



INNOVATIONS FOR SUCCESSFUL SOCIETIES

TRANSFERRING POWER IN A CRISIS: PRESIDENTIAL TRANSITION IN CHILE, 2010

SYNOPSIS

In early 2010, Chile's democracy faced a stern test. A January presidential runoff election had paved the way for the first hand-over between opposing political coalitions since Chileans had pushed out autocrat Augusto Pinochet in 1990. Two decades of rule by a left-leaning coalition of political parties called Concertación had obviated the need for any formal transition process from 1990 to 2010. Now, with the election of the first conservative leader since the dictatorship, politicians and civil servants on both sides had to find ways to ensure a smooth transition. The complicated process had just begun when a massive earthquake devastated Chile's southern half, killing hundreds of people and causing damage equal to 17% of the country's gross domestic product. Preparation, including policy planning and staff recruitment early on by the Sebastián Piñera administration and briefings from the outgoing Michelle Bachelet team enabled the new president to get to work quickly. The hand-over demonstrated the strength of Chile's democracy and set a precedent for future cross-coalition transitions.

Robert Joyce drafted this case study based on interviews conducted in Santiago in August 2014. Case published in November 2014.

INTRODUCTION

The earth trembled when Sebastián Piñera, Chile's newly elected president, arrived in Valparaíso, the coastal home of the national congress, for his inauguration on 11 March 2010. Visiting leaders and diplomats looked on as the legislative hall swayed. The tremor, 7.2 on the Richter scale, was a powerful aftershock of the 8.8 earthquake that had laid waste to Chile's southern half only 12 days earlier, killing more than 500 people and causing billions of dollars in damage. When advisers voiced concern that the aftershock might trigger a tsunami, Piñera rushed through the formal ceremony, then bounded into a helicopter to assess the damage.¹

Before the earthquake, a seismic shift also had occurred in Chile's politics. Piñera, billionaire part owner of a soccer team and an airline, was the first right-wing president since military dictator Augusto Pinochet's loss of a 1988 plebiscite that signaled the end of his rule. For 17 years, Pinochet promoted free-market economic policies and social conservatism. Piñera represented the Coalition for Change, previously and later known as the Alianza por Chile, formed by Pinochet officials and supporters in 1990 to advocate for these positions. Voters had long associated the coalition with the dictatorship, but Piñera's victory was a sign that Pinochet-era fear of the right had ebbed.

The 2010 presidential transition tested the strength of Chile's democratic system. Twenty years after Pinochet's rule ended, divisions still ran deep. In 1988, in a referendum that asked whether Pinochet should continue to rule, more than 55% of Chilean voters said no, forcing the dictator to step down. Pinochet opponents then channeled their momentum into support for a left-leaning coalition of political parties called Concertación.² But the transition to democracy, with the election of Concertación's Patricio Aylwin in 1990, came with conditions. Pinochet continued to serve as chief of staff of the armed forces until 1998. Pressure from right-leaning political organizations and the military, along with their allies in the private sector, largely prevented efforts to prosecute Pinochet officials for the deaths or disappearances of an estimated 3,000 Chileans or for human rights abuses perpetrated against 40,000 other victims under the regime.³ Even though the memory of that violence had faded, it still colored relations among civil servants and politicians.

From 1990 to 2010, Concertación built on some of the liberal economic reforms implemented by Pinochet's economic team (known as "the Chicago Boys" because they took their inspiration from University of Chicago professor Milton Friedman). The coalition gradually adopted a growth-with-equity policy that slashed Chile's poverty rate from 38.6% in 1990 to 15.1% in 2008 while quadrupling gross national income per capita from US\$4,140 to US\$17,010 by 2010 in purchasing-power-parity-adjusted terms.⁴ Concertación also pursued a gradual effort to consolidate Chile's democracy, removing appointed senate seats, making gains in transparency, improving civil rights, and bringing the military under civilian control.

By 2009, however, cracks had emerged in the Chilean success story. Student protests under the Michelle Bachelet administration (2006–10)

highlighted chronic economic inequality. Poor planning and implementation of the Transantiago public transit system led to criticism of the government's effectiveness. And as economic growth slowed in the first decade of the twenty-first century, the financial crisis of 2009 sent Chile into recession, and unemployment jumped to 10%.

By the end of 2009, Concertación's public image had weakened. Although President Bachelet was still popular, Chilean law barred her from running for a consecutive second term, and many voters said they felt the coalition had become too entrenched. The selection of 67-year-old Eduardo Frei to run for president compounded the coalition's image problems. Frei had served as president from 1994 to 2000, and critics faulted him for having a "lackluster" political persona. Despite Bachelet's high approval ratings, she was unable to inspire support for Frei.⁵

Piñera, who had lost to Bachelet in 2006, came back in 2009 recharged. He invoked his business success to promise efficiency and results, and in a sophisticated campaign, he defeated Frei in two rounds of voting, taking 52% of the vote in the runoff election.

Piñera had to hit the ground running in order to respond to the February 2010 earthquake and deliver on his ambitious agenda to grow Chile's economy to the developed level of southern Europe. To succeed, he had to rely on his staff and a plan two years in the making—in addition to relying on the cooperation of a bureaucracy his opponents had led for 20 years. Think tank heads Cristián Larroulet, Miguel Flores, and María Luisa Brahm coordinated the effort for Piñera, and Bachelet's veteran minister of the interior Edmundo Pérez Yoma played a prominent role in marshaling the outgoing administration to work with Piñera.

According to Juan Luis Monsalve, chief of staff of the ministry of finance under Bachelet, “Both sides were very conscious of their historic moment.”

THE CHALLENGE

The 2010 Bachelet-Piñera transition faced significant hurdles because unlike other countries, Chile had no legally designated policies that mandated the hand-over of important information on government operations. Further, Piñera’s coalition had to both recruit a competent staff—despite his side’s lack of recent governing experience—and deal with a politicized civil service.

