

# POLITICS IN CHILE

*Democracy,  
Authoritarianism,  
and the Search for  
Development*

**Second  
Edition**

**LOIS HECHT  
OPPENHEIM**

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Democracy, Authoritarianism,  
and the Search for Development

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**SECOND EDITION**

**Lois Hecht Oppenheim**

University of Judaism College of Arts and Sciences



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Published in 1999 in the United States of America by Westview Press, 5500 Central Avenue, Boulder, Colorado 80301-2877, and in the United Kingdom by Westview Press, 12 Hid's Copse Road, Cumnor Hill, Oxford OX2 9JJ

Library of Congress Cataloging-in-Publication Data  
Oppenheim, Lois Hecht.

Politics in Chile : democracy, authoritarianism, and the search  
for development / Lois Hecht Oppenheim. — 2nd ed.

p. cm.

Includes bibliographical references (p. ) and index.

ISBN 0-8133-3565-5 (hardcover). — ISBN 0-8133-3415-2 (pbk.)

1. Chile—Politics and government—1970–1973. 2. Chile—Politics  
and government—1973– . 3. Chile—Economic conditions—1970–1973.  
4. Chile—Economic conditions—1973–1988. 5. Chile—Economic  
conditions—1988– . I. Title.

F3100.O66 1999

983.06'46—dc21

98-20755

CIP

The paper used in this publication meets the requirements of the American National Standard for Permanence of Paper for Printed Library Materials Z39.48-1984.

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10 9 8 7 6

To my children,  
Amy and Ben

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## Preface to the Second Edition

This new edition, with an expanded section on the democratically elected Concertación governments of the 1990s, represents my reflections on what has happened in Chile since I first wrote this book five years ago. It was written while on sabbatical, in residence in Chile, with support from the Fulbright Commission and the World Society Foundation. I thank both institutions, along with the University of Judaism, for sabbatical support.

My stay in Chile gave me an opportunity to listen to Chileans discuss and debate the political and economic situation of the country, as well as to share my reflections with them. The result is a more critical perspective on contemporary Chile than in the first edition. This, perhaps, was inevitable, given that the euphoria of a return to democracy has worn off; additionally, after eight years of constitutional rule, with the threat of direct military intervention dim, it is now easier to question governmental policies or directions. However, the book is still a reading that recognizes Concertación achievements and the limitations and difficulties within which the current civilian leaders operate.

I wish to thank the following colleagues who read and commented on portions of the manuscript: Verónica Silva, Alicia Frohmann, Mario Drago, Edith Benado, Eugenio Lahera, Ximena Valdés, and Rodrigo Caro. They may not agree with my interpretation but all kindly shared their expertise with me. I also wish to thank Miriam Krawczyk and the Unidad de la Mujer y Desarrollo of CEPAL for providing me institutional space and support.

*Lois Hecht Oppenheim*

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## Preface to the First Edition

This book has had a long incubation. It actually began over two decades ago, when I traveled to South America as a graduate student eager to conduct doctoral dissertation research in Chile. I arrived in Santiago during the last days of the first truckers' strike of October 1972, when Chilean society was already becoming polarized. I quickly became engaged in understanding the political conflict swirling about me; I knew that I was witnessing a key historical moment in the life of a country. I chose to stay in Chile after the military coup of September 11, 1973, even though, like many others, I was traumatized by the brutal events that had unfolded around me like a Greek tragedy. After I left, I did not return again for twelve years, although when I did, in March 1986 to support International Women's Day and the restoration of democracy, I knew that I would come back again many times. Given this personal history, I cannot claim to be unbiased, although I can claim a certain degree of historical perspective.

This book attempts to explain in broad strokes the political history of today's Chile, focusing on the Allende and Pinochet years. Although there is a voluminous literature about the Allende years, there is much less about the military dictatorship, and almost nothing that covers both.

I would like to thank the Doherty Foundation, whose doctoral dissertation award funded my first trip to Chile, and Whittier College, where I taught for fifteen years, both for its research grants, which helped support several field trips to Chile, and for the supportive collegueship I found there.

After having suffered through political turmoil, civil disorder, and the brutal repression of civil rights, Chile now seems headed down a far less bumpy road. There are still many analysts who decry the incomplete status of Chilean democracy, or even the lack of democracy under the current Constitution. Despite the slow pace of democratization, my long-term view is optimistic. Having watched Chileans stand up to repression, marching through tear gas-filled air, confronting the *guanacos*, or water cannons, and surviving torture and exile, I know that they have a capacity not only to survive but to thrive and to create new forms of engaging in politics. It is in that spirit that I dedicate this book to Chile in the hope that my helping to illuminate the past will make for a more secure future.

*L.H.O.*

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# **PART ONE**

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## Introduction

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# 1

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## An Overview of Chilean Politics

**O**n September 11, 1973, at around 9:30 A.M., I heard the radio crackle in my apartment in Santiago, as Chilean president Salvador Allende Gossens addressed the nation. This was no ordinary speech.

Surely this will be my last opportunity to address you. . . . My words are not spoken in bitterness. I shall pay with my life for the loyalty of the people. . . . The seed we have planted in the worthy consciousness of thousands upon thousands of Chileans cannot forever remain unharvested. . . . They have the might and they can enslave us, but they cannot halt the world's social progresses, not with crimes, nor with guns. History is ours, and the people of the world will determine it.

Allende's speech was soon replaced by martial music. Military orders were announced, including a curfew to begin by 3 P.M. that day. It was to last almost two days. I listened as a long list of the names of prominent government and party leaders was read over the radio, along with the admonition that they should turn themselves in. Later, I heard military vehicles rumbling down the street, accompanied by the sound of gunfire.

The next evening I watched as the four members of the military junta appeared on television to explain why they had acted and what would happen now. "We had to cut out the cancer of Marxism from Chile," declared General Gustavo Leigh Guzmán of the air force, whose officers had virtually destroyed the presidential palace, the Moneda, in their bombing. "We do not wish to carry out vengeance against those who supported Allende," said General César Mendoza, head of the National Police. "Congress is closed until further notice. Political parties are in recess until further notice," boomed General Augusto Pinochet Ugarte, head of the army and commandant of the armed forces, hitting his fist on



the desk in front of him for emphasis.<sup>1</sup> The images were unsettling, but little did I realize, along with eleven million Chileans, that it would be over sixteen years before an elected civilian would take office again as president of Chile. In the interim, Chile would become, in many ways, a different country.

Chile presents a number of paradoxes for those who wish to understand its politics. It is an economically underdeveloped country with a strong tradition of stable, constitutional rule. Before 1973 its politics were marked by a vibrant, competitive multiparty system in which parties spanning the political spectrum—from Communist to conservative—vied for elective office. It is a country in which an avowed revolutionary socialist, Salvador Allende, nevertheless spent his entire professional life in electoral politics, gaining the presidency in 1970. As president, he promised to begin the construction of socialism legally and without violence, that is, through the existing constitutional system. Despite the country's tradition of political tolerance and negotiation, President Allende survived only halfway through his six-year term of office, his experiment in socialism brutally ended in a military coup that took thousands of lives, including his own. The ironies continued as, sixteen years later, in 1989, Allende's military successor, General Augusto Pinochet, was brought down, but not through armed insurrection. An October 1988 plebiscite, following the guidelines of Pinochet's own constitution, gave Chileans a choice to vote yes or no for him to continue as president until 1997. A solid majority of 55 percent said no. Pinochet's rule ended the next year with competitive elections for a successor. The candidate of a united opposition was Patricio Aylwin, a Christian Democrat who had headed his party in the last days of the Allende government and who had been intransigently opposed to that government's continuation. Ironically, the successful sixteen-party opposition coalition that Aylwin led to victory in March 1990 included many of the parties and individuals that had been intimately involved in Allende's fall.

How can we explain these events? Why in 1973 had there been such violence, which once unleashed threatened to destroy one of the oldest democracies in the Western Hemisphere? Why was there so much brutality directed against supporters of Allende's political coalition, the Unidad Popular (Popular Unity; UP), in a country hitherto known for political tolerance? How did army general Augusto Pinochet, after seizing power in a coordinated military action and becoming a virtual dictator, lose the 1988 plebiscite, even with all of the power of the state behind him? How could a military dictatorship topple through the ballot box? How could the new democracy survive with Pinochet still installed as head of the army?

This book is a reflection on the political changes that have taken place in Chile, principally from the Allende period through the military period, and the transition to constitutional rule and two civilian governments. It explores the ways in which class and other group interests interacted with party politics and political leadership to determine the fate of Chile's constitutional system. In

analyzing the Allende years, the military regime, and the post-1990 civilian governments, I focus on each government's worldview and the ways in which each tried to fashion a development program that was based on different assumptions of what development meant, along with reactions to these programs. In doing so I hope to illuminate the reasons that Chile underwent such radical political changes over the past twenty years.

## **The Context for Politics**

Before I turn to an examination of Chilean politics, it is important to understand the context within which politics has taken place in Chile. I use as a starting point a definition of politics as group conflict over the distribution of scarce resources. The groups in contention may be social classes, as is often the case in Latin America; other economic interests or fractions of classes; or other social and political actors, such as women, youth, the Catholic church, or the military.

Chilean society has historically been highly segmented and stratified. In general terms, its complex social structure is made up of a large popular sector, or lower class, of peasants, urban and rural workers, and urban shantytown dwellers; a heterogeneous middle sector consisting of teachers and other professionals, white-collar workers, bureaucrats, small merchants and the like; and an upper class of landowners and businessmen. These social forces may or may not act cohesively or share explicitly understood interests. They are often internally fragmented and give loyalty to different political parties. Intraclass divisions notwithstanding, these social forces also come into conflict with each other over basic issues of distribution of wealth and income, control of economic resources—land, for example—and, ultimately, of political power. They have at times tended to see politics as a zero-sum game; that is, what one class or group gains the other loses.<sup>2</sup>

Despite the fact that twentieth-century Chile is economically underdeveloped, its politics have been characterized by active popular participation. Sometimes fractions of classes acted; for example, small entrepreneurs took a leading oppositional role against the Allende government. At times other social forces, such as women, spearheaded popular mobilization. Women were leaders both in the anti-Allende movement in the early 1970s and in popular mobilizations against the Pinochet dictatorship in the 1980s. In the latter case, women overcame class and party differences to work together for a common political goal. The poor or the popular classes have also been active players, despite their being the disadvantaged segments of a highly stratified population. As Janice Perlman pointed out in her study of Brazilian shantytown dwellers, the poor, despite their abject living conditions, are not economic, social, and political marginals; rather, they are politically aware actors who are able to mobilize in order to attain concrete goals.<sup>3</sup> Recent literature on new social movements in Latin America also sees the popular classes, organized at the grass

roots, as an important economic force in the informal economy and as constituting a potentially powerful political force.<sup>4</sup> We will see how the poor in Chile, along with other social and political forces, organized to defend their interests and participated in the political arena.

For much of Chile's history, class and other group conflicts were channeled through electoral and institutional mechanisms. In order to understand why this process collapsed so dramatically in 1973, we need to explore the linkages between economic issues and politics, including the kinds of economic development policies available to political leaders and the stresses these put on society and the constitutional system.

## **A Political Economy Approach to Chilean Politics**

Political and economic issues are interconnected and form the context within which governmental policies are made. The intertwining of political and economic decisions is evident everywhere in the world, but perhaps it is most visible in less-developed countries, where major political decisions seem to center around issues of economic development, with a clear impact on different groups in society.

There is, however, no consensus about which strategy to use to achieve development or, more fundamentally, what development means. The fundamental underlying issue of development is, in the words of Fernando Henrique Cardoso, development for whom and for what purpose? Is overall economic growth development? Meeting basic needs? Industrializing? Achieving self-reliance? Embedded within these distinct definitions are alternative goals for and visions of society. For example, if overall economic growth is taken as a primary goal, what happens to redistribution of wealth—and, ultimately, power—in society? If, under this model, wealth and power become more concentrated, what can or should be done about it? Should, for example, political leaders postpone redistributive efforts until a future time when there is more wealth to divide? Should they focus on redistribution from the outset or simply assume that greater wealth will trickle down to the population at large? Declaring industrialization the major goal will result in quite a different society and economy than selecting basic needs.

There are also questions that appear to be tactical but have much broader implications. For example, how active a role should the state take in fostering development, and how much should be left to market forces? What should the relationship of the less-developed country be to the world economy and foreign capital? Here again, these are not just questions of tactics but are intimately connected to competing visions of development and differing understandings of the roots of underdevelopment.

Decisions about development, then, are not just economic or technical decisions. The interests of various constituencies come into play when questions

about development are raised. Choices about development strategy, therefore, are fundamental political choices, affecting the lifestyles of all groups in society.

Latin America has utilized a variety of development strategies in the course of its history. The first general approach was based on an export-driven economy, centered around cash crops and other primary products sold in the international marketplace. This was the strategy followed after independence from Spain, but it had its roots in the colonial period. In the twentieth century there was a reinterpretation of development to stress industrialization and a more inwardly directed economic growth program. With this shift from an export orientation to an encouragement of domestic industry, the role of the state changed from a weak to a more centralized and activist stance. Greater industrialization also changed society and politics. Peasants migrated to the cities in search of work; a working class grew. Nationalist leaders came to the fore in a number of countries, for example, Getúlio Vargas in Brazil and Juan Perón in Argentina. These leaders found an important part of their popular base of support in the industrial working class, which they in turn helped to nourish.

From the 1950s on, a variety of strategies were applied for encouraging industrialization, economic diversification, and development. Some suggested an orthodox capitalist economic model. In this approach, the focus was on creating a more stable and modern economy primarily through monetary policy and by encouraging private investment and trade. In essence, development meant overall economic growth. Inflation, typically high in Latin America, was singled out as a major factor impeding economic growth, and monetary policy was utilized to dampen it. Otherwise, the state did not need to take an activist role; private enterprise, both domestic and foreign, was believed to be critical for economic growth. By the 1970s military regimes in Latin America were utilizing a very rigid version of this approach, called the neoliberal or new monetarist approach.<sup>5</sup>

A different view, following on the analysis of Raúl Prebisch, an Argentine economist who worked for the United Nations Economic Commission for Latin America (ECLA), encouraged structural changes in the economy. Prebisch believed reforms were needed in order to overcome what he identified as structural bottlenecks to development. One bottleneck to development was the highly unequal landowning pattern of *latifundios*, extremely large landholdings, and *minifundios*, subsistence farms. Prebisch argued that this antiquated landowning system had led to inefficient farming, prevented self-sufficiency in food, and maintained an impoverished peasantry. All this held back development.

A second major obstacle to development was the unequal pattern of trade. Less-developed countries tended to be debtor nations because the value of the primary products they sold was much less than the array of food and manufactured goods they needed to buy from the more advanced industrialized nations. Prebisch believed that this pattern of trade was unintentional; however, that did not make it any less pernicious for poor nations.

A third major obstacle to development was the lack of progressive tax codes with which to raise revenue for government development programs. Prebisch recommended structural reforms to eliminate these bottlenecks. For example, the highly unequal land tenure pattern could be changed through land redistribution. An expanded, more centralized state was needed to guide the process of structural change. Although this approach involved governmental oversight of industrial development, including protective legislation and even attempts to control or buy out foreign control of major resources, the development process did not necessarily reject capitalism. Many structural reformers wanted to work within a capitalist system, they saw these reforms as helping to make their economy more modern and efficient.

A third general interpretation of how to develop was predicated on the assumption that Latin America had undergone a historical process of dependent development. In this view, Latin America's economies had been changed after the conquest to meet the needs of distant nations, rather than their own. The shift to cash cropping was one example. Those who took a dependency perspective often advocated a revolutionary, socialist, or Marxist approach. This option, which also saw structural changes of the type outlined by Prebisch as necessary, emphasized taking over control of the basic means of production, protecting basic industry from foreign competition and capital, and carrying out land reform. Its purpose was to end what was perceived as a relationship of economic dependency with the more advanced industrial nations, what some called neocolonialism or imperialism. The state would have to play an activist role in order to break the ties of dependency. This radical structural position held that although economic growth was important, major emphasis should be on changing economic and political power relations.

These various development strategies were applied in Chile over the course of its history. The struggle over which to utilize accounts for much of the political conflict in that country.

## **Political Implications of Development Strategies**

When Salvador Allende's inert body, covered with a Bolivian poncho, was carried out of the charred Moneda Palace, it symbolized the death of an effort to apply a revolutionary socialist model for social change and the imposition of a radically different development model. But the roots of these varied efforts go back to the beginnings of Chile's history.

### *From Colonialism to the Twentieth Century*

The colonial period in Chile, as for Spanish America as a whole, laid the social and economic foundations of the country. Under colonial rule, Latin America's economy was geared to serve the needs of Spain. Mercantile theory defined a re-

lationship whereby colonies were bound to the mother country, Spain, which had absolute legal control over shipping and could regulate production. Initially, the Crown was most interested in the extraction of precious metals, gold and silver. Later, the colonies began to produce cash crops for transport to Spain and dispersal to the rest of Europe. Agricultural cash crop products, such as sugar, rubber, coffee, cotton, hemp, cacao, and indigo, were produced in place of native foodstuffs. The growth of cities and the construction of transportation infrastructures often met the needs of agro-exporters at the expense of local populations. Thus began the agro-export orientation of many of the Latin American economies.

Although Chile was a colonial backwater, it also developed an agro-export economy.<sup>6</sup> The country's economy during the colonial period was agricultural, dominated by *latifundios*, which were located principally in the country's central valley, where half of Chile's population lives even today. Spaniards based their wealth on land ownership; it is not surprising, then, that they were able to create *latifundios* in spite of the Spanish Crown's efforts to prevent it. The process began with the conquerors' practice of claiming *encomiendas* (land grants), which gave them effective control over vast expanses of land and native populations. This laid the groundwork for an extremely inequitable distribution of land and for the creation of a highly stratified social structure, both of which were to persevere into modern times. Recent studies of the distribution of land in Chile show that in the mid-1960s, *latifundios* still covered over 80 percent of all agricultural land, even though they constituted less than 7 percent of farms, while *minifundios*, accounting for almost 37 percent of farms, contained only 0.2 percent of farmland.<sup>7</sup>

The independence movement in Chile and the rest of Spanish America was sparked by the Napoleonic Wars in Europe at the dawn of the nineteenth century. Political independence from Spain did not result in broad-based democracies but in elitist systems controlled by factions of the native Creoles. The Creoles were divided, however, in their vision of what their newly independent countries should be. The conflict between the two groups, which centered around the issues of church-state relations and whether or not to form a centralized or federal political system, resulted in some cases in decades of warfare, political chaos, and dictatorship. Although there were civil wars in Chile, the country was better able than most of its neighbors to escape the destructive consequences of liberal-conservative enmity.

The early years after independence in 1818 were difficult. Ten years of instability followed the Creoles' ousting of their autocratic revolutionary leader, Bernardo O'Higgins, who had been forced to resign in 1823. Another strong leader, Diego Portales, emerged later. Even though he never assumed the presidency, Portales was instrumental in fashioning a new constitution, which took effect in 1833. The Constitution of 1833 established a centralized political system and gave great power to the presidency. This early republic, dominated by a strong executive, lasted from 1833 through 1891. It would be inaccurate,

however, to use the term democracy to describe this period. For example, the political system restricted participation through limited suffrage and the indirect election of the president. In fact, the period from 1830 to 1871 has been termed the “autocratic republic.”<sup>8</sup>

Although Chile was politically stable in comparison to its neighbors, there were continuing conflicts between conservatives and liberals during the period 1833 to 1891 over the relationship of church and state and the constitutional structure of the regime. For example, there was a civil war in 1859. Other political parties also emerged during this period, notably the anticlerical Radical Party in 1863, which appealed to a growing middle-class sector.<sup>9</sup>

A more serious civil war took place in 1891, which changed the shape of the political system. The causes of the civil war are still disputed by historians. It is clear, however, that the complex set of causal factors included not only conflicting agrarian and mining interests in the context of a changing political economy but also the growing role of foreign capital and nationalistic efforts by President José Balmaceda to control it.<sup>10</sup> Also, there was a long-standing conflict between the executive and legislative branches of the government, with roots in liberal-conservative party differences about what form the state should take, that is, centralized or decentralized.

The 1891 conflict began with a challenge to President José Balmaceda’s powers by the Congress. President Balmaceda had attempted to increase taxes on the nitrate industry and, in general, to increase the government’s control over the economy. The president and Congress were each supported by a branch of the armed forces, the army and navy, respectively, and civil war broke out. The result was a conservative victory. The victory resulted in the political restructuring of the presidential system to a parliamentary one. A major consequence of the 1891 conflict, then, was a weakened presidency and an assertive Parliament, a relationship that prevailed until the 1920s—the second major instance in which the political system was transformed in the aftermath of political turmoil.

In terms of economic development during the nineteenth century, Chile’s economy was export oriented. One of the major changes that took place was the growth of a vibrant mining sector. Chile’s victory against Peru and Bolivia in the War of the Pacific of 1879–1883 resulted in its gaining control of a mineral-rich strip of land along the northern coast. The newly conquered territory, rich in nitrates, added greatly to the mining sector of its economy, which had previously relied mostly on silver and copper. The country experienced a nitrate boom, which surpassed the income generated from copper and agricultural products. The boom continued through World War I, when synthetic nitrate was developed.

The mining boom affected Chile’s place in the world economy. Foreign investment in Chilean mining was significant; by 1884 about two-thirds of the nitrate mines were owned by Europeans.<sup>11</sup> Britain and later the United States were major investors in both nitrate and copper. Thus, the Chilean economy was drawn more closely into the world system, both as a primary product, ex-

port-oriented economy, and as an economy dominated by foreign capital. This growth-directed outward strategy focused on economic growth. The economy also exemplified some of the problems connected with a primary product, export-oriented system: It was subject to the vagaries of the international market. As a result, the economy suffered from boom-bust cycles. The Civil War of 1891 reinforced the export-driven orientation of the Chilean economy because the conservative victory signaled a free hand for foreign capital.

In the twentieth century, the export of copper, controlled by foreign capital, replaced nitrate mining in importance. U.S. companies began to invest heavily in copper at the turn of the century. By 1920 two U.S. companies owned the three major copper companies in Chile. The Andes Copper and Chile Exploration Company, with the Chuquicamata mine, was controlled by Anaconda, and Braden Copper, with the El Teniente mine, belonged to Kennecott. Copper began to eclipse nitrate as the dominant export earner, especially after the collapse of the international market for nitrate after World War I, and it ended by becoming Chile's prime export earner.<sup>12</sup>

Chile's social structure also changed, becoming more complex and taking on some of the basic characteristics that were to be of political importance throughout the twentieth century. At the bottom of the social structure were peasants, who were linked with landlords in the traditional *patrón-peón* relationship. A burgeoning middle class also appeared, represented initially by a party formed in 1887, the Partido Demócrata (Democratic Party; PD). There were also domestic businessmen and industrialists, who benefited from the export boom.

The working class, centered around mining enclaves and rapidly growing cities, grew both in size and militancy. As workers began to demand their rights, there were bitter political conflicts and outbreaks of violence. One of the most striking incidents was the massacre of unarmed miners and their families in the central plaza of the northern city of Iquique in 1907. The mine workers had marched to Iquique from their homes in the mining towns of the northern Atacama Desert in hope of presenting their grievances to the authorities. Upon entering the central plaza, they were met with army bullets instead of negotiators. Workers initially found a political voice in the Radical Party and, later, in the Socialist Workers' Party, formed in 1912 by Luis Emilio Recabarren, which was the forerunner of the Communist Party.

### *The Crisis of the 1920s*

Because of these changes in the economy and social structure, the stage was set for a political crisis. The outcome of the crisis led to the creation of a stronger state. The genesis of the political turbulence was the election to the presidency in 1920 of Arturo Alessandri, a charismatic reformer from the north nicknamed "the Lion of Tarapaca." Alessandri's election challenged the position of the traditional economic and political elites because his victory represented the com-



ing to power of the rising middle class. Alessandri won power at a time of economic dislocation; he had to contend with a severe economic downturn caused by the collapse of the nitrate industry, along with continued worker militancy.

Alessandri's attempts to deal with these problems were constrained by the limitations of a weakened presidency. He pressed for the enactment of social reforms, particularly the creation of social security and a labor code, but the conservative legislature resisted. Finally, the president came to the conclusion that the presidency needed to recapture the constitutional powers lost thirty years before in the aftermath of the Civil War of 1891.

Although Alessandri was ultimately successful in restoring power to the presidency through the implementation of a new constitution, the Constitution of 1925, the constitutional changes came about only with military involvement in the political process. The military supported Alessandri; in 1924, they literally rattled their sabers in the galleries of Congress as the legislature voted on the president's constitutional reform package. Despite the fact that Alessandri had won the congressional battle, he felt that he had lost the political war by compromising his political independence to the military. He resigned.

Chile then entered a seven-year period of instability, including military governments, Alessandri's recall to power in 1925, the imposition of the new constitution in September 1925, the 1925 election of Emiliano Figueroa Larraín three months after Alessandri's second resignation, and Colonel Carlos Ibáñez's takeover from Larraín after the 1925 election. Ibáñez ruled as a dictator from 1927 until the military forced him out of power in the aftermath of the 1929 New York stock market crash. Although Ibáñez had tried to win popular support and keep the economy functioning by means of massive public works projects, in 1930 he joined a long list of deposed Latin American leaders unfortunate enough to be sitting in the presidential palace during the worldwide economic collapse. The following year, 1931, was characterized by revolving-door governments including a twelve-day socialist government headed by General Marmaduke Grove.

We see then that the political system that had emerged out of the Civil War of 1891 was transformed by the turbulence of the 1920s. The political crisis had been engendered by the economic crisis of nitrate and the ensuing world depression, each of which affected domestic interests. The political system created out of this crisis was characterized by a strong executive and by a more open political process. The economic system, however, had yet to be challenged. Before we turn to the political conflicts over development issues during the post-1925 period, let us look briefly at the nature of the changed political system.

### ***New Political Institutions and Practices: 1932–1973***

Constitutional order was restored in 1932 under the rubric of the Constitution of 1925. Elections were held, with Arturo Alessandri emerging once again as presi-

dent. From 1932 until 1973 Chile maintained a stable, constitutional democracy in which parties on the Right, the Center, and the Left vied for elective office.

**The 1925 Constitution.** The Constitution of 1925 laid the ground rules within which political conflict was to take place. It established a strong presidency, along with a two-house legislature—a 50-member Senate and a 100-member Chamber of Deputies. Both bodies were to be elected by proportional representation, which allowed for the representation of a myriad of political parties in the Chilean Congress.

The maintenance of a multiparty system was an important factor conditioning Chilean politics. The existence of a multiparty system in which no one party could gain an electoral majority, along with a three-way division among the electorate into Right, Center, and Left, resulted in coalition politics, even for presidential elections. It also led to presidents who were elected with support from a plurality of the population, rather than from the majority.

The political system encouraged political participation, at least through voting. Congressional, municipal, and presidential elections were staggered, which meant frequent electoral contests.<sup>13</sup> For example, in the four years preceding the September 1973 coup there were four sets of elections: congressional elections in 1969 and 1973, presidential elections in 1970, and nationwide municipal elections in 1971.

The Constitution also called for the creation of the office of controller-general, to be filled by presidential appointment.<sup>14</sup> The controller-general's functions included oversight of the federal budget to ensure that budgetary enactments did not violate any provision of the Constitution.

The Constitution of 1925 also invested the office of the president with a great deal of power. This is understandable given the executive-legislative struggle that had preceded the adoption of the new constitution, the history of a strong executive in Latin America and throughout most of the nineteenth century in Chile, not to mention the worldwide trend toward strong national leaders in the face of the Great Depression. In the words of Federico Gil, "A Chilean president exercises such wide political, administrative, legislative, and on occasion, even judicial power that, in fact, the system might be designated as a legal autocracy."<sup>15</sup>

Among other prerogatives, the president had the authority to promulgate decree-laws, that is, executive decrees that had the force of law. Such decrees, once signed by the president and the pertinent cabinet ministers, were sent to the controller-general, who could refuse to accept them only if he felt that they were unconstitutional. When this somewhat rare situation arose, the president had the power to force approval by having his entire cabinet sign the decree, attesting to their belief that it stood entirely within the law.

Chilean presidents also had the right to appoint cabinet ministers and to remove them at will. Cabinet members, however, could also be removed from of-

office by a vote of accusation of abuse of power in the Chamber of Deputies and a trial in the Senate. A simple majority was needed in both houses. A president could also be removed from office by impeachment, but only on the basis of a two-thirds vote in both houses of Congress. One important limitation on presidential power was that the presidential term was set at six years, with consecutive terms prohibited.

Congress also had substantial powers. In addition to those cited, as well as the right to approve legislation and override a presidential veto, it was also given the authority to choose between the two highest vote-getters in cases in which no presidential candidate received an absolute majority of the popular vote. Because of the multiparty system, this was not an uncommon occurrence.

**The Party System.** Chile's multiparty system spanned the ideological spectrum, with no one party electorally dominant. In fact, post-World War II politics has been characterized as tripartite; that is, the Right, Center, and Left regularly polled about one-third of the popular vote.<sup>16</sup> This held true even though the size of the electorate greatly expanded during this period, due both to increasing population and to changes in the electoral rules, such as enfranchising women (1949), lowering the voting age from twenty-one to eighteen (1970), and enfranchising illiterates (1970). Above all, the party system was characterized by the ideological nature of political parties and the class-based nature of politics. Although the multiparty system was plagued by frequent party divisions and reshuffling of electoral and congressional alliances, the basic outlines of a significant Right, Center, and Left were maintained, with each group appealing to a different class configuration. There were also regional strengths, but these had much to do with the primary economic activity of the region.

Chilean party politics were also affected by external events. The rise of European fascism and of the East-West Cold War are two important world events that may help to illustrate how major occurrences can affect domestic politics. As a result of the rise of fascism in Italy and Germany, the international Communist movement called for the formation of antifascist coalitions. Three such popular fronts, alliances between Socialist and Communist parties and other Center-Left political forces, formed in the world. Two were in Europe—in France (1936) and Spain (1936)—but the third, in Chile (1938), took place thousands of miles from European fascism.

With the advent of the Cold War, Chilean politics were also affected. In 1948 the Chilean government passed a law outlawing the Communist Party. This act represented a dramatic change of course for the government, which up to that time had included Communists in its cabinet. In addition, Communists had been actively involved in electoral politics for several decades.

The contemporary multiparty system has its roots in nineteenth- and early twentieth-century Chilean political history. The first enduring parties to emerge after independence from Spain were the Liberals and Conservatives.

The members of two elite parties, termed by Chileans *pipiolos*, or novices, and *pelucones*, or bigwigs, differed over the role of the church in politics and the extent of political centralization. The Conservatives first dominated the presidency, but after 1871 the Liberals held sway until the Civil War of 1891. Although the two parties were competitors, by the early twentieth century they began to find common ground as parties formed to their left. Basically, the two constituted the major political groupings on the Right; they merged in 1967 to form the Partido Nacional (National Party; PN). The National Party represented owners of large farms, businessmen, and financiers. It also gained some support from middle-class sectors, especially small entrepreneurs, as well as peasants living in rural areas that were controlled by the large landowners. The basic ideological position of the National Party was one of support for the capitalist system, laissez-faire economics, and continued foreign investment in Chile.<sup>17</sup> It stridently opposed any structural reform in Chile and was virulently anti-Marxist.

