



Chile

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Republic of Chile

República de Chile

CAPITAL: Santiago

FLAG: The flag, adopted in 1817, consists of a lower half of red and an upper section of white, with a blue square in the upper left corner containing a five-pointed white star.

ANTHEM: *Canción Nacional (National Song)* beginning "Dulce Patria, recibe los votos."

MONETARY UNIT: The peso (p) of 100 centavos replaced the escudo as the nation's monetary unit in October 1975. There are coins of 1, 5, 10, 50, 100, and 500 pesos, and notes of 500, 1,000, 5,000 and 10,000 pesos. p1 = us\$0.00196 (or us\$1 = p511.45) as of 2005.

WEIGHTS AND MEASURES: The metric system is the legal standard, but local measures also are used.

HOLIDAYS: New Year's Day, 1 January; Labor Day, 1 May; Navy Day (Battle of Iquique), 21 May; Assumption, 15 August; Independence Day, 18 September; Army Day, 19 September; Columbus Day, 12 October; All Saints' Day, 1 November; Immaculate Conception, 8 December; Christmas, 25 December. Movable religious holidays include Good Friday and Holy Saturday.

TIME: 8 am = noon GMT.

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LOCATION, SIZE, AND EXTENT

Situated along the southwestern coast of South America, Chile has an area of 756,950 sq km (292,260 sq mi). Comparatively, the area occupied by Chile is slightly smaller than twice the size of the state of Montana. A long string of land pressed between the Pacific and the towering Andes, Chile is 4,270 km (2,653 mi) long n-s; it is 356 km (221 mi) wide at its broadest point (just north of Antofagasta) and 64 km (40 mi) wide at its narrowest point, with an average width of 175 km (109 mi) e-w. It is bordered on the n by Peru, on the ne by Bolivia, on the e by Argentina, on the s by the Drake Passage, and on the w by the Pacific Ocean. At the far se, at the end of the Strait of Magellan (Estrecho de Magallanes), it has an opening to the Atlantic Ocean. Chile's boundary length (including coastline) is 12,606 km (7,833 mi).

Included in the national territory are the Juan Fernández Islands, Easter Island, and other Pacific islands. A dispute with Argentina over three small islands in the Beagle Channel almost led to war between the two countries in 1978, but papal intervention prevented hostilities. The issue was resolved peacefully by a treaty signed in the Vatican on 29 November 1984 and ratified on 2 May 1985, granting Chile sovereignty over the three islands, giving Argentina rights to waters east of the Strait of Magellan, and dividing the territorial waters south of Cape Horn between the two countries. There is another outstanding boundary problem with Bolivia over its claim for an opening to the sea. Chile also claims the Antarctic Peninsula and other areas of Antarctica, comprising 1,250,000 sq km (482,500 sq mi).

Chile's capital city, Santiago, is located in the center of the country.

TOPOGRAPHY

Chile is divided into three general topographic regions: the lofty Andean cordillera on the east; the low coastal mountains of the west; and the fertile central valley between. The Andes, occupying from one-third to the entire width of the country, stretch from the Puna de Atacama in the north, a high plateau with peaks averaging 4,600 m (15,000 ft), to middle Chile, where, on the border with Argentina, rises the highest peak in the Western Hemisphere, Aconcagua (6,960 m/22,834 ft), and then, diminishing in height, run south into the Chilean lake country, with its snowcapped volcanoes and several passes.

The region of the Andes is a seismically active area with low magnitude earthquakes occurring on a regular basis, even to about a dozen a month. Situated on the South American Tectonic Plate, the country has recorded over 100 major earthquakes (magnitude 7 or higher) since such record keeping began in 1570. On 13 June 2005, a 7.8 magnitude earthquake occurred in Tarapaca that was felt as far away as Santiago and Brasília, Brazil. At least 11 people died.

The coastal range, verging from 300 to 2,100 m (1,000 to 7,000 ft) in height, rises from the sea along most of the coast. In the extreme north, the coastal mountains join with the Andean spurs to form a series of plateaus separated by deep gorge like valleys. In the south, the valleys and the coastal range plunge into the sea and form a western archipelago; fjords reach into the range at about 42°S.

The central valley, an irregular alluvial plain 965 km (600 mi) long, 73 km (45 mi) wide at its maximum, and up to 1,200 m (4,000 ft) high, begins below the arid Atacama Desert of the north and ends at Puerto Montt in the south. Fertile between the Aconcagua and Bío-Bío rivers, this valley is the center of agriculture and of population. Although some 30 rivers rise in the Andes and descend to the Pacific, cascades and great waterfalls severely limit navigation; the ocean itself facilitates transportation between the different regions of this narrow country.

The northern side of the Strait of Magellan, part of Patagonia (a region shared by Chile and Argentina), and part of the island of western Tierra del Fuego (divided between Chile and Argentina) is low, glaciated, morainal country.

CLIMATE

Climatic zones range from the subtropical deserts in the north to the temperate rain forests of Aisén and the tundras of Magallanes in the extreme south. The cold Humboldt Current, traveling northward from the Antarctic, affects the climate of the coastal regions of central and northern Chile. Generally, however, Chile is divided into three climatic regions: (1) The north, which contains the Atacama Desert, one of the driest regions in the world, is characterized by hot and arid weather in the lowlands and occasional summer showers in the Andean highlands. (2) The middle, extending about 1,450 km (900 mi) from 30–43°s, has a Mediterranean climate, with mild, wet winters, averaging 11°c (52°f), and long, dry summers, averaging 18°c (64°f). (3) The south, a region of mountains and fjords, has high winds and heavy rains. Annual rainfall ranges from no recorded precipitation in some parts of the north to 50–100 cm (20–40 in) around Concepción, in south-central Chile, to more than 406 cm (160 in) in some southern regions. South of the Bío-Bío River, rains occur all year round. The Andean highlands, even in the tropical north, are cold and snowy.

FLORA AND FAUNA

Chile's botanical zones conform to the topographic and climatic regions. The northernmost coastal and central region is largely barren of vegetation, approaching most closely an absolute desert of any place in the world. On the slopes of the Andes, besides the scattered tola desert brush, grasses are found. The central valley is characterized by several species of cactus, the hard espinos, the Chilean pine, and the copihue, a red bell-shaped flower that is Chile's national flower. In southern Chile, south of the Bío-Bío River, heavy precipitation has produced dense forests of laurels, magnolias, and various species of conifers and beeches, which become smaller and more stunted to the south. The cold temperatures and winds of the extreme south preclude heavy forestation. Grassland is found in Atlantic Chile (in Patagonia). The Chilean flora is distinct from that of Argentina, indicating that the Andean barrier existed during its formation. Chilean species include the monkey-puzzle tree and the pine-like araucaria, also found in Australia. True pines have been introduced from the Northern Hemisphere.

Chile's geographical isolation also has restricted the immigration of faunal life, so that only a few of the many distinctive Latin American animals are found. Among the larger mammals are the puma or cougar, the llama-like guanaco, the Andean wolf, and the fox-like chilla. In the forest region, several types of marsupials

and a small deer, known as the pudu, are found.

There are many species of small birds, but most of the larger common Latin American types are absent. Few freshwater fish are native, but North American trout have been successfully introduced into the Andean lakes. Owing to the vicinity of the Humboldt Current, ocean waters abound with fish and other forms of marine life, which in turn support a rich variety of waterfowl, including different penguins. Whales are abundant and some six species of seals are found in the area.

ENVIRONMENT

The principal responsibility for environmental matters is vested in the environmental programs department in the Ministry of Health and in the National Planning Office, as well as in the ecological advisory office in the Ministry of National Welfare and the department of the environment in the Ministry of Foreign Affairs.

Chile's main environmental problems are deforestation and the resulting soil erosion, and the pollution of its air, water, and land. Air pollution from industry and transportation and water pollution are especially acute in urban centers, where the population has doubled in the last 30 years. In 1996, Chile's industrial carbon dioxide emissions totaled 48.7 million metric tons. In 2000, the total of carbon dioxide emissions was 59.5 million metric tons. Untreated sewage poses the major threat to the nation's water quality. While 99% of its urban dwellers have pure drinking water, only 59% of its rural dwellers have the same access.

About 18.9% of the total land area is protected. According to a 2006 report issued by the International Union for Conservation of Nature and Natural Resources (IUCN), the number of threatened species included 22 types of mammals, 32 species of birds, 20 species of amphibians, 9 species of fish, and 40 species of plants. Endangered species in Chile included the South Andean huemul, tundra peregrine falcon, puna rhea, Chilean woodstar, ruddy-headed goose, and the green sea turtle.

POPULATION

The population of Chile in 2005 was estimated by the United Nations (UN) at 16,136,000, which placed it at number 60 in population among the 193 nations of the world. In 2005, approximately 7% of the population was over 65 years of age, with another 24% of the population under 15 years of age. There were 98 males for every 100 females in the country. According to the UN, the annual population rate of change for 2005–2010 was expected to be 1.0%, a rate the government viewed as satisfactory. The projected population for the year 2025 was 19,078,000. The overall population density was 21 per sq km (55 per sq mi); over 80% of the people live in the central region between La Serena and Concepción, although this area covers little more than a quarter of the country's area.

The UN estimated that 87% of the population lived in urban areas in 2005, and that urban areas were growing at an annual rate of 1.43%. The capital city, Santiago, had a population of 5,478,000 in that year. Other large cities and their estimated populations include Concepción, 379,860; Antofagasta, 318,779; Viña del Mar, 318,489; Temuco, 300,000; Valparaíso 276,737; Talcahuano, 250,348; and Rancagua, 206,971.

MIGRATION

After the Spanish conquest, there were three main waves of immigration: Germans during 1800–50; Spaniards, Italians, Swiss, Yugoslavs, Syrians, Jordanians, and Lebanese around 1900; and Spaniards and European Jews during the 1930s and 1940s. Since World War II, permanent immigration has been minimal.

In the years immediately preceding and after the Allende victory in 1970, about 10,000 political refugees (largely Brazilians, Bolivians, and Argentines) came to Chile. After the military coup of 1973, however, the bulk of them were expelled. The 1970s also witnessed two successive waves of Chilean emigration when, as a reaction to the Allende victory and, later, as a result of the military coup, several hundred thousand Chileans departed the country for political and economic reasons. Many of them later returned. In 1990 a National Office of Refugees was established to facilitate the reincorporation of returning exiles into Chilean society. In its first three years this office assisted more than 13,000 of the 26,000 exiles who returned in this period. In 1996, the United Nations High Commissioner for Refugees (UNHCR) office closed after 22 years of operation in Chile, as it was determined that the need for asylum for Chileans no longer existed. The net migration rate for Chile in 2005 was estimated as zero. The government viewed the migration levels as satisfactory.

In 1999, the Chilean Minister of Foreign Affairs signed a resettlement agreement for refugees from the former Yugoslavia. The project was being implemented by the Vicariate of Social (Catholic Church). As of 2004, the total refugee population in Chile numbered 654, asylum seekers numbered 85 (mainly from Colombia), and 569 were refugees. In that year there were 185,000 migrants living in Chile, 21% of whom were Peruvian.

There is a seasonal pattern of trans-Andean immigration to Argentina by Chilean agricultural workers; for many years the presence of several thousand Chilean settlers in the Argentine part of Patagonia created a minority problem.

ETHNIC GROUPS

Ethnically, the Chilean population is estimated at nearly 95% white and Mestizo (mixed white and Amerindian); 3% Amerindian; and 2% other. Mixtures between the conquering Spaniards, largely Andalusians and Basques, and the Mapuches (Araucanians) produced the principal Chilean racial type. An indigenous population of perhaps as many as 800,000 Mapuches live mainly in Temuco and in the forest region south of the Bío-Bío River. The Aymara and Diaguita groups can be found mainly in the northern desert valleys. Remnants of other small tribal groups are found on the archipelagos and islands of the extreme southern coast. A small minority of Germans and their descendants live in the Valdivia-Puerto Montt area.

LANGUAGES

Spanish is the national language. A sizable segment of Mapuche (Araucanian) Amerindians use Spanish in addition to their native tongue. The only other language of any importance is German, spoken mainly in the Valdivia region.

RELIGIONS

Roman Catholicism remains the principal religion. According to a 2002 census, about 70% of the population are at least nominally Roman Catholic. About 15% of the population describe themselves as Evangelical, a term which includes most non-Catholic churches, with the exception of Orthodox Churches, the Church of Jesus Christ of Latter-Day Saints, Seventh-Day Adventists, and Jehovah's Witnesses. Other traditional Protestant denominations included Lutheran, Wesleyan, Reformed Evangelical, Presbyterian, Methodist, and Anglican. The Jewish community had about 14,976 members. Islam, Buddhism, and the Baha'i Faith were also represented. Amerindians still practice an indigenous religion involving shamanism. About 8.3% of the population claimed to be atheists or indifferent concerning religious affiliation.