Formalizing the transition

The departure of the Bachelet administration in 2010 represented the first time Concertación had to hand over the government to a competing coalition. During a span of four consecutive presidencies, Concertación governments had maintained continuity and passed on information clearly and quickly, a process eased by close political relations, personal ties, and low staff turnover. “It was our government that was transferring to our friends,” said Rodrigo Egaña, director of the civil service department tasked with recruiting high-level managers.

In 2006, for example, Andrés Velasco, Bachelet’s minister of finance, had been able to move into the ministry weeks before actually assuming office, an accommodation generally unimaginable during a shift from one political coalition to another, according to Monsalve, chief of staff of the ministry under Velasco. Likewise, recounting when he had been an outgoing minister of defense, Pérez Yoma said he simply invited his successor to his home for coffee and discussion rather than formal briefings. “We didn’t make any protocol for switching from one to another, because in the end it was the same political coalition.

The incoming minister had been my chief of staff,” Pérez Yoma said.

Alternation of parties required a more formal process of passing on information. “Not only was it a change of the minister but of the whole staff,” said Carlos Mladinic, chief of staff of the ministry of the interior under Bachelet. “So you need more things on paper. In other cases, you had some people on staff staying—and they had all the information, so you didn’t need it all on paper.”

Concertación leaders understood the importance of a well-executed transition. They remembered the 1990 transition from Pinochet to Aylwin, when the outgoing dictator provided little information and counsel, according to Concertación officials working in government at the time. “We came to certain offices, and even curtains were not there,” Egaña said. “The problem is that there are no formal instructions.”

A new right wing

After 20 years out of office, Piñera’s Alianza por Chile, lacked people who had served in the executive branch of government. Without a pool of experienced coalition members, Piñera had to look elsewhere to fill 700 to 900 appointed positions. Although right-leaning parties had maintained a strong opposition representation in Chile’s legislature, the responsibilities of governing required far different skills and background. “We didn’t have a culture of being in government,” said Larroulet, who headed the Libertad y Desarrollo think tank before serving in the Piñera administration. “We had the culture of being opposition, and that is strongly different.”

Although Piñera had served as a senator, most of the new president’s network came from the private sector. Piñera was Chile’s third-richest citizen and worth more than US\$2 billion in 2010, according to Forbes. Having made his money in the credit card industry,⁶ Piñera had links to the highest levels of the country’s business

community. Those connections gave him access to a large pool of talented people.

However, enlisting talent from the private sector was a challenge. First, persuading would-be staffers to give up a better-paying job for temporary employment with an unproven administration would be difficult. Also, policies and procedures in the public sector tended to be far more restrictive than in the private sector. “In the public sector, you do only what the law permits; in the private sector, you do all that is not prohibited,” said Rosanna Costa, Piñera’s budget director.

Piñera favored younger activists and technical experts for many of the appointed positions, and that decision created problems of its own. “Most of us were very young; we had no experience in government. So we knew we would require some sort of transition to adapt,” said Ignacio Rivadeneira, a longtime Piñera political aide. “That was a problem. When you have a government of four years, you cannot take a whole year to get the experience. You have to get that in weeks.”

Piñera’s politics posed another hurdle. Chile was still scarred from the Pinochet years, and even though Piñera had won the election, many citizens had a hard time accepting the idea of a right-wing president. When Piñera was elected, the *New York Times* quoted a voter expressing that concern. “This was one of the most difficult decisions the country has had in a long time,” the woman told the paper. “Unfortunately, I voted for Frei out of fear of the right,” she said, referring to Piñera’s Concertación challenger.⁷

“We didn’t want to be linked to the military government, and that was a huge problem,” Rivadeneira said. The administration was further concerned, according to Rivadeneira, with the far left and the possibility of mass protests that could paralyze the country. Piñera pledged to keep former Pinochet officials out of his cabinet.

However, some high-level Pinochet-era people were associated with the campaign, including Larroulet, who had served as an economic adviser to the Pinochet government during the 1980s, and Piñera’s brother, a minister of labor under Pinochet.

In addition to criticism directed at his coalition, Piñera faced pressure from within his own political sphere to fill government positions—with loyalists. Conventional practice gave the new president the authority to fill up to 900 posts without congressional approval. At the same time, a flexible public contract system meant he could significantly alter the makeup of the civil service.

That political pressure clashed with Piñera’s instinct to keep most civil servants in place and to recruit private-sector managers, academicians, and policy experts. Further, Piñera worried that replacing all Concertación appointees would be disruptive in the short run and make it harder to achieve the coalition’s priorities. “Our parties were very angry with us many times because we didn’t fire more people from the government,” said Gonzalo Blümel, director of studies from the ministry of presidency under Piñera. “But we respected the technical abilities of many people, so it was important to us to keep people if we thought people were OK with the job.”

Piñera’s campaign promises placed a premium on achieving ambitious goals quickly. “We’ll do more in 20 days than [Concertación] did in 20 years” was an often-cited campaign promise. Piñera pledged to maintain Chile’s free market, democratic reforms, and poverty reduction goals, improving the way the government would achieve those objectives by applying management lessons from the private sector. His platform stated the coalition would move Chile into the same income bracket as southern European countries by 2018.

The civil service

In 2010, Chile's civil service was a mix of permanent staff called *planta*, contractors (*contrata*), and *honorarios*, or people paid on an honorarium basis. Of Chile's roughly 200,000 civil servants, about 85,000 were *planta* and—based on strict regulations—were protected from termination. The rest were either *contrata*, who served under renewable one-year contracts, or *honorarios*, who were usually high-level advisers or consultants paid for their services without any long-term commitment, according to a 2011 budget report.⁸

The flexibility of the civil service system lent itself to political patronage. The high numbers of nonpermanent government staff gave wide discretion to the coalition in office to build a government based on political loyalties, as Chile's military had done during Pinochet's rule. Since 1990, Concertación had used *contrata* and *honorarios* appointments to get around the need for new legislation to change the shape of the permanent civil service, and Concertación presidents had used a sort of spoils system designed to distribute jobs among the coalition's parties. Typically, ministers would come from one coalition party, and deputy ministers would come from another.⁹ However, a strong and popular civil service union and lack of political will for massive changes had led to limited turnover. *Contrata* staff, for instance, served an average 10 years.