Historically, the middle class in Chile had been represented by the Partido Radical (Radical Party; PR), which was formed in 1863 by dissident Liberals. The Radicals appealed to the emerging middle class of the time. Unlike their European counterparts, the Radicals' initial orientation was as much anti-Santiago (anticapital or anticenter) as it was anticlerical. This antimetropolis attitude accounts for the allegiance of prosperous landowners in southern Chile to the party. In other respects, these *latifundistas* held views similar to those of members of the Conservative Party during the late nineteenth and early twentieth centuries. The PR also appealed to workers in the northern nitrate mining areas during the late nineteenth century.<sup>18</sup>

Support for the Radical Party, then, was heterogeneous. Although much of the popular vote for Radicals came from the middle sectors (especially small merchants, artisans, and skilled craftsmen), landowners and even some workers became loyal followers. This heterogeneity explains, in large part, the party's shifts from Left to Right to Left again and its splintering in the late 1960s and early 1970s. Especially from the 1930s on, the PR acted like an ideological pendulum.

The first electoral success of the Radical Party came in 1920 with the election of Arturo Alessandri to the presidency. His victory marked the emergence of the middle class as a political force to rival that of the upper classes.<sup>19</sup> The heyday of the PR was during the 1940s, when it controlled the presidency. The party continued strong until the 1950s, when its role as representative of the middle class was challenged by a new party, the Christian Democrats. By the 1970s the Radical Party had splintered into several groupings and had become a small electoral force.

The Partido Demócrata Cristiana (Christian Democratic Party; PDC) began as a split-off from the Conservative Party in the 1930s. The men who organized the PDC had originally been leaders in the Conservative Party Youth Movement but left it to form the Falange Nacional. In 1957 they merged with several other

groups and changed the name of the party to its current title, in part to change its image and to gain additional support. Thereafter, the party grew very quickly. In 1958 the party's presidential nominee, Eduardo Frei Montalva, won almost 21 percent of the national vote. Frei was elected president in 1964. By the 1960s the Christian Democrats had developed into the largest single political party in Chile, obtaining close to a third of the popular vote in congressional elections.

The PDC evolved its own progressive Christian ideology, quite distinct from that of its political parent. Its founders, including Eduardo Frei, Bernardo Leighton, and others, inspired by the Christian humanitarianism of French philosopher Jacques Maritain, developed the concept of communitarianism as an alternative to the theories of capitalism, on the one hand, and Marxism, on the other. They brushed aside the fatalism of traditional Catholicism in favor of a this-world approach.<sup>20</sup> Their ideals and modern outlook, as well as their Christian perspective, made them popular with many in the middle class—especially professionals, intellectuals, students, bureaucrats, technocrats, and white-collar employees (the new middle class as it were), as well as among women and practicing Catholics. It was estimated that in the 1960s the overwhelming majority of professionals supported the PDC.<sup>21</sup>

However, different interpretations of what the PDC represented also surfaced. For some, such as Jacques Chonchol and Julio Silva Solar, communitarianism was linked with socialism; they critiqued the capitalist system itself as incapable of creating a just society. For others, especially Eduardo Frei, it was not necessary to jettison capitalism in order to achieve justice. Moreover, economic growth and greater efficiency were also deemed necessary. The latter meant working with all societal forces, including capitalists.<sup>22</sup>

As a result of presidential candidate Frei's critique of the economic status quo, his promise of economic growth, and his push for multiclass support, beginning in the late 1950s the PDC also gained support from segments of the lower class. In particular, the party attracted urban marginals. This group, living in hastily built squatter settlements ringing Santiago, had not been politically mobilized by the traditional Left political parties even though they constituted a potentially significant source of electoral support. The PDC's 1964 presidential election platform directly appealed to this group with its Popular Promotion Program. The party also attracted some support in rural areas from peasants who had gained land under President Frei's agrarian reform program. In sum, the Christian Democrats had a large and multiclass base of support.

The last two major political parties, the Socialists and the Communists, constituted the main forces on the political Left. The Communist Party was the first to form, organizing in 1912 under the name Socialist Workers' Party. It had an even earlier precursor, the Partido Democrática, which had formed in 1887 to voice popular demands for a more open political system. In 1921 the Socialist Workers' Party joined the Third International and changed its name to the Partido Comunista (Communist Party; PC).

The PC was primarily working class in composition. Much of its support came from urban industrial workers centered in the large cities of Santiago, Valparaíso, and Concepción, as well as in the northern mining areas. All of these are regions of heavy industrial concentration, comprising steel, copper, nitrate, coal, textiles, and manufacturing activities. It has been estimated that 70 to 75 percent of Communist Party members were workers.<sup>23</sup> This support was reflected in Communist control of much of the trade union movement, especially in the unions comprising the main trade union association, the Central Unica de Trabajadores (Central Workers' Confederation; CUT).

During the 1920s the Communist Party was quite radical in ideology and was frequently harassed by the government. Dictator General Ibáñez banned it. In the 1930s, however, the party moderated its tone, although it remained of scant importance electorally. In the 1932 elections, for example, the PC polled less than 2 percent of the vote. By the 1937 congressional elections, the PC garnered 4 percent of the vote, electing six *diputados*.<sup>24</sup> It was by then a small but viable party.

The Communists were disciplined and did not suffer the internal divisions endemic among Socialists. In part this was because the Communists accepted the Soviet Union as the leader of the socialist world. As a result, they tied their positions on many issues, especially international ones, to the Soviet Communist Party. The party practiced democratic centralism, which meant that disagreements were to remain within the party and that, once a decision had been reached by the party, all members were expected to support it.

The Communists' basic strategy for achieving revolutionary change in Chile, adopted in the 1930s, was based on the concept of forming a broad alliance of all parties and social groups in favor of social change. The Communists believed that because the big economic interests opposed to reform, namely large-scale landowners and businessmen, constituted a very small number in society, the vast majority of Chileans could be rallied to the cause of change. Forging such a majority meant that they could come to power through the electoral system. The Communists held firm to this position even when they were outflanked on the left by their seemingly more revolutionary comrades, the Socialists.

Even though it shared the left of the political spectrum with the Communists, the Partido Socialista (Socialist Party; PS) differed from the PC in terms of its support, its origins, and its ideological predispositions. The party formed in 1933 as a result of the twelve-day Socialist Republic led by General Marmaduke Grove.<sup>25</sup> Its acknowledged father and head in the early years was Grove, who had become convinced that a Socialist Party could become an important force within the established political system. The party's popularity was quickly established in presidential and congressional elections in the 1930s, justifying Grove's belief.<sup>26</sup>

The party's heterogeneous base of supporters was drawn from rural and urban proletarian and middle-class sectors, including substantial numbers of professionals, students, white-collar workers, and intellectuals, largely from the

provincial middle class. In addition, the Socialists drew significant support from lower-middle-class groups in the provinces and also exerted some influence over the peasantry.

From its birth the PS differentiated itself ideologically from the Communists. It aimed to be a national party, a Chilean party, which based its ideology and aspirations on national ideals and needs, rather than on foreign—including Soviet—ones. It was envisaged as a party that disavowed dependence on non-Latin American foreign political forces or movements for inspiration or support.<sup>27</sup> One of the watchwords of the party from its early days was nationalism.

The Socialists also looked to South America for inspiration, believing that by virtue of culture and history Chile shared much with the rest of the southern continent. They were strongly influenced in their early days by Haya de la Torre's Alianza Popular Revolucionaria Americana (American Popular Revolutionary Alliance; APRA), in Peru. APRA stressed a continental view, anti-imperialist, with an emphasis on Indio-American values. The Socialists' emblem, an Indian hatchet superimposed on a South American map, is indicative of this orientation.<sup>28</sup>

Although both Socialists and Communists believed in a transition to socialism, there were a number of significant ideological differences between the two that were grounded in divergent understandings of the path to take and the means to attain it. Although both parties agreed in general terms that change could be obtained by electoral means, the Communists were by far firmer in their adherence to this view than were the Socialists. The latter questioned the limits of this strategy and urged consideration of the insurrectionary strategy, especially after the Cuban Revolution of 1959. There was also conflict over interpretation of the electoral strategy itself.

The two parties disagreed over the best type of coalition to implement the electoral strategy. The Communists, as noted earlier, consistently expounded the view that a broad coalition of all progressive and anti-imperialist forces was necessary. Over the years they worked to form alliances with Radicals and Christian Democrats. The Communists based this position on an interpretation of the concept of the principal enemies of the Left, which they defined as the forces of the Right—the *latifundistas*, financiers, and industrialists, as well as world imperialist powers, most notably the United States. These were the groups who were responsible for Chile's underdeveloped status, and in order to combat them, unity of all who opposed them was necessary. The Socialists, however, believed that only a narrower, class-based coalition could lead to success at the polls and to successful social revolution in Chile. Centrist parties, particularly the PDC and the Radicals, were viewed as mere reformists who would back away from truly revolutionary measures. In fact, many Socialists regarded them, as much as the Right, as principal enemies of the Left.

The ideological positions of the two parties were also influenced by international politics, especially by their views of the international Socialist and Communist movements. For example, the two differed heatedly over the role of the

USSR in the international Communist movement and over the proper relationship of the Chilean Left to this movement. Although the Communists acknowledged the USSR as the head of the international Communist movement and supported Soviet foreign policy, the Socialists believed that the Chilean Left should never subordinate itself to any foreign movement. Events such as the Stalinist purges, the German-Soviet pact in 1939, and the uprisings in Hungary in 1956 and Czechoslovakia in 1968 had repercussions within the Chilean Left, deepening the differences between the Communists and the Socialists.

The Socialist Party also differed from the Communists in terms of its internal processes, especially in how it dealt with ideological disagreements. The party was prone to fragmentation because of internal ideological differences as well as because of personality conflicts and a heterogeneous social base. From its inception, the Socialists' ideological roots, as well as the party's social bases, were varied. In the 1930s the party had anarchist and Trotskyite tendencies, even while it was headed by General Marmaduke Grove, a non-Marxist.<sup>29</sup> In the 1940s and 1950s the party was especially prone to factionalism, and the divisions became quite byzantine.<sup>30</sup> In the period after 1973 the party splintered again; at one point, there were seven or eight Socialist groupings. It was only in December 1989, after Patricio Aylwin's presidential election victory, that the two main branches of the still-divided party reunited.

There were many other smaller political parties in Chile over the course of the twentieth century. They include two that split off from the Radical Party and joined with the opposition to Allende, the Partido de Democracia Radical (Democratic Radical Party; PDR) and the Partido Izquierda Radical (Left Radical Party; PIR). There were also two splinter groups from the Christian Democrats that joined the Allende forces, the Movimiento de Acción Popular Unitaria (Movement for United Popular Action; MAPU) and the Izquierda Cristiana (Christian Left; IC). And there were three other groupings: the Unión Socialista Popular (Popular Socialist Union Party; USOPO), the Partido Democrático Nacional (National Democratic Party; PADENA), and Acción Popular Independiente (Independent Popular Action; API).

Two other important political groups were nonelectoral movements, the Movimiento de Izquierda Revolucionario (Movement of the Revolutionary Left; MIR) and Patria y Libertad (Fatherland and Liberty). The MIR formed in the 1960s and patterned itself after Fidel Castro's guerrilla organization, the July 26th movement. Fatherland and Liberty organized after Allende's election victory in September 1970, with the aim of preventing his coming to office. Once Allende took office, it attempted to overthrow him through violence. Both organizations attracted the young, and just as many in the MIR were the radicalized children of Socialist Party members, many in Fatherland and Liberty were the children of National Party militants.

All of the major political parties enjoyed national office during the period of constitutional rule after 1932. However, most were able to rule only by means



of electoral alliances with other political parties. After the 1973 military coup the political parties that had made up the Allende coalition were banned, and all others were declared in recess by the military junta. Four years later, in 1977, the remaining legal parties were dissolved by the military. Although it was considered illegal to do so, political parties continued to operate; in 1983, when massive popular protests against military rule began, the parties began to reemerge. During the last years of the Pinochet regime a political party law was passed, and the parties began to reemerge officially.

With the basic configurations of the political system and party structure in mind, we can now look at the governments that preceded Allende during the 1932 to 1970 democratic period and the development policies they supported. The next section briefly outlines these policies. During the course of the book I will explore in greater detail the political consequences of this multiparty system working within a democratic political system in an underdeveloped, dependent economy.

### *Adoption of a Growth-Directed Inward Model*

Although Chile now had a stable, constitutional political system, its leaders still had to confront the dilemma that faced other Latin American countries hurt by the Great Depression: How were they to salvage their economies from the doldrums? For some in the Center-Left, the question of how to achieve economic growth also included the issue of how to achieve social equity. Beginning in the 1930s, the country turned away from the export-oriented or growth-directed outward model and replaced it with a new development strategy, that of a growth-directed inward model. This approach to economic development emphasized industrialization through import substitution. Products that had formerly been imported would now be produced domestically, which would create both native industries and jobs for the unemployed. It would also help the balance of trade deficit because products would be manufactured locally instead of being imported. The growth-directed inward strategy emphasized industrialization in part because this was how the economically advanced nations had achieved prosperity. Thus, leaders believed that industrialization would create more modern and prosperous societies. The industrialization programs changed society. Peasants migrated to the cities in search of work, and a working class grew. In addition, the industrialization strategy called for a more activist state to guide the industrialization process.

**The 1938 Popular Front Government.** The implementation of this strategy went hand in hand with the coming to power of a new kind of coalition, the Popular Front, a Center-Left alliance that included the Radical, Socialist, and Communist parties. The Popular Front's presidential nominee, the Radical Pedro Aguirre Cerda, won the 1938 election. The new government, which had

Radical and Socialist ministers, advocated greater state intervention in order to stimulate industrialization. In 1939 it established an agency, the *Corporación de Fomento de la Producción* (Development Corporation; CORFO), whose purpose was to expand the industrial base of the economy by setting up new, publicly owned industrial plants.<sup>31</sup> Some of these were electrical, iron, and steel plants and mines. Once established, a plant might remain in state hands; however, many were turned over to private businessmen. CORFO operated as an autonomous agency under the Ministry of the Economy.

The Popular Front government, however, was in no way revolutionary; for example, it did not support change in the agrarian sector. This is not surprising, since many Radicals, including the president, were landowners. In fact, despite efforts by the Socialists and Communists in the early days of the Popular Front to allow rural unionization, the Left parties agreed to its suspension. As a result, peasant efforts to unionize were met with repression under the Popular Front.<sup>32</sup>

The Popular Front experience in Chile ended with the sudden death of Aguirre Cerda in 1941. For a decade after this, Radicals, with the support of the Communists, continued to control the presidency. The Socialists by then had become disenchanted with the arrangement because they felt short-changed in the alliance. Succeeding Radical governments were even less in favor of social change than the Radicals had been during the Popular Front period. The Juan Antonio Ríos government (1942–1946) maintained the administrative order prohibiting rural unionization. In 1948, under the influence of the U.S. Cold War stance, Radical president Gabriel González Videla (1946–1952) supported the Law for the Permanent Defense of Democracy, which outlawed the Communist Party. The Defense of Democracy law marks the end of the period of Left alliance with the Radicals, along with any hope for structural reform under Radical governments.

**The Presidency of Carlos Ibáñez.** The 1952 presidential election, which was won by former dictator Carlos Ibáñez—now reborn as a self-styled populist—appeared to signal a change in politics. Although Ibáñez, in adopting a populist electoral stance, claimed that he spoke for the poor and even gained the support of an important segment of the divided Socialist Party for a few years, he accomplished little during his administration. Despite Ibáñez's ineffectiveness, he did succeed, in 1957, in fulfilling his campaign promise to legalize the Communist Party. This set the stage for a newly strengthened coalition on the Left. The now-legalized Communists and a reunited Socialist Party, looking toward presidential elections the following year, formed an electoral alliance in 1957.

### *Tripartite Politics and Development Issues*

Before the 1950s the Radical Party, which swung between the political Right and the Left, had dominated the Center. By 1958 its prominent position had

been taken over by the Christian Democrats, who became the largest single party in Chile. The tripartite political split was maintained. The three political forces were close in terms of electoral support, which meant that very small changes in voting preferences could create quite drastic shifts in political fortunes. As a result, from 1958 through 1970 the Right, Center, and Left each governed from the presidential palace.

The conflict among these contending political forces centered around the proper role of the state, the attainment of social justice, and the meaning of development. The issues were clearly drawn: On the one hand, there was an advocacy of structural reform, especially land reform and control over copper, an increased role for the state, and a shifting of resources and power toward the poor, either within a capitalist framework or as part of a transition to socialism; on the other, a continuation of monetarist, free market, growth-oriented economic policies was advocated. Because of the tripartite division, under democratically elected leaders from 1958 to 1973 three distinct models of development, supported by distinct class alliances, were applied.<sup>33</sup>

**The Government of Jorge Alessandri.** The Right, represented by the Liberal and Conservative parties, and supported by the Radical Party, emerged victorious with the election of Jorge Alessandri to the presidency in 1958. Alessandri, the son of former president Arturo Alessandri, garnered a mere 30,000 more votes at the polls than the runner-up Left candidate, Salvador Allende, in the 1958 presidential election. Alessandri's administration (1958–1964) implemented an orthodox, capitalist model of development. Alessandri followed the prescription of encouraging private capital and foreign investment, assuming that the market system would speed development and that its benefits would trickle down to the poor. In addition, his economic development strategy basically followed monetarist policy; that is, he used fiscal policy to control the money supply and hold down inflation. He adhered to the free market system, encouraging private, including foreign, investment because he believed that this would speed economic development. The Right was essentially the expression of the landowning and business interests, as well as a segment of the small entrepreneurs, merchants, and middle-class people fearful of social change.

Despite this political orientation Alessandri was forced to accept, at least on the surface, one aspect of structural reform: land reform. The impetus for this change was external. U.S. President John F. Kennedy, elected in 1960, had fashioned a new policy toward Latin America called the Alliance for Progress. An integral part of the program was the perceived need for the adoption of structural reforms, especially land reform. Working with U.S. academics, Kennedy had become convinced that the only way to eliminate the Communist threat in the Western Hemisphere, made palpable by the January 1959 Cuban Revolution, was to eliminate the root cause of revolution—poverty. In essence,

Kennedy adopted the Economic Commission for Latin America (ECLA) view that certain structural reforms were necessary in order for real economic development to take place. U.S. foreign aid was to be linked with domestic structural reforms in Latin America, as well as the maintenance of democracy. Although Kennedy's program was in many ways naive, especially its assumption that the governing elites would legislate away their sources of wealth, it did at least create the impetus in Latin America for such legislation.

Thus it was under Jorge Alessandri's administration that an agrarian reform law was passed in Chile in 1962. As part of the legislation, an executive agency, the *Corporación para la Reforma Agraria* (Agrarian Reform Corporation; CORA), housed under the Ministry of Agriculture, was formed to carry out the law. However, the 1962 Agrarian Reform Law was not intended to change the nature of class relations in the countryside. As an indication of this, the land reform program was referred to by the opposition as the flowerpot reform.<sup>34</sup> Under Alessandri the law was used principally to colonize sparsely settled areas, using government-owned land, instead of redistributing more fertile land held in private hands. The land reform law, however, did give the opposition political parties a foot in the door regarding agrarian reform.

**The Government of Eduardo Frei.** By the 1960s the concept of structural reform swept Latin America. Candidates calling for structural reform, especially land reform, won office in a number of countries. The two succeeding presidents, Eduardo Frei (1964–1970) and Salvador Allende (1970–1973) both sought to implement structural reforms in Chile, along the lines of ECLA economist Raúl Prebisch's analysis of the need for structural reform in Latin America. However, Frei's approach assumed the maintenance of a capitalist system conjointly with structural changes such as land reform and the buying out of a majority share of Chile's main export earner, copper, from its U.S. owners, and Allende's advocated an abandonment of capitalism in favor of a transition to socialism.

Structural reformers who accepted the capitalist system in the 1960s were supported by Kennedy's Alliance for Progress program and, sometimes, more directly by the U.S. government. Chile was a case in point. Presidential candidate Frei, who promised to bring change democratically to Chile, was vigorously supported by the United States. Frei was head of the Christian Democratic Party, which had overtaken the Radical Party and was now the main voice of the middle sectors.

The September 1964 presidential race, however, differed from those preceding and following it in Chile because only two of the three political groupings presented serious candidates. A three-way congressional by-election in Curicó in March of that year had been won by the Left. This rural area had formerly been a stronghold of the Conservative Party. Fearing such an outcome at the national level, the Right decided to forgo presenting its own candidate and

to throw their support to the centrist candidate, Frei, as the lesser of two evils. The decision by the Right not to field a candidate and, instead, to support the Christian Democrats, meant that the contest was essentially between the PDC's Frei and the Left's candidate, Salvador Allende. As in 1958, Allende was the candidate of a coalition of Communists and Socialists called the Frente Revolucionario de Acción Popular (Revolutionary Front of Popular Action; FRAP), which had formed in 1957.

Frei, supported by the United States, waged a campaign that both favored moderate structural change and was strongly anticommunist in tone. The PDC represented themselves as advocating a third option to the unbridled capitalism of the Right, on the one hand, and the Marxism of the Left, on the other. Theirs was a position of communitarianism, which, they said, advocated nonindividualist, community responses to social and economic problems. Frei's campaign slogan, *Revolution in Liberty*, was also designed to remind Chileans that the Left, once in power, might sabotage Chile's constitutional democracy, whereas he would not. In U.S. Senate hearings chaired by then-senator Frank Church (D-Idaho) on the actions of the Central Intelligence Agency (CIA) in the early 1970s, U.S. funding of a 1964 "campaign of terror" against the Chilean Left came to light. For the United States as well as the Chilean Right, Frei represented the better of the two choices.

Frei not only won the 1964 election but also—because there were only two major candidates—gained a majority of the votes, 56 percent, as opposed to Allende's 39 percent. Clearly, Frei won this substantial electoral victory because the Right had thrown their weight to the PDC; however, this was not necessarily a permanent state of affairs. The people who voted for Frei represented very different economic and political interests. Ultimately, it would prove impossible for Frei to satisfy all of them. If he opted for speedy change, he risked alienating the Right, but if he avoided implementing reform or slowed down the process considerably, he risked the wrath of Christian Democrats who had supported him, assuming change.

Finally, although Frei had won an absolute majority of the votes cast, his party did not control the Congress. Even with the ample powers of the executive branch of government, the PDC had only partial power. In order to get legislation passed, the PDC would need the support of either the Right or the Left. Although in the early days, it might have appeared that the Right was in a sort of informal alliance with the Christian Democrats, it is also clear that they would not support any legislation whose purpose was to change the economic balance of power in Chile. The Left, alternately, needed to be convinced that any reform program went far enough and, perhaps as important, that they would not be hurting their own social bases by allowing the PDC to get credit for carrying out social change.

Once in power, President Frei advocated a program of moderate structural reform, coupled with a program to mobilize the poor. First of all, the PDC wanted

to modify the 1962 Agrarian Reform Law to allow for the expropriation and redistribution of large landholdings, those over 80 basic hectares (approximately 200 acres).<sup>35</sup> The landowner would have the right of reserve of 80 basic hectares, could choose which 80 hectares that would be, and could keep livestock and machinery. The rest of the farm was to be expropriated and redistributed to peasants to farm communally for three to five years. After this time they could opt to maintain the farm as a cooperative or to divide the land up and receive individual land-ownership titles. The cooperatives were called *asentamientos*. The landowner whose land was expropriated was to be reimbursed for the loss. Payment was to be based on the value assessed for tax purposes, with a certain percentage paid out in cash right away (up to 10 percent). The remainder was to be paid out over the course of twenty-five to thirty years, with the amount adjusted for inflation.<sup>36</sup> A principal aim of Frei's land reform program was to modernize the agricultural sector. After much debate, the bill was approved in 1967.

Frei promised that the land reform program would change the lives of 100,000 peasants. At the end of his term, only 20,000 peasants had been affected by the program, with the reformed sector accounting for 15 percent of the country's agricultural lands.<sup>37</sup> Even though the land program had gone more slowly than many had anticipated, landowners were opposed to it and resisted the expropriation process. Frei's agrarian reform program turned out to be the death warrant for any PN-PDC alliance for the 1970 presidential elections.

The other major structural reform advocated by the Christian Democrats dealt with the copper industry. The PDC proposed to Chileanize copper, that is, to take control of the foreign-owned copper mines that provided about 85 percent of all of Chile's export earnings by buying out 51 percent of the U.S. interest in the copper companies. The PDC believed that this would give Chile effective control over its major resource. In addition, the state was to promote industrialization and production, so that Chile would not be so dependent on foreign imports. In this, as in agrarian reform, the initial goals were not met. Although the government was able to buy out a majority of one of the copper companies (La Exótica), the biggest ones remained in U.S. hands (Chuquicamata, El Salvador, and El Teniente). In addition, the Chileans had anticipated that the money they paid to become part owners in the copper mines would then be reinvested and that copper production would increase substantially. This did not occur, either.

The PDC also proposed a program called Popular Promotion, which was designed to organize and mobilize a segment of the poor who had come to the cities and had settled in undesirable areas, many of them in the periphery of Santiago. Once in Santiago, despite the aim of bettering their lives, these people found it difficult to find steady employment and decent housing. The housing situation was particularly acute, and many of these people settled or illegally squatted on quite inhospitable land, near garbage dumps or on the banks of rivers. The housing itself often was without amenities such as electricity, running water, or sewage systems. In addition, Left political parties, which in general looked for support

among the poor, up to that point had not been very successful at mobilizing and gaining the loyalty of these people. Thus the PDC found a large group that was politically available; shantytown dwellers needed both economic and social benefits and might well give their vote to the first party that addressed these needs. Once in office, the PDC Popular Promotion Program was designed to help these people organize themselves to agitate for change and to gain needed resources from the state. Part of the program was to encourage the establishment of local neighborhood councils, *Juntas de Vecinos*, which were elected by the local residents. Another was the establishment of mothers' centers, *Centros de Madres*, where women learned about nutrition and child care and were taught handicraft trades to augment their incomes. In essence, the idea was to encourage grassroots activity, especially having these organizations act as a pressure group on the government rather than having the state mandate programs for the poor.

All did not go as the PDC had hoped, however. There was disagreement and increasing unhappiness about the speed and ultimate intent of the PDC reforms. The Right, which had lent its support to Frei, was unhappy about the agrarian reform law of 1967 and its implementation. There were even acts of violence against officials of the CORA. The Left believed that not enough was being done. Among the populace, many expectations had been raised that could not be met.

In addition, there was conflict within the PDC as well. By 1967, midway through Frei's six-year term, the party, divided in three groups, began an internal discussion about the direction the government should take in its remaining three years in office. One group, led by Jacques Chonchol, an architect of the agrarian reform program, wanted the PDC to push ahead with its reforms, especially land redistribution. Chonchol wrote a document called "A Non-Capitalist Route to Development," which he hoped would be adopted as the party and government program for the 1967–1970 period. His group was called the rebels, or *rebeldes*. The second group, which included Frei, was termed the officials, or *oficialistas*. This group believed that the process of change should not go too fast, and they were not in favor of a noncapitalist solution to Chile's economic problems. Furthermore, Frei was upset because he felt that as president, he should have great latitude in determining policy, rather than have the party dictate policy to him. The last group, which favored more speedy social change, but was more firmly entrenched in the party, was called the Third Group, or *terceristas*. This faction included many figures from the period of the party's formation, including Radomiro Tomic, who was to become the party's standard-bearer in 1970.

Although those in favor of more speedy change were in control of the central party apparatus in 1967, Frei was able to take control and prevent the Chonchol proposal from being adopted. As a result, the party split in 1969. The rebel group, led by Jacques Chonchol, left to form a Socialist Christian, but non-Marxist group, MAPU. In 1970 MAPU allied with the Socialists and Communists and, along with others, formed a larger left coalition, the *Unidad Popular*.

Christian Democratic control of the presidency had initiated some important economic and social changes in Chile. However, their program was not a prescription for revolutionary change; it did not reject capitalism. Rather, it was a program of reform, for greater efficiency and modernization within an essentially capitalist economy. What the Frei presidency did accomplish was to demonstrate that structural change, such as land reform, was politically feasible. In order to achieve these goals, Frei had to expand the role of the state in overseeing the economy, as well as the social programs that his administration enacted. Frei's support was multiclass, including middle-class sectors, some workers and peasants, and some would argue, some segments of the Chilean bourgeoisie, who initially at least saw his reforms as a lesser evil than Allende's Marxism.<sup>38</sup> In order to attain this popular support, Frei mobilized the urban poor with his Popular Promotion campaign and won peasant support among those who were granted land under his agrarian reform program.

In terms of its impact on politics, the 1964–1970 period had awakened great expectations on the part of the poor—workers, peasants, and the urban poor—who expected the state to enact programs that would help change their life circumstances. In this, they were disappointed, because the Frei administration's achievements in terms of land redistribution and the control of copper were far below what had been expected. The popular expectations, however, were to play an important role for the next administration, that of the Socialist, Salvador Allende.

**The Government of Salvador Allende.** Salvador Allende, elected as the head of a revolutionary coalition, clearly articulated a different approach. Allende's campaign platform was based on the concept of beginning the construction of socialism in Chile. A Marxist, Allende believed that it was the capitalist system itself that created and maintained poverty in the Third World because it was inherently exploitative of workers and peasants. Thus, structural reforms, such as land reform and nationalization of industries, were intended to lay the groundwork for a transition from capitalism to socialism by shifting the balance of economic power away from the bourgeoisie, the economic elite who owned the major farms and industries, to the masses. Workers and peasants would have greater power; the state, in overseeing an enlarged state or social sector of the economy, as it was called, would act in the interests of the poor.

**Post-Allende Politics: A Return to the Market.** General Pinochet, who overthrew Allende, rejected his worldview and attacked the idea of an activist state. Instead, Pinochet talked about the need to modernize Chile, with the exclusion of political liberties. Working with the so-called Chicago Boys, the military government outlined a neoliberal economic plan for national development to modernize Chile.<sup>39</sup> For Pinochet, this model of development meant freeing market forces, privatizing vast segments of the economy, and withdrawing the



state from its previous role in overseeing economic and social change. The economic liberalization model, however, was coupled with political repression.

In December 1989 military rule gave way to civilian faces when a Center-Left coalition defeated the military's candidate in the presidential race. The new president, Patricio Aylwin, who took the oath of office in March 1990, has largely maintained the economic model while trying to pay greater attention to the social needs of the poor. The same coalition elected its second president, Eduardo Frei Ruiz-Tagle, son of Eduardo Frei Montalva, in 1993, for a six-year term of office. Under Frei, the economy has continued to thrive and rates of poverty have further declined.

Over the longer term, it is not clear whether other development policy alternatives will emerge or how successful democratically elected political leaders will be in overseeing economic development and in eliminating the poverty in which a large number of their citizens live. It is clear, however, that the newly gained political freedoms are ultimately linked to economic success and are, in the long run, imperiled by gaping inequities.

