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## *Chile: The guitar theorem... Electing a president solves nothing*

Something tells me that the guitar theorem will give predictable results: in an out-of-tune plan.



Once again, as Leo Ferré would say: "They voted... And there?" It remains to be seen whether, for once, something happens. Something that interests citizens, not entrepreneurs. And it is not because we have a mania for entrepreneurs – which also – but that sometime it has to touch us, the pringaos. A note from Luis Casado.

*"A conciliator is someone who feeds a crocodile expecting it to eat the others first..."*  
(Winston Churchill)

My worst fears were confirmed: the election ended up electing one of the candidates. I have said it many times and I have not changed my mind: I understand that in Chile the presidential elections are part of the problem, not the solution.

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Tengo la debilidad de pensar que tenemos que cambiar la Constitución, la Ley electoral, la organización territorial, la distribución de los poderes del Estado, renovar las instituciones, recuperar la Soberanía ciudadana, cambiar el “modelo” económico, adoptar otro régimen impositivo, reformar la Educación así como la Salud y el sistema previsional, recuperar la soberanía sobre el mar, el cobre, el litio, el agua y otros bienes públicos, temas que siguen pendientes y han sobrevivido a no menos de siete elecciones presidenciales sin ser tocados ni con el pétalo de una rosa.

I leave it to the 'experts' to break down Sunday's vote, determining who voted "for", who voted "against", who did not vote, and their respective motivations. The truth is that now Another thing is with guitar: from now on it is about putting into practice the program, or the proposals announced during the campaign. Without assuming bad intentions to anyone, the 'institutionality' that we drag from the dictatorship is still present, that which 'must be respected' like our own mother and that constitutes a fatal burden. She determines that the nation's Budget, with which the new president and his new Finance Minister will meet, was designed by the current Piñera government. According to the Treasury, this budget should allow "to move towards a normalization of spending, resume the path of convergence of fiscal policy and, at the same time, begin the recomposition of the country's savings." In Christian: it is about reducing fiscal spending – 22.5% in this year – not spending more than what the tax regime produces, and stabilizing the savings rate battered by withdrawals from pension funds. In other words: a policy of fiscal austerity. The main tool of a government is the budgetary tool: without money... no way. Do you want to reform Education? You need to finance this reform: investments, salaries, current expenses... Do you want to improve public health? Do you want to build another pension system? The same. Waiting for a new tax regime, based – it is to be expected – on a fair distribution of the tax burden, of fruits. To pass that tax reform requires parliamentary support and time. The incoming government has neither one nor the other to spare.

It is time to ask whether Chile "spends" too much compared to – for example – the OECD countries. The average rate of tax collection in relation to GDP in this group of countries is

in the order of 34.5%, while in the Chilean Budget for the year 2022, according to the Treasury, it is only 23.8% of GDP. A difference of 10.7 percentage points. In March 2014 POLITIKA published an analysis of Bachelet's insignificant tax reform pointing out exactly the same thing: the Chilean tax burden must be in tune at least with the average of the OECD countries, the only way to be able to finance public education and health services worthy of the name.

The general budgets of the States, says the OECD, serve to "finance the goods and services that it supplies to its citizens and companies, and play its redistributive role". In the case of Chile, the services that the State provides to its citizens are miserable. For example, a button: the average expenditure allocated to the unemployed in the OECD is 0.60% of GDP. In Chile only 0.07% of its GDP. Almost nine times less. So how can we do with an austerity-oriented 2022 Budget? The same austerity that ended up sinking the economies of many countries, leading the IMF itself to recognize that such policies cause the damage they seek to avoid. The new government intends (we will see) to design another tax regime that, in the best case, could be effective in the 2023

Budget. Limited to the OECD average, such a tax regime should collect 10.7 percentage points more, that is, an increase of 37 billion dollars per year or, what is the same, an increase in the General State Budgets of the order of 45%... Even if such an increase were made in 4 years... Does the new president have a precise idea of how to distribute that tax

burden? Do you have the political will to proceed with such an increase? Do you have parliamentary backing to approve it?

What precedes – added to other reflections – leads me to think that electing a president solves nothing and is equivalent to putting the cart before the oxen. Hence, he maintains that the reasonable way out of this imbroglio is to enhance and accelerate the work of the Constitutional Convention. The result should allow us to change the Constitution, the Electoral Law, the territorial organization, the distribution of the powers of the State, renew the institutions, recover citizen sovereignty, change the economic "model", adopt another tax regime, reform Education as well as Health and the Pension system, recover sovereignty over the sea, copper, lithium, water and other public goods.

Therefore, sweep away the current "authorities" who for thirty years have done nothing but protect their own interest and

collect. In a truly democratic framework, with elections without traps, the country could equip itself with respectable and respected authorities. Avoiding campaigns of terror that only hurt, divide and generate tenacious grudges. On Sunday afternoon, already knowing the results of the second round, I was called by two friends who, according to their sayings, bet on Kast. It was to confide in me his fears that on Monday Chile would dawn ruled by soviets, with a wave of confiscations of heritage and with some Gulag in the south, for example on Dawson Island...

I didn't know whether to laugh or

cry. My friends are not stupid. Nor do they have much wealth to confiscate, even if having a job and a house makes them think they are the alter ego of Andronikos Luksic. I realized that the campaign of terror frightens first of all the supporters of those who organize it. I advised both of them to sleep peacefully, deeply, and to see how, in a matter of days, the Santiago Stock Exchange and the dollar exchange rate will behave as usual: in an absurd and crazy way. Nothing to fear. Because once again we put the cart in front of the oxen. In addition, the 'consensus', or what Winston Churchill called the 'conciliation', had already set to work: Ricardo Lagos and José Antonio Kast, in moving unanimity, called at the same time for a reunion.

And even if the president-elect was actually the ultra-leftist who paints the European press (increasingly uninformed, mediocre and imbecile), thanks to the institutional moorings he could not do anything that Jaime Guzmán has not foreseen.

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Luis Casado for La Pluma

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