Still, in 2010 many civil servants worried about their jobs under the first right-wing government in decades. The *contrata* and *honorarios* systems had been relatively stable since 1990, but now, with a change of coalition, it was unclear what would happen. "Many people feared they would be fired from the government," Egaña said.

"After 20 years of a center-left coalition, it wouldn't be easy to manage the government with those civil servants," Larroulet said. Piñera had to

devise a way to put key supporters into positions of responsibility so he could execute his policies quickly—but without disrupting the government.

FRAMING A RESPONSE

Piñera had time to think ahead. He had learned valuable lessons during his unsuccessful, 2006 campaign for president. In 2008, his coalition had performed well in municipal elections, raising the prospect of victory in the next presidential contest. At that point, it was clear that Piñera would be the coalition's candidate, and he was free to prepare for the general elections and to plan for the challenges of governing. "The chance to take the presidential election was real—something that hadn't happened in 50, 54 years," said Alvaro Bellolio, who worked in Piñera's ministry of presidency.

In 2008, Piñera and his allies set up *Grupos Tantauco*, a network of more than a thousand scholars and policy experts led by Brahm, Flores, and Larroulet, the leaders of right-leaning think tanks. Study groups explored Chile's needs in the economy, the health system, education, political institutions, decentralization, and tourism. Drawing on a prior public survey, coalition platforms, and their own ideas, participants developed what would become Piñera's campaign platform. The result was a set of broad priorities and sector-focused goals as well as plans to achieve them.

At the same time that members of the Grupos Tantauco met, the leaders also set out to draft a list of potential appointees for a Piñera government. Flores led the effort, building on his experience as head of the Jaime Guzmán Foundation, named after a Pinochet adviser and later senator who was assassinated in 1991. The foundation had conducted a program that placed young professionals in municipal government posts. Flores built a database while the other leaders reviewed government structure, identified the positions a Piñera administration would have

to fill, and assessed the kinds of skills and aptitudes desirable for each position.

Sensitive to perceived links to the Pinochet regime, Piñera cast himself as a moderate. He was, one observer noted, a “special kind of right wing.” He had voted no in the 1988 referendum, in favor of ousting Pinochet. Yet during the 2009 campaign he pledged to uphold popular Concertación social programs. His government would not, he said upon his election, “start from zero but start a new era in the development of our country.”¹⁰ His aide Rivadeneira added, “It wasn’t a right government but a center-right government, and we wanted to make that difference clear.”

Transparent institutions

Features of Chile’s government framework shaped the challenges leaders confronted in managing presidential transitions. For example, Chile’s budget followed a calendar year and was passed by the legislature every October. The first round of elections took place in December, the second round occurred in January, and the inauguration followed in March. That scheduling meant the outgoing president set the budget for much of the incoming president’s first year in office.

Furthermore, the considerable transparency of the country’s budget process cast a spotlight on allocations of money for discretionary purposes and for the transition itself. “Chile functions like a fish tank,” said Patricio Rosende, former subsecretary of the ministry of the interior. Chile scored 72 out of 100 on the International Budget Partnership’s 2010 Open Budget Index compared with neighboring Argentina’s score of 56 and Spain’s 63.¹¹ During the fall 2009 budget debate and voting process, the pending election loomed large, and all campaigns paid close attention.

Reforms to Chile’s civil service system also influenced the role of partisan politics in civil

service appointments during the 2010 hand-over. In 2003, in response to incidents of corruption in multiple ministries, Pres. Ricardo Lagos and the right-wing opposition created the Sistema de Alta Dirección Pública (ADP), or the Senior Public Manager Service, to reduce the scope of patronage appointments while allowing politics to play a role.

The ADP altered the method of hiring three different types of civil service managers: heads of divisions who reported directly to the president, heads of divisions who reported to ministers, and heads of departments who reported to either heads of divisions or ministers. The first two categories were the most important in a transition and together accounted for about 1,100 of 200,000 positions in Chile’s civil service. For those two kinds of managers, the ADP established a competitive hiring system with strict requirements regarding education, experience, and skills. Candidates applied through the ADP, which then provided the president or the appropriate minister with a short list of three to five candidates.

Although the ADP standardized the level of competency demanded of senior public managers, politics still held sway in hiring decisions because the final selection was left to the discretion of the president or minister.

GETTING DOWN TO WORK

As the 2009 campaign wore on, many Chileans could sense the tide was shifting. Piñera’s team continued to gather names for his potential staff, listed priority positions to fill, and gathered as much information as they could before taking office. On Bachelet’s side, preparations for the transition process were put on hold until the election returns were in. When Piñera edged out his opponent, the Bachelet government organized briefings as the newly appointed Piñera government prepared for office.

Preelection preparation

By December 2009, days before the first round of the presidential election, Piñera's chances of victory appeared strong. In a meeting to report on the work of Grupos Tantauco, Flores informed Piñera that he and the Jaime Guzmán Foundation had gathered the names of roughly 3,000 professionals who could fill important roles in a new government. In response to Flores's concern that no one was addressing the hand-over process, Piñera tasked Flores, Brahm, and Larroulet—the leaders of Grupos Tantauco—along with his campaign chief Rodrigo Hinzpeter to manage the government transition. The team formed discreetly so as to avoid appearing to prejudice the election outcome.