These are the development models around which political conflict swirled in Chile. I will focus in succeeding chapters on the revolutionary efforts of Salvador Allende, who struggled to transform his country into a socialist society, on the Pinochet regime, which aimed to reverse these efforts and to re-create Chile, and on the post-1990 Center-Left civilian governments. Allende's revolutionary approach was designed to aid the poor and change the balance of power in society away from the economic elite of Chile. Pinochet's project demobilized the lower classes and allowed large-scale capitalists both to produce and to consume most of Chile's wealth, even while they were excluded from wielding political power. Civilian presidents Aylwin and Frei have returned Chile to constitutional rule and worked within a free market model to maintain overall economic stability and growth. They have been so successful that Chile today is called the "jaguar of Latin America." Whether or not their actions constitute an end to the debate over development is an issue I explore.

The chapters in Part Two examine Chile's experiment with socialism. In Chapter 2, I outline the program of Allende's Popular Unity coalition, which was intended to initiate the transition from capitalism to socialism in Chile. In Chapter 3, I focus on the major events of the Allende years and the political consequences of the strategy of nonviolent revolution. In Chapter 4, I examine the factors that led to the collapse of constitutional democracy and to the military coup of 1973.

## NOTES

1. From my notes, September 12, 1973.
2. For a discussion of classes in Latin America see, for example, Gary Wynia, *The Politics of Latin American Development*, 3d ed. (Cambridge: Cambridge University Press, 1990), chapters 3 and 4.

3. See Janice Perlman, *The Myth of Marginality* (Berkeley: University of California Press, 1976).

4. See, for example, David Slater, ed., *New Social Movements and the State in Latin America* (Dordrecht: FORIS, 1985), especially the chapter by Tilman Evers, "Identity: The Hidden Side of New Social Movements in Latin America," pp. 43–71. For Chile, see Jorge Chateau et al., *Espacio y poder: Los pobladores* (Santiago: Facultad Latinoamericana de las Ciencias Sociales, hereafter FLACSO, 1987); Teresa Valdés, "El movimiento de pobladores, 1973–1985: La recomposición de las solidaridades sociales," pp. 263–319 in Jordi Borgia et al., *Decentralización del estado: Movimiento social y gestión local* (Santiago: FLACSO, 1987); and Philip Oxhorn, "The Popular Sector Response to an Authoritarian Regime: Shantytown Organizations Since the Military Coup," *Latin American Perspectives* 18, no. 1 (Winter 1991): 66–91.

5. See, for example, Alejandro Foxley, *Latin American Experiments in NeoConservative Economics* (Berkeley: University of California Press, 1983).

6. Not only was Chile far from the Indian empires of the Inca or the Aztecs but also it seemed to the conquerors to have few sources of wealth. In addition, the existence of the fierce Mapuche or Araucanian Indians made control of the territory difficult. Although Santiago was founded in the mid-sixteenth century, it was not until the middle of the nineteenth century that the Mapuche Indians were subdued.

7. Data from Celso Furtado, *Economic Development in Latin America* (New York: Cambridge University Press, 1970), pp. 54–55.

8. Federico Gil, *The Political System of Chile* (Boston: Houghton Mifflin, 1966); and Brian Loveman, *Chile: The Legacy of Hispanic Capitalism* (New York: Oxford University Press, 1988).

9. Thomas Skidmore and Peter H. Smith, *Modern Latin America*, 2d ed. (New York: Oxford University Press, 1989).

10. See, for example, Maurice Zeitlin, *The Civil Wars in Chile* (Princeton: Princeton University Press, 1984); Charles Pregger-Román, "The Origin and Development of the Bourgeoisie in Nineteenth-Century Chile," *Latin American Perspectives* 37/38 (Spring/Summer 1983): 39–57; and Michael Monteón, *Chile in the Nitrate Era* (Madison: University of Wisconsin Press, 1982).

11. Skidmore and Smith, *Modern Latin America*, p. 115.

12. Even as late as the 1960s and 1970s, copper still accounted for between 70 and 80 percent of Chile's export earnings.

13. The Chamber of Deputies was to be reelected every four years, along with half of the Senate. Senators served for eight years. Presidents served for nonsuccessive six-year terms. Presidential, congressional, and municipal elections were staggered such that they did not take place at the same time.

14. The office of controller-general was added to the Constitution by amendment in 1943. It had been in existence since 1927, however. Gil, *Political System of Chile*, p. 97.

15. *Ibid.*, p. 92.

16. See, for example, Joan Garcés, 1970: *La pugna política por la presidencia en Chile* (Santiago: Editorial Universitaria, 1972).

17. However, the National Party voted in 1971 in Congress in support of a constitutional amendment nationalizing the U.S.-owned copper companies. This demonstrates the high degree of support for control over what was then Chile's most important natural resource.

18. See, for example, John Reese Stevenson, *The Chilean Popular Front* (Philadelphia: University of Pennsylvania Press, 1942).

19. The history of the Radical Party and its popular bases are discussed in various works. See, for example, Rene León Echaiz, *Evolución histórica de los partidos políticos chilenos* (Santiago: Editorial Francisco de Aguirre, 1971).

20. Michael Fleet, *The Rise and Fall of Chilean Christian Democracy* (Princeton: Princeton University Press, 1985), p. 44.

21. The support of the PDC is discussed in Gil, *Political System of Chile*. Gil's work is quite time-bound, however, because it was published in 1966. The formation of the Movement for United Popular Action (MAPU), a splinter group of the Christian Democrats, which appealed to young professionals, and its subsequent union with the Left postdates Gil's book.

22. Fleet, *Christian Democracy*, chap. 2.

23. See, for example, Gustavo Canihuante, *La revolución Chilena* (Santiago: Biblioteca Popular Nascimento, 1971), p. 226; and Eduardo Labarca Goddard, *Corvalán: 27 horas* (Santiago: Editorial Quimantú, 1972).

24. Germán Urzúa Valenzuela, *Los partidos políticos Chilenos, las fuerzas políticas* (Santiago: Editorial Jurídica de Chile, 1968), p. 81.

25. Prior to 1933 three small Socialist parties had existed. Because these three merged in 1933, this is the date commonly given for the birth of the party.

26. In the 1932 presidential elections, Grove ran as the Socialist candidate for president, coming in second with 18 percent of the vote. In the 1937 congressional elections, the Socialists received 11.2 percent of the vote. From a publication of the Chilean government, *Dirección del registro electoral* (Santiago: N.p., n.d.); Urzúa Valenzuela, *Los partidos políticos Chilenos*; and Stevenson, *Popular Front*, p. 57.

27. See, for example, a work by a leading socialist theorist, Julio César Jobet, "Trayectoria del Partido Socialista de Chile," in *Arauco*, no. 63 (April 1965): 5–16.

28. Paul Drake, *Socialism and Populism in Chile, 1932–1952* (Urbana: University of Illinois Press, 1978).

29. *Ibid.*, chap. 5.

30. One example will serve to illustrate this. In 1948 the Socialists divided over the law outlawing the Communist Party, which had been passed in the immediate Cold War atmosphere after World War II. One faction, which kept the name Socialist Party (PS), supported the law. The other, the Partido Socialista Popular (Popular Socialist Party; PSP), which opposed the law, contained most of the leaders and members of the original party. In 1951–1952, when it became clear that this second party, the PSP, was going to support the candidacy of General Carlos Ibáñez, Salvador Allende, who had been in the PSP, left the party because he disagreed with the decision. Allende managed to gain control of the other Socialist party, the PS. In 1952 he ran for the presidency of Chile, opposing Ibáñez. In this he was supported by the Communist Party, even though it was the PS that had supported the Radicals in 1948 against the Communists. It might also be noted that it was General Ibáñez, as president, who pushed through the law making the Communist Party legal once again.

31. Reinhard von Brunn, *Chile: Con leyes tradicionales hacia una nueva economía?* (Santiago: Instituto Latinoamericano de Investigaciones Sociales, hereafter ILDES, 1972), pp. 16–17.

32. For a discussion of this see, for example, Brian Loveman, *Struggle in the Countryside: Politics and Rural Labor in Chile, 1919–1973* (Bloomington: Indiana University Press, 1976).

33. Barbara Stallings illustrated this well in *Class Conflict and Economic Development in Chile, 1958–1973* (Stanford: Stanford University Press, 1978).

34. Loveman, *Politics and Rural Labor in Chile*, p. 235.

35. The term 80 basic hectares meant 80 hectares of a certain *quality* of irrigated land. If the land were of a lesser quality and/or if it was not irrigated, an amount of land *equivalent* to the 80 hectares would be calculated, and that would constitute the farm. Thus a farm of poor quality land could be larger than 80 hectares.

36. Kyle Steenland, *Agrarian Reform Under Allende: Peasant Revolt in the South* (Albuquerque: University of New Mexico Press, 1977), p. 8.

37. *Ibid.*, p. 9.

38. Michael Fleet differs with Stallings on the nature of class support for the PDC. Fleet claims that the PDC was a petite bourgeoisie party with significant worker support, but Stallings and others see the PDC as largely representing interests of the bourgeoisie. In addition to Fleet and Stallings, see Manuel Antonio Garretón and Tomás Moulián, *La Unidad Popular y el conflicto político en Chile* (Santiago: Ediciones Minga, 1983); and Benny Pollack, *Mobilization and Socialist Politics in Chile* (Liverpool: Latin American Centre of the University of Liverpool, 1980).

39. This group of young technocrats acquired the nickname the Chicago Boys because many of them had done their postgraduate training at the University of Chicago's School of Economics. The Chicago School, which counted among its faculty Milton Friedman, was well known as an advocate of a strict neoliberal economic policy.

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## **PART TWO**

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Chile's Experiment  
in Socialism and  
the Collapse of  
Democracy, 1970–1973

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# 2

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## The Popular Unity's Project: A Nonviolent Transition to Socialism

**T**he 1970 election of Salvador Allende to the presidency presaged major changes in the balance of economic and political power in Chile. In this chapter we begin our assessment of his government by looking at the 1970 election campaign, at what Allende and his coalition proposed to do once in office, the limitations and constraints under which Allende would operate, and the significance of the Popular Unity's (UP's) revolutionary program for Chile and the world.

The 1970 presidential election campaign was a heated affair. It was a reflection both of the divisions within Chilean society and of the issues that dominated the political debate. The structural reforms begun under the presidency of Eduardo Frei had opened the way to a broad discussion of development strategies in Chile and had raised popular expectations. Those in favor of social change, including those wanting a drastic redistribution of property and income, competed in the public arena alongside those groups who, even while encouraging overall economic growth, wanted to maintain the basic social structure.

### **Electoral Coalitions and Candidates for the 1970 Presidency**

The three-way electoral division resurfaced in the 1970 election campaign. It had become evident during Eduardo Frei's administration that the three-way split of society would reemerge because the PDC's agrarian reform program had made it impossible for the political Right to support the Christian Demo-



TABLE 2.1 Presidential Candidates and Party Coalitions, 1970

	<i>Right</i>	<i>Center</i>	<i>Left</i>
Candidate	Jorge Alessandri	Radomiro Tomic	Salvador Allende (UP)
Coalitions	PN-PDR	PDC-[PIR <sup>a</sup> ]	PS, PC, PR, MAPU, API, PSD [IC <sup>b</sup> ]
Social bases	Landowners, businessmen, middle-class sectors	Middle-class sectors, some workers, peasants, and urban shantytown dwellers	Workers, peasants, urban shantytown dwellers, middle-class sectors, intellectuals

API: Independent Popular Action; IC: Christian Left Party; MAPU: Movement for United Popular Action; PC: Communist Party; PDC: Christian Democratic Party; PDR: Democratic Radical Party; PIR: Left Radical Party; PN: National Party; PR: Radical Party; PS: Socialist Party; PSD: Social Democratic Party.

<sup>a</sup>PIR joined in alliance with the Christian Democrats in 1972.

<sup>b</sup>IC joined the UP coalition in August 1971 after breaking away from the Christian Democratic Party.

crats again. With the Right's decision to act independently in order to defend its economic interests, the National Party fielded its own presidential candidate. Each of the other main forces—the Center and the Left—also named candidates for the presidential campaign.

Table 2.1 lists the three presidential candidates, the electoral coalitions that supported them, along with their party composition, and the social bases that underlaid each. The 1970 elections provided the voter with a clear set of alternative visions of Chilean society.

In one sense, however, although there were three candidates running for the presidency, there were really only two major alternatives, one that called for social change and one that did not. The PDC candidate, Radomiro Tomic, had an electoral platform that was very similar to Allende's, including the nationalization of the U.S.-owned copper mines. In fact, many believe that Tomic's platform was even more radical than Allende's. In addition, before and even during the 1970 campaign, Tomic continued to call for an alliance with the Left. However, there were important differences, not so much between Tomic and Allende as individuals but between the Christian Democrats and the Marxist Left. Tomic represented the left wing of his party; the party often disagreed with his positions. For example, the PDC had not supported Tomic's call for an alliance with the Left, holding instead to its own traditional stance in favor of *camino propio*, its own road, that is, no electoral alliance with other political parties. As Frei reasserted control over the party after Tomic's defeat, the differences between the UP and the PDC surfaced more clearly.

The 1970 election was in many ways a replay of the 1958 contest. In both contests Salvador Allende and Jorge Alessandri were candidates, with the third candidate a well-known Christian Democrat, Frei in 1958 and Tomic in 1970.

The issues had not substantially changed since 1958, either. Alessandri represented the continuation of an orthodox, free market model of development, and both Allende and Tomic talked about the need for agrarian reform and the nationalization of the foreign-owned copper industry.

### *Formation of the UP*

Important changes had taken place within the Left and the PDC since 1958, however. Salvador Allende, in 1958, had been the candidate of a Socialist-Communist coalition, the Frente Revolucionario de Acción Popular (Revolutionary Front of Popular Action; FRAP). The FRAP coalition represented a rejuvenated Marxist Left, recovered from the divisions and sectarianism of the 1940s and early 1950s. In 1970 Allende ran as the nominee of a larger Left coalition, the Popular Unity or UP. The UP coalition was different from its predecessor, the FRAP, because it consisted of both Marxist and non-Marxist parties. It was intended as a broader coalition that would appeal to all who favored social change in Chile.

In all, the UP was made up of six political parties. The six groups varied widely in electoral strength, social bases, and ideology. There were three large parties, two of which, the Socialists and Communists, were Marxist. The third large party was the non-Marxist Radical Party. It joined the UP in 1969 after it had shorn itself of its right wing.<sup>1</sup> Each of these parties amassed between 12 and 20 percent of the vote in national elections. The small parties included MAPU, the Partido Socialista Demócrata (Social Democratic Party; PSD), and the Independent Popular Action party, or API. MAPU, a non-Marxist Christian-based group that had left the PDC in May 1969, was at the time untried at the polls. It counted several congressional deputies and a senator among its members, but these had originally been elected as Christian Democrats. The remaining two parties, the API and the PSD, were small non-Marxist parties. The API, formed in April 1969, was really the creature of one man, Senator Rafael Tarud. Tarud, a landowner with presidential aspirations, had been a supporter of Ibáñez in the 1950s, serving as a minister in his government. The other party, the PSD, an offshoot of the progressive Partido Demócrata, which dated back to the nineteenth century, also had strong links with Tarud.

The UP coalition had formed in late 1969 and early 1970 only after a laborious series of negotiations. These included reaching agreement on a common program and rules for governance. The trickiest aspect of the negotiations, however, had been that of selecting the coalition's presidential candidate. Perhaps this was because the negotiations brought to the surface personal as well as partisan ambitions.<sup>2</sup>

Given the multiparty nature of the UP coalition, it is fair to say that by 1970 the Communist Party strategy of a broad alliance of all anti-imperialist forces, after much travail, had prevailed over the Socialists' narrower working-class-

based Frente de Trabajadores, or Workers' Front, position. The Left hoped that by broadening the coalition it could attract non-Marxists who were in favor of social reform and finally gain the extra votes needed to outpoll their competitors. Allende, after all, was a fourth-time presidential candidate for the Left, having run unsuccessfully in the presidential elections of 1952, 1958, and 1964. Many felt that this was his last opportunity. The acceptance of non-Marxist parties into a broader coalition did not mean, however, that the Socialists had discarded their ideological belief in a class-based Workers' Front coalition.

### *The Christian Democrats*

The PDC had also changed since 1958. Now they were not only the largest single political party in Chile but also the incumbent party with a record to defend. In addition, as noted in Chapter 1, the party had suffered from internal divisions over which reform route to take. One of the three groups, the rebels, had already abandoned the party to form MAPU. In addition, Radomiro Tomic's political ideas were different from those of his cofounder, Frei. Tomic, allied with the *terceristas*, was less tied to modern capitalism and more strongly in favor of rapid structural reform than Frei and the *oficialistas*. During the 1970 campaign Tomic continued to try to convince the Left to join with him in a broad, progressive front, with himself as candidate. He met with resistance not only from within his own party but also from the Left. Left parties, allied in a broader coalition, sensed victory after decades of effort. As a result, they were not in the least receptive to the idea of sharing their likely conquest of the executive office with the Christian Democrats. The effect of Tomic's ideological position was to blur the distinction between himself and the traditional Left in the eyes of the voters. He did not appear to be the clear non-Marxist reform alternative to Allende that Frei had portrayed himself as being in 1964; as a result, the PDC came in third.

### **The 1970 Election: An Uncertain Mandate**

The 1970 election results left in doubt who the next president of Chile would be. Allende emerged as the top vote-getter in the September 4, 1970, presidential elections, winning about 30,000 more votes than second-place Jorge Alessandri. Overall, Allende obtained 36.2 percent of the vote, Alessandri 34.9 percent, and Tomic 27.8 percent.<sup>3</sup> Even though Allende had come in first with a plurality, he was far from attaining a majority. According to Chilean law, when no candidate received an absolute majority, the Congress was to choose the president from between the two top vote-getters. However, although the legislature was legally empowered to select either of the two candidates, by tradition Congress had always ratified the person with the most votes. Salvador Allende, however, was not an ordinary candidate. He was a revolutionary Marxist, and his popular vote was far from a clear mandate for drastic change.

The politics surrounding the election results were fierce. The period between the September 4, 1970, election and the congressional vote in October was extremely tense. On the one hand, there were some efforts to maintain an aura of constitutional normality. Tomic visited Allende as soon as the election results were in and threw his support to him. Although his party, the Christian Democrats, was not quite so sanguine about Allende, they eventually did cast their congressional votes for him. In exchange Allende agreed to a set of constitutional guarantees that were designed to ensure that, as president, he would respect the democratic rules of the game. The Right, however, reacted more strongly and with less regard for institutional stability. Some wanted to persuade the Congress to vote for Alessandri, with the idea that he would then resign and call for new elections. Capital flight began, as nervous well-to-do Chileans decided to send some of their wealth abroad, just in case Allende was chosen. A more sinister plan to subvert democracy emerged when disgruntled right-wing military officers, initially in contact with the CIA and working with right-wing civilians, attempted to kidnap the constitutionalist chief of the armed forces, General René Schneider. Their aim had been to make the kidnapping look like the work of the extreme Left, thus galvanizing the armed forces to intervene. Instead, Schneider leapt from his cornered car in the streets of Santiago and attempted to defend himself with his service revolver. He was shot and killed on the spot. The conspiracy was uncovered.

Schneider's assassination sent shock waves throughout Chile. Not only did it mark a brutal act of political violence and an effort to subvert the democratic system but it also raised questions about the political neutrality of the armed forces, the potential for military intervention of some type, and the degree of U.S. involvement in Chilean affairs. Schneider had been a firm constitutionalist. When queried about the 1970 presidential election results, he had made clear that he believed in military subordination to civilian authority. His position was named the Schneider Doctrine, and his murder was understood to represent an effort to eliminate a strong military voice for constitutionality. In addition, documents published by U.S. columnist Jack Anderson, outlining International Telephone and Telegraph's (ITT's) willingness to fund a covert anti-Allende plan, raised questions about the behavior of the United States.

The consequences of the Schneider assassination were quick in coming. The subversion plan had failed. The major conspirators were located and arrested. This included the head of the conspiracy, retired army general Roberto Viaux, who was charged, tried, convicted, and imprisoned. Another firm constitutionalist, Army General Carlos Prats, was named to replace Schneider as armed forces chief. Shortly after, on October 24, Allende was chosen president of Chile by the Congress. However, the extreme right-wing organization that had formed to prevent Allende's taking office, *Patria y Libertad*, or Fatherland and Liberty, now undertook the job of ousting him from power by whatever means necessary. This organization was to play a limited but important role during the next three years and in the early years of the military dictatorship.

### *Interpreting the Election Results*

When Allende took office in November 1970, his partisans were overjoyed. After decades of struggle, they believed that they had finally achieved political power in Chile. In reality, they controlled only one branch of the government and would face formidable domestic and foreign foes.

The significance of the election results, which propelled a Marxist with a meager plurality of the popular vote to the presidency, has been widely debated in Chile. One of the most commonly drawn conclusions is that Allende, although constitutionally elected, did not really have the necessary popular backing to enact the sweeping social and economic changes. This conclusion, however, ignores two important facts. First, few Chilean presidents during the democratic period of 1932–1973 had received an absolute majority. The most recent case, Eduardo Frei's, was achieved only because the Right temporarily threw its weight behind him because it feared an Allende victory. Despite this, once in office, each president had used his constitutional powers fully, often in the face of bitter opposition. Why should Allende act differently? Second, although Allende did not achieve a majority, one could argue that 64 percent of the population—those casting a vote for either Allende or Tomic—had, in fact, voted for substantial change. The electoral platforms of the two were quite similar.

Alternately, there are those who argue that the entire political crisis of 1973 and after could have been prevented if the political rules had been different, that is, if the political system had either been a parliamentary or a semipresidential one.<sup>4</sup> Either type would have prevented Allende from holding executive power without first fashioning majority support.

## **The UP Program: A Nonviolent Road to Social Transformation**

### *Creating the Basis for Socialism*

Salvador Allende ran his presidential campaign under the banner of the UP Program, a document that had been written and agreed to by all six parties in the coalition. The Basic Program of the UP, as it was called, was premised on the goal of “beginning the construction of socialism in Chile” during Allende's six-year term. UP coalition members did not expect that a full transition to socialism would occur in such a short time. The process could be started, however. The program emphasized economic measures, especially changes in property relations, as the key to laying the foundation for socialism. The UP Program was premised on the belief that in order for development to occur, radical structural change was necessary so as to overcome Chile's historic dependency, which had been created by the world capitalist system. Fundamental changes in property relations, necessary to break the power of the economic

elite in Chile, hinged on the completion of agrarian reform and on enlarging the state sector of the nonagricultural portion of the economy.

With regard to agriculture, although reform had begun under the Christian Democratic government of Eduardo Frei, the process was far from completed. There was still much land eligible for expropriation under the guidelines of the 1967 Agrarian Reform Law. The UP promised to implement the 1967 law fully and speedily. It also contemplated extending it, if possible, to landholdings smaller than 80 basic hectares. Allende also promised to encourage cooperative and communal forms of agriculture over individual ownership of small plots.

The program's second and more controversial element was the proposal to create a socialized sector of the economy. Actually, three areas of the economy were to be defined by law. The first would consist of state-owned or socialized enterprises in a social property area, an *área de propiedad social*, or APS. The second was to be enterprises partially owned by the state and partly in private hands, that is, a mixed sector, the *área de propiedad mixta*, or APM. The third would contain enterprises that would remain in private hands in a private property sector, the *área de propiedad privada*, or APP. The UP Program provided only a general description of the types of enterprises to be socialized. It cited foreign-owned copper mines; nitrate, iron, and coal mines; banks; companies involved in foreign commerce; large companies and distribution monopolies; as well as other enterprises deemed critical to the economic development of the country, such as the utilities, transport industries, communications, and petrochemicals.<sup>5</sup> Chile's industrial sector tended to be highly monopolistic; the monopoly industries, as well as those industries that were more modernized, also tended to have higher levels of foreign investment. Thus, although only about 250 of the approximately 30,000 industries existing in Chile in 1967 potentially fell into the APS category, these were industries of enormous importance, accounting for the bulk of the production of goods and capital.<sup>6</sup> In addition, the UP Program proposed some sort of worker participation in the socialized enterprises; however, it had not yet decided upon the form that such worker control would take. UP partisans saw these two measures, the creation of a large reformed sector of agriculture based upon the 1967 Agrarian Reform Law and the formation of a strong but limited socialized sector of the economy, as the essential ingredients in their plan to build socialism in Chile.

### ***Other Goals***

The UP Program outlined other economic goals in addition to the programs designed to begin the transition to socialism. These included employment for all Chileans at a decent wage level and stabilization of the monetary system, that is, reduction of inflation, acceleration of economic growth, and resolution of the immediate problems of the majority by means of increased production to satisfy the needs of popular consumption.<sup>7</sup>

The program also put forward various types of social welfare measures, none of which were especially radical or socialist. Among these was a list of Forty Immediate Measures, or forty specific action items that the UP promised to carry out as soon as possible after taking office. One of these was a highly publicized proposal to give a pint of milk a day to each child in Chile. Other social welfare-type measures it proposed were expanded health services for the poor, including health clinics, vaccinations, family-planning services, and abortion clinics. The creation of day-care centers and the construction of low-income housing were also emphasized as primary goals of a UP government.

The Basic Program also specified explicitly political goals. One was a call for the establishment of a one-house legislature, an *Asamblea Popular*, or Popular Assembly, to replace the existing two-house legislature. The UP hoped that such a change would better represent working-class people.

Another UP proposal, the creation of a national unified educational system, *Educación Nacional Unificada*, or ENU, proved to be extremely controversial and polarizing. Some aspects of the ENU plan were innocuous: to increase the number of scholarships, build more schools, decrease illiteracy, and provide adult education and children's day-care facilities. The point of controversy involved greater control over private schools. The plan proposed that "with the object of making educational planning a reality and of making schooling unified, national and democratic, the state will take under its responsibility private [educational] establishments, beginning with those that select their students by reason of social class, national origin or religious persuasion."<sup>8</sup> As a result, those leery of the UP perceived ENU as being aimed against private schools run by the church as well as those that catered to the middle and upper classes, who sent their children to private schools. They feared that ENU would be used to brainwash their children into adopting Marxist beliefs.

Finally, the UP Program also reiterated what was to become a watchword of Allende, that the "popular government [would] be multi-party . . . [and would] respect the rights of the opposition, given that the latter stay[ed] within legal bounds."<sup>9</sup> What makes this statement particularly interesting is that it is both a declaration of allegiance to democratic principles and a warning to the Right that it should also abide by those democratic rules.

Overall, the UP Program emphasized using the power of the state to reorient resources toward the poor. This included agrarian reform, enlarging the sector of the economy controlled by the state, and some social welfare programs. In itself, the program was a compromise document and not a blueprint for socialism.

## **The Limitations of Office**

### *Relations with Other State Institutions*

Although the UP had won the presidential elections, the coalition had really gained only partial power. True, they controlled the executive branch, which

was a powerful political institution; however, they controlled little more than a third of the legislative seats. In addition, the judicial system was a bastion of the Right, staffed with judges unsympathetic to the UP's project.

**Congress.** As a result of their minority status in the Congress, the UP needed to negotiate with opposition political parties in order to pass laws furthering its program. It hoped that, just as the PDC had supported Allende's congressional confirmation as president, the PDC would support the UP on substantive issues for social change. Political reality, however, was more complex. There were compelling political reasons why the PDC would not want to make life easy for the Allende government. Although the PDC shared some views on the need for social change and a redistribution of wealth, the party rejected Marxism and disagreed with the Left's political analysis of Chile's problems. Moreover, they were electoral competitors with the UP. Last, the PDC had a strong anticommunist strain that made them distrustful of the Communist Party and leery about making any deals with them. In 1964, for example, when the PDC and the Left confronted each other head-to-head in the presidential elections, the Christian Democrats, with U.S. financial backing, had unleashed an anticommunist campaign of terror designed to frighten voters away from casting their ballots for Allende.

**The Judiciary and the Controller-General.** In addition to the Congress, the UP faced problems with other branches of the state. The judiciary, including the Supreme Court of Chile, was staffed with people appointed by previous governments. In general, it was hostile to the UP Program.<sup>10</sup> Further, the controller-general, who needed to approve the constitutionality of UP actions, had been appointed by Christian Democratic president Frei. He could not be counted on to be sympathetic to the UP cause.

### *UP Relations with the Armed Forces and the United States*

In addition to constitutional limitations on power, the Chilean armed forces and the United States constituted potentially serious threats to the UP government's freedom of action. The military's loyalty had been brought into question by the Schneider assassination. The plot against Schneider had demonstrated the enmity with which Allende was viewed, not only by a sector of the Right but within the military. To what lengths might they go in order to prevent the UP Program from being implemented? Schneider's murder immediately raised questions about the attitude of the armed forces toward the Allende government, the politicization of the military, and the possibility of a military coup.

The Schneider affair raised the question not only of internal extraconstitutional opposition to Allende but also of the role of the United States. The United States, despite its denials, was involved. The CIA had been in early contact with the kidnap plotters and had sold them weapons. In addition, major



U.S. companies such as ITT were fearful of an Allende government. The case of ITT involvement garnered international attention after the well-known U.S. columnist Jack Anderson published secret memos written by ITT officials opposing a possible Allende presidency and offering their assistance to White House officials in an anti-Allende plot. ITT went so far as to offer the U.S. government its financial support to prevent Allende from taking office. In addition, U.S. Secretary of State Henry Kissinger had made his dislike for Allende apparent, as had President Richard M. Nixon. Thus the Allende government also had to consider the possible actions of an unfriendly U.S. government.

The crux of the dilemma for the UP was that, on the one hand, it wished to be considered a government as any other, where standard rules for partisan behavior would obtain, such as political negotiating, compromise, and coalition-building. However, on the other hand, the UP called for revolutionary changes, specifying that it would change the balance of power in Chile dramatically. As such, it threatened basic economic interests and projected itself as something more than just another constitutional government in Chile.

### *Internal UP Dynamics and Rules*

The UP also faced serious internal problems that limited its ability to be an effective policymaker. The coalition that had elected Allende was actually a loose arrangement of independent political parties. Each party maintained its own internal structure—for example, for decisionmaking and publicity—and had long-held positions on any number of political issues. Despite certain agreed-upon rules for governance, the coalition also faced severe problems regarding how decisions would be made.<sup>11</sup> The governance rules did not resolve problems such as procedures for restraining unruly members, keeping internal differences of opinion from public scrutiny, or how to reach decisions when the coalition was divided.

