

Chile**Chile warms to re-electing billionaire Sebastián Piñera**

Country swings to the right as Latin American 'pink tide' recedes



Sebastián Piñera is strong favourite to win elections next month © AFP

5 HOURS AGO by Benedict Mander in Buenos Aires

When Chile President Michelle Bachelet's entire economic cabinet [walked out](#) recently after she unexpectedly nixed a \$2.5bn mining project, it gave investors yet another reason to look forward to the possible re-election of Sebastián Piñera.

With polls showing that the billionaire ex-president is the strong favourite to win elections in November, Chile is set to become the next country in Latin America to swing to the right as the "pink tide" of leftwing leaders that rose to power since the turn of the century recedes.

After consistently [disappointing economic growth](#) under Ms Bachelet — thanks to a slide in commodity prices, and made worse by a poor business climate and a rejection of her reform programme — there are high hopes that a victory for Mr Piñera will revitalise Chile's drifting economy. They have fuelled a 28 per cent rise in the local stock market this year, outpacing most regional peers except Argentina.

"Piñera will win. He does have high negatives, but his rivals are too weak and too divided," says Patricio Navia, a political analyst, explaining why he is convinced that Chileans are about to re-elect Mr Piñera, who built a business empire spanning an airline, television station and Chile's top soccer team before his 2010-2014 presidency.

In a twist of fate, if Mr Piñera does win — joining Argentina's Mauricio Macri as another successful businessman-turned-president — it will be the second time that he succeeds Ms Bachelet. He followed her first 2005-10 term, defeating her party that was then seen as stagnant and riven by infighting to become Chile's first conservative leader since [General Augusto Pinochet's](#) military dictatorship.

This time, Mr Piñera is aiming to repeat the trick after renewed disillusionment with Ms Bachelet's fractured coalition, which is fielding three separate candidates in the upcoming elections, and widespread hopes that he will do better at managing the economy.

While he presided over average annual growth in his first presidency of almost 5 per cent — fuelled by high prices for [copper](#), which accounts for half of Chile's exports — under Ms Bachelet, growth has averaged less than 2 per cent a year.

Under Mr Piñera, copper prices surged from around \$3 to \$4.5, while during Ms Bachelet's second term they dropped from around \$3 to \$2, only recently pushing above the \$3 mark again.

A victory for Mr Piñera is already priced into bullish markets, says Ana Madeira, an economist at Bank of America Merrill Lynch, who expects growth to accelerate to 2.6 per cent in 2018 from 1.4 per cent this year amid a recovery in copper prices.

“The election could mark a turning point [in] investment for 2018, as the expectation is for a moderation in the reformist agenda of the current government that led to pessimism in the business community,” she says.

Although Mr Piñera's support of around 35 per cent falls short of the 50 per cent he needs to win outright in the first round, he enjoys a double-digit lead over his most competitive opponent, Alejandro Guillier, an outsider former journalist and television anchor who first entered politics in 2013 as a senator.

Few believe Mr Guillier would close the gap enough in a second round. Analysts expect many centrist voters on the left either to abstain in the second round or even to opt for Mr Piñera, who is also likely to benefit from a low turnout.

“Radical programmes will not attract those voters,” says Guillermo Larraín Ríos, an adviser for Carolina Goic, the most moderate of the candidates running from Ms Bachelet's defunct coalition. “Among the wide spectrum of centrist voters in Chile, there is a strong preference for stability and moderate change,” he adds.

Indeed, a swing away from the left in Chile would not represent the kind of seismic shifts that have taken place elsewhere in the region, like Argentina and Brazil, where more radical, populist leaders that rose to power over the past decade have now fallen from grace.

Chile's conservative society has produced a more stable political system in the last quarter century since Pinochet quit power, after presiding what began as one of the region's most ruthless dictatorships.

The pendulum will also be prevented from swinging too far due to Ms Bachelet's reforms to the electoral system, which mean that Mr Piñera is unlikely to have a majority in congress and may need the support of the opposition to govern effectively — an emerging trend in the region, most notably in Argentina and Brazil.

But perhaps the former airline magnate's greatest weakness are accusations of conflicts of interest. Although he has successfully deflected charges related to his overseas investments, an investigation was opened last month over whether he received illegal campaign funds in his 2009 presidential bid from the controversial mining company, SQM.

“Piñera has a good explanation for almost everything, including the origins of mankind,” says one well-connected observer. “But at some point the noise around the previous elections and campaign finance may hurt him.”

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