From that point on, the transition team members met three to five times a week and worked mainly out of their respective think tank offices. Hinzpeter continued working on the campaign, leaving the transition to Flores, Brahm, and Larroulet. The group had two main tasks: to identify the positions to be filled according to priority and to draft a short list of people to fill them. Building on the group's previous work, Brahm led the effort to identify and prioritize the positions to be filled, and the entire team contributed to naming and vetting candidates, according to Flores. Soon, the three had identified 300 key positions that the new administration would need to fill immediately, including ministers; subsecretaries or deputy ministers; *intendentes*, or centrally appointed regional governors; and national security staff.

Members of the Bachelet administration knew they were on their way out, but they did not yet know who would replace them. As minister of the interior, Pérez Yoma served as chief of Bachelet's cabinet, with formal authority to give orders to other ministries. From 1994 to 2000, he had been secretary of defense and Chile's ambassador to Argentina under former president and 2009–10 presidential candidate Frei. Pérez

Yoma, who was responsible for the transition, told the press before the December polls that the government would have to be prepared to transfer power to whoever won the election—*Concertación* or not.

Pérez Yoma said his statement attracted ire within the coalition, but his words helped set the tone for what was to come. "We at the ministry of the interior were aware that there was a possibility we would lose," he said. Still, the government did not begin formal preparations until after the first round of voting.

Elections and breakfast

In mid-December 2009, Piñera won the first round of elections with a 44% plurality against a split group of leftist candidates.¹² Chilean law mandated a runoff between the top two candidates if no one received a majority of the votes in the first round. The day after his initial victory, Piñera's transition team briefed him on the positions he would have to fill quickly and the team's lists of possible candidates for each one. Piñera outlined his personal criteria for certain positions.

On 17 January, Piñera won the runoff election with 52% of the vote. He contacted Bachelet to thank her for her service and schedule breakfast for the next day to discuss the transition, a Chilean political tradition. After the breakfast meeting, Piñera disbanded his campaign staff, except for its leaders, and publicly announced his transition team. He had 53 days until his inauguration.

The Bachelet government already had begun its transition out of office. "After the first round of elections, we started preparing, and after the second round, we issued an order of instructions," Pérez Yoma said. Between voting rounds, preparations involved gathering preliminary information on budgets and staff at the ministerial level.

After Piñera's victory, Bachelet held a cabinet meeting, directed Pérez Yoma to lead a transition effort, and ordered her administration to cooperate fully. "The instructions of the president were clear; I was in charge of making them clearer to the ministers," Pérez Yoma said. The budget, based on a calendar year, was a crucial element because overspending by the outgoing administration could shortchange the incoming one. "My instructions were to spend the proportionate amount of money from January to March."

Briefings and hiring

With Bachelet's backing, Pérez Yoma issued orders to his fellow ministers. First, he stressed that the Bachelet government would not cede any government responsibilities to Piñera's people ahead of the official changeover. "We were going to be in charge till the last day," Pérez Yoma said. "That was the main headline." He stressed that the plans and policies of Piñera's incoming administration would have no effect on the decisions Bachelet's team still had to make up to inauguration day, and he wanted to make sure his people felt their work was valuable until then.

Next, Pérez Yoma froze all hiring, staff transfers, salaries, and contract changes. He wanted to avoid any criticism that the Bachelet government was taking advantage of the situation to entrench its supporters in their positions. He also told ministries and divisions to prepare briefing books for the incoming administration. The briefings covered current-year budgets, amounts spent, financial breakdowns of departments and divisions, staff organization, and the status of internal and legislative projects, according to Mladinic, chief of staff of the ministry of the interior. Pérez Yoma described the decision of what to include in the briefings as "common sense."

While Bachelet's people worked on providing materials and information crucial to the transition, Piñera's team moved ahead with hiring decisions. "The process of forming a government is like a pyramid," said Blümel, a senior Piñera aide, who meant that after the top group of ministers was selected, those ministers would pick their own staffs, thereby expanding the base. First, the transition team created a short list of minister candidates and presented it to Piñera, who asked questions and often made suggestions. By early February, Piñera had selected his cabinet from the list of vetted candidates, according to Flores.

Piñera announced what he called his "cabinet of unity" in early February, a month before inauguration, and gave each of his ministers a thumb-sized USB drive as a reminder of the new government's platform promises and governing plan.¹³ A week later, Piñera announced his subsecretaries, whom he also personally selected from the transition team's list. Members of Piñera's transition team received prominent appointments: Larroulet was named minister of presidency, Flores became subsecretary of regional development, Hinzpeter was selected as minister of the interior, and Brahm was named a presidential adviser. Because many of Piñera's choices were from the academic and business worlds, many observers described them as technocrats.

After Piñera's cabinet announcement, Pérez Yoma ordered Bachelet ministers and subsecretaries to meet with their incoming counterparts. "These meetings should be as formal as possible," he recalled telling them. "The new ministers should receive complete folders, not of what we had done but mostly of what was in process." Pérez Yoma took steps to avoid personality clashes during those meetings. "We tried to convince each minister not to engage in convincing," he said, "but just to be as formal as

possible: “This is the actual state of things, this is what we’re going to do from now till March, and this is what’s pending in congress.”

Not surprisingly, the tone of the meetings between the outgoing and incoming officials and the content of the briefing materials varied among and within ministries.

“Many of the ministers were compliant, but some were not too convinced,” Pérez Yoma said. By warning them of the potential political consequences of a poorly executed transition, he persuaded reluctant ministers to cooperate with the Piñera administration. “My main argument was to tell them, ‘Look, it’s to your benefit; inform them of everything,’” he said. Pérez Yoma advised the ministers to avoid giving Piñera’s team an excuse to say they had been poorly informed.

At the ministry of finance, the outgoing and incoming ministers, subsecretaries, and certain division heads met several times to discuss topics ranging from the macroeconomic status of the country to the budget, taxes, and customs issues, according to Monsalve, chief of staff at the ministry. Incoming budget director Costa met five times with her counterpart, and outgoing chief of staff Monsalve met twice with his. Monsalve said the transition in the ministry of finance was particularly productive because the ministry of finance staff on both sides had similar professional backgrounds, agreed on many issues, and had worked together previously.