Officially, the parties making up the UP had agreed to the establishment of a formal decisionmaking structure, a Political Committee of the UP. This committee was to be composed of one representative from each of the parties and movements comprising the UP coalition, with each having one vote. In theory, then, all groups were to have an equal voice in decisionmaking. However, because some of the parties were much larger in electoral terms than others, in practice the one party-one vote formula was not followed. Everyone understood that agreement among the three larger parties for major issues was crucial. During the roundtable discussions in 1969 and early 1970 that had set up the coalition, this point had been made very clear. As Luis Corvalán, secretary-general of the Communist Party explained, “We can’t arrive at an understanding by majority [vote] that does not include Socialists, Communists and Radicals. This is for political reasons that all of you understand.”<sup>12</sup>

The difficulty of obtaining the agreement of the three larger parties was exacerbated when the UP coalition divided into two basic factions over strategic and tactical issues. The moderate faction consisted of the Communist Party, the Radical Party, one segment of the MAPU, and the Allende faction of the Socialist Party. The second group, which was more radical, was composed of the Socialist Party faction led by then-Socialist secretary-general Carlos Altamirano, the Christian Left, and the other MAPU faction. Over time, the likelihood of a majority vote on any of the crucial issues confronting the coalition became virtually impossible because of this split.<sup>13</sup>

In other cases, the intensity of feelings about a particular issue lent weight to a minority faction. For example, the Socialist Party felt strongly that the UP should carry out a restructuring of the educational system, including church schools. Even though the Radical Party was opposed to this and the Communists were unenthusiastic, the proposal was pushed in 1972–1973 because of the strong Socialist feelings.

There was also the question of how to enforce UP coalition decisions. Individually, party leaders could still disagree publicly with the president either in public speeches or through party media, such as radio stations and newspapers. The UP as a body and Allende as president had no effective powers of sanction against a rebellious individual, except through the internal procedures of the constituent parties that made up the UP.

Furthermore, what were the limits of independent action on the president? Allende, as president, had the final word. He could, and occasionally did, act without the approval of the major parties. However, barring a situation of crisis, Allende preferred to act on the basis of a clear mandate from coalition members. The result, as we will see later, was that at crucial junctures Allende felt constrained from making a policy decision because two major parties, the Socialists and the Communists, each one backed by other parties within the UP coalition, could not agree on policy. In effect, Allende acted as if he were the head of a parliamentary coalition, rather than a directly elected president.

The apportioning of bureaucratic posts created other problems for UP decisionmaking. The political parties composing the UP had framed a series of agreements over the division of administrative positions within the executive branch. In order to avoid the establishment of zones of influence in the bureaucracy, diverse UP parties were to be represented in each area of state administration. For example, if a minister were a Socialist, then the deputy minister was to be from another party. There was, in essence, a vertical quota system. Implicit in this agreement was the notion that if no one party controlled a substantive area (agriculture, for instance), then a UP consensus, rather than any party position, would dominate. Each party representative was to act as a check and balance on other party functionaries.<sup>14</sup> This system, which was designed to provide an equitable distribution of power to the UP parties and prevent any one party from dominating a substantive area, did not function as intended,

however. In fact, rather than merging individual party interests with coalition interests, it legitimated the division of power among parties. The result of apportioning offices in any one ministry or agency among the six parties was that each political party used its administrative posts to further its party's views. This meant that, at times, a number of distinct partisan positions were fostered by public officials within the same public agency or ministry or that one UP government functionary might attempt to block the actions of another.

The Political Pact of the UP also set up a quota system to allocate ministerial positions among the six UP parties by a fixed formula, a ratio of 3:3:3:2:2:1. The formula allocated three cabinet posts to the three largest political parties, the Socialists, Communists, and Radicals; two to the MAPU, and the remaining three positions were divided between the PSD and the API. This quota system caused problems. First of all, the formula was rigid and limited President Allende's flexibility over personnel appointments. The quota system also had to be reinterpreted in the face of a number of changes—such as party splits and mergers, the admission of a new party to the UP, the Christian Left, and the changing electoral fortunes of the six original parties. The Radical Party's popularity among voters, for example, declined precipitously during the UP government. In addition, congressional accusations or impeachments against cabinet members played havoc with carefully balanced cabinets.<sup>15</sup> Allende constantly had to weigh the need for trained and knowledgeable personnel against the demands of the politically determined quota system.

These internal coalition problems—the lack of governance or decisionmaking rules, the quota system, and the inability to discipline coalition members—created severe difficulties for effective decisionmaking. Some decisions were postponed, and because of the multitude of voices speaking for the coalition, conflicting messages were sometimes sent to the opposition about what UP policy really was.

## **The Creation of a Socialized Sector of the Economy**

### *The Purpose of the APS*

Despite the many limitations on his political power, Salvador Allende took office determined to follow through on his revolutionary program. This included its most controversial element, the creation of a strong socialized sector of the economy. As noted earlier, this proposal constituted both a fundamental part of the UP's 1970 program, which called for starting down the road to socialism, and a rallying point for opposition to Allende. The fate of the Allende government was closely intertwined with the APS issue. As a leading journal of the time put it, "Any examination of the events in Chile [since 1970] . . . shows that the nub of the conflict . . . between the government and its . . . enemies is in the creation of the APS [social sector]."<sup>16</sup> Because of this, it is worthwhile to spend some time discussing what this issue was all about.

There was a general consensus within the UP that the creation of an APS was crucial to the success of its program. To recap, the formation of a socialized sector of the economy in Chile meant the restructuring of the nonagricultural sectors of the economy in order to form a tripartite economic system in which socialized (APS), mixed (APM), and private (APP) industrial and commercial enterprises would coexist. The APS/APM, though accounting for a small number of firms, was to control a major part of the economic system.

This was something that had never before been attempted in Chile. Although a state sector had existed prior to 1970, it was different from what the UP proposed. First of all, although state participation in the economy by 1970 was significant, there was very little state control of strategic or monopoly industries. In November 1970, for example, there were 43 state enterprises, 30 of which were industrial. By September 1973, the state controlled about 370 enterprises.<sup>17</sup> Foreign holdings prior to 1970 accounted for 59.5 percent of all industrial share capital, with the ten largest private Chilean shareholders controlling over 50 percent of the shares in 85 percent of the 271 dominant industrial corporations.<sup>18</sup> Second, the state sector before 1970 consisted of a number of industries that had been created by the state through CORFO in the aftermath of the adoption of the growth-directed inward strategy in the 1930s. That is, they were created to provide an adequate industrial infrastructure for Chile's industrial sector. The purpose was to stimulate industrial development, but without altering the country's basic economic or social structure. In other words, state intervention in the economy preceding 1970 was specifically designed to further the process of economic development by encouraging industrialization; it was not designed to end capitalism. As a result, industries created by CORFO were sometimes sold and became part of the private sector.

The purpose of the UP Program was different. It was designed to enlarge the state sector and to shift priorities away from encouraging industrial development to a more political purpose: to change economic and, ultimately, political power relations through a transition to socialism. As a result, an activist state in the hands of the Left would act not so much to encourage industrialization by developing new industries but rather to change the property relations of existing ones. The socialization strategy also had important consequences for worker-management relations. Workers were to have a major say in how industrial enterprises in the social sector were administered, rather than continuing to be treated solely as employees.

The APS issue, then, relates directly to the UP's concept of economic development. For the Left, economic development was linked to political control of the economy; real economic development could not take place unless Chile broke the ties of dependency and gained control of its basic resources and productive enterprises. As Sergio Bitar noted, the UP took an economic view of the world.<sup>19</sup> That is, they believed that the revolutionary transformation of society was based on changes in ownership of the major means of production, that

is, large farms and major industrial and financial enterprises. This is why the Left focused its energy on changing property ownership.

### ***Problems in Creating a Social Sector of the Economy***

Unlike agrarian reform, there was no preexisting law that the UP government could use in order to take control of privately owned industries. As a result, the UP faced a number of problems in its efforts to create an APS. One of the major and immediate problems was to determine what methods to use. Early on, the coalition devised strategies that involved, in many cases, circumventing the opposition-controlled legislature. For example, the UP might be able to negotiate a buy-out directly with the private owners, buy up a majority of the stock of a public corporation, or use executive decrees in order to take administrative control of privately owned industries

A second problem was to determine which enterprises to socialize. Although the UP Program had listed some specific areas of the economy eligible for socialization, it had also left much open to interpretation. For instance, the UP Program called for the socialization of strategic or monopoly industries, but it did not specify which ones. Thus, once in power, the government needed to formulate a concrete list of companies for inclusion in an APS, and do so quickly. This was necessary for a number of reasons, not the least of which was to quiet private sector fears of wide-scale expropriation and to maintain a hospitable climate for industrial investment. A third problem was to decide how quickly to proceed with its socialization plans. This depended in part on how successful the UP was at getting the support of the Christian Democrats. The last difficulty was to determine exactly what type of worker participation there should be.

Looming above all of these concrete problems of implementation was the political context within which socialization of the economy was to take place: If agrarian reform had hit a raw nerve with Chile's landowning class, what would be the political impact of the state taking control of major domestic industries? How would domestic and foreign interests react to this plan?

## **The Political Implications of the UP in Power**

The implications of Salvador Allende's election as president of Chile were far-reaching. Allende's victory signaled the possibility of a new model for social change, that of a peaceful or nonviolent route to socialism. Although most Marxists believed that ultimately the working class could only come to power through the use of force, Allende's ascension to the presidency raised the possibility of another path to socialism, an electoral route in which the ballot would replace the gun. Events in Chile were followed with great interest around the world, especially in Western Europe, where the Left in France and Italy were trying to gain the executive offices, and in the United States, where Latin America was viewed as within the U.S. sphere of influence.

### *The Attitude of the United States*

It is important to keep in mind the world context within which Salvador Allende came to power in Chile in 1970. There was a Big Power détente, that is, a lessening of the Cold War, under President Nixon and his éminence grise, Henry Kissinger, later to become Nixon's secretary of state. U.S.-Soviet relations improved. Perhaps even more important was the U.S. political opening to mainland China, which Nixon instigated. It came after more than twenty years of hostility and a virtual cutoff of communication and trade between the United States and the People's Republic of China.

Although the heightened interest of the United States in Big Three politics and its détente with the Soviet Union might logically have led to a decreased interest in Third World communism, this was not to be. Fighting communism continued to be an important strand in U.S. foreign policy. The United States remained enmeshed in a war in Vietnam, which pitted U.S. forces against an indigenous Communist guerrilla force. The United States did not utilize the concept of détente to understand politics in the Third World, especially not in Latin America, which was still analyzed largely within an East-West framework. The Cuban Revolution was barely eleven years old, and the United States still worried about the spread of communism in Latin America.

The 1970s were also the heyday of Eurocommunism in Western Europe. Communist parties modified their ideology, rejecting revolutionary Marxism, accepting a peaceful route to social change, and agreeing to abide by the parliamentary rules of the game. The Communists and Socialists struck alliances in several European countries, and there was a growing possibility of Left coalitions coming to power in Western Europe. In 1972 in France, for example, the Socialists and Communists fashioned a common program, with eyes on the upcoming parliamentary and presidential elections. In Italy, the Communist Party, which had grown in size to challenge the dominant Christian Democratic Party, was pressing for a historic compromise, an entry into the governing coalition. Although many on the Left were heartened by these events, the United States was worried about Communists sitting in the cabinets of North Atlantic Treaty Organization (NATO) allies. In this context, Allende was not just another democratically elected president in Latin America. He was the first freely elected Marxist president in the Western Hemisphere who presented a model for peaceful social change, which the United States found ideologically unacceptable.

The U.S. government was especially annoyed by Allende's election. Kissinger is reported to have told President Nixon after Allende's election that just because the Chilean people were foolish enough to have elected him, there was no reason that the United States should allow them to live with the consequences of their actions. Nixon, in turn, is said to have had a visceral hatred for Allende, which colored his policy decisions regarding Chile.<sup>20</sup> It is interesting to speculate on why the United States interpreted the situation as basically a zero-sum game, that is, as one in which whatever one side gained, the other lost, rather than as a

situation in which both sides might gain. For example, a peaceful transition to socialism in Chile with economic stability in the country might have provided additional markets for the United States, as well as strengthened the U.S. argument against violent revolutions. However, this was not perceived to be the case in 1970. Marxism of any kind in Chile was judged to be a threat to U.S. national interests. We will see in later chapters how the U.S. government acted in order to defend what it perceived as its economic and political interests.

It was not only the U.S. government that saw the Allende government as an implacable foe. Multinational corporations, such as ITT and, later, the Anaconda and Kennecott copper companies, also believed that the Allende government's program to begin a peaceful, legal transition to socialism constituted a direct threat to them.

### *Domestic Interests*

Domestic interests in Chile were frightened by the prospect of a UP government carrying out a program aimed at a transition to socialism, since socialization of strategic and monopoly industries would affect large domestic business interests as well as foreign capital. Chile had large domestic industries in textiles and paper, for example, as well as domestically owned private banks and other commercial enterprises. Although the local business class was not opposed to state intervention in order to protect domestic industries against foreign competition, it took the view that any effort to expand state control over the economy with the purpose of socializing the economy was wrong. These big businessmen acted from the beginning of Allende's administration to protect their perceived interests.<sup>21</sup> As with the U.S. government, they tended to see the Chilean political process as a zero-sum game.

Middle-class sectors at the beginning of the Allende period were split. Some had supported the Left, but others had voted for the Christian Democrats or the National Party on the Right. Although the UP Program stressed that the government's strategy was aimed solely against the very wealthy who controlled the major industrial, commercial, and agricultural enterprises, and President Allende claimed that his government in no way constituted a threat to small- and medium-sized businesses and the middle class, these groups were far from convinced. Small entrepreneurs in particular were leery about trusting the Left.

### *The Political Battle*

The battle lines were drawn. Over the next three years the political battle was largely for control of the middle sectors and the political Center. For the Allende forces, the best outcome would be to win the support of enough centrist forces to be able to constitute a majority; failing that, it was desirable to maintain the three-way political split because it offered the potential for negotiation

with the political Center over concrete policies. The third possibility, societal polarization, might leave minority UP forces facing a powerful, antagonistic enemy. In his political maneuvering, Allende's ability to deal with the political situation was handicapped by a complex set of limitations. These constraints—the constitutional limitations on the exercise of power under which the Popular Unity functioned, the intra-UP difficulties, the revolutionary nature of the proposals it wished to enact, together with the hostility of the Right and the United States—made the road ahead a rocky one for President Allende.

## NOTES

1. After having been expelled in 1967, the right wing of the Radicals formed the Democratic Radical Party (PDR) and then joined the Right in alliance.
2. For a detailed discussion of the formation of the UP, see my unpublished doctoral dissertation, "The Quest for Unity on the Left: Allende's Chile and the Socialization of the Economy" (Ph.D. diss., Washington University [St. Louis], 1980), chap. 3.
3. Data from the Chilean government, *Dirección del registro electoral* (Santiago: N.p., n.d.); also César Caviedes, *The Politics of Chile: A Sociogeographical Assessment* (Boulder: Westview Press, 1979), p. 253.
4. Over the past several years there has been much discussion among political elites and scholars, both Chilean and foreign, about the benefits of changing the political system to a parliamentary or semipresidential one. This view seemed to gain popularity in 1989 and 1990, but since the Aylwin government has been in office, enthusiasm for this view among Chileans seems to have diminished. However, it does point out the ongoing debate about the significance of Allende's taking office with only 36 percent of the vote.
5. Unidad Popular, *Programa básica de la Unidad Popular* (Santiago: UP, 1970), p. 24.
6. See, for example, Stefan de Vylder, *Allende's Chile: The Political Economy of the Rise and Fall of the Unidad Popular* (Cambridge: Cambridge University Press, 1976), chap. 6.
7. UP, *Programa de la UP*, pp. 28–30.
8. *Ibid.*, p. 37.
9. *Ibid.*, pp. 17–18.
10. See, for example, Jack Spence, *Search for Justice: Neighborhood Courts in Allende's Chile* (Boulder: Westview Press, 1979).
11. My discussion of governance rules is based on the texts of the UP Round Table Agreements (1970); Eduardo Labarca Goddard, *Chile al rojo* (Santiago: Ediciones de la Universidad Técnica del Estado, 1971); and on my personal interview material from Labarca Goddard.
12. Luis Corvalán, *Camino de victoria* (Santiago: Sociedad Impresa Horizonte, 1971), p. 345.
13. My Ph.D. dissertation frames its analysis around the intracoalition conflict, which it discusses in some depth, including the ideological bases of the conflict and the consequences for UP policymaking. See Oppenheim, "The Quest."
14. Sectarianism within the Left was a persistent problem. For example, Allende referred to sectarianism in a public meeting with members of the bureaucracy. See Salvador Allende, "Crítica a la administración pública," pp. 211–30 in Allende, *Allende: Su pensamiento político* (Santiago: Editorial Quimantú, 1972).



15. The Chilean political system allowed for the impeachment of cabinet ministers as well as the president. The lower house, the Chamber of Deputies, was given the right to levy charges against a minister of the state; once this was approved by the House, the Senate was to try the official. In both houses, a simple majority was needed. The grounds for ministerial impeachment were: "For the offenses of treason . . . misapplication of public funds, subornation, infractions of the Constitution, violation of the laws, by having left them unexecuted and by having gravely compromised the security and honor of the Nation" (1925 *Political Constitution of Chile*, extract from Article 42).

16. *Chile hoy* 2, no. 55 (1973), p. 16.

17. Juan Espinosa and Andrew Zimbalist, *Economic Democracy: Workers' Participation in Chilean Industry, 1970–1973* (New York: Academic Press, 1978), p. 30.

18. de Vylder, *Allende's Chile*, pp. 12–19.

19. See Sergio Bitar, *Chile: Experiment in Democracy* (Philadelphia: Institute for the Study of Human Issues, 1986).

20. See, for example, Nathaniel Davis's description of President Nixon in *The Last Two Years of Salvador Allende* (Ithaca: Cornell University Press, 1985).

21. See, for example, Manuel Antonio Garretón and Tomás Moulián, *La Unidad Popular y el conflicto político en Chile* (Santiago: Ediciones Minga, 1983), in which they analyze the attitude of the Right, particularly its clear perception that it had to defend its class interests against Allende.

# 3

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## Overview of the Allende Years, 1970–1973: Major Issues and Political Dynamics

**T**he six-year term of President Salvador Allende began with enthusiasm and excitement and ended, three years later, in death and tragedy. This chapter reviews the events and political conflicts that took place during the UP government, focusing on the major issues of contention during the Allende period. These issues revolved around the socialist development model Allende tried to apply, particularly the creation of a socialized sector of the economy, which became the flash point for opposition to the *Unidad Popular*.

The political dynamics of the Allende years can be divided into three periods, each corresponding more or less to a year of his government. During the first year UP popularity ran high. The government, faced with limited organized opposition, pressed enactment of its program. However, at the beginning of its tenure, the UP controlled only 42 percent of the Congress. By the second year, the opposition had regrouped, and political conflict began to heat up. There were also unsuccessful efforts at compromise. By the third year, which ended with the overthrow of constitutional rule in Chile, society had polarized into two highly antagonistic and militant groups. The high degree of politicization and polarization also meant that conflict spilled over into the streets, rather than being confined to governmental institutions.

Even before Allende took office, however, there were clear signs of what would follow. The two-month gap between the presidential election of September 4, 1970, and the inauguration of the new president on November 3 was a tense period. The climate during those two months was one of fear and uncertainty, worsened by General Schneider's assassination. This was evidenced by a

run on the banks, capital flight, and a decline in private investment.<sup>1</sup> Negotiations between the UP and the Christian Democrats began quickly in order to ensure PDC support for Allende in the congressional vote of October 24. In exchange for Allende's support for the constitutional guarantees, the Christian Democratic Party promised to cast their congressional votes for him. When Allende took the oath of office on November 3, he knew that he faced a nervous nation. He was also fulfilling a long-held personal dream.

## **The First Year**

During the first year of UP rule, supporters of the Popular Unity government were euphoric. UP officials savored the spoils of victory after decades of unsuccessful electoral struggle. The Right, alternately, began the year demobilized and in shock. It had not expected to lose the presidential election. Right-wing criticism was also muted as a result of the bungled kidnapping of General René Schneider. The Right was uncertain how to proceed in opposing Allende.

The April 1971 municipal elections were indicative of the spirit of the period. The UP obtained over 49 percent of the votes in the elections, just five months after Allende assumed office.<sup>2</sup> This was a substantial gain from the turnout for the presidential election the September before, in which the forces of the Left had garnered 36 percent of the votes cast. In those early months, it seemed as if there was a rising tide of pro-UP sentiment.<sup>3</sup>

### *The Nationalization of Copper*

The Popular Unity government tried to take advantage of the popular momentum during the first year to enact certain crucial measures. One of the government's first measures was a constitutional amendment to nationalize the U.S.-owned Gran Minería del Cobre. Allende presented the bill to Congress soon after he took office. The Gran Minería del Cobre holdings included three major mines: Chuquicamata, at the time the largest open-pit mine in the world; El Salvador, also in the northern desert; and El Teniente, south of Santiago. The first two mining facilities were owned by Anaconda, and the third by Kennecott, under various subsidiaries. On July 11, 1971, the Congress unanimously approved the bill. President Allende declared the date a Day of National Dignity for Chile. The constitutional amendment turned out to be one of the few UP measures to sail through the legislature.

The case of copper was exceptional, which explains why the nationalization bill passed unanimously and easily. By 1971 there was a virtual national consensus that copper should belong to Chile. Copper was Chile's principal resource; it accounted for about 80 percent of all the foreign exchange produced by Chilean exports. The three largest U.S.-owned mines alone accounted for over half of all of Chile's export earnings.<sup>4</sup> Beginning with former president Ed-

uardo Frei (1964–1970), the Chilean government had attempted to gain control of this natural resource. Frei had wanted to Chileanize copper by buying a majority share of the major copper companies. When Frei's Chileanization program fell short, his anticipated successor, 1970 PDC presidential candidate Radomiro Tomic, had called for its nationalization. By 1971, even the Right could find no rationale against its legal expropriation.

The major problem that confronted Allende was the indemnification issue. Would the U.S. companies be paid for their holdings, and if so, how much? The constitutional amendment had allowed for compensation over a thirty-year period, at no less than 3 percent interest, after calculations were made as to the amount Chile owed.<sup>5</sup> Congress, however, had turned the issue of determining the indemnification over to the controller-general and the president, who were to calculate the indemnification based on the 1970 book value of the assets, minus taxes, debt, and the rate of excess profits. In November 1971 Allende announced that based on these calculations, the government had determined that the Chilean government did not owe Anaconda and Kennecott any money. The smaller companies, however, would be recompensed.<sup>6</sup> The U.S. government and the copper companies were extremely angry about the decision.

### *Agrarian Reform*

The government was also able to forge ahead with its agrarian reform program. Allende had named as minister of agriculture Jacques Chonchol, a former Christian Democrat who had worked intensively on the agrarian issue under Frei. Popular Unity's plan was to implement quickly and fully the 1967 Agrarian Reform Law. That law specified that all farms larger than 80 basic hectares, or about 200 acres, were eligible to be expropriated and redistributed to peasants.<sup>7</sup> The owner had the right to reserve 80 hectares for himself, along with livestock and machinery. The redistributed land was to be worked in cooperative form as an *asentamiento*, or peasant cooperative, for three to five years. After this time, the peasants could decide whether they wanted to continue to run the land cooperatively, or they could divide the farm and receive individual titles. The agrarian reform law was not designed to take land from its owners without compensation. Landowners were to be paid for their property. A small percentage of the value of the land was to be paid outright, with the rest paid out over twenty-five to thirty years.

Under the Frei government, approximately 15 percent of Chile's agricultural land had been expropriated. Frei had planned to do more during his term in office. He had promised to give land to 100,000 peasants. Instead, about 20,000 peasants were affected by the program.<sup>8</sup>

Allende promised to speed up the process of land redistribution significantly. Indeed, the UP record is impressive. During the first six months of the UP government, almost 1.5 million hectares of land were expropriated, almost half of

what Frei had accomplished in his entire term of office.<sup>9</sup> By June 1972, 4,690 farms had been expropriated, accounting for almost 9 million hectares of land. This compares to 1,408 farms expropriated during Frei's tenure, which included a little over 3.5 million hectares.<sup>10</sup> By the end of 1972 the UP had expropriated virtually all of the land eligible under the 1967 law.

Despite the more aggressive UP stance regarding land expropriation, beginning in 1971, there were *tomas de terreno*, or land takeovers. One of the groups most involved in land takeovers were poor Mapuche Indians, who had been deprived of their native lands since the conquest. They often occupied farms that were less than the requisite 80 basic hectares.

The UP also wanted to develop alternatives to the PDC-inspired *asentamiento* form of landholding. One reason was that the UP wanted to include part-time seasonal workers and rural wage laborers in the agrarian reform process, which the *asentamiento* program did not do. Although the UP attempted to create alternative forms of landholdings, these were not very successful in the short time that the coalition was in power. The first effort was the Centro de Reforma Agraria (Agrarian Reform Center; CERA), which was conceived of as a large-scale productive unit, composed of a number of farms, which might be able to specialize. A second proposal was to create Centros de Producción (Production Centers; CEPROs), which were supposed to operate like state farms. Due to lack of understanding by peasants, bureaucracy, and timing, the CERAs and CEPROs were not well implemented. The process of creating rural alternatives to the *asentamiento* was also hurt by divisions within the UP over which alternative to push. Although the Socialist Party favored the CERA, the Communist Party advocated the CEPROs.<sup>11</sup>

### *Economic Policy*

The UP wanted to move ahead briskly in other areas as well. However, its range of actions was limited by the lack of a majority in the Congress. As a result, the coalition's strategy was guided by the belief that it needed to fortify its popular base to reach a solid majority. The Popular Unity strategy was, after all, an electoral one. This required that, ultimately, it obtain a majority for socialism.<sup>12</sup> One area affected by this situation was economic policymaking.

UP officials devised an economic plan for the first year that was designed to win greater popular support by stimulating economic activity along with redistributing income toward the poorer sectors of society. This economic plan was to have significant repercussions in the second and third years of the Popular Unity government, so it is worth some discussion here. Allende chose Pedro Vuskovic, an independent who became a Socialist, as his first minister of the economy. The economy had fallen into a mild recession during the last years of the Frei government. Vuskovic saw this situation as an opportunity for the new government. His plan was to stimulate the economy by raising workers' salaries

and eliminating unused industrial capacity. In addition, prices for basic goods, especially food, were to be kept low so that working-class people would be able to buy food and other necessary items. Last, distribution mechanisms were to assure that basic items were available in working-class neighborhoods.

The UP believed that this economic policy would lead to a more productive economy, with more workers employed and more goods available to them at reasonable prices. It hoped that greater economic prosperity would translate into an upsurge in electoral support for the government, providing it the popular base needed to push through other UP policies designed to reorient the economy toward socialism. In addition, the government anticipated that the industries that had passed into the social sector of the economy would be profitable. These resources would help to fund governmental social programs in health, housing, and education. Vuskovic's plan was risky, however. It might heat up inflation considerably, if not enough goods were produced. The government might have a revenue shortfall if socialized industries did not turn a profit. These difficulties, in fact, did occur in 1972 and 1973, creating serious economic and political dilemmas for the Popular Unity government.

### *Building Political Alliances*

The UP strategy was predicated on building a majority for socialism and, in the meantime, working with other political forces in order to enact its program. A number of circumstances prevented the UP from being able to do either of these. First, because congressional elections were not scheduled until March 1973, there was no immediate possibility to change the balance of power in the Congress. As a result, their electoral majority strategy—at least by winning greater representation in the Congress—was stymied for almost three years. This election schedule made political alliance or, at the least, political deals, necessary. In addition, municipal elections, which were held in April 1971, meant yet another round of electoral competition, in which the Popular Unity, the Christian Democrats, and the National Party were likely to highlight political differences in order to gain votes. Such a process did not help to create an atmosphere conducive to negotiation and compromise.

Third, in June 1971, Edmundo Pérez Zujovic, a leading Christian Democratic politician, was assassinated by a left-wing guerrilla group. The assassination increased PDC distrust of the UP and made compromise with them more problematic. Furthermore, UP officials were enjoying the perks of executive power after many years on the outside. Although interested in agreements on concrete programs, UP government and party officials did not think in terms either of any larger power sharing or of a broad agreement that might have permitted legislative passage of the UP program intact.

There also were continuing intra- and interparty conflicts, which, at times, led to party realignments and made deals between the Left and Center more

difficult. In August 1971, for example, a number of *terceristas* abandoned the Christian Democratic Party and joined the UP coalition as the Christian Left, or IC. From the Christian Democratic perspective, the further splintering of their party raised the question of UP motives. Did the Popular Unity really want to negotiate with them, or just raid the PDC for additional UP supporters? The Christian Left defections also robbed the PDC of progressive-minded members who would have looked favorably upon political compromise with the UP. The formation of the Christian Left also had repercussions within the UP. MAPU, which also was made up of dissident Christian Democrats, was adversely affected when a number of its members left to join the Christian Left. Other party splits took place as well.<sup>13</sup>

As a result of these and other changes in the configuration of political parties, Allende needed to readjust or reinterpret the quota system. At times, he was even expected to act as arbitrator between warring party factions. In general, the party realignments made coalition governance more difficult and impeded the chances for an alliance between the Center and the Left.

### *The APS in Year One*

Political differences over crucial substantive issues quickly arose between the UP and other political forces, as well as within the Left coalition. Of all the political issues to face Allende, the government's plan to create a strong socialized sector of the economy was the most thorny. In addition to opposition from outside of the UP, even within the UP there were disagreements regarding the creation of an APS. For example, which industries were to be taken over, how was the socialization process to be carried out, and how fast? How much control would workers have over the running of socialized industries?<sup>14</sup> There were strong partisan differences over these issues.

Although there were a number of options available for creating an APS, each option had drawbacks. One possible strategy was to utilize the legislative route either to pass a constitutional amendment to nationalize a particular industry, as in the case of La Gran Minería del Cobre, or to pass a more general type of constitutional amendment. The latter would state the criteria by which industrial or commercial enterprises could be nationalized and the procedure to be followed in such cases. This would constitute a nonagricultural analog of the 1967 Agrarian Reform Law, which had specified the criteria for and method of land expropriation and redistribution. Since the UP did not enjoy a majority in the Congress, however, it needed the cooperation of at least a portion of the opposition for the enactment of a constitutional amendment. This raised immediate problems. It was unlikely that the UP would find the same easy reception for constitutional amendments nationalizing specific Chilean and foreign industries as it had for copper. Besides, passing a constitutional amendment for each industry to be socialized would be a time-consuming, laborious task. Fulfillment of the

original UP Program would have required congressional action on at least one hundred bills. Obtaining approval for a general law specifying the criteria for eligibility and the procedure to be followed would be as difficult.

In November 1970 Allende had tried to rally UP support around the idea of the presentation of an APS constitutional amendment, with recourse to a plebiscite if the Congress resisted. He was unable to get the Political Committee of the UP to agree, however.<sup>15</sup> Because no consensus could be reached on Allende's plan, the UP decided in favor of a short-term solution. It did not send a bill to the legislature for almost a year. Neither did it delineate the proposed size of the APS early on. Although the UP did not totally abandon the legislative route, it looked to other possibilities until a more propitious political moment might develop.

