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likely to reach a short-term compromise on cohabitation, but tensions will undermine any longer-term co-operation.

Keywords: EE/SU, Russia, politics, government, party, opposition, legislation

IV CHILE: Cabinet Reshuffle

EVENT: Last night, President Aylwin announced his first cabinet reshuffle.

SIGNIFICANCE: The changes confirm the growing salience of party politics ahead of next year's presidential and congressional elections. They do not mark any fundamental disagreement over policy in what is a remarkably united government.

ANALYSIS: President Patricio Aylwin yesterday announced the names of four new ministers to hold the cabinet posts of economy, transport, education and mining. In each case the minister who is leaving is doing so to prepare for the general elections in December 1993, in which a new president and Congress will be chosen.

The most notable departure is that of Ricardo Lagos, the outgoing minister of education, leader of the Party for Democracy (PPD) and left-wing hopeful for nomination as the ruling coalition's candidate for president. Lagos only entered the cabinet in 1990 when he unexpectedly failed to win a seat in the Senate. He is by far the most charismatic figure on the left, and indeed in the whole governing coalition.

Although Lagos leaves the ministry with his reputation enhanced, his popularity still falls short of that of Senator Eduardo Frei, his Christian Democrat rival for nomination and son of the former Christian Democrat president (1966-70) of the same name. The governing coalition is likely to present only one candidate for the presidency. Lagos knows that he is unlikely to win, but a strong campaign will put him personally, the Socialist Party and the PPD in a strong bargaining position for key posts in the next government.

Economy Minister Carlos Ominami resigned in order to run Lagos's campaign. His key contribution as minister has been to create good relations with business groups, and to calm their fears that the Socialist Party would abandon the successful free-market economic model pioneered by the Pinochet government. Ominami will be in a strong position for a leading cabinet position in the next government if Lagos's campaign is well run.

German Correa, the transport minister and the third socialist to leave, intends to run for the presidency of the Socialist Party. He would not have resigned if he had not been fairly confident of victory in the party's internal elections, due in November. Once a radical, he is now a moderate and has been a successful minister in a difficult post, and has done much more to regulate the public transport system.

Juan Hamilton, the only Christian Democrat minister to leave, was not a popular minister of mines. He left in order to contest the senatorial seat for the major port of Valparaiso, which he

unexpectedly lost in the 1989 election. He has been criticised for failing to modernise the state copper corporation, Codelco, and for using Codelco funds for party ends.

The four new ministers were only appointed after protracted bargaining among the political parties, another sign that party political activity is becoming more important as the electoral campaign begins:

- The new education minister is Jorge Arrate, a former president of the Socialist Party and a former minister in the left-wing Popular Unity government of President Salvador Allende (1970-73). He is now a leading moderate in the Socialist Party, and his appointment clears the way for German Correa to become the party's next president.
- Ominami's replacement at the economy ministry is Jorge Marshall, hitherto a vice-minister and a well-regarded technocrat.
- The new transport minister is German Molina, a human rights activist with no experience in transport matters. He, like Marshall, is a member of the PPD and his appointment reflects Aylwin's concern to maintain the balance between the various parties in the governing coalition.
- Alejandro Halef, the new mining minister, held the same post in the Frei government, when the copper mines were taken into state control. He is an independent. Aylwin seems to have preferred not to appoint another Christian Democrat to the post, given Hamilton's shortcomings.

This new cabinet will almost certainly last until March 1994, when the next government takes over. There will be no change in the overall direction of economic policy, although those in charge of spending ministries, such as health and education, will want to increase spending in areas that will be politically popular during the election campaign. This could create tensions with the architect of economic policy, Finance Minister Alejandro Foxley, but he enjoys enough authority and presidential backing to resist plans that would seriously upset the economic balance.

The most pressing problem the government now faces is its relations with the military. Suspicion that the army was involved in taping and releasing a telephone conversation between Senator Sebastian Pinera and a colleague -- which put paid to Pinera's presidential ambitions -- has been followed by sensational revelations on the state TV channel by an intelligence officer who has claimed that all cellular phone calls, even those of the president, are taped by army intelligence. The army has attacked the TV channel for broadcasting the interview, but has not denied the reports. The issue raises once again the delicate issue of the military's role in the political system.

The right-wing parties have been badly affected by the Pinera scandal and subsequent revelations. A section of the right wants

to distance itself from the military, although other powerful groupings are still close to Pinochet. The right has been thrown into further confusion by Jose Pinera, Sebastian's brother and a former Pinochet minister, who has declared himself a presidential candidate independent of the parties. His own party, the UDI, has angrily disowned his action.

CONCLUSION: With the right badly divided, the real race for the presidency is between Ricardo Lagos and Eduardo Frei; the latter is the clear front-runner.

Keywords: LA/C, Chile, politics, economy, government, party, election, military, policy

V TURKEY: Coalition Cracks

EVENT: Prime Minister Suleyman Demirel's parliamentary majority has been reduced to a handful by backbench defections.

SIGNIFICANCE: Beset with mounting violence by Kurdish guerrillas and a 65% inflation rate, the government now faces critical -- though not necessarily fatal -- instability in parliament.

ANALYSIS: When the coalition of Prime Minister Suleyman Demirel's centre-right True Path Party (TPP) and the centre-left Social Democrat Populist Party (SDPP), led by deputy premier Erdal Inonu, came to power last November, the government had a comfortable majority, holding 266 of the 450 seats in the unicameral parliament. However, a stream of defections has now reduced its strength to 230 seats (229 if the speaker, who has no vote, is excluded). This is perilously close to the bare majority of 226 which, in principle, a government needs to stay in power.

All of the haemorrhage has been caused by defections from the SDPP. In last October's elections, a group of deputies from the Kurdish region of south-east Turkey formed an alliance with the SDPP, and were elected on its ticket. However, earlier this year 18 of them left the SDPP to rejoin the People's Labour Party. Unofficially, this has now become the nearest thing to a Kurdish party in Turkey.

Meanwhile, the SDPP continued to be racked by a leadership struggle between Inonu and Deniz Baykal, the party's former secretary-general. Inonu's name carries weight, as he is the son of Ismet Inonu, Ataturk's right-hand man and president of Turkey between 1938 and 1950. However, his opponents in the party saw him as a less effective leader than the younger and more dynamic Baykal.

The internal struggle in the SDPP came to a head early this month, after new legislation allowed the re-establishment of those parties which had been closed down by the military regime of 1980-83. The most important of these was the Republican People's Party (RPP) which, founded by Ataturk in 1923, had ruled Turkey until 1950, and was led by Bulent Ecevit during the 1970s. Since 1983, most of the former members of the RPP have joined the SDPP, with a minority going over to the Democratic Left Party (DLP) -- a new party founded by Ecevit.