However, in some of the other ministries, encounters were less collegial, few staff-level meetings took place, and briefing materials sometimes were handed over with instructions to direct any questions to staff.

The quality of materials also ranged widely. Staffers noted that the work of some of the ministries was more sensitive and politically oriented than that of others—and thus inappropriate for transfer to the incoming administration.

For example, the interior and finance ministries handled concrete issues like security and the budget and thus furnished extensive sets of binders to the incoming staff. The ministry of presidency, however, dealt with relationships among ministries, between individual ministries and the president, and between the president and local governments—and handed over less. Below the minister and subsecretary levels, the transfer of information was sometimes especially difficult. “The lower the level, the more the problems,” Pérez Yoma said. Piñera’s team selected some division heads, such as the budget director, early in the process, but other appointments came at the last minute. When they had no counterpart to meet with, outgoing Bachelet division heads often would pass their information to the incoming minister or subsecretary with little discussion. When outgoing subsecretary of the ministry of the interior Rosende met with his incoming counterpart Rodrigo Ubilla, for example, the large conference table was covered with large binders. “If you had seen it, you would have left running,” Rosende said. Ubilla’s staff would have the job of going through the information.

OVERCOMING OBSTACLES

On the night of 27 February, 12 days before Piñera was to be sworn in as Chile’s new president, an earthquake measuring 8.8 on the Richter scale rocked the southern half of the country.¹⁴ More than 500 people were killed in the quake and the tsunami that followed. The devastation affected 70% of Chile’s hospitals, damaging more than half irreparably. More than 3,000 schools were damaged or destroyed, leaving 1.25 million students without classes. The earthquake tied for the fifth strongest measured by a Richter scale and was estimated to have cost Chile’s economy US\$30 billion, or 17% of gross domestic product.¹⁵

“The country literally fell to the ground,” said Blümel. Officials on both sides of the transition agreed the earthquake had changed everything.

February is a summer vacation month in Chile, and many government workers who were not on vacation had been already beginning to ease out of their jobs during the hiatus between administrations. Mladinic described staffers having to come back into the office and unpack boxes. Monsalve said, “We had to reassume power. We had to face an emergency.”

Despite widespread phone outages, Piñera managed to contact Rivadeneira to assemble a meeting of his incoming cabinet and advisers to plan a response to the quake. Rivadeneira found that many of the incoming ministers and subsecretaries were unreachable or in the south and unable to return to Santiago for days. Still, those who were able to get there met with Piñera that day to plan a response to what Bachelet had declared a “state of catastrophe.”¹⁶

The Piñera team had to decide how to balance what would surely be a massive recovery effort with his already ambitious campaign platform plans. Some members of his coalition urged the incoming president to shelve his campaign promises and concentrate on rebuilding, arguing that the public would be more likely to appreciate a concrete accomplishment in the face of crisis. Piñera disagreed. He ordered his team to move forward on dual goals: implementing his campaign agenda and rebuilding the country at the same time.

Shortly after, Piñera, Hinzpeter, and others from the transition team went to Chile’s emergency response office to meet with Bachelet and Pérez Yoma. During their meeting, they discussed the roles Piñera and his incoming cabinet might have in the immediate relief decisions. Bachelet and Pérez Yoma declined to consult Piñera’s people regarding decisions, saying they were still in control until inauguration day, according to Pérez Yoma.

Piñera’s side had little choice but to accept the decision. “It was a dramatic situation; we had to respect the government,” Blümel said. A chief concern, according to Monsalve, was how much money the Bachelet administration would spend in relief efforts. “For most of these questions, there were no answers,” he said. “It was impossible to know the overall costs.”

Several more meetings took place during the following days between education, health, safety, and economic teams between the two sides. Except for those gatherings, the earthquake had paralyzed the transition process, according to Pérez Yoma. Bachelet officials across nearly all ministries were busy with relief efforts and no longer available to meet with their incoming counterparts. Pérez Yoma said he was “working 20 hours a day” and barely had time to sleep, let alone meet with Hinzpeter. “The time to conduct a more thorough transition was lost,” Monsalve said. A major exception was foreign policy, about which the incoming and outgoing teams continued to meet.

Piñera’s cabinet tried to come up with a long-term recovery plan, even though the cabinet members still did not know the full extent of the damage. Piñera remained in the public eye, touring affected areas in a government-provided helicopter with Hinzpeter.

Despite a general atmosphere of unity and conciliation, Piñera criticized certain aspects of Bachelet’s handling of the crisis. For instance, amid reports of looting, Piñera slammed Bachelet’s hesitation to deploy the military. The criticism stung some of the Bachelet officials involved in the decision, but others dismissed the incident as a simply political move.

In keeping with Chilean tradition, Ubilla, Piñera’s choice for subsecretary of the ministry of the interior, took office two days before his boss did, accepting an appointment from Bachelet. That night, Ubilla, who had been offered the job as subsecretary just two days before the

earthquake, met with his security and emergency teams and set to work on deciding how to distribute food, water, and medical supplies to areas with severely damaged infrastructures. In the next days, Piñera would turn relief logistics over to the armed forces, following the sudden resignation of the chief of the emergency response office. To better coordinate efforts, each ministry assigned a staffer to work on earthquake response at the ministry of the interior. This response team continued working until September.

At around midday on inauguration day, 11 March, Blümel, Claudio Seebach, Gonzalo Guerrero, and other Piñera administration officials not at the ceremony in Valparaiso arrived at La Moneda, Chile's presidential palace. The building was empty, except for security workers who had already studied the faces of the new occupants. Guerrero, chief of staff for the subsecretary of the ministry of presidency under Piñera, recounted, "We got to La Moneda, looked at each other, and asked, 'Well, what are we going to do now?'" The new officials looked around, selected desks, and started working. Later that day, Larroulet and the other ministers arrived.