Instead, the government uncovered a range of other, legal options to use. One available option was to have CORFO, the government industrial development agency, buy up a majority of the stock of publicly owned corporations that the UP believed should be in the state sector. The banks were nationalized in this manner in 1971. However, there were severe limitations to this option. One was the possible resistance of stockholders to selling out to the government. For example, the stockholders of the major paper-producing enterprise, nicknamed *La Papelera*, organized a campaign to prevent the state from buying them out. The political opposition feared that governmental control of newsprint would erode freedom of the press and limit freedom of expression because *La Papelera* produced and sold newsprint and paper used to publish books. Ads were placed in the newspaper *El Mercurio* warning stockholders against selling out to the state; the *Papelera* stockholders resisted the UP buyout offer. Another reason that buying stock was unattractive to the government was its cost. The government would have to pay stockholders cash for their shares.

Another strategy was to negotiate a sale directly with private owners. This was particularly attractive when the enterprise was owned by one person or a small number of people or was foreign owned. Negotiating a sale directly with the owners often turned out to be less expensive than either buying stock or expropriating an enterprise. The reason was that private owners, worried about possible government or worker takeover, were often more willing to strike a favorable deal. This was especially true if the workers in that industrial or commercial enterprise were on strike during the negotiations, if the business was not doing well, or if it needed significant new capital investment. In these cases, the government would have little difficulty acquiring the firm at an advantageous price.

Another legal option open to Allende was to call for a plebiscite on the APS issue. Among the changes made to the Constitution during Frei's last year in office was one that gave the president the right to call a national referendum or plebiscite when there was a disagreement between the executive and legislative branches. Of course, having resorted to a plebiscite, the UP would need to gain over 50 percent of the vote, a feat not easily achieved. The UP was loath to take such a risk in 1971.



Each of these alternatives had serious drawbacks. Those that required legislative cooperation seemed unlikely to succeed. Others, such as stock purchases and buyouts were time-consuming, costly, and increasingly difficult to achieve, as stockholders began to resist UP attempts to buy them out. Although the government utilized these tactics, it searched for other legal alternatives and found one. An adviser to Allende, Eduardo Novoa, formulated the strategy of using several long-forgotten decree-laws to take effective control of important industries. These permitted the government to intervene in, requisition, or expropriate an industry under well-specified conditions: to maintain industrial production in the face of production or distribution difficulties, such as some kind of owner sabotage or black marketeering, or in cases of a protracted labor dispute.<sup>16</sup> The laws stemmed originally from decree-law 520, promulgated during the turbulent year of 1932 and validated by later decree-laws in the 1960s.<sup>17</sup> The first enterprise for which President Allende invoked the requisition decree was the Bellavista Tomé textile factory in November 1970. The government's rationale was that owner sabotage had permitted the factory to operate far below capacity and had created supply problems.

The government intended to use these decree-laws to circumvent the legislature and to take control over a small number of large, strategic, or monopoly industries. However, over time the government felt forced to intervene in or requisition industrial enterprises that did not fit its original criteria for APS status. There were a number of cases in which private owners did not maintain production, and the government felt obliged to intervene. Bellavista Tomé was one such enterprise. More frequently, worker action forced the government to intervene. In some of these cases, the government encouraged worker militancy, but in many others it had not planned that the particular industrial or commercial enterprise would become part of the APS. The Yarur textile mill is a major example and constitutes the first case in which the government was forced to use these decree-laws because of worker-precipitated disruption in production rather than because of owner desertion or sabotage.<sup>18</sup>

Utilizing the intervention and requisition decrees was more appealing to the government than was outright expropriation. Although the government had the right, under a set of decree-laws passed in 1966, to expropriate any industrial or commercial enterprise that closed down, even temporarily, it was an expensive alternative. Under the terms of the law, the owner was to be paid in full upon governmental takeover.<sup>19</sup>

An important point to note about the use of intervention and requisition measures is that they did not constitute definitive socialization of the industry. Even if workers considered their factory to be part of the social sector, it was really in a kind of limbo status legally because the requisition and intervention statutes did not transfer ownership to the government. They were intended to deal with temporary conditions of labor disputes or supply difficulties. In short, the requisition and intervention decree-laws did not really create an APS since the government administered the affected industries but did not own them.

TABLE 3.1 Industries Owned by the Government (APS)

Type of Ownership	November 1970	September 1971	March 1972
APS (over 99% state-owned)	43	81	117
APM (over 50% state-owned)	—	36	47
Total	43	117	164

SOURCES: *Nueva Economía* No. 2 (January–April 1972); Lucía Lizana and Adriana Reyes, “Estructura actual del área de propiedad social,” in *La economía Chilena* (Santiago: Instituto de Economía y Planificación, ODEPLAN, Universidad de Chile, 1973); *Cuadernos de la realidad Chilena*, December 1971, p. 191; Sergio Bitar and Arturo MacKenna, “Impacto de las Áreas de Propiedad Social y Mixta en la industria Chilena,” unpublished paper, December 1972.

Table 3.1 lists the numbers of industries owned by the government. Table 3.2 shows those industries under decrees of requisition and intervention. The data in the two tables illustrate the rapid growth of state-owned and state-controlled enterprises. When Allende took office in 1970 only 43 industries were under state ownership, but by mid-1973, 165 were. The data for industries under requisition and intervention orders are even more striking; by the end of 1972 there were over 300 enterprises in a state of legal limbo.

Perhaps more important than the legal difficulties that requisition and intervention caused were the political ramifications. The use of requisition and intervention decrees infuriated the political opposition. Aside from the fact that the Right was unalterably opposed to any redistribution of major sources of wealth, they and the Christian Democrats were angered at the UP’s attempt to circumvent other institutions of the state, especially Congress. What was perhaps most galling to the opposition was that a revolutionary government was using the legitimate powers of a strong executive in order to effect drastic changes in the distribution of wealth in Chile. The Chilean presidency, even with the constitutional limits on power, was, after all, an extremely powerful office. Even more, the Christian Democrats had strengthened it through a series of constitutional amendments in the late 1960s, believing that they would be the ones to control the powers of this strengthened office after 1970. The only recourse for an uneasy or angry opposition was to force the executive to deal with the legislature, where it had a majority. By forcing the UP to go to the Congress, the opposition might be able to stop further actions or even undo what had been carried out by administrative fiat. The opposition could also try to force the government to call a plebiscite.

### *Growing Political Conflicts During the First Year*

By the end of the first year there was heightened political conflict both between the UP and the political opposition and within the UP coalition. These conflicts were to intensify over the course of Allende’s three years in office.

TABLE 3.2 Industries Under Intervention or Requisition, 1970–1972

	<i>N</i>	<i>On "List of 90"<sup>a</sup></i>	<i>Under Negotiation to APS</i>	<i>Returned to APP<sup>b</sup></i>	<i>Requisition and Intervention Maintained, Although not on the "List of 90"</i>
Intervention					
1970–1971	128	36	–	26	66
Requisition					
1970–1971	39	16	2	1	20
Total, 1970–1971	167	52	2	27	86
Intervention					
1971–1972	65	17	–	27	21
Requisition	86	23	5	11	47
Total, 1972	151	40	5	38	68
Total, 1970–1972	318	92	7	65	154

<sup>a</sup>The list of 90 major industries that the Popular Unity government wanted to incorporate into the socialized sector of the economy, the APS.

<sup>b</sup>APP was the private sector.

SOURCE: Compiled from data in *La economía Chilena* (Santiago: Instituto de Economía y Planificación, ODEPLAN, Universidad de Chile, 1973), pp. 96–97, 116–24.

**Intracoalition Conflict.** There was heated political dissension within the ruling coalition. These profound differences had important ramifications for politics in general, as well as for the fate of specific policy areas. Even in 1971 the UP coalition was beginning to divide into moderate and radical factions. The moderate faction included the Radical Party, the Allende wing of the Socialist Party, the Communist Party, and after March 1973, one of the two MAPU parties, MAPU-Gazmuri. I call this faction moderate because they felt it necessary to adhere to the law, even if this meant going slowly to achieve the UP Program. They looked to negotiate with opposition political forces and to build an electoral majority for socialism. Moderates viewed political agreement with the opposition, especially the PDC, as a viable option. Furthermore, the moderates, especially the Communist Party, believed that social change needed to be a controlled process, that is, a process guided by party and government officials. Overall, the moderates' strategy was to stay within the constitutional limits while attempting to create a majority for socialism, defined by them as an electoral majority or its equivalent in party strength.

The radical faction believed it important to move ahead quickly in implementing the UP Program and to go beyond it if possible. Radicals were distrustful of middle-class sectors as allies for social change. Instead, they were in favor of popular mobilization of the masses to press for revolutionary change. For radicals, a majority for socialism did not necessarily mean waiting for an electoral majority; rather, it called for mobilizing the grass roots to effect change from below. Radicals believed that once this occurred, middle-class sectors would join in support. A large segment of the Socialist Party, under the

direction of newly elected secretary-general Carlos Altamirano, the Christian Left, and the other MAPU faction, MAPU-Garretón, constituted the radical faction of the UP coalition.

The two factions disagreed early on about the APS. They could not reach consensus for a year on which industrial enterprises to include in an APS. Because of these intracoalition differences, the UP delayed introducing an APS bill to the Congress until October 1971, almost a year after Allende assumed office. The UP bill specified 150 industries—reduced the next month to 91—for transference to the social sector. The bill exempted any industry with assets less than \$14 million escudos from possible socialization, essentially excluding over 30,000 smaller private firms in the country.

Nevertheless, time was running against the government now. The yearlong delay in announcing both an APS bill and a specific list of potential APS enterprises, along with the buying out of companies and the use of administrative decrees of requisition and intervention, had created an atmosphere of uncertainty among businessmen. Investment had declined because businessmen were uneasy about putting capital into their companies if these might later be taken over by the state. Another result of the delays in UP action because of intracoalition conflict was that it gave opposition groups time to mobilize and forge their own positions.

**Opposition Tactics.** By the end of the first year, opposition forces started to regroup and to present a more concerted front against UP policies, even as the UP began to suffer a certain loss of momentum. There are several reasons for this. First of all, the Christian Democratic Party fell increasingly under the control of former president Eduardo Frei, rather than the more progressive Radomiro Tomic. In addition, the loss of many PDC *terceristas* to the Christian Left Party meant that there was less pressure from within the PDC to work with the Popular Unity government. As 1971 unfolded, the PDC grew less open to cooperation with the UP.

Second, the Right had recovered from its initial electoral shock. Seeing that the UP was serious about redistributing wealth, it was galvanized to action. Not only did the National Party become more openly oppositional but also the right-wing paramilitary group, Patria y Libertad, operated openly. The organization was composed mainly of right-wing youth, including some of the children of prominent National Party figures. Having been unsuccessful in preventing Allende from taking office, it now dedicated itself to forcing Allende out of office. In the first months after Allende's election, party leaders openly recruited members and marched in the streets; later on, the organization went underground. Fatherland and Liberty took some of its inspiration from the European fascists, including its emblem, which looked like a cross between a swastika and a spider.

By the end of 1971 the atmosphere was marked by an air of confrontation and there was a growing and visible opposition to UP policies. At the institu-

tional level there were attempts to impeach government ministers. The first one occurred in September 1971, when the National Party offered an accusation in the Chamber of Deputies against economy minister Pedro Vuskovic, on the basis of the UP's use of requisition and intervention decree-laws as well as decrees of insistence.<sup>20</sup> The accusation failed. However, other successful ones were soon to follow.

In October 1971, the Christian Democratic Party, supported by the National Party, presented its own version of an APS bill to the Senate, at the same time that the UP government was presenting its APS bill to the Chamber of Deputies. Not surprisingly, the differences between the two bills were significant. The PDC bill, dubbed the Hamilton-Fuentealba bill for its two congressional sponsors, would have forced the government to return to private hands all enterprises that the government gained control of after October 14, 1971, unless this control had been accomplished through the legislative process. Any enterprise that the government later wished to incorporate into the APS would be subject to legislative approval. In addition, the bill created a fourth area of the economy, workers' enterprises.<sup>21</sup> The intent of the opposition bill was clear: to prevent the Allende government from nationalizing any private firm without the explicit approval of the Congress. As time went on and the number of enterprises controlled by the UP increased, the potential impact of the opposition bill grew. If the opposition bill became law, virtually the entire socialization process not only would be stopped, it would largely be reversed.

By the end of 1971 the UP appeared to face a critical choice: It either had to work with the legislature to pass an acceptable APS bill or it had to call a plebiscite. It chose neither. Rather than firmly selecting one of these options, it continued to rely mainly on the existing administrative means, while dealing piecemeal with the burgeoning political crisis. This was, in essence, a postponement of a decision, a minimum consensus strategy that pleased no one but that was rooted in the internal UP disagreement about which tactic to adopt.

At the mass level, there was also a growing and increasingly vocal grassroots opposition to the UP. One of the most striking events took place in December, when opposition women organized the first March of the Empty Pots and Pans. Well-to-do women, often accompanied by their maids, marched in downtown Santiago to protest the UP's economic policy, which, they complained, was creating a scarcity of food. Although they were far from without food, the government's policy of increasing workers' salaries, coupled with its efforts to ensure that food reached grocery stores in popular neighborhoods, had, in fact, decreased the food supplied to the more well-to-do areas.

What was most striking about the women's march, however, was that it constituted the first mass mobilization against the Allende government. It signaled the beginning of other, more militant, anti-Allende actions that were to characterize the second and third years of his government. Another important point to note is that the protest was organized by women. By going into the streets to

protest the policies of the Allende government, they took a leading role in catalyzing political opposition to the UP government. However, they did so in their traditional roles as homemakers and mothers.

### *Assessment of the First Year*

During the first year there were significant gains as well as losses for the Allende government. The UP was able to advance certain portions of its program and to increase its popular support at the polls, as evidenced by the April municipal elections. It had nationalized the copper industry and was speedily implementing the 1967 Agrarian Reform Law. On the negative side, some adverse consequences of its first-year economic plan were beginning to be felt. Also, it was unclear how far the government would be able to go in implementing other parts of its program, especially now that the initial euphoria of victory had worn off. The political opposition had mobilized, both at the institutional and mass levels. In addition, the PDC attitude toward the UP Program had become more oppositional. Perhaps the crucial point is that the UP was beginning to feel the effects of the built-in contradiction of its situation. It was a government chosen to carry out revolutionary change, but it had to do so within the legal confines of a political system in which it had very limited political power. The difficulties this contradiction created were to grow much larger in the second year.

### **The Second Year**

The mass mobilization of women in the March of the Empty Pots and Pans symbolized the end of the first stage of UP government and the beginning of a second, more politically difficult, one. This next stage was highlighted by increasing opposition to and obstruction of UP programs, which culminated at the end of the year in a truckers' and merchants' strike. Within the UP coalition political differences grew. The result was conflicting policy positions, especially regarding the socialization of the economy. Moderates within the coalition pushed for a compromise with the PDC over the central issue of the APS, and there were several UP-PDC attempts to reach a negotiated settlement. At the same time, radical rhetoric glorified the concept of popular power and grassroots actions to further the revolutionary cause.

The economic situation deteriorated during 1972. Domestic production could not keep up with demand, nor could Chile afford to import all that it needed. Industries under government control were not profitable, in part because the government kept the prices for many of their products extremely low. The lack of foreign exchange to import goods was in large part a consequence of the U.S. government's decision to cut off all loans and credits to Chile, with the exception of military aid. Although U.S. diplomatic policy toward Chile was

formally correct but cool, the Nixon administration devised a secret plan to deny Chile not only U.S. but also international loans and credits. The result, in the words of Nixon, was “to make the Chilean economy scream.” Without foreign exchange, and with demand outstripping domestic supply, inflation speeded up. The Allende government made things worse by printing vast amounts of money. Basic goods and foods began to be scarce, and in response, people started to hoard supplies, which only exacerbated the supply problem. By the end of the year, standing on line for food and other basic items had become commonplace. The U.S. government hoped that this policy would destabilize the Chilean economy and, ultimately, the Allende government.

As the year progressed and efforts at political compromise failed, the political situation began to polarize at all levels: within the institutions of the state, among the parties of the Right, Center, and Left, and at the mass level. The effect of this broadening political polarization within political institutions and among political parties and social forces in society was to break down the tripartite division of society. The political Center began to give way, and in its place, two antagonistic political forces began to appear.

### *Political Polarization at the Institutional Level*

During 1971 political conflict had been confined mainly to the institutions of the state, for example, the legislative versus the executive branches. Although during 1972 the political arena for this conflict broadened from the institutions of the state and the political parties to the streets, conflict continued at the institutional level. There were a series of unsuccessful efforts to resolve the political deadlock over the APS issue before a clear break between the UP forces and an increasingly unified political opposition occurred.

**APS Negotiations.** The first efforts to resolve the APS crisis took place in early 1972. On February 19 the Chilean Congress approved the PDC-sponsored Hamilton-Fuentealba bill, which regulated and limited the formation of a socialized sector of the economy. It was sent to President Allende. UP-PDC negotiations took place in March in an effort to head off a legislative-executive confrontation. Justice Minister Manuel Sanhueza of the Left Radical Party, the PIR, who headed the negotiations, met with a Christian Democratic commission. Believing that they had reached an agreement, PIR leaders were shocked when, in an executive meeting of the UP, Allende decided not to approve the compromise because the Socialist Party opposed it. As a result, the PIR broke with the UP and joined the opposition. The UP’s congressional representation dropped to a perilous 37 percent.<sup>22</sup> After the collapse of the talks, Allende vetoed parts of the PDC bill and sent it back to the Congress.

Despite its inability to solve the conflict with the PDC in March, the UP continued to search for a political compromise. A second round of negotiations be-

tween the UP forces and the PDC took place in June and July. This time it was President Allende who invited the PDC to participate in direct conversations with the government. The talks constituted formal negotiations between one party or coalition and another. The purpose was to reach a compromise on the differences between the APS text as partially vetoed by Allende and the original congressional version. Radical Minister of Justice Jorge Tapia Valdés represented the UP, and Renán Fuentealba, president of the Christian Democratic Party and coauthor of the disputed bill, represented the PDC. These negotiations were, I believe, the last real chance for a political resolution of the growing crisis.

The UP and PDC commissions, which were given fifteen days to complete their work, attempted to formulate a common bill that would be satisfactory to both sides. They considered all aspects of the APS problem, such as a list of specific industries to be socialized, the PDC proposal of workers' enterprises and its relationship to the socialization process, limitations on the executive's use of requisition and intervention decrees, and the fate of the more than 150 enterprises then under these decrees. According to participants, by early July the two sides had reached virtual agreement on all major issues. However, because the negotiations covered such a broad content area, a set of bills still needed to be written to cover the agreed-upon areas. While this was being done, the fifteen-day limit expired on June 29.<sup>23</sup> On July 5, the right-wing of the PDC, perhaps at former president Frei's instigation, acquiesced when the PIR, together with two other parties on the Right, called for a vote to override Allende's veto of the original bill.<sup>24</sup> The measure was approved by a simple majority.

The congressional vote created a constitutional crisis. The opposition declared that they had overridden the presidential veto. Allende maintained that it had not, that a two-thirds vote was necessary. This crisis arose from the 1970 constitutional reform package, which had given the president the power to convoke a plebiscite in cases of executive-legislative impasse. The wording was such that there was no clear statement of the congressional vote necessary to override a presidential veto of a constitutional amendment. The UP maintained that the congressional vote needed to override a constitutional amendment was the same as for a law, that is, two-thirds, and the opposition claimed that the right of a plebiscite ended the necessity for a two-thirds override.

**The APS-Engendered Political Crisis.** Although the constitutional debate may appear technical, the political implications were sweeping. Allende argued that if the opposition won the argument, it would transform the political system into a parliamentary one. The opposition-controlled legislature would be able to rule by constitutional amendment unless the president was willing to call repeated plebiscites. This fear was not unfounded: A bill to transform agrarian reform had already been introduced into the legislature.

The failure of the June 1972 talks marks a watershed for the Allende presidency. The constitutional issue over the vote needed to override a presidential



veto assumed paramount importance. There seemed to be no way out of the dilemma. The opposition clamored for the promulgation of the bill in its entirety or the calling of a plebiscite. The controller-general's office overruled Allende's attempt to promulgate only those parts of the bill over which there had been no congressional-executive disagreement.

The failure of the talks marks a watershed for another reason. The June 1972 negotiations were probably the most important effort by the moderate wing of the UP to settle the question of how to create an APS, that is, by formulating a compromise bill. In fact, the UP, in anticipation of agreement with the PDC, had drawn up three bills that dealt with areas of concern raised by the PDC during the June discussions. The inability to reach agreement with the PDC was proof in the eyes of the UP radical wing that the Christian Democrats did not really want to resolve the APS issue. Internal UP conflict heated up as a result.

The collapse of the June negotiations led to heightened political polarization between the Left and the Center-Right. The failure to reach agreement with the UP made the Christian Democrats more open to alliance with the National Party. They broke with their long-standing tradition of going it alone in elections and joined with the National Party in an electoral alliance called the Confederación Democrática (Democratic Confederation; CODE) for the March 1973 congressional elections.

What is worth underscoring here is the form that political conflict had assumed in Chile, at least up to this point. The arena for debate and the nature of the conflict say much about Chilean politics. The arguments between the UP and the opposition forces may appear to us highly legalistic and technical—the proper use of decree-laws, arguing about the number of votes necessary to override a veto, and so forth. The form that the conflict took reflected decades of democracy; the political elite had learned to channel strident political conflict into a constitutional system where the rule of law was paramount. As a result, class and other conflicts were articulated as legal issues. However, this cultural disposition for converting societal conflict into legal-formal disputes was beginning to break down.

### *Political Polarization at the Mass Level: The October Paro*

It was not only among political parties that polarization was taking place; society in general was polarizing between those in favor of the UP and those opposed to it. The degree of polarization and the depth to which it penetrated Chilean society is perhaps best illustrated by the October *paro* (work stoppage or strike) of 1972. The *paro* began in early October when the truck owners' association declared a nationwide strike. Allende had moved to take over the private truckers in the small southern province of Aisén, raising fears among truck owners that the UP was going to nationalize the entire industry. Supported by the National Party and the Christian Democrats, other groups, especially small

shop owners, closed down their stores in support of the truckers. The strikers were also assisted financially by the CIA.<sup>25</sup> The month-long *paro* constituted a massive display of discontent with the Allende government by petit bourgeois elements of the middle class. However, it also mobilized supporters of the Allende government.

The strike's effect on daily life was dramatic. Chile is an extremely long, narrow country, and most goods are transported by truck. In Santiago alone, where a third of the country's entire population lives, the effects of the strike were quickly felt. Goods from outlying areas, or from the port at Valparaíso, could not get to the capital. People began to hoard whatever basic foods and other supplies they found.

The government moved to counteract the effects of the strike. It called for volunteers to break the back of the stoppage. Volunteer brigades were formed to help move goods from the port to the cities and to unload trucks at the markets. The government requisitioned strikers' trucks. Despite the volunteer efforts, basic goods and foodstuffs, such as milk, oil, flour, sugar, butter, toilet paper, and the like, were hard to find. Overall, the *paro* had a devastating effect on the economy and on daily life, especially in urban areas where basic consumer goods were in very short supply.

The truck owners voiced a set of demands through their employers' association, or *gremio*, which included a guarantee that their small, privately owned trucking businesses would not be taken over by the state, as well as guarantees that they would get needed spare parts, such as U.S.-made tires. This latter demand, incidentally, indicates the degree of success of the U.S. economic blockade against Chile.

Aside from the economic demands, the strike was also a political action. Opposition political parties quickly sided with the leaders of the small truckers' and merchants' *gremios*. The *gremios* themselves acted as a rallying force articulating small businessmen's fears of the Allende socialization program and a rejection of the UP government. *Gremio* leaders, such as Rafael Cumsillo, the head of the merchants' *gremio*, became leading figures in the struggle against the Allende government. They voiced political as well as economic demands; for example, they insisted that the Hamilton-Fuentealba opposition APS bill be promulgated as originally approved by Congress. Furthermore, the call to strike also provided an opportunity for the government's political opponents to mobilize their followers and to demonstrate to the Left the strength of the opposition to the UP's ideal of socialism.

The October *paro* was a grassroots mobilization. It was not begun by opposition parties but by the *gremios*, who represented the interests of small employers and white-collar employees.<sup>26</sup> Despite the fact that UP policies were not aimed against these groups, they felt threatened by the Allende government. Their strident opposition to the UP helped to mobilize other middle-class elements against the UP. In many ways, the strike was really a middle-class—and

petit bourgeois—revolt against the policies of the UP. Although the parties of the Center and Right jumped on the bandwagon of discontent, taking advantage of the mobilization at the mass level, they were not its initial leaders.

There is something particularly ironic about the October *paro*. It was really a general strike that was called by owners against a government speaking for workers' interests. Historically, it is workers, using the one resource they have—their labor—who call for a general strike. The October *paro* demonstrated that it was not only the Left that could utilize the general strike in order to shut down the country. The possibility of a political standoff, not only in electoral terms but also in terms of mass mobilization, was raised by the *paro*.<sup>27</sup>

Another consequence of the October strike was that it mobilized the forces of the UP that supported rapid social change. At the beginning of the *paro*, Allende had called upon workers to defend their factories to keep from being locked out by owners and to keep production going. Consequently, quite a number of industrial enterprises were taken over by workers during the strike. Their status was later regularized, often through the use of decrees of intervention or requisition. Workers also formed into self-defense and mutual assistance organizations, called *cordones*, or industrial belts. The *cordones* formed along major industrial arteries in Santiago, such as the Avenida Vicuña McKenna. Later, the government discovered that the workers in these factories were quite militant. For example, they often demanded that their industry become part of the APS, whether or not it had been on the UP's "list of 90." As a result, the government felt compelled to use decrees of intervention and requisition to take over administrative control of an ever-growing number of industries.

The formation of *cordones* changed the dynamic of worker-party relations on the Left and was also a reflection of intra-UP differences. Because the workers who formed the *cordones* were often highly motivated to fight for revolutionary change, they not only agitated for incorporation of their factory into the APS but also encouraged other workers to take over their factories. To some, they seemed like parallel worker confederations in competition with the Central Unica de Trabajadores (Central Workers' Confederation; CUT), the national labor union. The Communist Party, which historically had controlled the CUT, viewed the grassroots mobilization of workers into *cordones* as a threat to its working-class base of support. The PC believed that the *cordones* should be subordinate to the CUT. The radical wing of the UP, however, encouraged the *cordones*, seeing them as a force to press for rapid completion of the socialization process. The MIR, the Movement of the Revolutionary Left, also supported the takeover of factories by militant workers; in fact, they often helped such groups. The MIR's position stemmed from its belief that revolutions are won in the streets, not in the halls of Congress. Thus, although the *cordones* strongly supported the government during the October *paro*, they were also a semi-autonomous group, which exacerbated the radical-moderate cleavage within the Popular Unity coalition.

For their part, opposition political parties, as well as many in the middle class, saw the *cordones* as dangerous. They viewed the takeovers as illegal and believed that the slogans of worker or popular power—*poder popular*—were a threat to constitutional democracy. To the opposition, *poder popular* seemed a harbinger of the dictatorship of the proletariat in Chile. As a result, the conflict surrounding the *cordones* only reinforced the polarization process in Chilean society, which accelerated during the last year of Allende's government.

The political impact of the October *paro* also resulted in the injection of the military directly into Chilean politics. A few days after the military entered the cabinet on November 2, the strike ended. The military entered the cabinet as an institution, that is, as a politically neutral force. The heads of the three branches of the armed forces, the navy, the air force, and the army, each assumed cabinet posts. Their inclusion had been pressed by the opposition as a way to ensure that the UP government would honor its agreement with the truckers. In addition, the opposition believed that the inclusion of the military would guarantee fair and honest congressional elections, which were scheduled for March 1973.

### *The Military-Civilian Cabinet*

Despite the official apolitical stance of the military, the officers became openly involved in political issues. First of all, the key post of minister of the interior was filled by General Carlos Prats, who was head of the army and commandant of the armed forces. The minister of the interior was an extremely sensitive position because it oversaw internal security. In addition, because the Chilean political system did not provide for a vice president, the interior minister served as acting president whenever the president was out of the country or was incapacitated. Soon after the strike ended, Allende began a worldwide trip. He traveled to the Soviet Union to ask for more aid, to Algeria to attend the Meeting of the Nonaligned Nations, and to New York, where he addressed the United Nations. General Prats served as acting president in his absence.

Although the entrance of the military into Allende's cabinet solved the immediate political crisis for the UP—the *paro*—it actually created serious long-term problems. The fact that the political opposition believed military participation in the cabinet was necessary to end the strike and to guarantee fair congressional elections indicated the political weakness of the UP. The participation of the armed forces in the cabinet also meant that the military would be involved in day-to-day policymaking and implementation, including the critical issues of the time, especially concerning the APS. There were immediate repercussions for decrees of requisition and intervention. President Allende had resorted to using decrees of insistence, which required the signature of his entire cabinet, in order to overturn the controller-general's refusal to approve decrees of requisition and intervention. The military ministers would have to

decide whether they would sign them. In general, their participation in the UP cabinet made the armed forces more vulnerable to politicization, an unhealthy process for an institution that was supposed to remain apolitical and subordinate to civilian authority. However, although the military has been painted in much of Chilean political history as strictly apolitical constitutionalists, the process of politicization had actually begun before Allende's term in office.

The military's entrance into the UP cabinet was not universally approved of by UP coalition members. The Socialist Party was particularly unhappy with the decision. They believed that granting cabinet positions to the military was tantamount to giving them the credit for ending the strike. Radical Socialists believed that the strike had been defeated by the masses who had kept the economy running. This included workers who had taken over factories, peasants who had occupied farms, and ordinary Chileans who had undertaken voluntary labor in order to ensure that essential goods reached distribution points in major cities. The radical Socialist position on military participation is consistent with its general view on revolutionary change: Faith should be put in the grass roots, in workers and peasants, rather than in the institutions of the state or segments of the population who were not clear class allies.

The radicals also feared that the military would moderate governmental policy, which they did. During the period of military participation in the cabinet, November 1972 through the March 1973 elections, there were no decrees of insistence for requisition and intervention in industries, because the military ministers refused to sign them.

### *The Political Center Disappears and Society Polarizes*

The October *paro* had forced many Chileans to choose sides. By the end of 1972, the UP struggle to gain and keep middle-class support was waning and, perhaps, lost. The tripartite division of society broke down as centrist elements, both middle-class groups and workers, turned against the UP, as did their political representative, the PDC.

The growing economic crisis was a major factor in turning people away from the UP. Inflation had grown worse. Goods were harder to find in the stores. Many women, unused to standing in long lines to buy bread, meat, or other frequently used items, felt frustrated. A black market for essential goods appeared, with prices many times higher than official ones. Added to this was the formation of neighborhood Juntas de Abastecimiento y Precio, price and supply associations, known colloquially as JAPs, which also heightened middle-class and petit bourgeois distrust of the UP. The JAPs had formed in the aftermath of the October *paro* in order to ensure that people had access to basic goods. A basket of basic goods—rice, cooking oil, sugar, and so forth—was made available, at official prices, to neighborhood JAPs. Small merchants worried that the JAPs were intended to replace the small grocer, and others op-

posed to socialism saw the JAPs as the forerunner of food rationing and state control over distribution of basic consumer goods.

Worker takeovers of factories during the October *paro* and after also reinforced the uneasiness of the political Center with the UP. Middle-class sectors saw these actions, which speeded up during the October *paro*, as a direct threat to them. Might their houses and personal possessions be next?

