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Chile's President Vows to Tackle Corruption, Rewrite Constitution

Michelle Bachelet says overhaul will make political financing 'completely transparent'



Chilean President Michelle Bachelet speaks at a news conference in Guatemala City in January. On Tuesday, Ms. Bachelet said Chile's constitution would be rewritten and political-financing rules overhauled. *PHOTO: JOHAN ORDOÑEZ/AGENCE FRANCE-PRESSE/GETTY IMAGES*

By **RYAN DUBE**

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Chilean President Michelle Bachelet has vowed to rewrite Chile's constitution and tackle corruption following several scandals that have rocked the nation's political establishment and economic elite.

In a speech late Tuesday, Ms. Bachelet announced a number of anticorruption measures she said were "severe" but necessary to eliminate the influence of money on political parties and campaigns.

“This will be one of the reforms that will mark the legacy of my government, and I’m going to lead it personally,” she said. “We are going to make political financing completely transparent.”

Ms. Bachelet said political-financing rules would be overhauled. She said the state will now provide financing to political parties and closely regulate campaign spending. She said companies will be prohibited from making financial contributions to politicians, and that anonymous donations to political campaigns would be eliminated.

“This is a necessary investment in order to have a better public life and more citizen participation,” Ms. Bachelet said.

The president said the anticorruption measures will be complemented by a new constitution. The government is expected to start work on the new constitution in September, Ms. Bachelet said. The current constitution was implemented during the military dictatorship of General Augusto Pinochet.

Ms. Bachelet, 63 years old, didn’t provide details on the expected changes, saying only that the process for rewriting the constitution would be open to citizen consultation and that it would be “fully democratic.”

Some political analysts question whether Ms. Bachelet will have enough support to make the changes following the sharp decline in her approval rating. They say that changing the constitution could also hurt Chile’s investment climate.

“It is unlikely to happen,” Patricio Navia, a Chilean political scientist at New York University, said of the constitutional change. “But it will surely bring investments to a halt until it is clear how she intends to proceed.”

Ms. Bachelet’s announcement follows several corruption scandals that have undermined public trust in Chile’s institutions and challenged the country’s long-held reputation for being largely immune to the type of corruption that is common in other Latin American nations.

“This whole idea and preconceived notion about the difference between Chile and the rest of Latin America right now is being put to the test in a very intense way,” said Pablo Collada, the director of Ciudadano Inteligente, a Santiago-based group that promotes transparency.

M. Collada said that President Bachelet’s speech on corruption was “a very complete

vision of the challenges that the country is now facing.”

Ms. Bachelet's own credibility has been badly hurt by the scandals. In February, news emerged that her son and daughter-in-law allegedly received special treatment in accessing a \$10 million loan from a prominent banker during Ms. Bachelet's presidential campaign.

The money was used by a company partially owned by Ms. Bachelet's daughter-in-law to purchase real estate, which the firm quickly resold making millions of dollars in profits. The president's son, Sebastián Dávalos, and his wife have denied that the transaction was illegal.

Ms. Bachelet, who said she found out about the loan from media reports, hasn't been accused of wrongdoing, but her popularity has declined as a result of the incident. A recent survey by pollster Adimark found that her approval rating was 31%, its lowest since March 2014, when she began her second term. Ms. Bachelet was also president from 2006 to 2010.

Other high-profile scandals have sent Chile's financial and political class reeling. In March, business executives from financial group Penta were arrested on charges of tax evasion. Prosecutors said the owners of Penta, who have denied the charges, also used fake receipts to illegally finance the campaigns of candidates for the opposition Independent Democratic Union party, known as UDI.

Luis Bates, a former justice minister who now directs the University of San Sebastian's Center for Citizen Education, said that Chile's judicial institutions are still strong, as evident by the arrest of the executives and the independence that prosecutors have to investigate other cases.

“We are increasingly shining more light on situations that were dark before,” said Mr. Bates, who led the Chilean chapter of Transparency International, the global anticorruption group.

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