That evening, Piñera returned from inspecting the earthquake's aftershock damage. And after midnight that night, Piñera held his first cabinet meeting, setting a feverish pace that would engulf his staff for the rest of the year.

In a televised address two months later, Piñera presented his administration's plan for Chile. With earthquake recovery ongoing, he named his goals not only for further reconstruction but also for economic performance, education, health, and other aspects. Piñera administration officials cited that speech as both the end of what they would consider the transition period and evidence of the transition's effectiveness. The plan presented in this speech became a road map document called *Chile País Desarrollado*, a detailed policy plan to make Chile a developed country by 2018.

ASSESSING RESULTS

Established institutions prevented disruptions of essential government services or ongoing public projects during Chile's 2010 transition. Chile's development level and strong civil service tradition had prevented significant public service interruptions due to transitions since before the end of the Pinochet regime. The country's public works contracts supported continuity because changes or delays added substantial costs. Similarly, the budget process helped ensure that necessary funding be provided for most of the new president's first year in office.

However, high turnover in the civil service, especially in management positions, raised concerns.¹⁷ Below the subsecretary level, 65% of division heads were replaced in 2010 either via resignation or after being asked to leave by the Piñera administration, according to civil service director Egaña. A quarter of all department heads, a step below division heads, were similarly replaced, he said. Manager-level turnover was more than double the replacement rate after the previous election in 2006. About 11,000 of Chile's 200,000 civil servants left their positions in 2010—also almost double the number who left in the 2006 period.¹⁸

The reasons for the turnover and the extent to which workforce arrivals and departures were an accurate measure of the transition's effectiveness were subject to different interpretations. Managerial-level government workers all served at the pleasure of the president or minister and had three-year renewable terms. Many of those officials left on their own either because they did not want to serve in a right-leaning government or because they wanted to leave public service altogether. Others were asked to leave. Because of the varying circumstances, the causes of departures were difficult to determine.

Some policy scholars, including Javier Fuenzalida, a doctoral student at Rutgers University's School of Public Affairs and

Administration in New Jersey and researcher at the Center of Public Systems at the University of Chile, said the high turnover hurt the public managers service (the ADP), a largely successful public management reform. Other observers said the ADP was still in its infancy and it was reasonable to expect change in those positions because policy makers were still working to determine which managers served in purely technical roles and which were in positions that ought to be appointed politically. “It’s not something that’s not working; it’s something that’s always contested,” said Tomás Chuaqui, a Chilean political scientist.

Officials from both administrations generally sided with Chuaqui’s viewpoint. “It was understandable that the change was very massive,” Egaña said. Mladinic argued that division heads who reported directly to the president should be politically appointed individuals who would change with administrations. “There are no people in high political positions who are not political people,” he said.

The turnover resulted in a wave of young people’s joining the civil service as Piñera appointments, interviewees said. “It created a new generation of people more involved in public policy,” Bellolio said. “I started working for the government when I was 24 [in 2010]. I had just finished engineering school. It was a pretty exciting opportunity.” Piñera staffers estimated the average age of a chief of staff, a senior managerial position in ministries and divisions, was 29 years.

Officials from both the Piñera and Bachelet camps, as well as outside observers, cited the new administration’s response to the February 2010 earthquake as a significant indicator of the transition’s success. Chile had long experience with seismic events and was prepared in many ways to handle recovery operations. Still, officials described the destruction in 2010 as unprecedented. Piñera focused on housing,

education, and health as top priorities when he assumed office less than two weeks after the quake. By July, authorities and charities had set up 65,000 temporary homes in affected areas. With exceptions in more-rural areas and smaller coastal towns, authorities restored most of the basic utilities within a month. By three weeks after the earthquake, 17 field hospitals had been set up due to efforts led by the army.¹⁹ And hundreds of thousands of students were back in school within weeks.

The severity of the earthquake and the extent of the recovery effort complicated the task of assessing how the transition was received politically because the crisis had created a political grace period that Bellolio called “a year of solidarity.”

However, problems emerged by midyear. A July opinion poll gave Piñera an approval rating of just 45%, and the new president’s plan to raise money for recovery by increasing business taxes stalled in the legislature.²⁰ “Piñera’s campaign slogan was, ‘a new form of governing.’ The people started saying, ‘You know, the new form of governing is a lot like the old form of governing,’” Guerrero said. “Truthfully, we made a lot of mistakes” during the early part of the administration’s term, he said.

Overall, participants in the 2010 transition described the process as relatively smooth. Given the experience of Chile’s political class, Rosende said it would be “unimaginable” for a transition to go any other way.

Others argued that, given the potential for distrust between the two coalitions and the crisis brought on by the earthquake, the changeover went surprisingly well. Costa, budget director under Piñera, said the transition was “less chaotic than expected. The main problem was the earthquake.”

Mladinic, another Bachelet administration official, said, “We left government in a responsible way. We followed our own protocols. After 11

March [inauguration day], we were willing to cooperate on any doubts. I think the country perceived continuity in the transition, even though the parties changed.”

Still, political loyalties, especially in the middle and lower levels of the Concertación coalition, complicated the transition by discouraging many Bachelet staffers from staying on in the new administration. As the briefing meetings were going on between the two sides, the incoming Piñera ministers tried to figure out who among the Bachelet staff would be interested in staying. Piñera’s people, aware of the value of institutional memory and continuity of procedures, wanted to keep many Bachelet staff, especially those in less politically sensitive roles. But even in the ministry of finance, where many officials were happy to exchange information, few division heads wanted to stay to work for Piñera. In the ministry of presidency, four of six division heads left.

Staffers who expressed willingness to stay and work for Piñera faced pressure from their colleagues. “Many of them were very wary of being accused of collaboration—too much collaboration,” Pérez Yoma said. “So they had that duality: that they had to show that they were different but at the same time [cooperate].”