President Allende's actions, as opposed to his rhetoric, did little to assuage such fears. He did not attempt to dislodge workers or peasants who had taken over property by force. How could he, the president of the popular sectors, call out the police to evict workers or peasants forcibly, especially since he had exhorted them to occupy factories during the October *paro*? Instead, Allende relied on his personal powers of persuasion to convince workers to return property, at times even talking to them as if he were their father. These efforts did not often change behavior, especially when his own party was encouraging worker takeovers. Workers who had taken such militant action were not likely to be receptive to the idea of returning the factory to its legal owner. What is more, workers who believed that takeovers were a legitimate tool could not understand why the government would support some takeovers and not others.

The issue of what to do with the large number of enterprises in a state of legal limbo was an additional problem that the UP government had to face in 1973. By 1973 there were over three hundred such enterprises. The continued stalemate over the fate of these industrial enterprises made the specter of the working class taking power seem more real, but frightening, to many in the middle class. Allende's hopes for a legal transition to socialism, accomplished with middle-class support, were being undercut by the militancy of both the Right and the Left as well as by the increasing uneasiness of the middle class in the face of what it perceived as potentially drastic social change.

## **The Last Year**

As the process of political polarization intensified in 1973, the consequences of the polarization played themselves out throughout 1973 almost like a Greek tragedy. Chileans could see that the outcome of the continued political stalemate might well mean violence and the demise of democracy. Despite efforts during the year to avoid this outcome, a political settlement seemed ever less likely. Chile appeared to move inexorably toward some kind of violent resolution of the political crisis.

### *The March 1973 Congressional Elections*

The year began quietly, with Chileans hoping that the upcoming March 1973 congressional elections would clarify the relative strengths of the pro- and anti-UP forces and point to some political solution. Political parties geared their ef-

forts toward the March elections and focused on winning as many seats as they could. Each side saw the congressional elections as a plebiscite on the Allende government. The parties of the opposition, principally the National Party and the Christian Democratic Party, were now allied in an electoral coalition called the Democratic Confederation, or CODE. They were determined to bring to an end the revolutionary changes impelled by Allende's experiment of a nonviolent transition to socialism. At this point, however, the main issue that still divided them was precisely how to accomplish this. The Left attempted a greater internal unity as well, by forming an electoral Federation of the Popular Unity. Under the banner of this federation of the UP they ran a single slate of candidates in order to compete most efficiently with the CODE list.

**The Center-Right.** The election campaigning was fierce. The Right, led by an aggressive Senator Sergio Onofre Jarpa, head of the National Party, campaigned under a slogan calling for a new government, not just a new legislature. His party charged that the UP was trying to impose totalitarian rule in Chile.<sup>25</sup> Jarpa hoped that the opposition would attain a two-thirds majority in the legislature and impeach Allende.

The Christian Democratic Party also campaigned vigorously. The PDC was the largest single political party in Chile, and it believed that its role was crucial to the future of the country. In its campaign, the party stressed that a victory for CODE was essential to salvage democracy in Chile, a democracy that was under threat because of the actions of the UP.

**The UP.** The Left was also vocal. It advocated continuation of the UP Program. However, the UP spoke with several voices, as the significant differences within the coalition surfaced during the campaign. Moderates and radicals within the ruling coalition each believed that its strategy should be followed in order to preserve both Chilean democracy and the process of a transition to socialism. Each hoped to gain a larger percentage of the votes than the other as proof of support for its position. The UP radicals, led by Altamirano Socialists, firmly believed that the UP had to move ahead vigorously in defense of the socialization process. They believed in encouraging worker action at the base level, supported continued takeovers of factories and farms, and refused to countenance the return of any enterprises to private hands. The radicals based this position on their belief that the forces of the Center as well as the Right were antithetical to revolutionary social change; they were all enemies of the revolutionary cause. Slowing down the process of transformation would only strengthen the position of all those opposed to revolutionary change. The only way to preserve the transition to socialism was to deny the antirevolutionary forces their economic base and to prepare for the coming *enfrentamiento*, or confrontation. The radicals' campaign slogan was *avanzar sin trazar*, advance without compromise. Altamirano, in fact, in responding to the idea of negotiating with the Christian Democrats, publicly stated that he would not negotiate with traitors.

The moderates, led by the Communists, campaigned under the slogan *consolidar y seguir avanzando*, consolidate and continue advancing. Unlike the radicals, the UP moderates wanted to find some accommodation with the forces of the Center over the APS issue as a way to avert a political stalemate and possible military intervention. They believed that it was both possible and necessary to do so. As their campaign slogan indicated, the moderates were willing to slow down the socialization process in order to regularize the status of a number of enterprises in legal limbo, end the looming crisis with the political opposition, and, thus, salvage both Chilean democracy and the Chilean road to socialism.

**The Stalemated Election Results.** The election results gave the UP almost 43.5 percent of the popular vote to CODE's 56.5 percent. Both sides claimed victory. Although the opposition parties had not gained two-thirds control of the legislature—in fact, they had lost seats and were sorely disappointed—they claimed victory because they had won over 50 percent of the popular vote. The UP also claimed victory because they not only had increased their popular vote over that of 1970 but had also gained six seats in the Chamber and two seats in the Senate.<sup>29</sup> Under normal circumstances it was unusual for the party in power to gain seats in the midterm election. The UP had achieved this both in the face of severe economic dislocations, including soaring inflation and scarcity of goods, and in a highly charged political atmosphere.

The election results showed that the country was essentially divided in two. For the Center-Right alliance the election meant not only that they were unable to impeach Allende but also that the forces of the Left appeared to be consolidating their gains. Despite all of the economic difficulties that the UP faced, its electoral base had held firm. What would happen if Allende completed his six-year term? Might not the Left be able to gain a majority? In the meantime, the relative parity of the two sides meant that although each side might be able to stalemate the other, neither had decisive power over the other. How could this deadlock be broken?

Each group began to look for some way out. Allende and UP moderates looked for some political solution to the growing crisis. At the same time, UP radicals and the MIR were calling for enhanced workers' power to push ahead with the revolution. The Center-Right forces entered into a period of intransigent opposition to Allende and began to search for extraconstitutional means to rid themselves of the UP government.

### *Opposition Tactics After the March Elections*

**Opting for a Military Coup.** As the year went on, many in the opposition believed that the political stalemate in Chile could only be broken by extraconstitutional means. Early in 1973, however, military intervention was still not a foregone conclusion. The military were in a somewhat ambiguous position. They had participated in the Allende government from November 1972



through to the March 1973 elections. They had done so as an institution, to guarantee the continuation of the democratic system, not, officially anyway, to support the policies of Popular Unity. The members of the armed forces, under General Carlos Prats, were still publicly constitutionalists. However, Prats's position as a neutral constitutionalist had been undercut by his participation in the UP cabinet as minister of the interior. He was increasingly seen as a man who supported the Popular Unity government, not simply the maintenance of the constitutional order. The opposition strategy was based on the belief that the military might become amenable to act against the Allende government if economic and political conditions continued to deteriorate. Notwithstanding its official constitutionalist stance, the military contained many officers who were virulently opposed to socialism and Marxism. Besides, whatever his political beliefs, no military man wanted to see his country politically weakened to the extent that public order and national security were threatened.

Although they were divided on a number of issues, the two major parties of the opposition eventually came to the same basic conclusion: A military coup was necessary to resolve the political stalemate. The National Party, with its election slogan of "not just a new Congress, but a new government," had clearly decided to get rid of the UP. If they could not do so legally, by means of an impeachment process, then they would do so by convincing the armed forces that its intervention was in the nation's best interests. The bulk of the Christian Democratic Party came to the same *golpista* conclusion after the March elections. Military intervention was inevitable.

The campaign to discredit the UP government and to create the conditions for military intervention took place at a number of levels: at the institutional level, the mass level, and among selected political elites on the Right. The Right began by trying to discredit the election results. They cried fraud, even though the military's presence in the cabinet, especially army general Prats's oversight of the Interior Ministry, should have been sufficient guarantee of fair and honest elections. The Right's position was that given the economic and political difficulties of the times, the UP could not have done so well unless they had committed electoral fraud. This was the first salvo in the opposition campaign to paint the UP government as illegitimate and to create the political conditions for military intervention.

At the institutional level, the opposition used its power in the legislature and in the courts to stymie the UP. We have already seen how the legislative opposition ignored the government's APS bill while approving the PDC-sponsored one and voting to override the president's veto. Allende tried to settle the burgeoning constitutional crisis over clashing interpretations of the Constitution by appealing the case to the Constitutional Court, which had been set up explicitly to deal with conflicts between the executive and legislative branches of the government. The judges, however, declared themselves legally incompetent to rule on the issue. In late August 1973, when the political stalemate had reached crisis proportions, the Congress voted a resolution stating that the UP government had committed ille-

galities. UP representatives walked out on the vote, declaring that the congressional action amounted to an invitation for military intervention. In sum, the institutions of the state available to the opposition were used to push forward its political project; the polarization that was increasingly visible in society was reflected in its political institutions. In fact, it was in part because the institutions of the state were used in this manner that the conflict spread to the streets.

**Opposition in the Street.** There was heightened activity at the mass level, which fostered an atmosphere of political chaos, civil disorder, and economic dislocation. To begin with, there were numerous street marches and rallies. One set of public marches was aimed against the UP proposal to create the National Unified Educational system, or ENU. Students marched in the streets in defense of their private schools. The Catholic church, which had tried to stay out of the political fray, was drawn in because it feared that the UP proposal would mean state control over private, Catholic education.<sup>30</sup> There were numerous other street actions. Students skipped school in order to roam around downtown Santiago in an attempt to intimidate shop owners into closing their doors or simply to create public disturbances and disrupt traffic. Some built barricades across major thoroughfares and lit bonfires. In response, the government would call out the National Police.

**Strikes.** A series of strikes began that damaged the economy and added to the atmosphere of chaos and disorder. In April bus drivers in metropolitan Santiago, protesting that the fares they were allowed to charge were too low, went on strike. Like the trucking industry, the bus system was privately owned by small entrepreneurs. This strike was another indication of petit bourgeois resistance to the Allende government. Copper miners loyal to the Christian Democrats also went on strike, protesting insufficient salary increases.

The copper miners' strike, which lasted about seventy days, had quite serious ramifications for the government. The sale of copper accounted for the bulk of Chile's export earnings, which were in critically short supply by 1973. In political terms, the miners' strike tarnished the UP's image of a worker-supported government; it was a sign of multiclass opposition to the UP. Political opponents of the UP rallied around the miners' cause, helping to supply them with food during their stay in Santiago. The UP parties, especially the Communist Party, roundly condemned the strike. Allende created dissension within his coalition when he agreed to meet with the striking miners after they had marched north to Santiago from the El Teniente mine in Rancagua and sequestered themselves on the grounds of the Catholic University campus. The strike ended only because of an attempted coup on June 29, 1973. The political implications of the coup attempt apparently overshadowed the miners' strike goals.

The most damaging mass action, a second truckers' strike, began in early July 1973 and lasted until the September coup. Unlike the first truckers' strike, this time the participants declared that they would not end the strike until Allende

resigned. The truckers also mechanically disabled the trucks and parked them in large encampments outside of Santiago, making it risky for the government to requisition the vehicles or for individual truckers to leave. Shopkeepers joined in the strike in an escalating series of shop closures. Professional associations for doctors and lawyers lent their support as well, although adherence to the strike call among doctors in particular was spotty. The opposition political parties openly supported the strike, which was avowedly political in nature: It would continue until Allende resigned.

**Sabotage.** In addition to these mass-level activities, there was active conspiratorial activity on the part of a segment of the Right. The group Fatherland and Liberty engaged in acts of sabotage, especially after the July strike began. For example, they bombed railroad bridges and assassinated one of Allende's aide-de-camp. One night, as President Allende was addressing the nation on national television, the television picture went blank; Fatherland and Liberty had bombed electrical transmission towers that supplied the capital city.

**The U.S. Role.** Opposition activities at the political elite, institutional, and mass levels were supported by U.S. policy toward Chile. First of all, the U.S. government had carried out a program of economic destabilization whereby Chile effectively was denied loans and credits not only from the United States but also from international lending institutions. In addition, the United States, through the CIA, secretly funded opposition groups such as the major opposition newspaper, *El Mercurio*, as well as the striking truckers' groups in July and August 1973. The opposition newspapers were, in Chilean fashion, quite vitriolic and even verbally violent in their depiction of the Allende government. In fact, some analysts have claimed that the newspapers engaged in a systematic campaign of disinformation designed to frighten the middle class and create a coup atmosphere.<sup>31</sup> Senator Frank Church's Senate investigatory committee into the secret activities of the CIA uncovered the secret plans of the CIA to rid Chile of Allende.

In addition, the U.S. copper companies of Anaconda and Kennecott, smarting from the 1971 nationalization without indemnification of their copper holdings, tried to prevent Chile from selling its copper abroad. They began court proceedings in West European countries under the claim that the nationalizations were not legal. There was at least one instance in which French dockworkers, fearing that the Chilean copper would be seized, acted in solidarity with the Chilean revolution and refused to unload the copper. The effort to embargo Chile's copper was yet another attempt to sabotage the Chilean economy.

### *The Status of the Armed Forces*

The armed forces were not quiescent during the months leading up to the coup. Three major events took place, the June 29 *tancazo* (tank uprising) in

Santiago, the August resignation of General Carlos Prats as head of the army and commandant of the armed forces, and the vigorous enforcement of the arms control law. On June 29 a tank regiment based in Santiago and headed by Lieutenant Colonel Roberto Souper left its barracks and rumbled toward the Moneda Palace. They were not joined by any other troops, however, and after General Prats personally confronted the tanks in front of the Moneda and demanded their surrender, the uprising ended. Five high-ranking members of Fatherland and Liberty fled to the Ecuadorian embassy and asked for political asylum.<sup>32</sup> In the aftermath of the coup attempt, President Allende asked Congress for extraordinary powers to deal with the threat to democracy. The opposition refused, claiming that the *tancazo* was merely a show by the government in order to gain additional powers. It seems evident that the military action, despite its limited nature, was a clear sign of discontent and conspiracy within the armed forces, and perhaps a tryout for a real coup.

The second major event involving the armed forces was the forced resignation of General Prats on August 23, 1973. High-ranking officers felt that Prats had become associated with the UP government. They signaled their displeasure by having their wives stage noisy protests outside of his residence. Prats believed that to remain as head of the army under these circumstances would only divide the army; Allende reluctantly accepted his resignation. General Augusto Pinochet replaced Prats, after Prats had assured Allende that Pinochet was a constitutionalist. Prats's action might seem to us equivocal: Given the *golpista* sentiments within the armed forces, would it not have been better if he were to remain as its head? He believed not because he felt that he had lost credibility and could no longer function effectively.<sup>33</sup>

The third major military action leading up to the coup was the military's enforcement of the arms control law.<sup>34</sup> In the months leading up to the coup, already tense because of the June *tancazo* and the growing truckers' and merchants' strikes, the armed forces carried out virtual military campaigns in searches for illegally held arms. Factories were surrounded by troops and searched. The military even dug up a cemetery and opened coffins. The raids were uniformly aimed against Left groups. The reason the armed forces focused attention exclusively on UP supporters was that they feared that workers were arming themselves in anticipation of the coming confrontation. Thus there were a number of signs that the military was shedding its apolitical and subordinate role in preparation for a coup.

### *UP Actions in the Search for a Political Solution*

In the face of growing opposition, the UP undertook defensive political measures. At the institutional level, the government tried to end the political stalemate by attempting to negotiate a compromise over the APS issue. At the mass level, it responded to the street mobilization in kind.

**The Constitutional Court.** At the institutional level, the UP appealed, without success, to the Constitutional Court to end the executive-legislative impasse over the bill on socialization of the economy. After the court declared itself incompetent to rule on the issue, opposition political parties stepped up their calls on the government either to promulgate the bill as it was or to call a plebiscite. Allende refused for quite a while to consider either of these alternatives. He believed that to promulgate the opposition bill as it stood would be tantamount to accepting the opposition's interpretation of the Constitution—that it could override a presidential veto of a proposed constitutional amendment with a simple majority. Such authority would strip the president of any power over legislation; the legislature could then dictate public policy simply by writing constitutional amendments. For months Allende also refused to call a plebiscite.

**The Millas Bill.** President Allende looked instead for other political solutions. Soon after the March election, the Communist minister of the economy, Orlando Millas, proposed a bill that would have regularized the status of intervened or requisitioned industrial enterprises. According to the bill, the status of a firm would be studied, and if deemed appropriate, it would be returned to private control. However, the radical wing of the UP virulently—and publicly—opposed the bill. The Socialists even withdrew their subsecretary for the economy to demonstrate their displeasure, thus undercutting the president. Meanwhile, the opposition clamored for promulgation of the Hamilton-Fuentealba bill. The Millas effort got nowhere in the legislature.

**Military in the Cabinet.** After the June *tancazo* Allende asked the armed forces once again to enter the cabinet. Although some generals did join his cabinet for a time, including General Prats as minister of defense, their addition did little to quiet the situation. This time, not all of the heads of the four branches of the armed forces were involved, so the impact of having members of the armed forces in the Allende cabinet was different in kind from their earlier participation. The temporary presence of military officers in the cabinet did nothing to resolve the critical issue of the moment, the status of the APS.

**UP-PDC Negotiations.** As events heated up, with no other political solution in sight, Allende heeded the call of the leading church official in Chile, Cardinal Raúl Silva Henríquez, for direct UP-PDC negotiations over the APS. President Allende agreed to a series of meetings with the head of the Christian Democratic Party, Patricio Aylwin. The July and August talks were a last-ditch effort to find a way out of the deadlock. Despite lengthy conversations, no agreement was reached. The PDC appeared unwilling to resolve the crisis; whenever the two sides seemed to reach accord, Aylwin would later come back with further demands. The talks ended in early August. It was apparent that

the PDC did not want to reach any political compromise with the UP; it wanted the UP out of power.

**The Plebiscite Option.** With the failure of the UP-PDC talks, the situation became even more tense. It was a cold and rainy winter in Chile. With Santiago in the grip of the truckers' and merchants' strikes, products became ever more scarce. The armed forces continued to carry out raids against workers in their search for illegal arms, while Fatherland and Liberty conducted acts of sabotage and terrorism. In addition, on August 23, not only had General Prats been forced to resign but the Congress had voted a resolution condemning the UP government. A coup seemed imminent.

In this bleak context, Allende turned to what he perceived to be his only remaining alternative, calling a plebiscite on the APS. It was not an attractive option. A plebiscite would give some legitimacy to the opposition's interpretation of the Constitution. Moreover, it was very unlikely that the Popular Unity could win over 50 percent of the vote since it had reached barely 44 percent six months earlier. However, the political situation was grave. Allende finally won Communist support for a plebiscite, and although he still lacked Socialist Party approval, he decided to play the plebiscite card. The president decided to make his announcement in a public broadcast to the nation on September 11. He communicated this decision to his supposedly loyal military chief, General Pinochet. Instead of securing democracy, his decision hastened the coup.

**The UP in the Streets.** During the period leading up to the coup, the UP also responded to opposition street marches by calling their own rallies. There seemed to be a veritable contest of street rallies between pro- and anti-UP forces as each side tried to muster more support in the streets. The degree of participation in the rallies was also a sign of how the crisis had become generalized to society. The institutions of the state were incapable of resolving the political crisis; instead, the conflict was being played out in the streets.

**Intracoalition Conflicts.** Throughout this period the UP was unable to operate in a coordinated fashion. There were serious and open political differences within the coalition over how to maintain Allende in power and how to salvage the revolution. Differences between radicals and moderates were aired openly. Socialist Party secretary-general Carlos Altamirano strongly opposed any retrenchment of UP gains. He spoke, instead, of *poder popular*. Altamirano believed that workers should be armed because the political conflict could only end in a violent confrontation, and he publicly disagreed with Allende's decision to negotiate with PDC head Aylwin by deriding the meetings as negotiations with traitors.

The Socialist Party leader took an even bolder step by meeting with naval officers in order to find out what was going on within their institution. He also wanted to encourage them not to obey coup orders. When the navy discovered

what he had been doing, the naval officers involved were interrogated and, according to the Left, tortured. Altamirano maintained that his private discussions with members of the armed forces were reasonable; how else could the budding conspiracy be stopped? The UP had practically no information about military intentions. The armed forces saw it differently and charged Altamirano with treason. Congress began proceedings to strip him of his senatorial immunity.

Moderates within the Popular Unity coalition believed, almost to the end, in a political solution to the crisis. The PC adopted the slogan *a parar el golpe*, to stop the coup. They believed that if they talked openly about a coup, and people reflected on what it would really mean, they might be able to prevent it. There are signs, however, that by July and August 1973 even the Communists realized that perhaps they should prepare for violence; they, too, began privately to discuss arming workers.

### **The Military Coup**

By early September 1973 there seemed to be no political solution to the crisis. The opposition to the Popular Unity government was intransigently pushing for military intervention. Political institutions were paralyzed. Popular mobilization against the Allende government showed no sign of diminishing. The UP government also seemed paralyzed. Many, though believing that a military coup was now inevitable, hoped for what they called a *golpe blando*, a soft coup, that is, one with little violence. Allende, a constitutionalist to the end, refused to arm the workers. He felt that this would only lead to needless bloodshed. The opposition, in the meantime, waited eagerly for the military to intervene. They assumed that the military would turn the reins of power over to them once the Left was vanquished.

The deadlock was finally broken on September 11, 1973, the day Allende was to announce the plebiscite. Early in the morning, the president, still in his residence, was warned of suspicious troop movements. Phone calls alerted him to the fact that naval ships, which had left the port of Valparaíso to join in the *Unitas* maneuvers sponsored by the United States, had returned to port during the night. After asking his minister of defense, Orlando Letelier, to question the relevant military commanders about these movements, Allende decided to leave very early for the presidential palace, which was located in the heart of downtown Santiago.

It became apparent very quickly that there was a coup in progress. Unlike the coup attempt of June 29, this one appeared to have the support of all four branches of the armed forces. Communication centers were soon taken over by the military, although Allende managed to address the nation twice on the radio before it was silenced. His second speech, at approximately 9 A.M., was both an acknowledgment of his defeat by the military and a defiant statement of revolutionary zeal and constitutional honor.

Despite military assurances that he would be allowed to fly out of Chile once he resigned, Allende refused to leave the Moneda Palace. Instead, he reminded the military commanders that he was the democratically elected president of Chile, chosen for a six-year term of office. He would fulfill his constitutional duty despite the military's threat that the Moneda would be bombed. Shortly after the 11 A.M. military deadline, three Hawker Hunter jets flew over the palace and dropped their deadly load. They scored direct hits. Allende and the small band of supporters that he had allowed to stay with him retreated to the basement during the bombardment. The palace began to burn. When soldiers finally were able to enter the building, they arrested those whom they found inside; Allende was taken out, dead.<sup>35</sup> Allende's bloody end was a harbinger of the violence that was to pervade Chile for the next sixteen years.

## NOTES

1. Even Nathaniel Davis, U.S. ambassador to Chile from 1971–1973, noted this atmosphere in his book *The Last Two Years of Allende* (Ithaca: Cornell University Press, 1985).

2. The vote can be calculated somewhat differently, giving the UP a majority, depending on whether one counts the spoiled ballots. However one counts, the UP vote increased dramatically, either reaching a majority or coming very close to it.

3. These results were typical for the electoral forces of a new president. Because of the staggered electoral system, either congressional or municipal elections took place the year following the presidential vote, and the party of the president ordinarily did quite well. This had been the case for the Christian Democrats after Frei's 1964 victory, a case in which congressional elections were held in 1965. The elections in 1971, however, were for local offices; thus, the UP was not able to take full advantage of its upsurge in popularity. Both houses of Congress remained firmly in the hands of the opposition. The coalition would have to deal with an opposition legislature for a while, since elections for Congress were not scheduled until March 1973.

4. Stefan de Vylder, *Allende's Chile: The Political Economy of the Rise and Fall of the Unidad Popular* (Cambridge: Cambridge University Press, 1976), p. 116.

5. Davis, *Last Two Years of Allende*, p. 24, and de Vylder, *Allende's Chile*.

6. A number of sources discuss the copper nationalization and indemnification issue, including Sergio Bitar, who was minister of mining under Allende, in Bitar, *Chile: Experiment in Democracy* (Philadelphia: Institute for Human Issues, 1986); and de Vylder, *Allende's Chile*.

7. A basic hectare (BIH) was defined as a hectare of good quality, irrigated land in the central valley. According to Kyle Steenland, 80 BIHs were equivalent to about 500 hectares of land in central Chile. See Kyle Steenland, *Agrarian Reform Under Allende: Peasant Revolt in the South* (Albuquerque: University of New Mexico Press, 1977), p. 8.

8. In fact, it was the slowness of the agrarian reform program that, in part, accounted for the defection of some Christian Democrats from the party in 1969. This was what happened with Jacques Chonchol, who was very disappointed in the small gains made.

9. North American Congress on Latin America (NACLA), *New Chile* (Berkeley: Waller Press, 1972), p. 23.



10. Steenland, *Agrarian Reform*, p. 10.

11. *Ibid.*, pp. 14–15.

12. The term “majority for socialism” is one that was much disputed within the Left. Although the Communists understood the term to mean gaining an electoral majority, which would allow the UP to carry out its program through the legal structure, the radical Socialists, led by Secretary-General Carlos Altamirano, believed that this was not an adequate definition.

13. The MAPU divided right after the March 1973 congressional elections. The two MAPU groups were known by their party heads. The moderate faction was called MAPU-Gazmuri, and the MAPU faction that sided with the radical faction was known as MAPU-Garretón. The Garretón faction eventually won the right to the MAPU name, so the other MAPU faction added the terms “worker and peasant” (*obrero/campesino*) to its acronym (MAPU-O/C). The Radical Party had split earlier, in April 1972, dividing into the PR and the PIR. The PIR later left the UP coalition.

14. My Ph.D. dissertation, “The Quest for Unity on the Left: Allende’s Chile and the Socialization of the Economy” (Washington University [St. Louis], 1980), deals in some depth with these questions.

15. From a book by Joan Garcés, a close adviser to President Allende. Garcés was a Spaniard without party affiliation; his analysis is valuable for the nonpartisan perspective of a close associate of Allende. Joan Garcés, *Allende y la experiencia Chilena* (Barcelona: Editorial Ariel, 1976).

16. The regulations regarding requisition empowered the government to requisition enterprises under two general sets of conditions. The first was in cases of speculation and of attempts to disturb the market forces of supply and demand for the purpose of gaining excess profits. Examples of such activities included hiding, hoarding, destroying, or refusing to sell merchandise. In these cases, the government could take control of the product. The second was in situations in which difficulties of supply arose or seemed imminent and in which these supply problems might impede the free flow of essential goods to the market. In the latter case, a governmental agency, DIRINCO, was to take administrative charge of the affected enterprise. Intervention was another administrative device that gave the Ministry of Labor broad legal basis to intervene in the running of an enterprise for reasons of labor paralysis, whatever its cause.

17. For an exposition of this strategy, see Eduardo Novoa, “El difícil camino de la legalidad,” *Revista de la Universidad Técnica del Estado* (UTE), no. 7, April 1972: 7–34. I should also note that there is some difference of opinion as to exactly when during 1932 the decree was promulgated. Notwithstanding, decree-law 520 was validated by later decree-laws, such as that of October 1966 on the question of requisition and December 1968 for intervention.

18. Peter Winn, *Weavers of the Revolution: The Yarur Workers and Chile’s Road to Socialism* (New York: Oxford University Press, 1986) is a fine microhistory of what happened in one textile factory, Yarur.

19. The executive could also demand that a given enterprise manufacture articles declared to be essential goods, with specifications as to number and quality. If the firm did not comply, it was liable for expropriation. The 1966 decrees also gave the government the right to expropriate an enterprise that was a major supplier of a product if the business did not maintain a normal rhythm of production or, for example, if it hoarded goods or engaged in price speculation that resulted in supply difficulties for the general population.

20. Requisitions had to be approved and registered by the controller-general. If he disagreed, which he began to do increasingly, the government could force the issue by having all the cabinet ministers sign a decree of insistence, which the controller then had to accept.

21. This idea was based on the Yugoslav model of worker-run cooperative enterprises. The UP was firmly against this idea because it believed that such co-ops would merely transform workers into petite bourgeoisie. The workers' enterprise concept was one that had a long history among certain groups within the Christian Democratic Party.

22. After the PIR defections, the UP had only 36 percent of the seats in the Senate and 38 percent of the Chamber seats, barely enough to fight off presidential impeachment proceedings. This account of the meeting is from my interview with a PIR member at the time, Eugenio Velasco. It was later confirmed by other sources.

23. Although there are a number of disputed points about the June–July 1972 meetings, I believe that I have pieced together an accurate assessment of the status of the negotiations, as well as of points of disagreement. Major sources include the following: an exchange of letters between Renán Fuentealba, then-president of the PDC, and Jorge Tapia Valdés, then-minister of justice, reprinted in Reinhard von Brunn, *Chile: Con leyes tradicionales hacia una nueva economía*? (Santiago: ILDES, 1972), pp. 114–26; Tapia Valdés's account of the talks in *Chile, 1970–1973* (Madrid: Editorial Tecnos, 1977), pp. 229–317; *Chile hoy*, issues of July 1972; and the newspapers *La nación* and *El mercurio*, July 1972, especially July 6, 1972.

24. The magazine *Chile hoy* reported that Frei called Chile during a European trip to veto the arrangement with the UP.

25. Although some analysts dispute the U.S. support for the strikers, I believe it to be so. A number of sources support this latter view. See, for example, Julio Faúndez, *Marxism and Democracy in Chile: From 1932 to the Fall of Allende* (New Haven: Yale University Press, 1988), p. 236.

26. White-collar workers were legally a separate category from blue-collar workers and had their own employees' associations. In addition, there were associations, the *gremios*, for small entrepreneurs.

27. The UP used the word *paro* to describe the opposition action, which in English is best translated as stoppage. They probably avoided the use of the term *huelga*, or strike, because it was a word ordinarily associated with worker action. The UP, after all, was a workers' government.

28. I was struck by the language used by the Right in the March 1973 election campaign. I remember listening to a television debate in which candidates from the Right, Center, and Left participated freely and without cost. On the program the Right attacked the UP as imposing totalitarianism in Chile. As I watched, I marveled at the access of the Right to free television time under a supposedly totalitarian regime.

29. The Communists and Socialists gained three Senate seats each. Their gain was partially offset by the loss of four seats by the other, smaller UP parties. In the lower house, the Socialists were the big winners; they doubled their representation, from 14 to 28 seats. The Communists gained three seats, and the Radical Party and Christian Left Party were almost eliminated. (Compiled from the Chilean government publication, *Di-rección del registro electoral* [Santiago: N.p., n.d.] )

30. For an in-depth analysis of the ENU issue, see Joseph Farrell, *The National Unified School in Allende's Chile* (Vancouver: University of British Columbia Press, 1986).

In his examination of the political consequences of the ENU, Farrell has some harsh words for the UP, especially the UP radical group, because he believes that the ENU was responsible for alienating the middle class from the Popular Unity.