Traditionally, the Roman Catholic Church has held a privileged status in the country. In 1999, however, a new law on religion, *ley de culto*, was adopted to allow non-Catholic churches certain rights and permissions. For instance, churches are allowed to set up affiliate organizations, such as schools and clubs, without establishing them as separate, independent corporations. Under the 1999 law, non-Catholic religious groups leaders are permitted to have chaplains in public hospitals, prisons, and military units. However, a 2004 report indicated that implementation of these laws had been somewhat lax and there were complaints of discrimination against non-Catholics in military and political employment.

TRANSPORTATION

In 2004, Chile had 6,585 km (4,096 mi) of broad and narrow gauge railways, of which narrow gauge right of way accounted for 3,754 km (2,335 mi). Rail lines in the desert area are used mainly for mineral transport. In the period 2000-03, cargo transportation by rail averaged 1.317 million ton km annually. There are five international railroads from Chile: a line to Tacna, Peru; two to La Paz, Bolivia; and two to Argentina. In 1975, the first section of a new subway was opened in Santiago; the second section was opened in 1980.

There were 79,800 km (49,588 mi) of roads in 2002, 11,012 km (6,843 mi) of which were paved. The Pan American Highway, extending 3,460 km (2,150 mi) from the Peruvian border to Puerto Montt, is Chile's principal road artery. In 2003 there were 1,373,121 passenger cars and 749,914 commercial trucks, buses, and taxis. The Carretera Austral Presidente Augusto Pinochet, a highway, is under construction in the south; when complete it will link Cochrane in Coyhaique with Puerto Montt.

Chile has some 20 ports, 10 of which are used principally for coastal shipping. Valparaíso, the principal port for Santiago, is by far the most important. Arica, Iquique, Tocopilla, Antofagasta, Coquimbo, San Antonio, Talcahuano, and Punta Arenas are other important ports. In 2005, the Chilean merchant marine had 47 vessels over 1,000 tons and a total GRT of 725,216.

Air transportation has become increasingly important. As of 2004 there were an estimated 364 airports in Chile, 72 of which had paved runways as of 2005. Santiago hosts the principal international airport, Arturo Merino. Chile's largest airline is the state-owned National Airlines of Chile (LAN-Chile), which provides both domestic and international service. LAN-Chile's only significant domestic competitor is Copper Airlines (LADECO), a privately owned company. In 2003, airlines carried 5.247 million passengers on domestic and international flights.

HISTORY

Before the Spanish conquest, several small groups of Amerindians lived in Chile. Araucanian Amerindians, who came under the influence of the Incas in the early 15th century, inhabited central and southern Chile. The conquistador Pedro de Valdivia founded Santiago in 1541, and brought Chile north of the Bío-Bío River under Spanish rule. The Araucanians resisted Spanish rule and killed Valdivia in battle. Amerindian resistance continued for 350 years, effectively barring Spanish settlement south of the Bío-Bío. The Araucanians (also known as Mapuches today) were not subjugated until the early 1880s.

During Spanish rule, Chile was subject to the viceroyalty of Peru. Later, the territory was given the status of captaincy-general and was largely administered from Santiago.

Chile had one of Latin America's first independence movements. A *cabildo abierto* (town meeting) declared independence in 1810 in response to the French usurpation of the Spanish crown. Rival independence leaders Bernardo O'Higgins and José Miguel Carrera fought each other, then were overcome by Spanish troops. Eventually, Gen. José de San Martín, with O'Higgins as his chief ally, defeated the Spanish in 1817. In 1818 Chile formally proclaimed independence. O'Higgins ruled from 1818 to 1823, during which time he built a navy and consolidated the Chilean government under his dictatorial regime. However, his anticlerical and anti-nobility policies proved to be his undoing.

The next few years saw the growth of two political parties, the Conservative and the Liberal. While both were narrow elite factions, they differed in that Liberals favored a parliamentary, secular, federal system, while Conservatives wanted a traditional, religious, centralized system. The two groups fought bitterly, plunging Chile into civil strife until 1830 when Conservative Diego Portales assumed control of the political system.

Portales ruled as behind-the-scenes dictator from 1830 until his assassination in 1837. He launched a successful three-year war with Peru (1836-39), which destroyed a threatening Bolivian-Peruvian confederation. He also initiated a Conservative rule, which was to last until 1861. During that period, Chile's territory expanded with new claims to Patagonia and the island of Tierra del Fuego, and in 1847, the founding of Punta Arenas on the Strait of Magellan.

Between 1861 and 1891, the Conservatives were forced to share power with the Liberals, who had won several legislative victories. A wave of liberal reforms curtailed the power of the Roman Catholic Church and the presidential office. At the same time, both parties suffered a series of splits and realignments. But most notable during this period was Chile's greatest military achievement. In the War of the Pacific (1879-83), Chile again fought Peru and Bolivia, this time over possession of the Atacama Desert and its nitrate deposits. After victories on land and sea, Chilean forces entered Lima in 1881. By a treaty signed in 1883, Peru yielded Tarapacá, while Bolivia surrendered Antofagasta. The disposition of the other contested areas,

Tacna and Arica, was not finally settled until 1929, when, with US mediation, Tacna went to Peru and Arica to Chile.

In 1891, Jorge Montt, a naval officer, led a revolt that resulted in eight months of civil war. The triumph of Montt marked the beginning of a 30-year period of stable parliamentary rule. Bolstered by nitrate revenues, Chile's national treasury grew, especially during World War I. At the same time the seeds of revolt were sown. Miners, farm workers and factory workers, sharing none of this prosperity, began to agitate for change. After the war ended, there was a recession and the country was on the verge of civil war. In 1920, a coalition of middle and working class groups elected Arturo Alessandri Palma as president. Alessandri, the son of an Italian immigrant, found himself in between the left's demands for change and the right's intransigence. He was deposed in a coup in 1924 but recalled in a countercoup in the following year. His second administration lasted only six months, but he left the legacy of a new constitution passed on 18 October 1925. The new system created a strong, directly elected executive to replace the previous parliamentary system. The military strongman Gen. Carlos Ibáñez del Campo ruled Chile from behind the scenes until 1927, then served formally as president until 1931. US banks loaned large sums to Chilean industry, and efforts were made to salvage the foundering nitrate trade and boost the copper sector. World depression struck, however, bringing an end to foreign loans and a catastrophic drop in world copper prices. A general strike caused Ibáñez to flee in 1931. After two years marked by short-lived juntas and presidencies and a 100-day "socialist republic," Alessandri was again elected.

Chile pulled out of the depression by 1938, but popular demand for social legislation remained unsatisfied. The 1938 election was narrowly won by Radical Party member Pedro Aguirre Cerda, running under the banner of a catchall coalition called the "Popular Front." His ambitious "new deal" program was never enacted, as Aguirre found himself in the crossfire of Chilean politics. His coalition dissolved formally in January 1941, and Aguirre died in November. In 1942, the Radicals won election easily over former dictator Ibáñez.

Juan Antonio Ríos governed moderately amid political conflict aroused by World War II. Ríos at first cooperated with Argentina in toning down the US-sponsored anti-Axis program but later led his country into a pro-Allied position, entering the war on the side of the United States in 1944. After World War II, Chile went into an inflationary cycle and riots and strikes broke out throughout the country. Ríos died in 1946, and a special election brought to power a coalition of Communists and former Popular Front supporters under Gabriel González Videla. González's coalition soon broke down, as the Communists organized demonstrations and strikes. Within months, González fired the three Communists he had appointed to cabinet positions. He then broke off relations with the Soviet Union, and outlawed the Communist party. Strikes and violence grew, and Chile, an example of stability by Latin American standards for so long, seethed with tensions. Chile's pursuit of industrialization, which had started with the Aguirre and Ríos administrations, had led to increasing social problems as the cities bulged with unemployable rural workers. As the cost of living soared, the radicalism of the workers intensified.

The 1952 election brought the 75-year-old Carlos Ibáñez del Campo back to power. The ex-dictator, who had been plotting to return to power for years, defeated González Videla by exploiting a split among the Radicals and the disaffected Communists. Despite his reputation as an authoritarian and his connection with Argentina's Perón, Ibáñez ruled democratically until 1958.

By 1958, the cost of living had soared and Chile's trade balance had moved from a large surplus to a deficit. Evidence of a general discontent could be seen in the 1958 presidential election. A narrow victory was won by Jorge Alessandri Rodríguez (a son of President Arturo Alessandri Palma), who received support from both Liberals and Conservatives. The Socialist Salvador Allende Gossens, supported by his own party and the newly legalized Communist Party, won 29% of the vote (compared with only 5% in 1952), and Eduardo Frei Montalva, candidate of the new Christian Democratic Party (Partido Demócrata Cristiano—PDC), ran third with 20% of the vote.

Aware of popular pressure for reform, Alessandri drew up a 10-year development plan, initiated in 1959 with construction projects, tax reforms, and a token start at agrarian reform. A devastating earthquake and tidal wave in 1960 cut drastically into Alessandri's programs, and his government was unable to regain momentum. In 1964, the traditional parties of the right and center lost strength to a wave of reform sentiment that shifted public attention to a choice between the socialist Allende and the moderate reformer Frei. In September 1964, Frei was elected by an absolute majority, and congressional elections in March 1965 gave the PDC a majority in the Chamber of Deputies and a plurality in the Senate.

The Frei government implemented numerous social and structural reforms. These included educational reform, land reform, and a scheme to create a majority Chilean interest in Chile's copper mines. Frei became a cornerstone of the Alliance for Progress, a harsh critic of communism, and a leading exponent of Christian democracy. However, the reforms did not deliver as hoped and overall economic growth was sporadic. The Frei administration was not able to control the endemic inflation that had plagued Chile for more than 80 years.

In the 1970 presidential election there were three contenders: Jorge Alessandri, PDC candidate Radomiro Tomic, and the Socialist Senator Salvador Allende. Allende, who was supported by Popular Unity, a leftist coalition that included the Communist Party, received 36.5% of the total vote. Alessandri followed with 35.2%, and Tomic with 28%, with 0.3% of the ballots left blank as a protest. Since no candidate received a majority of the popular vote, congress was required by the constitution to select the president from the two leading candidates. The PDC supported Allende in exchange for a promise of full constitutional guarantees. The victory was unique in that for the first time in the Western Hemisphere, a Marxist candidate took office by means of a free election. Allende, inaugurated on 3 November 1970, called for a socialist economy, a new leftist constitution, and full diplomatic and trade relations with Cuba, China, and other Communist countries. It was later revealed through US congressional investigations and independent journalistic inquiries that the United States, with the help of the International Telephone and Telegraph Corp. (ITT), had secretly worked to thwart the election and confirmation of Allende.

The first full year of rule by Allende witnessed a rise in economic prosperity and employment, as well as an improvement in the standard of living of the poorer elements of the population. Allende expropriated US copper interests and turned large rural landholdings into peasant communes. By 1972, however, the economy began to lag, and the situation was aggravated by middle- and upper-class resentment over the government's seizures of industrial and agricultural property. In June 1973, against a backdrop of strikes and street brawls beginning in the previous year, an abortive coup attempt was staged by a rightist army contingent. Throughout this period, the US Central Intelligence Agency had secretly supported the 1972 and 1973 strikes and disturbances, especially the truckers' strike, which had caused nationwide shortages of food and consumer goods.

On 11 September 1973, the Allende government was violently overthrown. Allende himself died—officially reported as a suicide. A four-man junta headed by Gen. Augusto Pinochet Ugarte seized power, dissolved congress, banned all political activities, and declared that Marxism would be eradicated in Chile. At least 3,000—and possibly as many as 10,000—people were killed or "disappeared" without a trace during and immediately after the coup. The military declared a state of siege and assumed dictatorial powers.

During its 16 years in power, the military attempted to eradicate not only Marxism, but all vestiges of leftism, trade unionism, reformism, and, for that matter, any other deviation from the official military line. High on their list of priorities was the privatization of the Chilean economy, which had gradually become more dependent on the state over three decades, a movement that had accelerated dramatically under Allende. This included the attracting of foreign investment, virtually untouched by government regulations or requirements. With unions under siege, workers' rights rapidly eroded under the regime.

This powerful dose of economic liberalization was administered within a continuously authoritarian political system. After the original state of siege was lifted in 1978, Chile continued under a "state of emergency" until another state of siege was declared from November 1984 to June 1985. A third state of siege was in effect from September 1986 to January 1987, after a failed assassination attempt against Pinochet. At each denial of democracy, the Pinochet government insisted that it was not yet done with the task of "redeeming" Chile, and that full political rights could not be restored until then. A constitution that outlawed the advocacy of Marxism and gave Pinochet eight more years of rule was passed in a controversial plebiscite by 67% of voters in 1980.