REFLECTIONS

From a broader perspective, the 2010 transition was a crucial and successful step toward solidifying Chile’s democracy. “For many people, that was part of the end of the transition from dictatorship to democracy: the possibility to change the government in complete normalcy,” said Carlos Mladinic, chief of staff of the interior ministry under outgoing president Michelle Bachelet. “This was a way of demonstrating we are a mature country after 20 years of a democratic system. The changing parties are part of the process at the end of the day.”

“There was an idea we had in the government,” Mladinic added. “We said, ‘OK, we’ve had the government for 20 years. We had a very good 20 years for Chile. And the people now want other things, and that’s completely natural. Our responsibility is to leave the government in the best form.’”

Juan Luis Monsalve, chief of staff of the ministry of finance under Bachelet, described the transition as a “historic moment” that motivated many of those who participated in the process.

Circumstances present in Chile at the time helped a successful hand-over in the absence of laws that spelled out how the transition should take place. According to Tomás Chuaqui, a Chilean political scientist, the nation’s small political elite, combined with the tradition of a highly educated civil service, paved the way for cooperative, rather than hostile, government transitions. Fernando Larrain, a policy scholar, cited Chile’s political moderation and lack of the pendulum effect (frequent power swings between radical parties) seen elsewhere in Latin America. According to Mladinic, “Presidents promise change to citizens, but the people expect a lot of continuity.”

The people involved in the hand-over highlighted certain lessons from the experience. First, they advised an outgoing government to focus on the interests of the country and its future.

“What you have to do—especially when you’re handing it to another coalition—is to really make an effort to think not about *your* interests but the interests of the country and keep saying that over and over and over again,” said Edmundo Pérez Yoma, Bachelet’s minister of interior.

Political considerations played a role. Pérez Yoma used Bachelet’s popularity to help persuade his fellow ministers to cooperate with incoming Pres. Sebastián Piñera’s staff, stressing the importance of public perception for the coalition’s political future.

Immediately before Piñera's inauguration, Pérez Yoma said, he told his incoming counterpart Rodrigo Hinzpeter, "Please keep the house in order, because we're coming back." The statement proved to be prescient in 2014, when Bachelet regained the presidency.

Second, officials cited the value of transparency, especially in the budget process, and communication. Transparency reduced distrust and made it easier to plan efficiently.

"I think it's in their best interest to be as transparent as possible," Pérez Yoma said, "because in this age and time, to try to hide things or obscure them just doesn't work."

Javier Irarrazaval, who worked in the ministry of presidency for Piñera and then for Bachelet after she regained the presidency in 2014, suggested keeping the public informed during future transitions while bilateral briefings take place.

However, no amount of available information will make up for inexperience in government, as some members of the Piñera team saw. For example, when looking at the 2010 budget in order to make adjustments for earthquake recovery spending, Rosanna Costa, Piñera's budget director, allocated funds she thought were uncommitted, only to find out from legislators that the money had already been linked to certain projects. "There were a lot of things we were seeing for the first time despite the fact that a lot of people were specialists in these areas," said Gonzalo Guerrero, chief of staff for the subsecretary of the ministry of presidency under Piñera.

Third, almost all incoming officials stressed the importance of seeking out best practices and asking for advice. "Don't be ashamed to ask questions," Guerrero said.

Finally, under pressure to produce in a new environment, incoming officials cited the importance of bringing on a team with experience working together.

Costa said she would have brought in more of her own staff from the beginning. "You need a group of people who are willing to do what you want," she said. Otherwise, "it takes away from the urgency you should be feeling."

Ignacio Rivadeneira, a longtime Piñera political aide, added, "you need full loyalty." He suggested an incoming administration keep its campaign teams intact when it assumes power.

As of 2014, Chile still had no legally mandated transition process even though many officials said such legislation would improve the process. Each hand-over depended on the willingness of the people involved.

Pérez Yoma linked the willingness of Chilean officials to cooperate to lessons learned during the early 1970s, when socialist Salvador Allende was elected president—before being ousted in a coup led by military general Augusto Pinochet and losing his life. Pérez Yoma's father, who had served as a minister under Allende's predecessor, was assassinated by suspected radical leftists in 1971.

"Either you have a big majority to make things work in Chile, or you run into disaster. Allende never understood that," Pérez Yoma said. "Each time that [Allende] had something against him, instead of going back he pushed forward. So we end up with Pinochet, thousands of people disappeared, killed, and 17 years of dictatorship."

"The country itself knows that a political struggle without compromise ends badly," Pérez Yoma said. "The younger generations are already forgetting that, but the people of my generation—the older generation—will never forget it."

Lessons

- Work toward more transparency in government. If most of the critical official information is available publicly, an incoming administration is less dependent on the outgoing staff.
- Develop a transition law that addresses (1) resources given to the incoming administration, including office space and funding; (2) exactly what information the outgoing administration should prepare and pass on to the incoming leaders; and (3) meetings that need to take place between outgoing and incoming officials. A legal framework adds formality and limits the extent to which a crisis can affect the process.
- Make a checklist of documents and information to pass on to the incoming administration and prepare forms for the incoming officials to sign in acknowledgment of receipt of the information. A schedule of meetings with agendas and their minutes should be released publicly. Press should be permitted to document those meetings. Better transparency prevents incoming officials from blaming outgoing counterparts for lack of information.
- The incoming administration needs to start early by preparing agenda prioritized governing agenda and a potential-staff list. Experienced, trusted people should lead that effort.

EPILOGUE

On 11 March 2014, four years after Sebastián Piñera succeeded her as Chile's president, Michelle Bachelet, who in 2006 had become Chile's first female president, returned to Valparaíso to take the oath of office again. Bachelet accepted the presidential sash, as per tradition, from Senate president Isabel Allende, daughter of former president Salvador Allende, who died during the 1973 coup that ousted him from office. It was the first time the sash had been exchanged between women. Piñera, who moments earlier had given up the sash, wished the returned president luck.²¹

The 2010 transition had been a milestone for Chile's democracy, but 2014 was a test of what Chile had learned from the experience.

