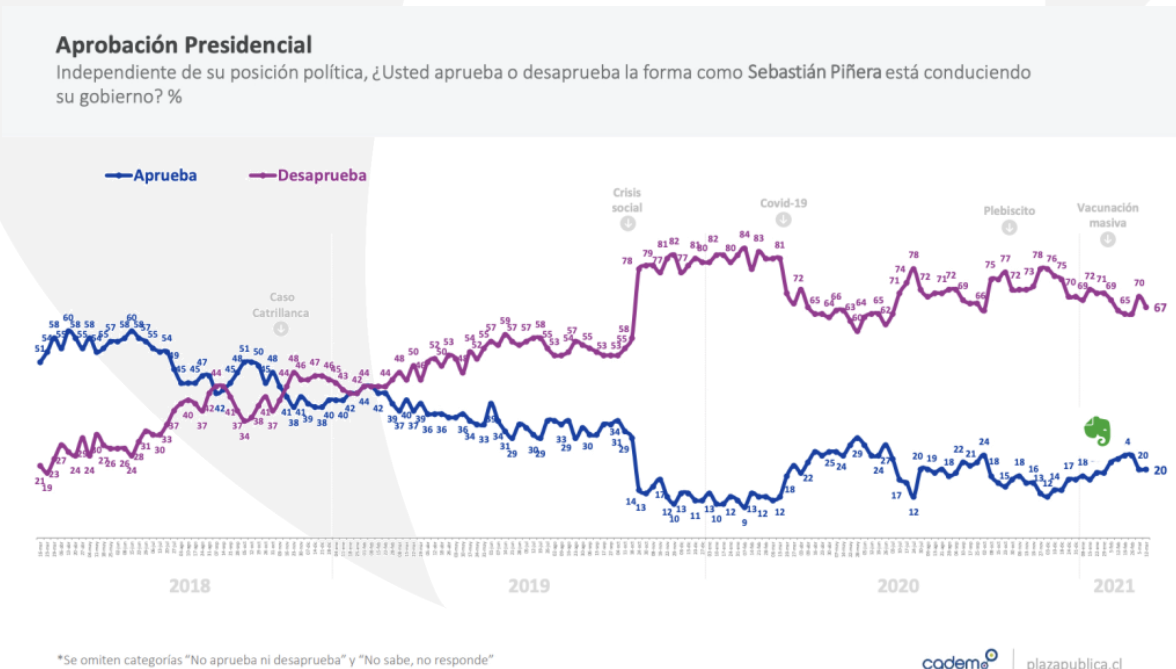
## What happened?

Chile's right-wing president Sebastián Piñera announced a package of economic measures on 11 March, totalling US\$1.05bn and designed to help the country's middle class come through the next phases of the COVID-19 pandemic.

## The details

Chile is at a fascinating point right now. After initial difficulties and setbacks, it has scored a hit with a highly successful coronavirus vaccination programme, that has covered nearly 38% of the population, more than any other country in the Western Hemisphere (including the United States). But it hasn't defeated the virus yet: case numbers are rising as part of a second wave of infection which has again taken hospital bed occupancy rates to critical

### Approval/disapproval rates for President Sebastián Piñera



(Source Cadem)

levels. In less than a month's time, and in the middle of this epic struggle between the rival forces of vaccination and contagion, there will be critical elections to a new constituent assembly. Presidential elections follow in November.

Piñera has chosen this moment to think about the middle classes. He has submitted a bill to Congress which includes one-off payments to households of between US\$558 and US\$836. The exact amount depends on the number of children, older adults, or people with disabilities in each household. Also on offer are interest-free loans with a one-year grace period and a rent subsidy scheme. These provisions come on top of earlier fiscal stimulus measures including payments for the poor, soft loans, and mortgage help. In total Piñera's administration has made stimulus payments equivalent to 12% of GDP. The money has been paid out from a specially created US\$12bn COVID-19 "transitional emergency fund" launched last year.

Piñera's political fortunes appear to be undergoing a modest recovery. The outbreak of mass protests against economic inequality in October 2019, followed by the disastrous COVID-19 pandemic in March 2020, seemed to spell the end for Piñera's brand of free market economics, with its apparent disregard for the fate of the poor and of those left behind. His approval ratings dropped to rock bottom. But things have changed. The fiscal stimulus and the success of the vaccine programme has given Piñera and Chile's political right something of a breathing space. A strong US economy and rising copper prices increase the possibility of a good economic recovery (the government is predicting 5% growth this year).

## What does it mean?

Chile's economic and social model faces a big overhaul as a result of two years of upheaval and this year's elections, in which centre-left political parties are expected to launch a big challenge. But Piñera, who is not himself a candidate may be trying to ensure that the voice of a re-invented political right still gets a hearing.

### About the Author

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As well as being a Canning House Associate Fellow, Andrew is a former foreign correspondent (Buenos Aires, Mexico City, Rio de Janeiro) and a broadcaster for the BBC's Latin American Service. Working through La Rambla Research Ltd., he writes about economics, political risk, and business in Latin America.



These stories are also available on Andrew's blog site, [La Rambla Research](#).