Although forced to operate clandestinely, an opposition nevertheless emerged. A collection of political factions found common cause with the Roman Catholic Church, forming a group called the Civic Union. The Church had become increasingly critical of the Pinochet regime, despite the latter's insistence that Catholicism was the cornerstone of the new Chile. When Pope John Paul II visited Chile in 1987, he brought accusations of torture and other human rights abuses. Finally, in 1988, Pinochet was pressured to call for a plebiscite to determine whether he should become president for another eight years. In February 1988, 16 political parties came together to form the "Coalition for the 'No'." In October 1988, Pinochet was soundly defeated, and in 1989 new elections were held. Christian Democrat Patricio Aylwin, running as the candidate of a 17-party Concert of Parties for Democracy (Concertación de Partidos por la Democracia) received 55.2% of the vote and assumed office in 1990. The election was hailed as a victory for democracy, but Chile remained under the watchful eye of the military. Pinochet, who remained head of the armed forces, retained enormous power.

The general resisted Aylwin's efforts to place the military firmly under civilian control, and threatened a return to military rule if any of his officers were prosecuted for human rights violations. The Truth and Reconciliation Commission, established during the Aylwin administration, recorded 1,102 disappearances and 2,095 executions and death from torture during the dictatorship years. Those figures did not include thousands of others who were detained, tortured, and exiled.

Little could be done to prosecute military abuses. Aylwin's administration was hampered by the constitution approved during the military regime. Pinochet had engineered the constitution to his favor, allowing the regime to appoint eight senators for life in the new government. With eight pro-military senators, the Senate's democratic coalition was unable to reach a majority and make constitutional changes. Military leaders also pushed through an amnesty law, which covered human rights abuses between 1973 and 1978. The Supreme Court remained under the control of judges sympathetic to the former military regime.

In the December 1993 presidential elections, the Concertación backed Christian Democratic Party candidate Eduardo Frei Ruiz-Tagle, the son of former President Eduardo Frei Montalva. With more than 58% of the vote, Frei continued the economic policies of his predecessor, with an even greater emphasis on social spending. By the end of the decade, poverty had declined to less than 20% from a high of 38% when democracy was restored. The Frei regime also emphasized privatization of state-owned enterprises, protection of foreign investment, and trade liberalization. Chile remained the world's leading producer and exporter of copper, but with a greatly diversified export base. By 1998 the nation had achieved 15 consecutive years of economic growth. After a short recession in 1999, growth resumed in 2000 but at lower rates.

While the country's commitment to democratic, representative government appeared secure and stable, Pinochet remained an impediment to real democratic reforms. In 1998, Pinochet retired as head of the military and became a senator for life. Despite eight years of democratic government, relations between the government and the military, which continued to assert its independence, remained tense. In October 1998, Pinochet traveled to London for back surgery. At the request of Spanish authorities, British police arrested Pinochet, who was recovering at a private hospital. Baltazar Garzón, a Spanish judge wanted Pinochet extradited to Spain to face charges of crimes against humanity. The arrest became a major international incident and shocked Chileans, most of whom thought Pinochet was untouchable. Following a lengthy legal battle that stretched across two continents and three nations, a London court in October 1999 ruled Pinochet could be extradited to Spain to stand trial. Back in Chile, the armed forces remained loyal to Pinochet and his arrest raised tensions between the military and the government. Yet, in his absence, Chilean politics were changing dramatically. While he languished in detention in England, the cause in favor

of prosecuting human rights violators and finding out the whereabouts of individuals killed during the dictatorship moved forward in Chile. Several judges felt strengthened by the events in London and dared to indict active and retired military officers for human rights violations, contravening a amnesty passed by the military dictatorship in 1978. Some military leaders acknowledged that victims' families had a right to know what happened to the "disappeared." In March 2000, after 16 months in detention, the 84-year-old Pinochet was released. British authorities cited humanitarian reasons, saying Pinochet was medically unfit to stand trial. Pinochet returned to Chile, where he faced more than 70 criminal charges and efforts to remove him as senator for life. Chilean courts eventually ruled that he was unfit to stand trial in Chile for health reasons. He was forced to resign from the Senate and retired from public life. He currently lives in Santiago but does not appear in public or make public statements.

During his absence, the Concertación had backed the Socialist Ricardo Lagos for president. Joaquín Lavín, the conservative candidate, distanced himself from the hard politics of Pinochet and appealed for votes among Chile's poorest. Strains were beginning to show in the center-left coalition, which had ruled the country since 1990. Early in the campaign, Lavín, a former member of Pinochet's government, was not considered a strong candidate against Lagos. But both men finished tied in the December 1999 election, forcing a runoff election a month later. In the second round, Lagos captured 51.3% to narrowly defeat Lavín, who obtained 48.69% of the vote. With the victory, Lagos became the first Socialist to hold office since Allende. Lagos is a reformed Socialist who distanced himself from Allende's Marxist ideas. More of a social democrat similar in political style to England's Tony Blair, Lagos promised moderate policies and no changes to the nation's free-market economy. During the 1999 presidential campaign, the Chilean economy faced its worst recession in 20 years, with unemployment reaching 11%. But Lagos had ambitious programs of new infrastructure, health reform, judicial reform and educational reform. Yet, in 2002 the government was hurt when accusations of corruption reform that resulted in the indictments of several government coalition legislators and former cabinet ministers. The signing of a free trade agreement with the European Union and a much-awaited free trade pact with the United States helped boost Lagos's popularity in 2003. During his presidency, Chile was the most open economy in the region. Lagos's opposition in the United Nation's Security Council, where Chile had a two-year period, to US president George W. Bush's intention to attack Iraq in early 2003 positioned him as strong regional leader committed to strengthening the UN and the international rule of law. Lagos finished his six-term with the highest approval ratings of any president since democracy was restored. A constitutional reform approved in 2005 stripped all pending authoritarian enclaves from the Pinochet-imposed Constitution. It also reduced the presidential term to four years with no immediate reelection.

Michelle Bachelet, a socialist and the candidate of the ruling Concertación center-left coalition won the 2005 presidential elections. In addition to electing its first woman president, Chileans ratified the same ruling coalition for the fourth consecutive presidential election and fifth consecutive parliamentary election. The conservative camp divided its support among two candidates, Joaquín Lavín and Sebastián Piñera. Lavín, who narrowly lost in 2000, failed to catch on with the electorate and ended up third. Piñera, a more moderate rightwing politician and wealthy businessman, went on to lose the runoff against Bachelet. Yet, he successfully positioned himself as the new leader of the conservative camp. The fact that former dictator Pinochet was involved in a secret bank accounts corruption scandal uncovered in the United States hurt the conservative parties, still associated with the Pinochet legacy in the 2005 elections.

Bachelet inherited a stable economy, but her challenges included renewing her coalition and projecting a platform for future growth. Because she is the daughter of a victim of the military dictatorship and suffered herself arrest and exile during the Pinochet era, Bachelet—who served as Lagos's defense minister—has also symbolized reconciliation for many Chileans. She started her four-year term with unprecedented opportunities to help Chile move forward as the most developed country in Latin America by 2010, Chile's bicentennial.

GOVERNMENT

After the restoration of democracy in 1990, Chile continued to feel the legacy of the Pinochet regime. The Constitution of 1980 is still in effect, even though it was created with a different Chile in mind. In 1989, a series of amendments went into effect, reducing the influence and power of the military and consolidating the power of elected authorities. The 1980 constitution, as amended, is the third Chilean constitution. The first two were the original 1833 constitution, and the 1925 chart. The 1980 constitution was custom-made for the Pinochet military dictatorship, but it did not come fully into effect until after Pinochet left office in March of 1990. In 2005, new reforms stripped most of the remaining authoritarian provisions from the constitution.

The constitution provides for a strong executive serving a four year term (although Lagos and Frei served for six years, before the 2005 constitutional reform). The president has the authority to proclaim a state of emergency for up to 20 days and the power to introduce legislation and control the legislative agenda. There is a bicameral National Congress, consisting of a 120-member Chamber of Deputies and a 38-member Senate. Until 2005, the Senate included nine appointed members, as well as all ex-presidents, who had life membership. But starting in 2006, all senators were democratically elected. The constitution also provides for an independent judiciary, headed by a 21-member Supreme Court.

The 2005 constitutional reforms eliminated the active participation of the armed forces in government, although there remained some limitations on the right to strike and on freedom of information and expression. The Constitution institutionalizes a freemarket economy. Although the Constitution was adopted under the Pinochet military dictatorship, several reforms starting in 1990 and, ending in a comprehensive package in 2005, made it more compatible with democratic standards.

POLITICAL PARTIES

Except for an initial period of political disorder, independent Chile's first century of political life was dominated by the aristocratic Liberal and Conservative parties. Segments of the two parties split, shifted, entered into new alliances, regrouped, and took on new names. Since electoral law permitted the registration of parties with relatively small popular bases, coalitions were usually formed to elect presidents

and control the congress. Many cabinets had a fleeting existence. After 1860, the Radicals emerged from the Liberal party, and over the next six decades, they increased their following with the rise of the middle class. In the meantime, the Liberals became conservative, and moved close to that party. Although the Conservatives and Liberals disagreed over the status of the Roman Catholic Church and over the matter of relative congressional and presidential powers, they were united in opposing the Radicals.

Designation of Chilean parties as being of the right, center, or left has been a function of shifting national political climates. Parties and party alliances have tended to appear and disappear over time. During the 1950s and 1960s, there were fewer, but much larger parties. Before the 1973 military coup there were five major parties in Chile: the Christian Democratic Party, founded in 1957, the Socialist Party, founded in 1931, the Communist Party, founded in 1921 (and outlawed during 1948–58), the National Party, formed in 1966 by members of the Liberal and Conservative parties, and the old Radical Party, which saw its strength greatly diminished after 1964. The ruling Allende coalition of Popular Unity consisted of Socialists, Communists, and several smaller leftist parties. The most radical political group, the Revolutionary Movement of the Left, was not a coalition member.

In September 1973, all the Allende coalition parties were abolished. The other parties were initially suspended and then banned in March 1977.

The reemergence of political parties in the aftermath of Pinochet's ouster was dramatic. In 1990, to ensure that Pinochet's preferred presidential candidate would not take office, several center-left parties came together as the Coalition of Parties for Democracy (Concertación) and backed a single candidate. Today, the coalition includes four major parties: the Christian Democrats (PDC), the Party for Democracy (PPD), the Radical Party (PR), and the Socialist Party (PS). The Concertación has won four consecutive presidential elections, five consecutive parliamentary elections, and four consecutive municipal elections, becoming the most successful and lasting political coalition in Chile's history. The opposition from the right comes from the Independent Democratic Union (UDI), and the National Renewal (RN), which, bolstered by the influence of most Senate appointees held sway in the Senate since the restoration of democracy in 1990 until 2005. In the left, a coalition of the Humanist Party and Communist Party has attracted as much as 10% of the vote but has failed to gain parliamentary representation because of the electoral system—known as binominal—that favors the two largest coalitions.

LOCAL GOVERNMENT

After the military government came to power in September 1973, local authorities yielded power to the armed forces, and the nation was divided into military districts. The traditional 25 provinces, as well as all municipalities, were placed under military control.

Today, the country is divided into 13 regions, including the metropolitan area of Santiago, which is not numbered like the other 12 regions, beginning with Region I at the northern border with Peru and continuing in sequence to Region XII at the southern end. The regions each have a capital and are subdivided into provinces. Regions and provinces are administered by regional intendants and provincial governors. The nation's 345 municipalities, headed by mayors, form the smallest units of local government. Mayors and local councilors are elected every four years in concurrent elections.

In 1991, a constitutional amendment was passed granting some autonomy to local areas, but compared to other countries in the region, local governments in Chile remained weak. Legislation was introduced to create two new regions and to allow for the direct election of regional legislatures.

JUDICIAL SYSTEM

The Chilean civil code of 1857, although modified and amended, remained in use until 1973. Although not eliminated by the military in the wake of the 1973 coup, the judicial system had almost all of its major powers removed, with the military code of justice in force as the effective law of the land. In 1975, the junta began to restore some of the traditional powers exercised by the 13-member Supreme Court.

The 1980 constitution, which came into full effect in 1989, provides for an independent judiciary. The Supreme Court, whose 21 members are appointed by the president with Senate approval, has authority over appellate and lower courts but does not exercise jurisdiction over the ten-member Constitutional Court and the five-member Electoral Court, which supervises all elections.