31. See, for example, Donald Freed and Fred Landis, *Death in Washington* (Westport: Lawrence Hill, 1980). The authors describe a process of what they term *psycho-terror*, by which repulsive, but totally fabricated, stories were planted in newspapers, often next to articles about the Allende government. The intent was to create a sense of fear, as well as a subconscious association of the violence in the stories with the Allende government. For example, Freed and Landis cite the story of a *descuartizado*, a dismembered man, whose discovery was recounted in right-wing Chilean newspapers.

32. General Carlos Prats recounts his actions in his memoir, Prats, *Memorias: Testimonio de un soldado* (Santiago: Ediciones Pehuén, 1985). The book was compiled by his daughter and published after his death.

33. Prats discusses the situation leading up to his resignation in his book (see Note 32).

34. The law was passed by a Congress that was fearful of the Left. It was approved, as a compromise measure, by Allende, who hoped that it would quiet opposition fears and also be used against the Right.

35. There has been a long-running dispute since September 11, 1973, as to whether the soldiers who entered the Moneda that afternoon found Allende alive and shot him to death, or whether, according to the military, they found him dead by suicide. Although we will never know for sure, Allende's body was examined when it was exhumed for reburial in September 1990. Allende's widow, Hortensia Bussi de Allende, asked her husband's personal doctor to examine the remains so that she would be assured that it was, in fact, he. In a press conference later that day, the doctor stated that the physical evidence supported the theory that Allende had committed suicide. Whichever the case, Allende's death was certainly caused by the military takeover, regardless of who pulled the trigger.

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## The System Collapses: Causes of the Military Coup

I will not resign. . . . I will pay with my life for the loyalty of the people.” On September 11, 1973, President Salvador Allende Gossens fulfilled the fateful words that he had uttered just a few hours earlier, dying in the half-destroyed, burning Moneda Palace. His death marked the end of constitutional rule in Chile and its replacement by a brutal military regime. In this chapter I explore the causes of the military coup in Chile. Why had such violence been unleashed in Chile, hitherto known as the “England of South America”? What had happened to its culture of political tolerance, pluralism, and attention to legality? What long-term implications did military rule have for domestic politics? The reasons for the toppling of one of the most stable democracies in Latin America and its replacement by an authoritarian military regime lasting over sixteen years were far from clear.

The Allende period and its violent end are controversial to this day. There are diverse opinions as to what were the roots of the coup. Many of the early accounts were highly partisan statements that reflected the political divisions within Chilean society.<sup>1</sup> These conclusions tended to be judgments on Allende and the people who guided politics from 1970 to 1973. Even today in Chile the debate about the Allende period persists, as supporters and opponents of the Pinochet years try either to justify the period of military rule or to discredit it.

One of the significant debates about the Allende period and the coup is whether the overthrow was inevitable. Some believe that the UP, with a program premised on a nonviolent transition to socialism, was doomed from the first. Marx and Lenin, after all, stressed armed insurrection as the more likely route to power. In Latin America the Cuban Revolution of 1959 stood as an example of a successful revolution through armed struggle. This does not mean,

however, that the Chilean Left's choice of a nonviolent route to socialism was impossible. Chile, after all, was not Cuba, as Allende himself liked to point out. In Chile the parties of the Left, with deep roots in working- and middle-class sectors, had a long history of participation in electoral politics and national government. In addition, democratic values were well established and adherence to basic freedoms, such as the press and political organization, was accepted. World attention focused on Chile precisely because its exceptional status augured well for its success.

There were, however, serious domestic and international factors that militated against success for the Chilean experiment in socialism. Domestic factors include the nature of the Left political parties and conflicts within the Popular Unity coalition; the three-way political division of Chilean society and the minority status of the Allende government; and the configuration of social forces, parties, and institutional opposition that the government confronted in the 1970–1973 period. The international variables involve the nature of the international world order in 1970, especially relations between the United States and the Soviet Union, and the attitude of the United States toward socialist revolution in Latin America, its traditional sphere of influence. It is the way in which these domestic and international factors interacted that explains the coup. There was no single causal factor, nor was the outcome inevitable. Instead, a complex set of internal and external factors led to the overthrow of Allende and Chilean democracy.

## **Internal Factors**

### *Constitutional and Political Constraints on UP Action*

As we have seen, President Allende's power was constrained by constitutional rules as well as by certain unwritten rules of the political game. Although the presidency was a powerful office, Allende had to share power with the legislature, the judiciary, and other institutions of the state. The judiciary was hostile to its project, and the controller-general, appointed by the previous president, was unsympathetic. A traditionally organized military could not be counted on to be susceptible to the idea of socialist transformation.

**A Minority Coalition.** Another inherent constraint on Allende's power was a consequence of the tripartite political division in Chile. The UP had garnered the electoral support of a little more than a third of the population in 1970. Allende's popular mandate to enact drastic social change was unclear. The UP's minority status was also reflected in the Congress, where partisans of the Popular Unity in 1970 held barely 40 percent of the seats. It was no easy task for the Left to choose the second, electoral, route to socialism, a strategy that contained constitutional limits on action. This path was rendered even more diffi-

cult to follow when the revolutionaries had partial control over the institutions of the state and minority support among the population.

**Loyalty to the System.** Ironically, UP leaders were also limited by their own faith in the political system, by their belief that if they played by the rules of the game, so would everyone else. The Popular Unity strategy had been predicated on the nonviolent route to socialism because Allende and many of his partisans believed that working within the system, even with its bourgeois flaws, was viable. The Communist Party had labored for decades to forge a large, multiclass coalition that could come to power through the ballot box, and many Left party leaders had participated for decades in the existing political system. Allende himself had spent virtually his entire political life working within the system—in the Congress as a deputy, senator, and even president of the Senate, and as a four-time candidate for the presidency. He had also served as minister of health in the Popular Front government of President Pedro Aguirre Cerda and was the youngest minister in Chilean history. In all, he was a man deeply committed to the democratic process.<sup>2</sup> It is ironic, then, that Allende's long years as a politician blinded him—and others in the Popular Unity—to potential dangers. Their somewhat naive assessment that all groups would adhere to constitutional limits proved tragically wrong.

Allende also had great faith in his political acumen. In fact, he was known in Chile for his *muñeca*, which literally means wrist but refers to his political savvy and ability to get what he wanted. Allende was a consummate politician, in the old-fashioned sense of the word. These were skills that proved useful in a politics-as-usual situation. Leading a revolutionary coalition dedicated to drastic social and economic change did not, however, make for ordinary politics.

**Intra-UP Differences.** Divisions within the UP coalition were a major factor affecting the Popular Unity government's chances for success. Internal disagreements had a deleterious impact on the UP's ability to govern. Differences over interpreting what the second route to socialism meant and how to apply it to Chile grew profound from 1970 to 1973. At the beginning of Allende's term, both UP moderates and radicals seemed to agree that they needed to forge a majority for socialism and that winning over the middle sectors was key, since this group constituted a significant segment of Chilean society. However, as time went on, moderates and radicals within the coalition clashed over what a majority for socialism was, how to attain such a majority, and whether and with whom to coalesce. The lack of intra-UP coherence and unity was a significant factor in the deterioration of the political process from 1970 to 1973, especially given the above-mentioned constraints on the UP from the outset.

For UP moderates, led by the Communists, attaining a majority for socialism meant electoral success—winning at the ballot box. The formation of the Popular Unity coalition itself constituted part of this process of putting together a broad

antiligarchic alliance in favor of structural change; it joined Marxist parties with the non-Marxist Radical Party, API, Social Democrats, and the Christian Democratic schisms of the Christian Left and MAPU. Moderates were firmly committed to this long-term strategy because they believed that Chile lacked the political and even geographic conditions for an armed insurrection of workers.

Since creating a majority for socialism was a lengthy process, interim tactics were necessary. These involved working with other non-Marxist middle-class sectors, which moderates saw as not only possible but also desirable. Consequently, they favored negotiating with other political parties, especially with the Christian Democrats. Moderates did not view the Christian Democrats as their enemies; those, they claimed, were solely the large landowners, industrialists, and financiers.

The moderate wing also believed that the transition to socialism had to pass through fixed stages that were determined by objective conditions. The Chilean process was in the first stage of transition. Revolutionary ardor could not change that process; no one could speed up the process. Their interpretation of revolutionary strategy might require proceeding cautiously. Moderates supported consolidating and slowing down revolutionary change if it was necessary to preserve the transition process and the democratic system.

UP radicals, led by Socialist Party secretary-general Carlos Altamirano, disagreed. For that faction, a majority for socialism did not necessarily mean simply getting 50 percent plus one vote at election time. It meant a realignment of class forces, which might occur more quickly if the grass roots took revolutionary action. This called for mobilizing the masses, not restraining them. In fact, radicals held firmly to the view that only the working class could be relied upon, that only they could spearhead a drive for revolutionary change. Faith in the masses formed the crux of its Workers' Front strategy. It was for this reason that Socialists had resisted the inclusion of non-Marxist elements, particularly the Radical Party, into the long-standing Socialist-Communist FRAP electoral alliance in the years leading up to the 1970 presidential elections. They believed that middle sectors would tend to side with those favoring revolutionary change only when they saw these changes actually taking place. The Left, in other words, needed to create a momentum for revolutionary change so strong that it would sweep middle-class sectors along with it. This is why UP radicals took issue with efforts to slow down the transformation process by negotiating political compromises with other parties and why they distrusted middle-class sectors and their perceived political representative, the Christian Democratic Party. The radicals also believed the revolutionary process to be a fluid one, rather than one with fixed stages. No one could decide beforehand how quickly the process would unfold; the process of change could be speeded up, depending on the circumstances.

Some UP radicals were even doubtful about attaining socialism solely by means of the second, nonviolent, route. The party had been strongly influenced by the Cuban Revolution and had long debated the possibility of armed conflict

in Chile.<sup>3</sup> These ambivalent feelings emerged in the party's public reminder, during the 1971–1973 period, of a possible *enfrentamiento*, or confrontation, with the enemies of the revolution and in its seeming disdain for bourgeois democracy.

In addition to these ideological differences between UP moderates and radicals, their ability to work together was undercut by the historic electoral competition between the Socialist and Communist parties, which dominated the radical and moderate factions, respectively. Despite the fact that the two parties had acted in coalition since the 1950s, they also were electoral rivals. During the 1973 congressional campaign, for example, the two parties openly competed not only against the Center-Right coalition but also against each other; each party hoped to emerge as the largest one on the Left. The Socialist Party interpreted its enormous increase of seats in the Chamber of Deputies, from 14 to 28, as public support for its militant stance.<sup>4</sup>

These intra-UP clashes and the inability to resolve political differences severely constrained President Allende's ability to make decisions. There were often two competing policy views rather than a unified UP position. One consequence was that the many voices emanating from the UP sent conflicting and ambiguous messages to the opposition. President Allende often found his own position undercut by other members of the Popular Unity. This was especially lamentable and difficult for him when the dissenting voice was that of the secretary-general of his own Socialist Party.

The opposition was able to take advantage of the lack of clarity within the UP to weaken the government politically. Opposition parties chose the most extreme or the least liked position enunciated by a UP figure and claimed this as the "UP position," or they protested that either they did not know what the UP position was or that there was no real UP position. The lack of UP unity also impacted on negotiations because the opposition could claim that Allende, even when he negotiated with them, did not have the power to enforce whatever agreement he might reach. An example of the latter circumstance took place during the last set of talks between Allende and the president of the Christian Democratic Party, Patricio Aylwin, in July and August 1973. Although Allende attempted to resolve the APS issue by trying to reach a political settlement with the PDC, the Socialist Party secretary-general publicly decried the talks and stated that his party would not honor any such agreement.<sup>5</sup>

The many voices within the UP hurt efforts to project the image of an efficient government. The opposition took advantage of the UP's fractures to characterize the government as disorganized and, even worse, as incapable of governing. For example, because each constituent party within the UP maintained its own internal organization and media outlets, parties could publicize their position, whether or not their views were in accord with those of the Political Committee of the UP. Additionally damaging to the UP's efforts at effective governing was the horizontal and vertical party quota system for apportioning



ministerial and other bureaucratic positions. Allende was continually forced to balance the need for expertise with the political considerations created by the quota system.

We see, then, that the internal disagreements within the Popular Unity government had direct and negative consequences for UP policymaking and implementation, as well as for its public image. These disagreements constituted a severe limitation on Allende's ability to govern effectively. Over the course of the three years of his government, the cumulative impact of this disunity allowed the opposition to paint the government as an inefficient, weak, and quarrelsome coalition of parties incapable of formulating or carrying out consistent policies.

### *The UP's Management of the Economy*

Another crucial internal factor that directly affected the prospects of Popular Unity's survival was its management of the economy. The UP's economic program was based on a built-in contradiction. The government wanted to use economic policy to further its political goals, especially that of attaining a majority for socialism. During the election campaign the UP talked about a revolution with *empanadas y vino*, a revolution with food and wine. Once elected, the government quickly raised workers' salaries substantially and kept the prices of basic consumer goods quite low. These policies heightened popular expectations that major structural changes in the economy could be accomplished painlessly. In fact, drastic changes in the structure of an economy, such as changes in land and industrial ownership, are more likely to result in a decline in production, at least in the short run. Moreover, although this policy stimulated the economy in the short term, it overheated it later on, causing high inflation, a scarcity of goods, and a thriving black market.

The UP's economic policy also assumed that Chileans would respond politically to short-term economic benefits. In this, it seems clear that the UP erred. First of all, perceived long-term interests and ideological predispositions, rather than just immediate economic gains, were important motivating forces. For example, some of the most vocal opponents of the Allende government were small merchants and entrepreneurs, even though many of them did quite well economically under the UP.<sup>6</sup> Their short-term economic gains did little to change their political attitudes toward the government. Firm UP supporters in 1970, including those in the popular and middle classes, staunchly maintained their support of the government in the face of economic hardship, despite the fact that the UP had done little to prepare them for it. One has to look no further than the March 1973 vote for the UP to find evidence of this. Even in the face of massive inflation, a severe scarcity of goods, and political turbulence, Popular Unity candidates still garnered close to 44 percent of the vote. In this regard, the UP greatly underestimated the political maturity of its core supporters.

If management of the economy had any impact on political support for the Popular Unity government, it was among segments of the middle class, who were in the political Center. The deteriorating economic situation, especially the lack of goods and the concomitant rise of a black market, along with hyperinflation, were major factors in turning middle-class groups away from the UP by early 1973. At the very least, this made them more receptive to the anticommunist scare propaganda of the Right.

Part of the reason for the UP's economic policies was that its political leaders did not know much about the day-to-day running of an economy.<sup>7</sup> Because of their lack of knowledge about economics, when they had to choose between political criteria for decisionmaking and purely economic ones, they chose the former, without fully realizing the consequences of this decision. Sergio Bitar, a Chilean economist and participant in the Allende government, notes that the Chilean Left thought in terms of what he calls the *economía real*, or real economy, as opposed to the *economía monetaria*, or monetary policy. The former refers to the structures of production, investment, and consumption, which were areas in which the UP Program anticipated change. The latter refers to monetary issues, such as rates of inflation, the money supply, and so forth. The UP was not especially interested in the latter because these seemed more short term and microeconomic in nature; they focused attention on the larger, structural issues.<sup>8</sup> It is clear, then, that the UP defined success toward meeting its goal of social transformation in terms of economic restructuring in agriculture and industry, through change of ownership of large farms and companies.

The UP's focus on changing property relations as the path to socialism also meant that it undervalued other kinds of societal change. These included dealing with basic values and cultural predispositions, such as attitudes about culture, socialization, and class deference. When the government did attempt to make changes in one such area, education, in the form of the Unified National Education proposal, it backfired. Opposition, including the Catholic church, was galvanized, and the Allende government ultimately had to retreat from the proposal. Focusing attention on creating a large state sector of the economy, without other kinds of societal change, did not necessarily create socialism. In this regard, the UP had a very mechanistic and partial view of how to achieve socialism.

Part of the difficulty that the Popular Unity government confronted in devising an economic strategy was that it sailed on uncharted waters. There was no blueprint explaining how to use conventional economic measures during a period of transition from one type of economic system to another, especially when it was accomplished without a violent takeover. Marxists who had come to power in other countries had done so through armed insurrection. As a result, they had the power to enact sweeping changes in the social, economic, and political structures of their countries, as in Russia after 1917, China after 1948, and Cuba after 1959. The Chilean Left could not do so.

### ***Other Political Forces in Chilean Society***

The Allende government's efforts to push forward with its program took place within the larger context of Chilean politics, which was characterized by right-wing intransigence to any kind of social transformation and by a tripartite division of society. These two factors had an enormous impact on the likelihood of success for the Left.

**Right-Wing Intransigence and Sedition.** The Right had long resisted any kind of structural change. Landowners had been hostile and even violent toward Eduardo Frei's agrarian reform program, so it is not surprising that they would be opposed to the Popular Unity government. The Right, represented by the National Party, interpreted Allende's election victory as a call to arms in the struggle for survival. Large-scale landowners and businessmen believed that the UP socialization program constituted an attack on their fundamental economic and political interests; they acted from the start to defend themselves. In this battle, the Right was willing to use whatever means necessary to protect their interests, even if it meant destroying the democratic order. Allende, it turned out, was a far greater democrat than they.

The Right's willingness to use any means at its disposal took many forms. Some of the actions fell within constitutional bounds, but others were extraconstitutional. For example, National Party legislators took an intransigent stance. They framed frequent congressional accusations against UP ministers in order to create administrative chaos in the Allende government. They refused to pass any of the UP's legislation, with the exception of the copper nationalization. In August 1973 they approved a congressional resolution that declared that the Popular Unity government had committed illegalities, virtually requesting military intervention. During the 1970–1973 period businessmen also took action by challenging requisition and intervention decree-laws in the courts and by refusing to invest their money in productive activities. Many simply converted their Chilean money to U.S. dollars. The Right also tried to foster an atmosphere of fear, which would create conditions amenable to a military coup. It supported the truckers' and miners' strikes and encouraged civil disobedience. By the middle of 1973 the Fatherland and Liberty organization was carrying out acts of sabotage and terrorism, including bombing electrical transmission towers and railroad bridges.

**The Disappearance of the Political Center.** The intransigence of the political Right set up a particular dynamic in the three-way division of Chilean society. Initially, the tripartite split, though it put the UP in a minority status, also gave it room for political maneuvering. Although the UP did not have a majority, no other political force did either. The three-way division, over the course of decades, had created an environment in which bargaining with other politi-

cal forces to form a working majority was a way of life. The transformation of the tripartite division into a polarized society signaled a crisis both for the UP and for the political system as a whole. Over time the political Center chose sides. Many sided with the Right. One can understand how middle-class groups in particular would be nervous about supporting the Popular Unity coalition when the latter's radical faction seemed openly hostile to the middle class and called for a worker-led revolution.

The behavior of the Christian Democratic Party, the main political force in the Center, mirrored the shift among centrist social groupings in Chilean society. Although the PDC had the potential to be an ally of the UP, by 1972 it joined in alliance with the rightist National Party. A coalition of the Center with the Right was not a foregone conclusion from the beginning, however. During the first year of its government the UP had a real opportunity to reach agreement with the Christian Democrats. This did not occur, in large part because of partisan loyalties on both sides. The UP seemed little inclined to share the spoils of its long-awaited electoral victory, and the PDC, by tradition a go-it-alone party, was not predisposed to ally with the Marxist Left. By the end of 1971 the atmosphere had begun to change.<sup>9</sup> Some analysts believe that even in 1972 it was still possible for the UP to have reached agreement with the PDC over the critical issue of the APS.<sup>10</sup> There were attempts at reconciliation, in particular several rounds of UP-PDC negotiations over the socialization of the economy. After the October 1972 *paro*, the likelihood of reaching an agreement dropped precipitously, and by 1973 there was almost no chance for a UP-PDC accord. Radomiro Tomic, a leading figure in the PDC, pointed out in a July 1973 letter to then-PDC president Patricio Aylwin that the unity of the National and Christian Democratic parties "closes off any possibility of dialog with the government and seals the violent and bloody confrontation as the only outcome."<sup>11</sup>

It seems clear, particularly after the March 1973 congressional elections, that the PDC had opted for a *golpista* solution—a violent outcome—to Chile's political crisis. Support for this view comes from figures within the PDC itself. In a letter to party president Aylwin in August 1973 Radomiro Tomic explained that the increasing political polarization gave added credence to the belief that there was no political solution to the crisis; the only ways out were civil war or a military coup.<sup>12</sup> The disappearance of the political Center and its replacement with a unified, hostile opposition doomed both the UP project and Chilean democracy.

The nature of the political discourse itself was a crucial factor in destroying the political Center. The power of rhetoric, the impact of language, was something that was not well understood by the Left. They did not realize that their continued claims of *poder popular* simply scared the middle class, who envisaged workers marching into their homes, robbing and raping them.<sup>13</sup> In addition, the Right was able to frighten the middle class by conjuring up the image of a repressive, Communist state emerging in Chile, despite its evident lack of

consort with reality.<sup>14</sup> There was an ideological battle going on, fought with strident rhetoric and invective by both sides.

The Right emerged as the victor in the ideological battle of words. However, it had a built-in advantage. Ever since World War II, Chileans had been subjected to Cold War propaganda. As early as 1948 Chile had felt the effects of the Cold War when President Gabriel González Videla banned the Communist Party. Later, during the 1964 presidential election, the United States helped fund the Christian Democratic candidate, Eduardo Frei, in a “campaign of terror” in which Frei juxtaposed the PDC’s Revolution in Liberty with the supposed Marxist terror that an Allende victory might unleash. Deep-seated anticommunist fears had long ago penetrated into Chile and were a factor in the fight for middle-sector loyalty during the Popular Unity government. This was one of the reasons the campaign against the UP’s proposal for a national educational system so effectively mobilized the middle class against the government. They believed that the UP would use this educational reform to brainwash children to Marxism and to create a totalitarian society. Small merchants and shop owners, even though they might have been doing well economically under Allende, feared the government’s revolutionary rhetoric. It converted them into a bulwark of the Right, as demonstrated by their 1972 and 1973 strikes. The UP, then, understood neither the power of the rhetoric from the Right nor the impact that its own revolutionary language had on nervous and uncertain middle-class elements.

As a result of the Center’s shift to the Right, the traditional tripartite division of the electorate into Right, Center, and Left dissolved. For decades, the three-way division of society had mitigated the sense of political confrontation. With its disappearance and replacement by a two-way societal split, the conflict became far sharper and more direct, and the likelihood for compromise dropped precipitously. The Center-Right alliance, with its increasingly implacable attitude toward the UP government, was one of the necessary conditions for a military coup.

### *Other Institutions of the State*

**The Controller-General and the Judiciary.** Other institutions of the state played significant roles in destabilizing the political system and polarizing the political conflict. The controller-general, who was charged with reviewing the constitutionality of legislation and decree-laws, disagreed with many of the UP’s decrees that requisitioned or intervened in industries. Allende felt forced to use his power to insist that the decrees become law by having all cabinet ministers sign their support for the decree. His frequent use of decrees of insistence, much higher than other presidents before him, opened his administration to the criticism that he was circumventing the spirit of the law. It angered opposition political parties and lessened the possibility of conciliation with the Christian Democrats.

The judiciary was quite hostile to the UP and its political project. Owners of factories that had been intervened in or requisitioned were encouraged to turn to the courts, especially after the controller-general's office demonstrated its disagreement with this usage. The owners believed—with reason—that they would receive a sympathetic hearing by the judiciary.

The UP was aware from the outset that the judiciary was staffed with opponents of socialism. However, here again, as in other areas, the UP's efforts were constrained by the limitations of the second route to socialism. Its early effort to pass a law modifying the judicial system was cut short after being greeted with vehement opposition, as was its plan to create a unicameral popular assembly to replace the two-house legislature. Thereafter, almost no attention was given to changes in the existing judicial system. It was only at the grass roots, among a very limited group of militant *pobladores*, or working-class people, living in the impoverished shantytown of Nueva Habana, that efforts to create an alternate judicial system, the so-called popular courts, were made.<sup>15</sup>

**The Armed Forces.** Changes within the armed forces were an important ingredient leading to the unraveling of Chilean democracy. General Carlos Prats, the head of the army, the largest branch of the armed forces, and commandant of the armed forces, was firmly constitutionalist. However, even before Allende's term in office began, it was apparent that the armed forces were becoming politicized and that there were possible *golpista* sentiments within it. In October 1969 soldiers at the Tacna Regiment in Santiago took over the facilities, protesting poor wages and equipment. They were led by General Roberto Viaux, who was to be one of the masterminds of the Schneider kidnapping plan a year later. Then-president Frei resolved the *tancazo* crisis peacefully by giving in to the demands for higher salaries, better equipment, and the resignation of the minister of defense.<sup>16</sup> Although the crisis ended quickly and General Viaux claimed that the protest was not political, others were not so convinced of its apolitical nature. The plot to kidnap General Schneider more clearly demonstrated *golpista* potential.

The impact of the long-standing U.S. anticommunist campaign on Chilean military thinking cannot be overlooked as a factor in creating a military mentality supportive of a coup.<sup>17</sup> After the Cuban Revolution the United States had trained Latin American armies in counterinsurgency techniques. Emphasis changed from that of protecting one's country's borders from external enemies to purging it of internal subversives.

Political events from 1970 to 1973 slowly eroded the constitutionalist position of the armed forces. Much of the fault for the erosion can be laid at the door of the Right as well as the United States, as we will see. Segments of the Right agitated for a military coup soon after the results of the September 4, 1970, election became known. They continued to try to woo the military throughout the Allende period. Many of the actions of the Right, including

strikes and acts of sabotage, were designed to create a situation in which the armed forces would feel duty-bound to intervene in order to save the nation from chaos and disintegration.

The Left, however, bears some degree of blame for shifting views within the military. First of all, Allende's idea of creating a civil-military cabinet as a means of ending the October *paro*, though at first appearing to be a master stroke, had unintended negative consequences. Principally, it accelerated the process of politicization within the armed forces. The military until then had not been directly involved in governmental policymaking. In addition, inviting them to join the cabinet could be interpreted as an acknowledgment of them as political players and of the inability of civilians to resolve political conflicts.

The decision to have a civil-military cabinet also illustrated the UP's political naïveté about the Chilean armed forces. At the time of Allende's electoral victory, the UP had almost no information about the armed forces, for example, who the loyal officers might be and who could not be trusted. The basic UP strategy regarding the military was to respect the hierarchy of the institution and to maintain U.S. military aid. In return, the Left expected that the armed forces would continue to be subordinate to civilian authorities. Some have suggested that the UP would have been better off if Allende had retired a number of unfriendly generals in 1971, when the momentum of popular feeling was on the side of the government. Aside from the danger that this might have unleashed a coup then, it also begs the question, Who, indeed, were the generals who might prove disloyal? The Left had no way to ferret this out. Their major sin, then, was one of omission, something that they have since come to realize.<sup>18</sup>

Another way to understand the UP's attitude is to place it in the context of the Chilean political system in which the UP leaders had historically acted. True, they had come to power declaring their intention to carry out a revolution. However, they promised to do so legally, and they functioned in an environment in which upholding the Constitution and the laws were important. Thus it is not all that surprising that the UP applied this legalistic approach to others.

Unfortunately for the UP, it was caught in a paradoxical situation: Although it was a constitutionally elected government and wanted to be treated like any other, it did not have a politics-as-usual agenda. In other words, the UP expected to be treated with the respect due any government in Chile from opposition forces and other institutions within the state, even though its political project was a revolutionary one. In the end, its opponents chose to treat it not as a government like any other but as a revolutionary government that threatened their fundamental interests.

### *Some Conclusions About Domestic Causes of the Coup*

A complex set of internal factors propelled the political process toward a military coup. There were powerful institutions arrayed against the Popular Unity

that slowly shut off all avenues of political action and compromise. These included institutions within the state, such as the legislature, the courts, and the controller-general, as well as opposition political parties and entrepreneurial groups such as the *gremios*.

The Popular Unity coalition also damaged its chances of success by its internal division and public bickering, but this was not the only factor militating against success. Changes in the nature of the political opposition and the ways in which the opposition took advantage of UP weaknesses were also crucial to the outcome. There were changes within the middle sectors and their political representative, the PDC, and skillful right-wing use of propaganda in order to turn the middle class away from the Left. Additionally, the activities of the extreme right-wing group Fatherland and Liberty, especially its acts of sabotage, helped deepen the sense of societal disorder, particularly during the third year of Popular Unity government.

By 1973 a severely divided and ever more paralyzed UP, with partial political power and minority popular support, confronted a unified and intransigent opposition that wanted the Popular Unity out of power. Of special note are the actions of a seditious Right, which engaged in a propaganda campaign of terror, a legislative campaign of total obstructionism, and a secret conspiracy of treason against the democratic institutions that it publicly professed to defend. By 1973 the Christian Democrats, formerly an independent political force in the political Center, had decided to ally with the Right and, believing it had no alternative, supported the overthrow of the constitutional government. Ultimately, the armed forces sided with these opposition forces and violently ousted Allende.

## **External Factors**

Events in Chile were also affected by exogenous forces. External influences are important for any country, but especially for a poor, small, Third World nation dependent on the sale of its primary export products, which is attempting sweeping social change. Let us begin the analysis of external factors by exploring the nature of the international environment in 1970, when the Popular Unity coalition came to power.

### *The International Environment*

At first glance, the international situation might seem hospitable for the Popular Unity. U.S. President Richard Nixon and his foreign policy adviser, Henry Kissinger, devised a foreign policy that, they said, was designed to enhance international stability. The premise on which U.S. foreign policy was based, Kissinger explained, was that relations among the Big Three nations—the United States, the USSR, and China—were crucial to world stability. For the United States, the policy meant that it tried to balance its relationship with both communist coun-



tries so as to play one against the other. On the one hand, the United States, at long last, recognized the People's Republic of China as a political reality, and Nixon himself undertook a historic trip to China to cement the new relationship. On the other hand, U.S. relations with the Soviet Union also improved, as Nixon embarked on a policy of détente, a lessening of Cold War tensions, with the Soviets. What happened in the rest of the world counted very little.

This, then, should have been an auspicious time for the Left to come to power in Chile. In fact, it was not. First of all, Kissinger was not quite honest in his depiction of U.S. policy because he was also worried about political change in other parts of the world. Furthermore, Kissinger and, especially, President Nixon were obsessed with the idea of Allende in power. According to chroniclers of the Nixon years, the president was incensed when Allende won the 1970 presidential elections.<sup>19</sup> Kissinger has been quoted as having said, "I don't see why we need to stand by and watch a country go Communist due to the irresponsibility of its own people."<sup>20</sup> Kissinger saw Allende as more dangerous than Fidel Castro, precisely because of the international appeal of Allende's strategy of nonviolent socialist transformation. He was quite concerned about the possible international political consequences of a successful socialist experiment in Chile, especially its impact in Latin America, the backyard of the United States. Thus, despite the fact that Chile was a distant, small, underdeveloped country in the southern cone of South America, with no real strategic importance for the United States, Allende's electoral victory served as a battle cry for the Nixon administration.