During his term, Piñera faced rising public frustration. Citizen protests against Chile's education policies and ingrained social inequality drowned out his administration's several successes, such as strong economic growth, solid rebuilding

efforts following the 2010 earthquake, and a dramatic, government-coordinated rescue of 33 miners trapped underground for 69 days.²²

Bachelet was the first Chilean president in more than 60 years to win a second term, trouncing her opponent in a January runoff election with 62% of the vote.²³ Embracing the public's demands, she campaigned on a reformist platform, vowing to overhaul Chile's education policy, tax code, and voting system.

Bachelet's aggressive agenda complicated her transition into office. In 2010, the discussion had been about "smaller issues," Chilean political scientist Tomás Chuaqui said in 2014. "It was dealing with the earthquake, dealing with Transantiago [the capital's public transportation system], dealing with public safety, improving the health system, improving pensions. It was politics as usual," he said. "Now, this transition is much more complicated, in the sense that we're talking about enormous transformations."

Leaders of the Piñera administration had learned important lessons from the 2010 transition and applied those lessons in 2014, according to Gonzalo Guerrero, chief of staff to the subsecretary of presidency under Piñera. First, they wanted to provide ample information for their incoming counterparts, because in 2010, many staffers had complained about not being given enough information to do their jobs, he said. Second, they did not want to catch political flak for fumbling the hand-over. Piñera “wanted only good news after the transition,” Guerrero said.

Piñera ordered the subsecretary of the ministry of presidency, Claudio Alvarado, (1) to specify the information that ministries had to hand over and (2) to make sure they did so. Alvarado delegated that task to his chief of staff, Guerrero.

Guerrero, in drafting a list of required information, expanded on Bachelet’s 2010 order. The information included full budget reports, internal ministry initiatives, legislative projects from each ministry, staff reports, and the status of previous commitments. To improve the quality of the material and explain the rationale behind the task, ministry of presidency staff met with various ministries more than a hundred times to discuss the transition, according to Guerrero. Finally, Minister of Presidency Cristián Larroulet personally reviewed all information. Each ministry turned in 500 to 1,000 pages, according to Javier Irarrazaval of the ministry of presidency. This process took more than two months, starting before the first round of elections and ending soon after Bachelet announced her new cabinet in late January.

The ministry of presidency used the existing presidential delivery unit to keep tabs on the ministries’ progress. Within the delivery unit, a ministry of presidency staffer kept track of each ministry’s work on a stated administration goal and enforced deadlines and budgets.

There were two major challenges during this process, Piñera staffers said. First, they had to convince the ministries to report honestly on uncompleted projects and other shortcomings. Second, they had to separate political information from the material necessary for successors to govern. For example, Guerrero cited a dispute over the reduction of a fuel subsidy in a southern region. Because communications between the president and the regional governor were politically sensitive, the information was not handed over, he said.

Because Bachelet had left office in 2010 with an 84% approval rating, she had been able to look ahead with confidence to regaining the presidency. “I’m sure she planned her return from day one,” Chuaqui said. Bachelet’s familiarity with government operations reduced the need for the kind of extensive planning that Piñera had needed in 2010. Still, a team of veteran confidants researched government positions Bachelet would have to fill; vetted potential candidates; and compiled budget reports and policy documents for incoming ministers, according to Rodrigo Egaña, head of the civil service office, who took part in the effort.

Bachelet’s cabinet, announced in late January, included several familiar faces. Rodrigo Peñailillo, a close Bachelet adviser during her first term, became minister of the interior. Alberto Arenas, former budget director, became minister of finance. Nicolás Eyzaguirre, appointed minister of education, had been minister of finance from 2000 to 2006. José Antonio Gómez had been minister of justice from 1993 to 2003 and returned to that role in 2014.

After Bachelet named her cabinet, Piñera’s government met with its incoming counterparts. A feature of each meeting was the transfer of information. Each minister personally handed over a USB flash drive with the compiled information—in addition to a hard copy. Meetings at the minister level handled the general

operations of the ministries, with more-detailed material discussed at lower levels. In a meeting room in La Moneda, the presidential palace, Guerrero stored hard copies of all information across the entire administration.

Accounts of the 2014 transition differed between the Bachelet and Piñera teams. Egaña said the hand-over had “not been done in a proper way.” The material, he said, had been handed over in a single mass and left in the La Moneda meeting room rather than being handed by outgoing ministers to their incoming counterparts. Guerrero and Irarrazaval, the latter of whom went on to continue working in the Bachelet administration, disagreed with Egaña’s account, saying all material had been handed over at the individual ministry level and the few complaints were politically motivated.

Exact numbers were unavailable in late 2014, but incoming Bachelet staff and outgoing Piñera staff estimated that personnel turnover in 2014 at both the managerial level and overall was similar to 2010 levels. Observers said Bachelet’s mandate

for major change pushed her to replace not only Piñera-appointed staff but many Concertación appointees who had chosen to stay during the Piñera administration. There were exceptions, however. Irarrazaval stayed during the transfer of power. He met with his new boss and said that although he was from the other side, he was willing to stay on to provide the “know-how of how things in the past four years were handled.”

As in 2010, the motivations of the outgoing administration in 2014 ranged from political self-interest to more-noble causes. “We didn’t want the incoming government to say the things about us that we were saying about them,” Guerrero recalled. The most important criterion for success in the transition, he said, was that the process be politically painless for Piñera.

Irarrazaval agreed that political considerations were important but that the high quality of transferred information indicated the transition’s success. Handing power back in 2014, he said, was as important as receiving it in 2010. “I felt it was the maturation of democracy.”

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