Although independent in theory, the judiciary remains subject to criticism for inefficiency and lack of independence. The Court's unwillingness to prosecute human rights violations during the military dictatorship cost the judicial system dearly and hindered its reputation. Appointees of the former military regime dominated the courts for most of the 1990s. By 2000, turnover had diminished the number of pro-Pinochet judges, and some judges were asserting their independence. In addition, a comprehensive reform adopted in 1997 effectively strengthened the judiciary and made it more autonomous of the military and civilian authorities. A criminal legal reform initiated in 1997 was completed in 2004 with the separation of the role of judge and prosecutor. A similar reform was likely to occur for civil cases, where the judge currently also serves as the prosecutor.

Military tribunals have jurisdiction over the military officers. Military courts have also authority to charge and try civilians for defamation of military personnel for sedition. In such cases, appeals can be made to the civilian Supreme Court. Reforms passed in 1991 (the "Cumplido" laws) transferred some of the jurisdiction of the military tribunals to the civilian courts.

There is no jury trial. The legal system is mainly based on Napoleonic Code. The constitution provides for the right to counsel.

ARMED FORCES

The Chilean armed forces in 2004 had 78,098 active and 50,000 reserve personnel. Military service became voluntary beginning in 2005. The Army numbered 47,700 active personnel (20,700 conscripts). Equipment included 260 main battle tanks, 157 reconnaissance vehicles, 20 armored infantry fighting vehicles, 1,066 armored personnel carriers, and over 615 artillery pieces. The Navy had 19,398 personnel (1,660

conscripts; 600 naval aviation personnel and 3,500 Marines). Major naval units included 4 tactical submarines, 2 destroyers, 4 frigates and 25 patrol/coastal vessels. The naval aviation arm's six combat capable aircraft consisted of the PC-7 Turbo Trainer. The Air Force had 11,000 personnel (700 conscripts). The service had 87 combat capable aircraft including 18 fighters and 69 fighter ground attack aircraft. In addition, there is a 38,000 member paramilitary national police force, the Carabineros. Chile participated in UN peacekeeping missions in the Middle East, Haiti, and India/Pakistan. The defense budget in 2005 totaled \$1.66 billion.

INTERNATIONAL COOPERATION

Chile is a charter member of the UN, having joined on 24 October 1945, and participates in several nonregional specialized agencies. The headquarters of ECLAC and the Latin American office of the FAO are located in Santiago. In 2002, Chile signed a free trade agreement with the European Union, becoming the first Latin American nation to do so; in 2003, Chile signed a free trade agreement with the United States, becoming the second Latin American nation, after Mexico, to do so. Chile is a member of APEC, G-15, G-77, the Latin American Economic System (LAES), the Latin American Integration Association (LAIA), the OAS, and the Río Group. The country is an associate member of Mercosur.

Chile is part of the Nonaligned Movement, the Agency for the Prohibition of Nuclear Weapons in Latin America and the Caribbean (OPANAL), and the Organization for the Prohibition of Chemical Weapons. Chile has offered support to UN peacekeeping and administrative efforts in Kosovo (est. 1999), India and Pakistan (est. 1949), and Haiti (est. 2004). The country is a signatory of the 1947 Río Treaty, an inter-American security agreement.

In environmental cooperation Chile is part of the Antarctic Treaty; the Basel Convention; Conventions on Biological Diversity, Whaling, and Antarctic Marine Living Resources; Ramsar; CITES; the London Convention; the Kyoto Protocol; the Montréal Protocol; MARPOL; and the UN Conventions on the Law of the Sea, Climate Change, and Desertification.

ECONOMY

The Chilean economy is strongly oriented toward commerce and industry, although minerals, chiefly copper and iron ore, provide most of the country's foreign exchange earnings. Chile's leading industries are engaged in the processing of local raw materials; they include mineral refining, metal manufacturing, food processing, paper processing, and textiles. Chilean agriculture, dwarfed in value by mining and manufacturing, supports less than oneseventh of the population. Arable land is limited and livestock raising is the dominant rural enterprise.

The economy suffered profound economic disruptions during the Allende period (1970–73). Legal nationalization of industries and expropriation of large agricultural holdings by the military government were accompanied by illegal seizures of property. The chaotic situation was exacerbated by acts of economic sabotage perpetrated by the opposition, by covert destabilization by agents of the United States, and by denial of commercial credit by foreign banks and corporations. By the time of the military coup in late 1973, the nation's manufacturing and farm production had fallen by about 10% from 1972 levels, and inflation had soared to 350%.

After the Pinochet coup, the military government attempted to revitalize the economy by adopting the principles of a free marketplace, although without reversing Allende's nationalization of the copper industry. Subsidies were removed and tariffs were lowered to increase competition. A policy of privatization of industries and utilities was instituted, including the return of companies nationalized under Allende to their previous owners (again, excepting the copper industry, which remained nationalized), the sale of government-owned companies to individuals and conglomerates, and the sale of percentages of companies to employees and the public on the stock exchange. The GDP fell by 12% in 1975, but Chile's economic performance began to improve thereafter. The average annual rate of increase in GDP between 1977 and 1981 was 7.8%, and the inflation rate dropped from 174% in 1976 to 9.7% in 1981. In 1982, however, a severe economic slump (caused by the worldwide recession, low copper prices, and an overvalued peso) led to an inflation rate of 20.7%, a drop in the GDP of 15% in real terms, and jump in unemployment to 30%. Chile had been caught in the Third World debt crisis that followed the second oil shock of 1978–79.

Beginning in 1984, growth returned, averaging 7% for the next five year (1984–88), constrained somewhat by persistently depressed world copper prices. An economic adjustment program introduced in 1985 aimed at strengthening exports other than copper, increasing domestic savings and investments, and strengthening the financial and corporate sectors. Inflation remained high, averaging almost 21% (1985–88), but unemployment dropped from 12% to 6%. In 1989, GDP growth rose to 10% and unemployment fell to 5%, although inflation remained in double digits (17%). Civilian rule, starting in 1990, implemented positive monetary policies that continued to lower inflation and attract investment. Inflation was down to 6% by 1997, and growth of GDP averaged over 8% between 1988 and 1997. By 1995, unemployment had fallen to 4.7%. In 1998, however, growth was slowed to 3.2% and then turned negative (-1.0%) in 1999 in the first contraction since 1983, as the effects of the Asian financial crisis of 1997, the Russian financial crisis of 1998, and the Brazilian financial crisis of 1999 were felt. Unemployment increased to 6.2% in 1998, and then to 9.7% in 1999. Inflation, however, remained low at 4.7% (1998) and 2.3% (1999), the lowest yearly rate yet achieved since the 1960s. Growth returned in 2000 at 4.4% and unemployment eased to 9.2% while inflation edged up to 4.5%. However, a more robust recovery was short-circuited by the global slowdown that began in 2001, aggravated by the aftermath of the 11 September 2001 terrorist attacks on the United States. The GDP growth rate fell to 2.8% in 2001 and was estimated at 3% for 2002. Inflation remained under control at 2.6% in 2001 and 3% in 2002. Chile's official unemployment rate remained above 9%.

On 6 June 2003 Chile signed a free trade agreement with the United States, making it the second Latin American country to do so (after Mexico). The United States had delayed the signing because of Chile's opposition as temporary member of the Security Council to the US-led invasion of Iraq in March 2003.

The GDP growth rate was 6.1% in 2004, up from 3.7% in 2003, and 2.2% in 2002; in 2005, the economy

was estimated to have expanded by 5.8%. The inflation rate dropped to 1.1% in 2004 and it did not pose any problems to the economy. The unemployment rate was fairly stable, but it registered a long term downward trend—in 2005, it was estimated at 7.4%. The engines of growth in 2004–05 were high copper prices, booming exports (especially for mining, forestry, and fishing), and increased foreign investments. In November 2005, Chile signed a free trade agreement with China.

INCOME

The US Central Intelligence Agency (CIA) reports that in 2005 Chile's gross domestic product (GDP) was estimated at \$180.6 billion. The CIA defines GDP as the value of all final goods and services produced within a nation in a given year and computed on the basis of purchasing power parity (PPP) rather than value as measured on the basis of the rate of exchange based on current dollars. The per capita GDP was estimated at \$11,300. The annual growth rate of GDP was estimated at 5.9%. The average inflation rate in 2005 was 4%. It was estimated that agriculture accounted for 6.2% of GDP, industry 46.5%, and services 47.3%.

According to the World Bank, in 2003 remittances from citizens working abroad totaled \$13 million or about \$1 per capita. Foreign aid receipts amounted to \$76 million or about \$5 per capita and accounted for approximately 0.1% of the gross national income (GNI).

The World Bank reports that in 2003 household consumption in Chile totaled \$43.94 billion or about \$2,781 per capita based on a GDP of \$72.4 billion, measured in current dollars rather than PPP. Household consumption includes expenditures of individuals, households, and nongovernmental organizations on goods and services, excluding purchases of dwellings. It was estimated that for the period 1990 to 2003 household consumption grew at an average annual rate of 5.8%. In 2001 it was estimated that approximately 17% of household consumption was spent on food, 24% on fuel, 20% on health care, and 15% on education. It was estimated that in 2000 about 20.6% of the population had incomes below the poverty line.

LABOR

In 2005, Chile's labor force was estimated at 6.3 million workers. Of the employed workforce in 2003, service occupations accounted for 63%, while 13.6% were in agriculture, and 23.4% in the industrial sector. Unemployment and underemployment have plagued successive governments during recent decades, reaching nearly 22% (unofficially) by the end of 1990. As of 2005, Chile's unemployment rate was 7.4%, down from 10.1% in 2001.

Workers have the right to form and join unions without the need to obtain prior approval. Although private sector employees have the right to strike, it is regulated by the government. Public employees are denied the right to strike. Although it is allowed to replace striking workers, employers must pay a cash penalty that is divided among the strikers. Employers must also pay severance benefits to dismissed striking workers and show cause for dismissal. Union membership dropped from about 30% of the labor force in 1975 to about 10% in 2005.

Although child labor is restricted by law, in Chile's informal economy it is a problem. Minors between the ages of 15 and 18 can work but must have parent or guardian approval. In addition, they must also attend school. There are also other requirements regarding the type of labor opened to them and how long they may work. Work in underground mines is limited to those 21 and over, although 18 to 21 year olds can work at other types of mining sites.

The law sets the minimum wage and it is adjusted annually. As of end 2005, it was set at \$245 per month. The minimum wage is designed as a starting wage for an unskilled single worker and does not provide a decent standard of living for a family. The legal workweek is 45 hours and 10 hours per day (which includes overtime pay) with limited exceptions. There are also occupational safety and health standards. The government is putting expanded resources into enforcement of these measures and compliance is increasing.

AGRICULTURE

Of the total land area of 74.8 million hectares (184 million acres), 2.3 million hectares (5.7 million acres) is arable land. Until 1940, Chile was substantially self-sufficient in most basic foodstuffs. Since World War II (1939–45), serious food deficits have developed, adding to the nation's external payments burden.

Agricultural production of major crops in 2004 (in tons) was as follows: sugar beets, 2,370,483; wheat, 1,921,652; corn, 1,320,606; oats, 538,600; barley, 81,000; rapeseed (canola) 18,500; and rice, 119,265.

Agriculture was one of the sectors most adversely affected by the recession of 1982, but it quickly recovered by the mid-1980s. Poor results in the traditional agricultural sector inhibit a more rapid expansion in agriculture. One of the areas of most rapid growth is in fresh fruit, with the production of grapes rising by 235% between 1981 and 1985. The fruit harvest in 2004 (in tons) included grapes, 1,900,000; apples, 1,250,000; peaches and nectarines, 304,000; pears, 205,000; oranges, 125,000; and lemons and limes, 160,000. Avocado production for 2004 was estimated at 160,000 tons, up from 39,000 tons during 1989–91. Most of the avocado orchards are in central Chile.

The traditional land system, inherited from colonial times, has retarded maximum use. Chile's first agrarian reform law, passed in 1962 and supplemented by a constitutional reform in 1963, enabled the government to expropriate and subdivide abandoned or poorly cultivated land and compensate the landowner in installments. Another agrarian reform law was passed in 1967 to clarify expropriation and settlement procedures and to permit an increased turnover rate. By the end of the Frei administration in November 1970, some 1,400 agricultural estates, representing 3.4 million hectares (8.4 million acres), had been confiscated and converted to *asentamientos* (agricultural communities).

The pace of expropriation was accelerated by the Allende government, which by 1972 had doubled the previous administration's figure for land acquisitions. By taking over virtually all of the land subject to redistribution under the 1967 reform act, the Allende government effectively transformed the Chilean land tenure system. In addition, agricultural laborers, often led by militants to the left of the Allende government,

illegally seized some 2,000 farms. Following the 1973 coup, the military regime returned almost all farms in the last category to their original owners; the expropriated land was redistributed to 45,000 smallholders. In 1978, the land reform law was replaced by new legislation that removed restrictions on the size of holdings.

