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Interview: Waiting On a Deal

Chile's president says Washington is sending the wrong message

NEWSWEEK INTERNATIONAL

Aug. 12 issue — President Ricardo Lagos spoke to NEWSWEEK's Joseph Contreras last month in the skies above the Andes as Lagos flew to a regional summit in the Argentine capital of Buenos Aires. Excerpts:

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CONTRERAS: The United States and Chile have been haggling over a free-trade accord for years without achieving any breakthrough. What message would Washington send to the rest of Latin America if those talks end in deadlock?

LAGOS: That there will be no free trade with any country. I don't want to seem presumptuous, but I think it's easier to conclude a free-trade agreement with Chile than with any other country.

Do you feel angry or disappointed with the United States after your government clinched such an accord with the European Union in May?

I feel a bit resigned instead of disappointed or angry. Both Presidents Clinton and Bush have been

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staunch supporters of a free-trade accord, but they face political limitations.

Your government's recent \$660 million purchase of 10 F-16 fighter jets was condemned by some of Chile's neighbors and by left-wing opposition leaders inside the country. Was this decision aimed at appeasing the country's armed forces?

In no way whatsoever. The Chilean state has a policy of replacing what is obsolete, and nothing more.

Democracy returned to Chile 12 years ago, but as president you still cannot fire the head of any branch of the armed forces without the military's approval. Do the generals enjoy too much autonomy?

Before my term ends, I'd like to see a constitution that meets [global] democratic standards. There are a number of [military] elements that don't meet those standards, and among those is the one you just mentioned.

What did you think of the Chilean Supreme Court's ruling last month that effectively prevents any future prosecution of Augusto Pinochet?

It was something that was widely expected for reasons relating to his mental health and other problems he has.

Was it pure coincidence that Pinochet resigned from the Chilean Senate a day after that ruling, or did your government cut a deal with him?

No, it has to do with the fact that, if he is deemed mentally unfit to stand trial, then he is not in a condition to serve in the Senate.

What aspects of Chile's generally successful economic model can be exported to other Latin American nations?

At the beginning of the '90s, everybody talked about the Washington Consensus, which required serious macroeconomic policies, balanced budgets, low tariffs, autonomous monetary policies, free trade and the privatization of some economic sectors. Chile has carried this out, but the key to our success is the

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decision dating back to 1990 to launch a number of social programs. Thanks to those policies, the number of people living below the poverty line has fallen from 49 percent to 20 percent today.

But the head of one of the country's largest trade-union federations says the working class has suffered under this model.

I agree that we have a low number of unionized workers. But salaries have risen in accordance with higher productivity over the last 10 or 12 years, which has helped lower the poverty index. We built roads, sewers, irrigation projects and other infrastructure improvements in the poorest areas of the country. That's the key to social cohesion.

Do you still consider yourself a Socialist?

Of course. Socialism is still guided by a vision of a just society. The tools that are used to achieve that goal are different today because the world has changed. But the search for greater equality is still just as important as the search for greater freedom.

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