ANIMAL HUSBANDRY

Stock raising is the principal agricultural activity in most rural areas. In 2004 there were an estimated 3.7 million sheep, 4 million head of cattle, 3.2 million hogs, 725,000 goats, and 790,000 horses, mules, llamas, and alpacas. The extreme south of Chile is noted for sheep production, while cattle are raised in the central regions. Meat products must be imported from Argentina to fulfill domestic demand. In 2004, 208,258 tons of beef and veal, 363,305 tons of pork, and 19,539 tons of mutton and lamb were produced. In north-central Chile, the hills afford pasturage during the rainy season, and fodder or irrigated pasture provides feed during the dry months. In the south-central regions, natural pasturage is available throughout the year.

The dairy industry is small; milk production totaled 2,309,750 tons in 2004. Production of raw wool in 2004 was an estimated 15,100 tons.

FISHING

With 1,016 species of fish within Chilean waters, its commercial fisheries have long been important. The low temperatures and Antarctic current supply the purest and most oxygenated marine waters in the world. Since 1959, their growth has been rapid, largely owing to the development of a fish-meal industry, centered around Iquique. Anchovies are predominant along the northern coast, whiting and mackerel in the central waters, and shellfish in the south.

Leading fish and seafood caught commercially are Spanish sardines and yellow jacks, as well as anchovies, whiting, eels, sea snails, mackerel, and mussels. Tuna fishing has increased, as have catches of clams and lobsters. The total fish catch soared from 340,000 tons in 1960 to 1,237,000 tons in 1976 and 4,185,188 tons in 2003, but down from 7,720,578 tons in 1994. Chile is ranked seventh in the world in total landings of fish. In 2003, Chile contributed 3.4% to the world's exports of fish products, valued at \$2.13 billion. Exports of fish and fish-meal account for about 9% Chile's total exports.

Increasingly, salmon production is playing an important role in Chile's fishing industry. The Chilean salmon and trout industry consists of more than 70 companies employing directly and indirectly over 40,000 workers. Aquaculture is conducted in 234 coastal operations for which the companies pay user fees to the government. In 2004, exports of salmon and trout products were valued at \$996.2 million and were projected to top \$2 billion by 2010.

FORESTRY

Chile has extensive forests, estimated at some 15.5 million hectares (38.3 million acres), or about 20.7% of the total land area. In 2004, the total area of commercial forests increased by 32,000 hectares (79,000 acres). The average annual deforestation rate during 1990–2000 was 0.1%. Logging operations are concentrated in the areas near the Bío-Bío River. Softwoods include alerce, araucaria, and manio; hardwoods include alamo, laural, lenga, and olivillo. The establishment of radiata pine and eucalyptus plantations, largely as a result of government assistance, has helped Chile to become an important supplier of paper and wood products to overseas markets. Chile is a major source of hardwood in the temperate zone. Native forests—in addition to the radiata pine and eucalyptus—are as yet under-utilized and could become an important factor in Chile's growing competitiveness. Most wood products from Chile are exported as logs, chips, and lumber.

The total roundwood harvest in 2004 was 44.3 million cu m (1.56 billion cu ft). About 65% of the roundwood output is used by the forestry industry, and the rest is used as firewood. Commercial uses for roundwood include pulp, wood chips, sawnwood, and lumber production. At least half of Chile's population uses firewood for heating and cooking.

Government incentives also resulted in an increase of forestry product exports from \$36.4 million in 1973 to \$468 million in 1980; by 1991, forestry exports rose to \$836 million. In 2004, the forestry sector generated exports of \$3.4 billion, or 11% of Chilean exports. Export demand has especially strengthened for sawnwood and wood pulp. Production from 1987 to 1991 increased by nearly 60% as a result of maturation of trees planted in the 1970s. Chile's forest products sector has expanded through commercial planting, especially radiata pine and eucalyptus. The major markets for Chilean wood are the United States, China, Japan, Mexico, Netherlands, and Italy. The Chilean-German Technology Transfer Center in Concepción assists in contributing to the technological development of forestry in the Bío-Bío region.

MINING

In 2003, Chile produced around 36% of the world's mined copper, was home to the largest copper mine in terms of production, and continued to be a top producer and exporter of copper by volume and value. Copper Refined copper accounted for 35.4% of the country's exports in 2003. Chile's copper mines accounted for 36% of the world's production in that year. Chilean mining activities were also concentrated in coal, iron, precious metals, and industrial minerals. Traditionally dependent on copper exports, Chile also produced iodine and lithium, molybdenum, potassium nitrate, sodium nitrate, gold, silver, rhenium, and selenium. Iron ore was another primary export mineral. Chile also exported ferromolybdenum, potash, and zinc. In addition, Chile produced arsenic trioxide, lead, manganese, barite, natural borates (ulexite), bentonite, kaolin, other clays, diatomite, dolomite, feldspar, crude and calcined gypsum, lapis lazuli, hydraulic lime, phosphate rock (apatite), pigments (mineral, natural, and iron oxide), pyrite, potassium chloride, pozzolan, pumice, common quartz, salt, sodium compounds (including natural sodium sulfate and anhydrous sodium sulfate), sand and gravel (silica), limestone (calcium carbonate), marble, sulfur, and talc.

The mineral industry employed 95,222 people in 2003, including office personnel, administrators, staff, and mining personnel.

Copper output totaled 4.9 million tons in 2003, up from 4.58 million tons in 2002.

Gold production increased to 38,954 kg, in 2003, up slightly from 38,688 kg in 2002. Silver production

—derived from the gold and copper mining—totaled 1,313 metric tons, up from 1,210 metric tons in 2002.

Chile is a world leader in natural nitrate production. The Salar (salty marsh) de Atacama, which held significant nitrate reserves, also contained 58% of the world reserves of lithium. In 2003, lithium carbonate output was 41,667 metric tons, up from 35,242 metric tons in 2002. In 2003, Chile produced 15,580 metric tons of elemental iodine, up from 11,648 metric tons in the previous year. Chile also produced 215,000 tons of potassium nitrate and 919,000 tons of sodium nitrate in 2003.

Production totals for other minerals in 2003 were: manganese, 19,461 metric tons; molybdenum, 33,375 metric tons, up from 29,467 metric tons in 2002; zinc, 33,051 metric tons; and iron ore and concentrate (gross weight), 8,011,000 tons, up from 7,269 tons in 2002.

A cross-border mine treaty between Chile and Argentina, ratified by the countries' presidents in 2000, lifted restrictions on property ownership and access rights for mining and exploration along most of the border and simplified customs and taxation procedures. It was reported that the agreement should result in \$6 billion worth of new mining investment over five years. Legislation passed in 1966 initiated a "Chileanization" policy for the copper industry, which provided for government ownership of a controlling share of the sector; US management of the large mines was permitted to continue. Agreements signed in 1967 with the three US-owned companies that produced most of Chile's copper provided for an increase of Chilean participation, expanded investment, and a stable tax and exchange rate; the government was to acquire an equity position in the mines. A law passed unanimously by the Chilean congress in 1971 provided for the nationalization of the copper holdings of the Kennecott and Anaconda corporations. Copper production grew significantly in the following years, despite the emigration of a large number of trained specialists. The military government of 1973–1990 subsequently compensated US interests for their expropriated holdings and sold many state-owned companies; the three democratic governments since 1990 have continued privatization at a slower pace. Foreign investment in copper has since resumed. The largest recent investment projects were the \$2.342 billion La Escondida expansion copper oxides project, which started in 1998; the \$2.185 billion Collahuasi copper cathode project, begun in 1998; the \$1.8 billion Al Abra copper project, which started in 1997; the \$1.307 billion Los Pelambres copper expansion project, which started in 1999; and the \$1.33 billion Cerro Casale copper/gold project, whose start-up date had not been determined.

ENERGY AND POWER

Chile's limited domestic energy sources means that the country will have to rely upon imports to meet its rapidly expanding demand for energy. Electric power generation reached 39.8 billion kWh in 2000, up from 6.9 billion kWh in 1968. Output was estimated for 2003 at 45.3 billion kWh. Hydroelectric power accounted for 53% in 2003, with conventional thermal sources at 43%. Electricity consumption was 37.9 billion kWh in 2000, which increased to an estimated 44.1 billion kWh in 2003. Installed capacity in 2001 was 9.7 million kW. By 2003, it was estimated that installed capacity had risen to 10.5 GW. Within South America, Chile is exceeded only by Brazil in its hydroelectric power potential, much of it located in the heavily populated central part of the country between La Serena and Puerto Montt. The quick descent of Andes-born rivers, together with the narrowness of the country, makes production and transportation of electricity comparatively inexpensive. A severe drought in 1997–1999 created serious power shortages, including rolling blackouts in Santiago, and spurred Chile to try diversifying its power supply. As of 2002, the 570 MW Ralco hydropower project on the Bío-Bío River was slated for possible completion in 2003.

The state lays claim to all petroleum deposits, and a government agency, the National Petroleum Co. (Empresa Nacional del Petróleo—ENAP), manages oil fields in Region XII. ENAP's oil production only meets around 8% of Chile's needs and reserves are decreasing. Production, which began in 1945, is concentrated around the Strait of Magellan, both onshore and offshore. The crude petroleum is transported by sea to the refinery at Concón, north of Valparaíso. A second refinery was completed near Concepción in 1965 and, later, a third at Gregorio-Magallanes. In 2002, production totaled 14,000 barrels per day. By 2004, output had risen to an estimated 18,400 barrels per day. However, consumption in 2004 was estimated at 225,000 barrels per day. As of 1 January 2005, proven reserves were estimated at 150 million barrels. Chile's primary sources for imported oil are Argentina, Brazil, Angola, and Nigeria, respectively.

ENAP also controls all of Chile's production of natural gas. Since 1997, when Chile began to import natural gas on a large scale, consumption has increased an average of 21.7% annually. In 2003, the consumption of natural gas in Chile totaled an estimated 249.3 billion cu ft. According to the Oil and Gas Journal, Chile's proven reserves of natural gas in 2005 stood at 3.5 trillion cu ft. Argentina is Chile's main source for imported natural gas.

Chile's recoverable coal reserves have been boosted by recent discoveries in the Bío-Bío area. Recoverable reserves were estimated in 2003 at 1,301.8 million short tons and are now believed adequate to supply Chile's needs for 100 years. A number of petroleum-fired electric generators have recently been converted to coal.

INDUSTRY

Chile ranks among the most highly industrialized Latin American countries. Since the 1940s, manufacturing has contributed a larger share of GDP than has agriculture. About one-third of the value added by manufacturing comes from the production of food, beverages, and tobacco products. During the last decade of the 19th century, food product exports soared, with growth of 85% up to 1,000%.

The basic industrial pattern, established in 1914, included food processing, beverage production, sugar refining, cotton and woolen mills, a hosiery mill, a match factory, an iron foundry, and a cement factory. During the next decade, industrial production rose about 85%, but from 1949 to 1958 the level of output was virtually stationary. With the establishment of the Huachipato steel mill in 1950, the groundwork was laid for the development of heavy industry. Chile's first copper refinery was inaugurated in November 1966. The major industrial region is the Santiago-Valparaíso area. Concepción is in the center of an industrial complex. The state-owned firm CODELCO is the world's second-largest copper mining company, but the private sector generally produces more copper than the state (two-thirds of the total).

During 1970–73, 464 domestic and foreign-owned plants and facilities were nationalized by the Allende government. These included the copper installations of the Anaconda and Kennecott corporations and other companies owned by US interests. By 1982, the military government had returned most expropriated installations to their original owners. The free-market policies of the junta, together with a worldwide recession, resulted in a 25.5% drop in manufacturing output in 1975. After the mid-1970s, Chilean industry moved away from concentration on import substitution to become more export-oriented. Over 20% of the 1985 value of industrial production came from exports, and in 1998, the value of exports exceeded the value of imports for the first time. Key sectors include textiles, automobiles, chemicals, rubber products, steel, cement, and consumer goods.

The industrial sector grew at an average rate of 7% between 1976 and 1982. Industrial output grew by an average of 3.7% per year between 1980 and 1990, and by 6.6% annually during 1988–98. Manufacturing output grew on average by 3.4% annually during the 1980s, and by 5.8% per year between 1988 and 1998. Chile has three oil refineries, with a production capacity of 205,000 barrels per day. It has a fledgling automobile industry: in 2001, Chile produced 10,519 units, up from 5,245 in 2000. It also produces some heavy trucks.

In 2005, industry accounted for 46.5% of the GDP (about the same figure as in the previous year), and was bested by services, with 47.3% (which was also the largest employer in the country); agriculture made up only 6.2% of the economy. The industrial production growth rate was 6%, overperforming the GDP growth rate in the same year.

SCIENCE AND TECHNOLOGY

The Academy of Sciences, which promotes research in the pure and applied sciences, and the Chilean Academy of Medicine, which promotes research and disseminates information in the health sciences, were both founded in 1964 in Santiago and are part of the Institute of Chile. In addition, there were, as of 1996, 64 specialized learned societies in the fields of medicine; the natural, biological, and physical sciences; mathematics and statistics; and technology. The government agency responsible for planning science and technology policy is the National Commission for Scientific and Technological Research. Total expenditures on research and development (R&D) totaled \$799.218 million in 2001 or 0.54% of GDP. Government spending accounted for 68.9% of R&D expenditures in 2001, with business accounting for 24.9%, foreign sources 4.1% and nonprofit institutions at 2.1%. In that same year, Chile had 419 researchers and 307 technicians actively engaged in R&D. High technology exports in 2002 totaled \$107 million in 2002, or 3% of manufactured exports.

Chile has 22 institutes conducting research in agriculture, medicine, natural sciences, and technology, as well as the European Southern Observatory. At least 27 colleges and universities offer degrees in basic and applied sciences. In 1987–97, science and engineering students accounted for 42% of college and university enrollments.

DOMESTIC TRADE

The best market for manufactured and imported goods is heavily concentrated in central Chile, particularly in Santiago, Valparaíso, and Viña del Mar. Valparaíso, which serves as the shipping outlet for Santiago, is Chile's chief port. Concepción provides direct access to the markets of southern Chile and Antofagasta to those in northern Chile.

The predominant elements in the pattern of retail merchandising are the independent merchants. They sell their wares in small specialized stores, in municipally owned markets, or in free markets (*ferias libres*). There is a growing number of chain groceries and supermarkets. As of 2002, there were about 80 franchises supporting about 300 stores throughout the country. Shopping malls are showing up in major cities. Stores are owned primarily by Chileans, although foreign interests are represented in retail merchandising.

Some large segments of the economy are still controlled by business groups, but the number of small and medium-sized private companies is growing. An 18% value-added tax applies to most goods. Government policies toward privatization have been in effect since the 1970s and both foreign and domestic investments have been encouraged.

The usual retail business hours are from 10:30 am to 7:30 pm, with half a day on Saturday. Business hours run from 9 am to 6 or 7 pm, Monday through Friday, with a one hour lunch break at one. Normal banking hours are from 9 am to 2 pm, Monday through Friday. It is common practice for stores and factories to close for about 15 days sometime between 1 December and 1 April for summer vacation. The business language is Spanish, but most business people also know English.

Country	Exports	Imports	Balance
World	20,076.717	375.92	700.8
United States	3,569.9	2,531.2	1,038.7
Japan	2,242.9	642.9	1,600.0
China	1,817.1	1,289.3	527.8
Korea, Republic of	1,006.3	540.5	465.8
Italy-San Marino-Holy See	923.8	386.5	537.3
Mexico	910.0	479.8	430.2
Brazil	854.5	2,025.1	-1,170.6
Netherlands	799.5	111.6	687.9
France-Monaco	743.3	593.1	150.2
United Kingdom	694.0	180.2	513.8

(...) data not available or not significant.

FOREIGN TRADE

Copper remains Chile's largest commodity export (28%) and the country has the highest percentage of the world export market of that mineral (16%). Other significant exports include wood pulp and waste paper

(6.1%), fruit and nuts (6.5%), and fish (6.5%). Chile claims 7.2% of the world's wood chip exports.

In 2005, exports reached \$38 billion (FOB—Free on Board), while imports grew to \$30 billion (FOB). In 2004, the bulk of exports went to the United States (14%), Japan (11.4%), China (9.9%), South Korea (5.5%), the Netherlands (5.1%), Brazil (4.3%), Italy (4.1%), Mexico (4%). Imports included intermediate goods, capital goods, and consumer goods, and mainly came from Argentina (16.8%), the United States (13.7%), Brazil (11.2%), and China (7.5%).

BALANCE OF PAYMENTS

Between 1982 and 1984, the combination of world recession, slumping copper prices, rising foreign interest rates, and an unexpected rise in imports prompted the Pinochet regime to impose domestic austerity measures in order to meet IMF fiscal and monetary targets. The unrest that followed forced the government to request a 90-day moratorium on some debt repayments and seek rescheduling of \$3.4 billion due in 1983–84. The current account balance averaged -\$2 billion from 1980 to 1995, but fell again to -\$4.5 billion in 1998. Following the 1998 recession, Chile applied tight monetary policies to push the current account into a small surplus in 1999. By 2000, however, the current account posted a \$1 billion deficit.

The International Monetary Fund (IMF) reported that in 2001 Chile had exports of goods totaling \$18.5 billion and imports totaling \$16.4 billion. The services credit totaled \$3.81 billion and debit \$4.81 billion. The US Central Intelligence Agency (CIA) reported that in 2001 the purchasing power parity of Chile's exports was \$18.5 billion while imports totaled \$18 billion resulting in a trade surplus of \$500 million.

Exports of goods and services reached \$34 billion in 2004, up from \$25 billion in 2003. Imports increased from \$24 billion in 2003, to \$28 billion in 2004. The resource balance was consequently

Current Account		-594.0
Balance on goods	3,015.0	
Imports	-18,031.0	
Exports	21,046.0	
Balance on services	-766.0	
Balance on income	-3,280.0	
Current transfers	438.0	
Capital Account		...
Financial Account		-630.0
Direct investment abroad	-1,395.0	
Direct investment in Chile	2,982.0	
Portfolio investment assets	-5,327.0	
Portfolio investment liabilities	1,701.0	
Financial derivatives	118.0	
Other investment assets	-387.0	
Other investment liabilities	1,678.0	
Net Errors and Omissions		866.0
Reserves and Related Items		357.0

(...) data not available or not significant.

positive in both years, improving from \$2 billion in 2003, to \$6 billion in 2004. The current account balance however was negative, deteriorating from -\$594 million in 2003, to -\$1.7 billion in 2004. Foreign exchange reserves (including gold) reached \$15 billion in 2004, covering more than five months of imports.

BANKING AND SECURITIES

During the Allende period, almost all private banks were taken over by the government, mainly through the purchase of stock. The military government reversed its predecessor's policy, making the financial market essentially private. In 1999, Chile had, in addition to the Central Bank, 29 banks and 3 finance societies (which have less capital than banks and cannot perform foreign trade operations). There was one state-owned bank; the Banco del Estado is the country's second-largest bank, with 13% of loans and 14% of deposits in 1998. Six US banks, twelve Chilean banks, and eleven foreign banks operated in Chile. The Central Bank and the Superintendent of Banks and Financial Institutions (that reports to the Finance Minister) both regulate the financial industry.

Following government intervention in a number of financial institutions in 1983, the Central Bank introduced three major measures: the issue of \$1.5 billion in emergency loans; a provision by which banks could sell their risky portfolios to the Central Bank for 10 years with an obligation to use their profits to buy them back; and the "popular capitalism" program, announced in April 1985, which allowed, among other things, a new share issue for banks in which there had been intervention.

A working group was formed in December 1996 to iron out the remaining technical obstacles to a new banking law so that it might be approved by both houses of congress before February 1997. Several deadlines were missed regarding bank liberalization, which has been under discussion since 1991. The Central Bank kept its main monetary policy instruments unchanged in 1995, but it lifted its target range for interbank rates from 7–7.5%. In 1997, a new banking law relaxed some of the restrictions by allowing banks to provide factoring and leasing services.

Securities trading has been traditionally inhibited by the Chilean investors' preference for real estate investment. There is free sale of securities, the largest groups of which are in mining, banking, textile, agricultural, metallurgical, and insurance stocks. All corporations with more than 100 shareholders must register with a stock exchange. The International Monetary Fund reports that in 2001, currency and demand deposits—an aggregate commonly known as M1—were equal to \$6.5 billion. In that same year, M2—an aggregate equal to M1 plus savings deposits, small time deposits, and money market mutual funds—was \$30.9 billion. The money market rate, the rate at which financial institutions lend to one another in the short term, was 6.81%. The discount rate, the interest rate at which the central bank lends to financial institutions in the short term, was 6.5%.

In 2004, there were 239 companies were listed on the Bolsa de Comercio de Santiago, (BCS), which was founded on 27 November 1893. It is a private company comprised of 48 shares held by single shareholders. Chile's first stock exchange dates from 1892 and was established in the Port of Valparaíso. It closed in 1982. Stock operations on the Santiago exchange are regulated by the Insurance and Value Superintendency. Total market capitalization in 2004 stood at \$1.200 billion. As of end 2004, the IGPA index stood at 8,962.6, up 22.2% from the previous year.

In November 1996 the foreign ministry and the Central Bank, together with the superintendence for banks (SBIF) and for securities and insurance (SVV) completed a draft bill for the launch of an offshore stock market in Santiago. It would operate in foreign currency, not convertible into pesos, and would give access to the local capital and credit markets to all Latin American and other foreign borrowers. The offshore stock market began operations in 2000.

INSURANCE

The insurance market is regulated through the Superintendent of Security Markets and Insurance Companies. Accounting practices reflect generally accepted accounting principles, and, in addition, the requirements as established by the Superintendent. These differ from generally accepted accounting principles in the United States in respect to accounting for monetary correction which takes into consideration the changing price levels in Chile.

The Chilean insurance market is characterized by a relatively large number of insurers for its size and a very competitive environment. The market was opened to foreign organizations, the government insurers were privatized, and the market liberalized under the military government. An increasing number of foreign insurers operate in Chile either in association with domestic organizations or independently. Workers' compensation and automobile personal accident insurance for drivers, passengers, and third parties are compulsory.

In 2003, direct insurance premiums written in Chile totaled \$3.396 billion, with \$2.117 billion comprised of life insurance and \$1.225 billion comprised of nonlife insurance. The country's top nonlife insurer in 2003 was Ceuz del Sur, with \$158.5 million in gross nonlife premiums written. ING was Chile's top life insurer that same year, with \$387.7 million of gross life premiums written.

PUBLIC FINANCE

Chile experienced budget deficits from the early 1960s through the mid-1970s. Expenditures grew steadily with the expansion of public-sector participation in social welfare and economic activities and with increasing government investment in development projects; the resulting deficits were covered by Central Bank loans and foreign borrowing. Budgetary surpluses were recorded from 1975 through 1981, after which the pattern reverted to deficits. From 1985 to 1993, Chile reduced its external debt by \$11.3 billion through debt-equity conversions.

The US Central Intelligence Agency (CIA) estimated that in 2005 Chile's central government took in revenues of approximately \$29.2 billion and had expenditures of \$24.7 billion. Revenues minus expenditures totaled approximately \$4.4 billion. Public debt in 2005 amounted to 8.1% of GDP. Total external debt was \$44.8 billion.

The International Monetary Fund (IMF) reported that in 2003, the most recent year for which it had data, central government revenues in billions of pesos were p10,604.4 billion and expenditures were p10,884.1 billion. The value of revenues in US dollars was us\$15 million and expenditures us\$16 million, based on a market exchange rate for 2003 of us\$1 = p691.43 as reported by the IMF. Government outlays by function were as follows: general public services, 10.2%; defense, 6.3%; public order and safety, 6.2%; economic affairs, 12.4%; environmental protection, 0.3%; housing and community amenities, 0.9%; health, 13.9%; recreation, culture, and religion, 0.8%; education, 17.6%; and social protection, 31.4%.

TAXATION

Prior to 1920, government revenue was derived largely from export and import taxes, but since then, a more varied tax base has been achieved.

During the Allende period, the congress, which was strongly influenced by opposition parties, resisted government efforts to introduce redistributive income tax policies. At the end of 1974, the military government eliminated the capital gains tax and established a 15% taxation rate for income from real estate, investments, and commercial activities, which has since been reduced to 10%. In 2002 corporate income was paid in two stages: first on declared profits, called the first category income tax (FCIT); and then on distributed profits. The rate for the FCIT was increased from 15% to 16.5% in 2003, and was raised in 2004 to 17%. The rate on distributed profits is 35% minus the FCIT credit. Dividends and interest payments to nonresidents are taxed at 21.69% and 35%, respectively. Royalties and fees paid to nonresidents are subject to withholding taxes of 30%, though this may be modified through tax treaties.

Personal income is progressively taxed up to 40%. Other direct taxes include a housing tax, assessments on real estate, and inheritance and gift taxes.

Revenue and Grants	10,604.4100.0%
Tax revenue	8,121.7 76.6%
Social contributions	728 6.9%
Grants	3.5 0.0%
Other revenue	1,751.1 16.5%
Expenditures	10,884.1100.0%
General public services	1,112 10.2%
Defense	685.4 6.3%
Public order and safety	670.2 6.2%
Economic affairs	1,350.3 12.4%
Environmental protection	35.9 0.3%

Housing and community amenities	93.8	0.9%
Health	1,515.3	13.9%
Recreational, culture, and religion	82.6	0.8%
Education	1,915.8	17.6%
Social protection	3,422.9	31.4%

(...) data not available or not significant.

Consumption taxes include a value-added tax (VAT) with a standard rate of 19%, various stamp taxes, entertainment taxes, and excise on gasoline, alcoholic beverages, and tobacco.

CUSTOMS AND DUTIES

As of 1 October 2003, most imported goods are subject to an 19% value-added tax. Automobiles were subject to a luxury tax of 85% on any value above \$15,834.65. Other luxury items, such as jewelry, furs, and yachts were taxed at 50%. Import and export licenses are mandatory, but easily obtainable. In 1977, free trade zones were established in Iquique and Punta Arenas. Chile has free trade agreements with Canada, Mexico, Colombia, Venezuela, Ecuador, Costa Rica, MERCOSUR, and as of 1 January 2004, with the United States. Under the agreement, items originating in the United States would have a tariff between 0% and 6%, although the Chilean tariff rate on nearly all products from most countries is 6%. Chile also places a 50% tax surcharge on used goods/products in addition the current tariff rate. However, the surcharge does not apply to those items originating in the United States, as well as exempting armored cars, prison vans, ambulances, public road cleaning vehicles, cement-making vehicles, and mobile homes. Cigars, cigarettes and processed tobacco are subject to taxes of 51%, 60.4%, and 57.9%, respectively.

FOREIGN INVESTMENT

Through the Decree Law 600 of 1974 (and its subsequent modifications) and the Chilean Foreign Investment Committee, Chile seeks to encourage foreign direct investment. However, broadcasting, fishing, shipping, and hydrocarbon production usually require majority national control. Foreign investors have purchased many of the assets privatized by the Chilean government over the last decade. Chile has the highest credit rating of all Latin American countries. From 1997 to 2001, \$28.2 billion of foreign direct investment (FDI) went into Chile. FDI flow peaked in 1999 at \$9.2 billion but dipped to \$3.67 billion in 2000. In 2001, FDI inflow was at a near average level of \$5.5 billion. The principal source of FDI has been the United States, but in 2002, FDI from the United States amounted to a negative flow of \$1 billion. Other principal sources of FDI have been Canada, Spain, the United Kingdom, South Africa, Australia, and Japan. In 2002, the lead areas for FDI were transportation, telecommunications, and mining.

In terms of portfolio investment, by 2001 the number of companies listed on the Chile Stock Exchange and their market valuation had dropped from their peak in 1997 (before the Brazilian currency crisis) of 295 listed companies valued at \$72 billion to 249 listed companies valued at \$56.3 billion. As of 31 December 2001, US investors held \$5.4 billion in Chilean securities, \$1.92 billion in equity shares, \$3.5 billion in long-term debt, and only \$1 million in short-term debt.

With \$64.4 billion invested between 1974 and 2003, had the highest FDI per capita and the highest FDI to GDP ratio of the major economies in Latin America. Capital inflows as a percentage of GDP reached a yearly average of 6.4%. In the first three quarters of 2004, FDI totaled \$6.5 billion—a 219% increase over the same period in 2003. This was however an exceptional year and the result of two large investments made by Spanish companies.

ECONOMIC DEVELOPMENT

Chile established two free trade zones: the Free Zone of Iquique (ZOFRI) in the northern tip (Region I), and the Free Zone of Punta Arenas (PARANEZON) in the southern tip (Region XII) during the 1970s to encourage trade. Chile has been negotiating for admission into the North American Free Trade Agreement (NAFTA) since 1994, but the process has been stalled by the US Congress. Chile is a member of the South American Mercosur free-trade bloc. Through its concentration on value-added exports and increased foreign direct investment, Chile has become one of Latin America's most-developed nations. Economic growth had averaged over 5% annually since 1985, and was 7.9% during 1988–98. Under the Alywin administration, the population living in poverty dropped by 800,000 to 4.5 million and real incomes of the poorest workers increased by 20%.

Chile's debt management has been very effective. The government negotiated a favorable rescheduling with its creditor banks of its 1991–94 debt maturities. The government's economic policies also kept consumer price inflation limited to an average of 13.6% during 1990–95, down from the annual average of 20.6% during the 1980s, lowering the rate to 4.7% by 1998. Social expenditures, especially those aimed at improving human capital, rose since 1991 to 15% of gross national product (GNP), and were funded through increased surtaxes. For example, the Program for Youth Labor Training focuses on the high levels of poverty and unemployment among youth. President Lagos, inaugurated in 2000, aimed to bring public accounts into balance by 2001 (after the 1998 financial crisis).

The Lagos government increased consumption taxes (VAT and duties on alcohol, diesel, and tobacco) to finance its healthcare plan and a program aimed at supporting the 225,000 families living in extreme poverty. In late 2003, a gradual tightening of monetary policy was expected, as was a narrowing of fiscal deficits. Corruption scandals adversely affected the business climate, yet investment in Chile has been strong. The government's role in the economy is limited, and Chile's economy is open and market-oriented. The finance sector has grown faster than other areas of the economy in recent years. The country's large service sector is thriving, with services being modern and competitive (especially telecommunications). Economic activity remains concentrated in the central region of the country, around Santiago and the Valparaíso region.

Economic growth was slower in 2005 as compared to the previous year—a decrease in copper exports (due to a switch by mining companies to ores rich in molybdenum) was the main cause of this decrease. Imports of good and services, on the other hand, have risen by more than 14%. Growth rates were expected to continue a downward trend in 2006 (as a result of slow investment growth), but were likely pick-up again in 2007 (owing to an increase in exports).

SOCIAL DEVELOPMENT

Prior to the 1973 coup, Chile had built one of the most comprehensive social welfare systems in the world, with over 50 separate agencies participating in programs. Following the military's accession to power in 1973, many of the welfare benefits were suspended, and regulations lapsed. From 1974 to 1981, the junta remodeled the welfare system along the lines of private enterprise.

A mandatory private insurance system was introduced in 1981. Pensions are financed exclusively by workers, whose contributions can amount to over 20% of earnings; employers are not required to contribute, and the government provides subsidies for a guaranteed minimum pension. Retirement is set at age 65 for men and at age 60 for women. Medical benefits are available to wage earners and salaried employees. Workers medical benefits include necessary medical, dental, and pharmaceutical, hospitalization, and rehabilitation. The government funds the Unified Family Allowance system, which provides family allowances.

Sexual abuse and domestic violence are becoming increasingly addressed by the government. It was estimated that over half of Chilean women experience some form of domestic abuse. Legislation implemented in 2004 specifically targeted child pornography. There were no laws regarding sexual harassment in the workplace, although it is recognized as a problem. The average earnings of women with university training were only 60% of those of men with equivalent backgrounds. The labor code provides benefits for pregnant workers.

Excessive use of force by police has been reported, as well as failure to observe due process of law and other human rights abuses toward detainees. The indigenous population continued to suffer discrimination.

HEALTH

As of 1999, total health care expenditure was estimated at 5.9% of GDP. In 1995, the public health system included 187 hospitals, 230 urban outpatient clinics, 146 rural outpatient clinics, and over 1,000 rural health posts.

Chile made considerable progress in raising health standards. The infant mortality rate declined from 147 per 1,000 live births in 1948 to 8.80 in 2005. The maternal mortality rate was 20 per 1,000 live births in 1998. The birth rate was an estimated 16 per 1,000 people as of 2002. Approximately 43% of married women (ages 15 to 49) used contraception. Average life expectancy in 2005 was 76.58 years. In 1995, the leading causes of death per 100,000 were diseases of the circulatory system (150), cancer (116), injuries or accidents (64), and respiratory diseases (61).

In 2004, Chile had an estimated 109 physicians, 63 nurses and 43 dentists per 100,000 people. In the same year, there were 196 general hospitals in the public sector, as well as 526 primary care clinics and 1,840 rural outpatient clinics. There were 223 privatesector hospitals with 11,000 beds.

An estimated 15% of Chileans, including 10% of children under the age of five, fell below the minimum nutritional requirements established by the UN Food and Agriculture Organization. Protein deficiency among the general population has induced an abnormally high rate of congenital mental handicap. In 2000, 94% of the population had access to safe drinking water and 97% had adequate sanitation.

The HIV/AIDS prevalence was 0.30 per 100 adults in 2003. As of 2004, there were approximately 26,000 people living with HIV/AIDS in the country. There were an estimated 1,400 deaths from AIDS in 2003. Altogether, 90% of the country's AIDS victims have been men and 10% have been women; the incidence among women is increasing.

HOUSING

The Allende government expanded the housing program following the 1970 housing census, which enumerated 1,860,111 housing units in the country. In 1971, 6.5% of the national budget was expended on public housing, mainly for the poor, and the state built 76,079 new housing units. The military government, on the other hand, stressed the role of the private sector in the housing market. In 1974, the number of new units built by the public sector was 3,297, compared to 17,084 units built privately; the corresponding figures for 1984 were 276 and 46,493. From 1981 through 1985, the number of new units built was 201,244. The number of new dwellings completed jumped from 88,000 in 1991 to 106,000 in 1992.

In 2001, the government had pledged to build at least 25,000 basic homes per year for low-income and poverty stricken residents. The government also set up a subsidy program for those who could not obtain a mortgage. With such assistance, the government estimates that about 130,000 families currently living in squatter villages or slums can be relocated to permanent dwellings by 2007.

As of 2002, there were about 4,399,952 dwellings across the country; about 90% of all housing units were occupied. The majority of all housing (81.6%) were detached homes. About 84.9% of all dwellings were located in urban areas. About 98% of all housing was privately owned; about 73% were owner occupied. Of the privately owned housing stock, about 96% were permanent structures. As of 2003, the housing deficit was estimated at 1,164,629 homes.

EDUCATION

Chile's present educational system stems from a 1965 reform program that called for curriculum modernization (with new texts for all grade levels), teacher training, and professional educational planning and management. There are both state-run and private schools; all state schools provide free education. As of 2004, general education was compulsory for 12 years (for students between the ages of 6 and 18). This includes eight years of primary school and four years of secondary school. At the secondary level, students choose to follow a humanistic-scientific course of study or a technical-professional program. The academic year runs from March to December. The primary language of instruction is Spanish.

In 2001, about 77% of all children between the ages of three and five were enrolled in some type of preschool program. Primary school enrollment in 2003 was estimated at about 86% of age-eligible students. The same year, secondary school enrollment was about 79% of age-eligible students. Nearly all

students complete their primary education. The student-to-teacher ratio for primary school was at about 34:1 in 2003. The ratio for secondary school was about 33:1. In 2003, private schools accounted for about 46.5% of primary school enrollment and 48.2% of secondary enrollment.

The University of Chile (founded as Universidad Real de San Felipe in 1738) and the University of Santiago de Chile (founded as Universidad Técnica del Estado in 1949) are national universities with branches in other cities. There are numerous institutions which provide vocational and technical education. There are also several Roman Catholic universities. In 2003, about 42% of the tertiary age population were enrolled in some type of higher education program. The adult literacy rate for 2004 was estimated at about 95.6%, with a fairly even rate between men and women.

As of 2003, public expenditure on education was estimated at 4.2% of GDP, or 18.7% of total government expenditures.

LIBRARIES AND MUSEUMS

Chile's principal libraries and museums are in Santiago. The three most notable libraries are the National Library (3,700,000 volumes in 2002), the central library of the University of Chile (41 libraries with an aggregate of over 1,000,000 volumes), and the Library of Congress (750,000). Other significant collections include the Severín Library in Valparaíso (101,000) and the library of the University at Concepción (420,000). The Catholic University of Chile in Santiago has more than a dozen branches holding 500,000 volumes. Public libraries are coordinated through the Directorate of Libraries, Archives and Museums. In 2003, there were about 319 municipal libraries and smaller 45 branch libraries nationwide. The Directorate also sponsored 19 prison libraries and 17 hospital libraries.

Chile's most outstanding museums are the National Museum of Fine Arts, the National Museum of Natural History, and the National Museum of History, all in Santiago, and the Natural History Museum in Valparaíso. The Chilean Museum of Pre-Columbian Art in Santiago has one of the hemisphere's finest collections of indigenous artifacts, including textiles, ceramics, metals, and stonework from the Mapuche, Aymara, Tiahuanaco, Atacoma, and Araucanion cultures. There are dozens of historical, public affairs, and ethnographic museums throughout the country.

MEDIA

An extensive telegraph service, about three-fourths of which is state-owned, links all the principal cities and towns. International links are supplied by worldwide radiotelephone service and by international telegraph companies. In 2003, there were an estimated 221 mainline telephones for every 1,000 people; about 32,300 people were on a waiting list for telephone service installation. The same year, there were approximately 511 mobile phones in use for every 1,000 people.

Radio Nacional de Chile is a publicly owned station, but numerous private stations exist. As of 1999 there were 180 AM and 64 FM radio stations and 63 television stations. The National Television Council is in charge of monitoring the content of broadcasting for violence and sexually explicit materials. In 2003, there were an estimated 759 radios and 523 television sets for every 1,000 people. About 57 of every 1,000 people were cable subscribers. In 2003, there were 119.3 personal computers for every 1,000 people and 272 of every 1,000 people had access to the Internet. There were 274 secure Internet servers in the country in 2004.

There are over 30 major daily newspapers, the largest of which are in the Santiago-Valparaíso area, where the most important magazines are also published, including the state funded *La Nación*. Among the best-known magazines are *Caras*, (1995 circulation 18,000) and *Qué Pasa?* (20,000). The newspaper *El Mercurio* (founded in 1827) claims to be the oldest newspaper in the Spanish-speaking world. The *El Mercurio* chain includes *La Segunda* and *Las Últimas Noticias* of Santiago, *El Mercurio* of Valparaíso, and *El Mercurio* of Antofagasta.

In Santiago, the leading daily newspapers (with 2004 circulation) are *La Tercera* (180,000), *La Cuarta* (NA), *Las Últimas Noticias* (120,000), *El Mercurio* (112,000), *La Nación* (NA), *La Segunda* (25,000), and *Diario Oficial* (NA). In Valparaíso the leading daily is *El Mercurio de Valparaíso*, with a 2004 circulation of about 65,000. The leading daily in Concepción is *El Sur*, which had a 2004 circulation of 20,000.

Many of Chile's newspapers and periodicals were closed for political reasons in the aftermath of the 1973 military coup. The lifting of the second state of siege in mid-1985 brought a significant improvement in the area of the freedom of the press. Opposition magazines resumed publication, and editors were no longer required to submit copy to government censors prior to publication; radio and television programs featuring political debates reappeared in the last half of 1985. The print and broadcast media, as of 1999, is largely independent, and the government is said to fully support a free press and free speech.

ORGANIZATIONS

The members of many workers' organizations have formed consumer cooperatives. Producer cooperatives also are common, particularly in the dairy industry. The National Society of Agriculture has been politically very influential, and the minister of agriculture has been frequently drawn from its ranks. Representative of the many industrial, commercial, and professional organizations are the National Mining Society, Society of Industrial Development, Commercial Union Society, National Press Association, Medical Society, Chilean Medical Association, Agronomers' Society, Geographical Society of Chile, the Computer Science Society and Scientific Society.

The Consumers International Regional Office for Latin America and the Caribbean is located in Santiago. The Confederation for Production and Commerce is an official organization representing the country's industrialists and traders. The Chilean Chamber of Commerce, with its headquarters in Santiago, is the central organ for all chambers of commerce and most trade associations.

The National Academy of Fine Arts was established in 1964. Other educational organizations include the Academy of History and the Center for Investigation and Development of Education. There are several organizations for medical research and education in specialized fields.

Among fraternal organizations, the Masonic Order is prominent. Among the more politically potent organizations are the professional middle-class guilds (*gremios*), which were instrumental in bringing down the Allende government. Social development corporations, comprising mainly business people, have been organized regionally to deal with various welfare problems. Rotary and Lions clubs are also active among the business community.

The National Council of Sports is the overall confederation of athletic associations. Many of the national sports associations are affiliated with international organizations as well. There are youth organizations affiliated with major political parties. The Council of Student Federations of Chile (CONFECH) is a coordinating body for student unions. Scouting programs are active through the Guide and Scout Association of Chile. There are also chapters of the YMCA and YWCA. National women's organizations include the Association of University Women and the Centro de Estudios para el Desarrollo de la Mujer.

There are chapters of Greenpeace, Amnesty International, Defense for Children, Habitat for Humanity, and the Red Cross.

TOURISM, TRAVEL, AND RECREATION

Tourist attractions include the Andean lakes of south-central Chile and the famed seaside resort of Viña del Mar, with casinos rivaling those of Monaco. Also popular is Robinson Crusoe Island in the Pacific. Another Pacific dependency, Easter Island (Isla de Pascua), with its fascinating monolithic sculptures, is a major attraction. The giant Christ of the Andes statue, which commemorates the peaceful settlement of the Chilean-Argentine border dispute in 1902, is located on the crest of the Andes overlooking the trans-Andean railway tunnel. Santiago is noted for its colonial architecture, as well as the largest library in South America. Popular national parks include Parque Nacional Lanca in the north, the Nahuelbuta Park near Temuco, and Terres del Paine in the far south. Chilean ski resorts, notably Portillo near Santiago, have become increasingly popular.

The most popular sport in Chile is football (soccer). Other pastimes include skiing, horse racing, tennis, fishing in the Pacific for marlin and swordfish, and some of the world's best trout fishing in the Lake District.

Tourists need a valid passport to enter Chile. A visa is not required for a stay of 90 days or less. There were about 1.6 million tourist visits reported in 2003; around 63% were by visitors from South America. Tourism receipts totaled \$1.3 billion. That year there were 52,362 total hotel rooms with 117,905 beds and an occupancy rate of 32%. The average length of stay per visit was two nights.

In 2004, the US Department of State estimated the daily cost of staying in Chile at \$198.

FAMOUS CHILEANS

Chile's first national hero was the conquistador Pedro de Valdivia (1500?-53), who founded Santiago in 1541. The Indian leader Lautaro (1525-57), another national hero, served Valdivia as stable boy and then escaped to lead his people to victory against the Spanish. His exploits are celebrated in the great epic poem *La Araucana* by Alonso de Ercilla y Zúñiga (1533?-96), a Spanish soldier. Bernardo O'Higgins (1778-1842), a leader of the fight for independence, was the son of the Irish soldier of fortune Ambrosio O'Higgins (1720?-1801), who had been viceroy of Peru. Diego Portales (1793-1837) helped build a strong central government. Admiral Arturo Prat (1848-79) is Chile's most revered naval hero because of his exploits during the War of the Pacific. Arturo Alessandri Palma (1868-1950), who became president in 1921, initiated modern sociopolitical reform. Salvador Allende Gossens (1908-73), the Western Hemisphere's first freely elected Marxist head of state, served three years as Chile's president (1970-73), initiating a broad range of socialist reforms and dying in the throes of a violent military coup in September 1973. The coup's leader was Gen. Augusto Pinochet Ugarte (b.1915), a former commander-in-chief of the army. Outstanding church figures have been Crescente Errázuriz (1839-1931), archbishop of Santiago, and his successor, José Cardinal Caro (1866-1958). Benjamin A. Cohen (1896-1960) was an undersecretary of the United Nations.

Three distinguished historians, Miguel Luis Amunátegui (1828-88), Diego Barros Arana (1830-1907), and Benjamin Vicuña Mackenna (1831-86), brightened the intellectual life of the second half of the 19th century. José Toribio Medina (1852-1930) gained an international reputation with works ranging from history and literary criticism to archaeology and etymology. Important modern historians include Francisco Antonio Encina (1874-1965), Ricardo Donoso (1896-1985), and Arturo Torres Riosoco (1897-1971), who was also a literary critic. Benjamín Subercaseaux (1902-73) was a popular historian as well as a novelist.

The first indigenous literary movement was that of the "generation of 1842." One of its leaders was the positivist writer José Victorino Lastarria (1817-88). The novelist and diplomat Alberto Blest Gana (1830-1920) wrote panoramic novels about Chilean society in the tradition of Balzac. Twentieth-century writers include novelist Eduardo Barrios (1884-1963), an explorer of the abnormal psyche; Joaquín Edwards Bello (1887-1968), an author of realistic novels of urban life; the symbolic novelist, poet, and essayist Pedro Prado (1886-1952); and novelist José Donoso (1925-96). Isabel Allende (b.1942) is a world-famous novelist and niece of Salvador Allende; her novel *The House of Spirits* (1982) was made into a film. Ariel Dorfman (b.1942) is a Jewish Argentine-Chilean novelist, playwright, essayist, and human rights activist: *Death and the Maiden* is his most famous play. He teaches at Duke University but divides his time between the United States and Santiago.

Poets of note include Gabriela Mistral (Lucila Godoy Alcayaga, 1889-1957), who won the Nobel Prize in 1945; Pablo Neruda (Nefalí Ricardo Reyes, 1904-73), the nation's greatest poet, who was awarded a Stalin Prize as well as the Nobel Prize (1971); and the poet-diplomat Armando Uribe Arce (b.1933).

The nation's first native-born composer was Manuel Robles (1780-1837); Silvia Soublette de Váldez (b.1923) is a leading composer, singer, and conductor; and Gustavo Becerra (b.1925) is a composer and teacher. Claudio Arrau (1903-91) was one of the world's leading concert pianists. Well-known painters are Roberto Matta (1911-2002) and Nemesio Antúnez (1918-1993), while sculptors include Lily Garafalic (b.1914) and Marta Colvin (1917-1995).

DEPENDENCIES**Easter Island**

About 3,700 km (2,300 mi) w of Chile is Easter Island (Isla de Pascua or Rapa Nui), a volcanic island roughly 24 km (15 mi) long by 16 km (10 mi) wide. Easter Island is inhabited by a mostly Polynesian-speaking population and a few hundred people from the mainland. Easter Island's population exceeded 2,000 in the mid-1990s. The people raise bananas, potatoes, sugarcane, taro roots, and yams. The island is famous for its *moai*, the massive monolithic stone heads of unknown origin, carved from tufa (a soft volcanic stone). The cryptic sculptures have attracted increasing numbers of visitors to the island from both mainland Chile and around the world. In 1975, the government engaged Spanish consultants to undertake major tourist development on the island. The number of tourist arrivals has been increasing since the 1980s. In 1986, about one-third of the island was a national park.

Easter Island was discovered by Edward Davis, an English buccaneer, in the late 1680s and was named on Easter Day 1722 by Roggeveen, a Dutch navigator. Claimed by Spain in 1770, the island was taken over by Chile in 1888 and is now administered as part of Valparaíso Province.

Diego Ramírez Islands

About 100 km (60 mi) sw of Cape Horn, at 56°30' s and 68°43' w, lies the small, uninhabited Diego Ramírez archipelago.

Juan Fernández Islands

Some 580 km (360 mi) w of Valparaíso, at 33°36' to 48' s and 78°45' to 80°47' w, is a group of rugged volcanic, wooded islands belonging to Chile. The two principal islands, about 160 km (100 mi) apart e-w, are Robinson Crusoe, formerly Más a Tierra (93 sq km/36 sq mi), and Alejandro Selkirk, previously Más Afuera (85 sq km/33 sq mi); the smaller island of Santa Clara (or Goat Island) is off the southwest coast of Robinson Crusoe. The chief occupation is lobster fishing. Discovered by Juan Fernández around 1563, the islands achieved fame in 1719, when Daniel Defoe wrote *Robinson Crusoe*, generally acknowledged to have been inspired by the experiences of Alexander Selkirk, a Scottish sailor who quarreled with his captain and was set ashore at his own request on Más a Tierra, where he lived alone until he was rescued (1704–09). The islands are administered by Valparaíso Province.

Sala-y-Gómez Island

About 3,380 km (2,100 mi) w of Chile and some 400 km (250 mi) ene of Easter Island, at 26°28' s and 105°28' w, lies arid, volcanic Sala-y-Gómez Island. Almost 1,200 m (4,000 ft) long and about 150 m (500 ft) wide, this uninhabited island belongs to and is administered by Valparaíso Province.

San Ambrosio Island

Volcanic San Ambrosio Island, uninhabited, lies 965 km (600 mi) w of Chile, at 26°21' s and 79°54' w, rising to 479 m (1,570 ft).

San Félix Island

Situated 19 km (12 mi) ese of San Ambrosio Island, at 26°17' s and 80°7' w, is small, uninhabited San Félix Island (about 8 sq km/3 sq mi). Of volcanic origin, the island rises to about 180 m (600 ft). The islet of González is at its southeastern tip. San Félix, along with San Ambrosio, was discovered in 1574.

Chilean Antarctic Territory

Chile claims the section of Antarctica lying between 53° w and 90° w, the Antarctic (or O'Higgins) Peninsula, parts of which are also claimed by Argentina and the United Kingdom.

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