Nevertheless, the actual impact of U.S. actions on domestic politics in Chile continues to be a major point of dispute. It is clear that the United States did take action against the Allende government, but what is still disputed is the degree of U.S. involvement and its significance for the political outcome in Chile.

### *U.S. Actions and Their Significance*

There is general acknowledgment that the United States was, from the start, quite hostile to the idea of Allende's becoming president—so much so, in fact, that it tried to prevent Allende from assuming power. The U.S. Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities published a report titled *Covert Action in Chile, 1963–1973*, which provides details of U.S. behavior. There were intensive efforts during the period from the presidential election of September 4, 1970, until Allende took office in early November of that year to prevent his assuming office. There were numerous aspects to the overall strategy, dubbed Track I and Track II. They involved secret actions, some of which bypassed the normal diplomatic channels, including that of informing the U.S. ambassador to Chile.

The first set of activities, called Track I, encompassed a variety of actions about which the Department of State and the U.S. ambassador to Chile were

informed. Among other things, Track I involved trying to find some constitutional way to prevent Allende from taking office. For example, since a congressional vote was necessary between the two highest vote-getters because no candidate had attained 50 percent of the vote, the Congress might be convinced to choose Jorge Alessandri, the candidate of the National Party, rather than Allende as president. Once in office, Alessandri would resign after a few days and call new presidential elections. Eduardo Frei, constitutionally barred from serving two consecutive terms as president, would then be able to run again. Another variation on this same theme was having Frei resign before the end of his mandate. Here, again, new elections would have to be called, in which Frei could run. None of these schemes got anywhere, in part because they required massive bribery of the Chilean Congress or Frei's complicity. They serve as an example of a U.S. willingness to meddle in internal Chilean politics. Track I also involved financial support for mounting an anticommunist scare campaign, especially during the period leading up to the congressional vote.

Under the second part of the anti-Allende plan, dubbed Track II, the CIA worked with right-wing military men, including retired general Roberto Viaux, in order to facilitate a coup. This was an even more egregious kind of interference. The plan was to kidnap army general René Schneider, who was also head of the armed forces. The CIA assisted the plotters by sending them weapons and money. The CIA claims that it pulled back from the Viaux scheme several weeks before it took place, after determining that Viaux was not reliable. Not everyone agrees this happened, however. At the very least, the CIA continued to give arms to other potential plotters. Besides, whether or not the CIA worked with Viaux up to the day of the kidnapping, it had already given him aid and helped plant the idea of a coup.<sup>21</sup> As we know, the kidnapping plan went awry. General Schneider tried to defend himself and was killed in the bungled attempt. The plot was exposed, and General Viaux spent several years in jail before being sent into exile.

A third approach was offered by International Telephone and Telegraph, which controlled the Chilean telephone company. Fearing that its Chilean assets would be nationalized by Allende, Harold Geneen, ITT executive officer, offered the U.S. government millions of dollars to fund a campaign to stop Allende from becoming president. These secret activities were uncovered by U.S. columnist Jack Anderson, who was able to obtain ITT internal documents about Chile. Not only did he publish them in the U.S. press but Anderson also sent them to Chile in response to a request by Salvador Allende. They were published in a bilingual edition there.<sup>22</sup>

The veracity of other aspects of secret U.S. actions against the Allende government are more debated. Despite the claims by some, such as U.S. Ambassador Nathaniel Davis, that U.S. hostile actions against Chile abated after Allende took office, it seems clear that there was a continuing U.S. anti-Allende campaign. First of all, there was a policy to strangle Chile economically by

denying it all U.S. loans and credits except for aid to the Chilean armed forces.<sup>23</sup> Total U.S. aid to Chile plummeted from over \$260 million in 1967 to \$3.8 million in 1973, while military aid grew from \$4.1 million to \$15 million in those same years. The United States used its power in international lending institutions to cut off those sources of economic assistance as well. Aid from these sources dropped to \$9.4 million in 1973 from \$93.8 million in 1967, and the World Bank lent no money to Chile during the Allende years.<sup>24</sup> Because Chile is a debtor nation, the denial of loans and credits created a severe foreign exchange crunch and prevented any reasonable economic planning.<sup>25</sup> By late 1972 Chile did not have the foreign exchange it needed to import essential goods, especially food.<sup>26</sup> The United States also was unreceptive to the Chileans' desire to renegotiate their large foreign debt. Last, there is evidence that the United States channeled significant sums of money, as much as \$8 million, to domestic opposition groups, including the *El Mercurio* newspaper chain, to opposition political parties, as well as to striking truckers in July and August 1973.<sup>27</sup> Overall, the U.S. hope was that Chile's economy would deteriorate so much that a majority would turn against the Popular Unity government and legitimate military intervention. This secret plan was a strategy for the economic and, ultimately, political destabilization of Chile.

Some observers go even further, claiming that the CIA organized a campaign of disinformation and perhaps even psychoterror in which horrifying stories were planted in newspapers to create a sense of fear. Certainly, frightening newspaper headlines appeared, decrying scarcities of food or denouncing paramilitary activities by secret left-wing guerrilla groups. There were also stories seemingly disconnected from politics that created a feeling of unease, such as the story of the *descuartizado*, the quartered man, whose discovery was recounted in lurid fashion in right-wing newspapers. Although this latter thesis is highly speculative, the CIA is known to have carried out disinformation campaigns.<sup>28</sup>

Another speculative aspect of the U.S. role in Chile has to do with the degree of its involvement in the planning of the 1973 military coup. Both the U.S. government and the Chilean military deny that there was any coordinated action. There was some foreknowledge, however, to which even Ambassador Nathaniel Davis admits.<sup>29</sup> Chilean naval vessels returned to port in the evening of September 10, 1973, instead of staying at sea with the planned *Unitas* maneuvers. At the very least, the Chilean military would have needed to alert their U.S. naval counterparts about this. However, I do not believe that the U.S. government was directly involved in either the detailed planning or the execution of the military coup; the Chilean armed forces were quite capable of carrying out a *golpe del estado* (military coup) without the assistance of North Americans.

How important were U.S. activities in bringing about the 1973 military coup? There are conflicting viewpoints on this question. The literature on the role of the United States basically falls into three groups. The first places primary blame for the coup on the United States. The second minimizes U.S. interven-

tion, looking, instead, to UP errors and to other countries, such as Cuba, as major culprits. The last consists of those who posit that U.S. actions, although very significant, were not the decisive element in bringing about the coup.

My position accords with the latter group. I believe that U.S. behavior, although very important, was one of several significant factors, internal as well as external, that brought about the military coup. Nevertheless, the U.S. role in creating an environment propitious for military intervention is not to be underestimated. To begin with, U.S. support for and participation in subversive activities in the months after Allende's electoral victory legitimated such activities for the Right. It helped lay the groundwork for organizing other conspiracies. In addition, the economic destabilization strategy had a significant impact on the Chilean economy. By 1972 there were food and other consumer item shortages, caused in large part by a severe lack of foreign exchange necessary to import needed goods as well as spare parts for industrial machinery. Other U.S. actions, such as the funding of opposition groups and the copper companies' attempt to embargo Chilean copper, also demonstrated U.S. willingness to use a wide range of means, other than strictly diplomatic ones, to damage a distasteful foreign government. It seems clear that the United States took a number of covert measures designed to destabilize a democratically elected government and to help bring about its overthrow.

### *The Soviet Union*

The other major country that might have had an impact on the Chilean situation was the Soviet Union. Chile asked the USSR for economic aid. However, the policy of détente with the United States made any significant level of aid to Chile unlikely. Would the Soviet Union risk its improved relations with the United States over Chile? It appeared not. In addition, the Soviet Union, which, in addition to its own economic problems, was helping support the Cuban economy, did not particularly want to underwrite another Third World revolution. This was especially true for socialist transformations in Latin America, which lay within the U.S. sphere of influence. The Soviets did provide some assistance to Chile, but not nearly what the Chileans had hoped or even asked for.<sup>30</sup>

## **Multiple Causes of the Coup**

As I have demonstrated in this chapter, a complex set of domestic and foreign variables account for the 1973 coup. Domestic factors contributed to the process of societal breakdown. These include: (1) seditious right-wing actions, especially the vitriolic propaganda campaign against Allende, along with the paramilitary and terrorist activities of Fatherland and Liberty; (2) the actions of the Christian Democratic Party, which initially vacillated between the Right

and the Left, but whose anticommunism and perceived self-interest made it side, finally, with the Right; and (3) divisions within the Popular Unity coalition itself, whose public debate weakened the government's image and its ability to govern and left it vulnerable to opposition criticism that it was inefficient, incapable of governing, and too radical. The particularities of the interplay between the Right, Center, and Left, which resulted in the breakdown of the three-way political split into a polarized society, were crucial to laying the foundation for a violent outcome.

The primary external factor was U.S. policy, both official and covert, toward the Allende government. The U.S. government countenanced, supported, and even encouraged acts designed to subvert the democratic process in Chile. In effect, it legitimated seditious activities by the domestic opposition.

One of the ironies about the Chilean political dynamic is that although most Popular Unity leaders believed that if they played by the rules, others would, too, the Right, the United States, and ultimately, the Chilean armed forces did not feel so constrained. The UP hoped that the United States in particular would not find their Chilean experiment important enough to stamp out. Given the sorry history of U.S. actions against other movements for social change in Latin America—fomenting the 1954 Guatemala coup, supporting an armed invasion of Cuba in 1961, and landing troops in the Dominican Republic in 1965, to name just some—there was little evidence to support a benign interpretation of U.S. foreign policy toward socialist revolution in Latin America, even if it were through the ballot box in Chile.

How much weight should be placed on internal versus external factors? In the years immediately after the 1973 military coup, many critics of U.S. policy to the region placed primary blame on the United States. This is not any more accurate than the belief that Allende and his *compañeros* (comrades) in the Popular Unity coalition brought disaster on themselves, without any outside assistance. However, the U.S. actions were crucial.

These external and internal factors worked together to create the conditions for a military coup. For example, the U.S. economic strangulation and financial aid to opposition groups was an important source of support. It helped to foment and maintain open resistance to the Allende government, creating an environment of political polarization and disorder. The United States, however, did not really need to convince Chileans opposed to Allende to act. Years of Cold War propaganda, the U.S. training of Chilean military officers in counterinsurgency programs, coupled with the perceived threat to the economic interests of the upper class in Chile had already predisposed these groups against Allende's socialist experiment. In essence, U.S. activities gave financial and moral support to subversive activities and created a favorable environment for military action.

Of course, it is also fair to ask what the Popular Unity government could have done in the face of U.S. hostility. As a small, underdeveloped nation,

Chile's political options were extremely limited. As a result, UP actions were mostly at the level of public rhetoric and denunciation. Allende denounced the U.S. economic destabilization plan in an address to the General Assembly of the United Nations at the end of 1972. Perhaps the UP could have made a more realistic appraisal of possible U.S. actions and, at the very least, designed its economic and political plans with a worst-case scenario in mind, rather than a best-case one. In addition, the UP did nothing to prepare the public for the possible economic and political consequences of U.S. hostility.

It is also fair to ask, if the military coup was not inevitable, how might things have turned out differently? If the Popular Unity coalition had been more unified, it might have been able to deal more effectively with middle-class sectors, especially if it had been able to reach agreement early on about the size of the social sector. There were some meager efforts to create a unified UP party, but these were very tardy.<sup>31</sup> How might the UP have achieved this?

The UP might have been able to forge a unified course of action around the strategy of the second route to socialism if, from the outset, it had clearly delineated the details and sequences of change, recognized the long-term nature of the transition process, considered middle-class support as strategically vital, and downplayed the heavily charged revolutionary rhetoric that alienated middle-class groups and the military as well. Under these conditions, a united Unidad Popular, speaking with one voice, might have been able to reach agreement with the Christian Democrats in 1971 over specific structural changes. This, of course, would have required a much greater degree of ideological unity within the coalition than existed, or it would have required Allende's taking a much stronger and more independent stance as president.

The role of the United States is also important in an assessment of how events might have been different. A more positive U.S. stance, or at least real neutrality, would have taken some of the steam out of the opposition. Instead, the United States gave support to treasonous behavior such as the outrageous reporting in *El Mercurio* and the call for a new government by the National Party during the 1973 election campaign. Early CIA support for illegal intrigues by disgruntled members of the military were also lamentable. How could violent activities be wrong when the United States had given support to one such effort, the kidnapping of General René Schneider in 1970, and when it continued to finance the Right during the three years of Allende's government? A hands-off U.S. policy would have allowed the Chilean process to unfold without outside intervention and would have given support to often-proclaimed U.S. sentiments of respect for self-determination and national sovereignty.

Although the UP's room for maneuver was limited, I think it fair to conclude that the military coup that overthrew President Salvador Allende in 1973 was not inevitable. The interaction of a diverse set of domestic and international conditions—U.S. hostility to the Allende government, the willingness of the

opposition to use all available means to get rid of Allende, including extraconstitutional ones, and the disunity within the UP—led to this unhappy outcome.

In the next section, Part Three, I examine the military dictatorship of 1973 through 1989. In Chapter 5 I provide an overview of the phases of military rule during the period 1973 through 1989, and in Chapter 6 I focus on the military's socioeconomic model and its consequences. In Chapter 7 I examine the reawakening of civil society as a result of the economic crisis of the early 1980s, including the reemergence of political parties and the creation of a strong social movement in Chile based on the organization of the grass roots.

## NOTES

1. Two review essays examine some of the voluminous writing about the Allende years. The first, by Arturo and Samuel Valenzuela, categorizes works into a number of diverse perspectives that span the ideological spectrum, from maximalist Left to the Right. See Arturo Valenzuela and J. Samuel Valenzuela, "Visions of Chile," *Latin American Research Review* 10, no. 3 (1975): 155–175. I have written a review of more recent and somewhat more balanced analyses of the Allende period. See Lois Hecht Oppenheim, "The Chilean Road to Socialism Revisited," *Latin American Research Review* 24, no. 1 (1989): 155–183.

2. See, for example, the interview with Bitar in Sergio Bitar and Crisóstomo Pizarro, *La caída de Allende y la huelga de el Teniente: Lecciones de la historia* (Santiago: Las Ediciones Ornitorrinco, n.d.), in which he talks about Allende's profound belief in democracy and dialogue.

3. The Socialist Party had for a long time looked to the possibility of armed revolution as a revolutionary strategy. The success of Fidel Castro in Cuba served as an example for them. As recently as their 1967 Party Congress in Chillán, the Socialists had reaffirmed this view.

4. Data from *Dirección del registro electoral* (Santiago: N.p., n.d.).

5. Altamirano's strong public stance while he was Socialist Party secretary-general during the Allende years won him a reputation as a firebrand. Years later the Chilean journalist Patricia Politzer managed to interview him in Europe and review with him this reputation. According to Altamirano, he was unjustly painted as a radical and took more moderate stances privately within the UP. See Patricia Politzer, *Altamirano* (Santiago: Ediciones Melquiades, 1990).

6. For example, they were able to raise the price of goods by selling them on the black market. Often, they then converted their profits into U.S. dollars, whose value continued to increase against the local currency, the escudo.

7. See, for example, Sergio Bitar, *Chile: Experiment in Democracy* (Philadelphia: Institute for the Study of Human Issues, 1986).

8. See Bitar and Pizarro, *La caída de Allende*, pp. 76–78.

9. According to one study of the Christian Democratic Party, by the end of 1971 the PDC position had gone from one of "constructive opposition" to one of "obstructionist opposition." Michael Fleet, *The Rise and Fall of Christian Democracy* (Princeton: Princeton University Press, 1985).

10. For example, Garretón and Moulián argue that the PDC support of social change made agreement about specific issues possible in 1972. Manuel Garretón and Tomas Moulián, *La Unidad Popular y el conflicto político en Chile* (Santiago: Ediciones Minga, 1983). Mark Falcoff in *Modern Chile: 1970–1989* (New Brunswick: Transaction Publishers, 1989) is less optimistic. He notes that by 1972 conservative elements had taken control of the party.

11. Translated excerpt from a letter dated July 17, 1973, which Radomiro Tomic sent to Aylwin. Reprinted in Radomiro Tomic, *Tomic: Testimonios* (Santiago: Editorial Emisión, 1988), pp. 456–457.

12. *Ibid.*, pp. 460–461.

13. On the day of the coup, I remember meeting one of my upstairs neighbors in the middle-class apartment house where I lived. He was carrying some weapons, a part of his substantial personal arsenal, and was on his way to his sister's house a few blocks away on Providencia Avenue, a major thoroughfare in Santiago. He explained to me that he intended to protect his sister and her family against the impending hordes of workers who were sure to be marching up Providencia.

14. For example, during the televised political debates preceding the March 1973 congressional elections, I can remember the Right's candidates excoriating the UP for creating a totalitarian regime. They evidently missed the point that in a totalitarian regime the political opposition would not be decrying this state of affairs over the airways for free, nor would they have easy access to the media.

15. Jack Spence, *Search for Justice: Neighborhood Courts in Allende's Chile* (Boulder: Westview Press, 1979) details the efforts of the inhabitants of Nueva Habana to organize and run neighborhood courts.

16. Falcoff, *Modern Chile*, p. 270. Falcoff notes that the problem of adequately funding the military was known to the United States.

17. Bitar, *Experiment in Democracy*.

18. Many of the protagonists of the Allende years have written about their experiences. Federico Gil, Ricardo Lagos, and Henry Landsberger, eds., *Chile at the Turning Point: Lessons of the Socialist Years, 1970–1973* (Philadelphia: Institute for the Study of Human Issues, 1979) includes articles by UP figures as well as by selected academics. Other works include: Carlos Altamirano, *Dialéctica de una derrota* (Mexico City: Siglo XXI, 1977); Joan Garcés, *Allende y la experiencia Chilena* (Barcelona: Ariel-Seix Barral, 1976); Jaime Gazmuri, *Aprender de las lecciones del pasado para construir el futuro* (Santiago: Nueva Democracia, 1974); Pedro Vuskovic, *Una sola lucha* (Mexico: Editorial Nuestro Tiempo, S. A., 1978); various articles in the magazine *Chile-América*, published by exiles in Italy; Hugo Zemelman et al., "Reflexiones sobre el proceso Chileno," pp. 441–612 in Alejandro Witker, ed., *Chile: Sociedad y política* (Mexico City: Universidad Nacional Autónoma de Mexico, 1978); and numerous works by Manuel Antonio Garretón, among others.

19. There are a number of reports about Nixon's and Kissinger's active dislike of Allende and their fury at the election results. See, for example, Nathaniel Davis, U.S. ambassador to Chile during much of the Allende administration, *The Last Two Years of Salvador Allende* (Ithaca: Cornell University Press, 1985); Seymour Hersh, *The Price of Power: Kissinger in the Nixon White House* (New York: Summit, 1983); Victor Marchetti and John Marks, *The CIA and the Cult of Intelligence* (New York: Knopf, 1974); Thomas Powers, *The Man Who Kept the Secrets: Richard Helms and the CIA* (New York: Knopf, 1979); and Falcoff, *Modern Chile*.



20. In Davis, *Last Two Years of Allende*, citing p. 490 in Richard Nixon's book, *RN: The Memoirs of Richard Nixon* (New York: Grosset and Dunlap, 1978).

21. See U.S. Senate, *Covert Action in Chile, 1963–1973, Staff Report of the Select Committee to Study Governmental Operations with Respect to Intelligence Activities*, 94th Cong., 1st sess., 1975 (Washington, D.C.: Government Printing Office, 1975).

22. See Secretaría General de Gobierno, ed., *Documentos secretos de la ITT* (Santiago: Editorial Nacional Quimantú, 1972).

23. In addition to financial aid, there were numerous areas of contact between the United States and segments of the Chilean armed forces. Armando Uribe recounts these, concluding that the United States wanted to maintain its ties with the Chilean military. See Armando Uribe, *The Black Book of American Intervention in Chile* (Boston: Beacon Press, 1975), pp. 2–13.

24. Arturo Valenzuela, *The Breakdown of Democratic Regimes: Chile* (Baltimore: Johns Hopkins University Press, 1978), p. 57.

25. In 1973 I interviewed the then-minister of planning in Chile, Gonzalo Martner. I remember asking him an initial question about the planning process. His response was to dismiss the idea of doing any real planning when the government didn't know from one day to the next how much money they would have. In essence, he was dealing with a crisis situation.

26. I remember, for example, the infamous "black flour" that was sold. Chileans like their bread white, but due to shortages in the supply of flour because of a lack of foreign exchange, the government used other parts of the grain. The result was a darker flour, which was anathema to middle- and upper-class Chileans.

27. U.S. Senate, *Covert Action in Chile, 1963–1973*.

28. See Donald Freed and Fred Landis, *Death in Washington: The Murder of Orlando Letelier* (Westport: Lawrence Hill, 1980).

29. Davis, *Last Two Years of Allende*, chap. 13.

30. Allende's one trip outside the country, in November–December 1972, included a stop in Moscow to ask for aid. Although some was given, it was not nearly enough to help the Chilean economy in any appreciable way.

31. There were efforts to create a single federated party of the UP. Such a party, called the Partido Federado de la Unidad Popular (Federated Party of the Popular Unity), was formally created in July 1972. However, it had little power. Mostly, it was a vehicle for fielding a single slate of candidates in the 1973 congressional elections. Allende, however, persevered in his efforts to create a more unified political party. In 1973 a much-postponed Party Congress of the UP was held to discuss creating a more integrated UP party. The congress was held in late June 1973 and was preceded by regional meetings in May of that year. Unfortunately, this effort was overshadowed by the growing political crisis, including the attempted coup on June 29.

## **PART THREE**

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Chile Under Military Rule,  
1973–1989

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# 5

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## The Military in Power: Creating a New Chile

**T**he military coup that overthrew the Salvador Allende government had profound and long-term consequences. Although many Chileans believed that the armed forces would hold power only for a short time and then call elections, it soon became clear that military rule would be lengthy. After the first few years, a military project, quite distinct from earlier periods, began to emerge. This project would transform Chilean politics and society.

The military's point of view emerged initially as a reaction against contemporary Chilean political history. It was a reaction against the heightened level of class conflict during the Allende government, against the existence of a Marxist Left in general, and, specifically, against the Allende government's efforts to use the state as an agent for social transformation. The military also believed that pre-1973 Chile had become too politicized. Civilian political behavior and party politics as they had existed before the coup were to be eliminated.

In their quest to create a new Chile, the armed forces based their course of action on values quite different from those of civilian politicians. They believed that the armed forces should serve as guardians of the nation and of societal values, including adherence to capitalism and anti-Marxism. By appointing themselves as defenders of a certain kind of societal order, the armed forces pitted themselves against other social forces in a struggle to define the nation. Their vision drew inspiration from the National Security Doctrine, which had evolved in the region after World War II, as part of the U.S. anticommunist counterinsurgency training of Latin American militaries in the wake of the Cuban Revolution of 1959.

The military also believed that class conflict militated against national well-being and development. They rejected the concept of inherently antagonistic social classes. Their vision, however, was a class-biased one. Political conflict in

Chile, they felt, had largely been between class forces (principally workers, peasants, and some middle-class sectors) who had supported social change under Allende and even under Frei, and those who wanted to maintain the status quo (namely domestic landowners, businessmen, small entrepreneurs, and foreign companies, supported by the United States). The social forces that had actively supported the Popular Unity government and the leaders of the government who had fomented class antagonisms were considered enemies of the state; as such, they were slated for physical elimination or political neutralization.

The armed forces saw their project as a two-phased one in which, first, they would depoliticize the country by attacking and eliminating leftist political groups and old institutions and practices and, second, they would replace them with new political and economic institutions, as well as different cultural values. The dimensions of the military's plan were not clear even to themselves in 1973; in fact, during the first two years of military rule, they placed emphasis on restoring order even though no overall military project had been set. However, by 1975 the outlines of a strategy took form. The military, or at least a segment of it led by Augusto Pinochet, saw the need for long-term political control. Chile remained under military rule for over sixteen years while Pinochet's program of social transformation was carried out.

## **The Chilean Version of the Bureaucratic-Authoritarian Model**

Chile's coup d'état was one of a number of military takeovers in South America during the 1960s and 1970s. Many of the military dictatorships in South America of this period have been called bureaucratic-authoritarian regimes. They were essentially nondemocratic regimes that repressed and controlled the popular sectors in order to carry out programs of economic growth utilizing market mechanisms, in close collaboration with technocrats. The term bureaucratic-authoritarian model, first coined by Guillermo O'Donnell, was used to explain why it was that the more economically advanced countries in Latin America, some of them long-term democracies located principally in the southern cone of Latin America, had fallen prey to protracted military rule. The bureaucratic-authoritarian model assumed that the previous state-impelled, growth-directed outward, import substitution industrialization strategy had reached its limit. This, coupled with the entrance of new political groups into the political arena, created a political stalemate that apparently could not be resolved by the existent democratic institutions. The result was the imposition of military rule, but of a different kind than in the past. Military intervention was not short-term but signaled the beginning of long-term rule designed to break the political and economic stalemate. It would propel Latin America to greater economic growth and development through a strict free market model, which included

opening Latin America to foreign capital. The approach also required strict social control of the popular classes in order to be successful. In essence, bureaucratic-authoritarianism was nondemocratic and exclusionary, built on the three-pronged cooperation of high-level military with civilian technocrats and foreign capital.<sup>1</sup>

The Chilean dictatorship does not fit this mold perfectly, although it shares some of the characteristics of bureaucratic-authoritarian rule.<sup>2</sup> First, in terms of political repression, the Chilean military, like their counterparts in Argentina and Uruguay, engaged in the widespread and systematic use of torture and persecution against perceived leftist subversives in an effort to “cleanse” their nation.<sup>3</sup> The military waged an unending war against internal subversives. Although the number of people confirmed murdered in Chile may not seem very high—the 1990–1991 Chilean Human Rights Commission report confirms about 2,300 deaths out of a population at the time of approximately 11 million—the Chilean case earned tremendous world attention.<sup>4</sup> The violence unleashed against civilians was an enormous psychic shock to Chileans, who were used to the rule of law. After all, this was a country in which the Marxist Left had come to power legally only a few years before. Declaring war on Marxism was tantamount to declaring war against more than 40 percent of the population. To many Chileans, it was as if their world had suddenly been turned upside down.

Second, the Chilean military, as with other militaries in the region, believed in free market capitalism. Once in power, they used strict monetary methods to hold down inflation and increase trade, creating what they believed was a propitious atmosphere for economic growth. Despite Chile’s economic ups and downs, as well as the tremendous inequities these methods generated, Chile’s experiment with economic neoliberalism has been cited as a success story, especially in comparison with some of its neighbors. It was also the most thoroughgoing application of neoliberal economics in the region.

Argentina under Generals Jorge Rafael Videla, Roberto Viola, and Leopoldo Galtieri (1976–1983) also adopted a market model, along with severe austerity measures, but the Argentines did not succeed in revitalizing the economy. Ultimately, they resorted to warfare as a means of distracting the population from economic troubles. However, their disastrous performance during the Malvinas/Falklands War only served to seal their fate. If the military could not even perform their traditional role as defenders of the national territory, why should Argentines permit them to run the country?

In Brazil, the state continued to play an important role in economic development issues, including maintaining strategic state-owned enterprises, such as Petrobras, the Brazilian oil company, rather than follow a strict economic liberal approach.

The Chilean regime differs dramatically from the bureaucratic-authoritarian model in that rather than military institutional rule, what developed was a per-

sonalistic dictatorship.<sup>5</sup> Although the military junta of September 11, 1973, may have begun as a grouping of four equal members, by 1978 General Pinochet had managed to achieve political domination. Unlike Argentina and Brazil, Chile's armed forces did not set up rules or procedures for political succession or rotation of power; political power never shifted to another general during the sixteen-plus years of military rule. In essence, Chile under military rule meant Chile under Pinochet's thumb.

## **Phases of Military Rule**

Chile's long period of military rule can be divided into distinct phases.<sup>6</sup> The first is the period of 1973 through 1977, when the armed forces consolidated power, depoliticized society, and destroyed old political institutions and practices. They also chose an economic strategy. The main tactic the military used was repression. They persecuted labor unions and officially dissolved political parties. The majority of the disappearances and killings also took place then. By 1975 Pinochet had adopted the free market model as the appropriate course for development and had chosen civilian technocrats, the so-called Chicago Boys, to oversee the economic plan. The regime returned land to former owners and sold off state-owned industries. By the end of this period, General Augusto Pinochet had emerged as the principal power-wielder.

The principal motif of the second period, 1977–1981, was the institutionalization of new economic and political realities. Pinochet ushered in this phase with a speech in Chacarillas in July 1977, where, for the first time, he outlined the timetable for a transition to civilian rule. The new political rules ultimately took the form of a new Constitution, which took effect in October 1981 after a controversial plebiscite in September 1980.

The 1980 Constitution reshaped Chile's political institutions; Pinochet called the future democracy a protected or authoritarian democracy. The new Constitution prevented organized Marxist groups from participating in politics, gave the military a permanent political role, and enhanced presidential power. There was to be a period of almost a decade before even this truncated democracy was to take full effect. On the economic side, the free market model met with such initial success that this period gained the nickname of "the boom." The market mentality was also extended to other aspects of life, such as social security, health, and education.

In the third phase, late 1981–1982, the economic miracle turned into a nightmare as a large number of firms went bankrupt, including some large financial conglomerates. The government, despite its firm adherence to the market model, was forced to intervene in the banking industry in order to stave off the industry's collapse. What is perhaps most important about this situation is not solely the questioning of the economic model that took place but its political impact. The sudden economic crisis provided political space for critics of

the government to question military rule. It laid the groundwork for the next phase, one of popular mobilization against the dictatorship in favor of the restoration of constitutional rule and democracy.

During the fourth phase, 1983–1986, there was a sometimes heady popular mobilization against the military dictatorship. Protests began during the economic dark days of 1983 but continued even as economic recovery took place. A grassroots network of organizations had developed during the previous decade to deal with concrete issues of daily survival—food, housing, jobs, as well as human rights. During the phase of popular mobilization these grassroots groups formed much of the support network for the street mobilization against the dictatorship. Popular opposition took the form of Days of National Protest, beginning with a May 1983 Day of Protest called by the copper miners' union. As political parties began to resurface, they attempted to forge broad political alliances as an alternative to continued military rule. The international atmosphere was propitious; by this point there were newly established democracies in Argentina, Brazil, Peru, Bolivia, and Uruguay. Their examples heartened Pinochet's political opponents, as did the overthrow of both the Ferdinand Marcos dictatorship in the Philippines and the long-standing Jean-Claude ("Baby Doc") Duvalier regime in Haiti.

Despite grassroots and political elite efforts to force the military government to accept a speedy transition to constitutional democracy, Pinochet nevertheless held firm to the transition timetable as specified in the 1980 Constitution. This timetable called for a plebiscite by early 1989 on a presidential candidate to be chosen by the military junta. If the candidate—who virtually everyone assumed would be Pinochet—won, he would serve as president until 1997. If he lost, competitive elections for president and Congress would be held a year later.

Pinochet's intransigence led to the next stage, 1987–1990, which was essentially a peaceful transition to formal democracy under the rules laid down by the military. The opposition political parties, with the major exception of the Communists, came together in a broad alliance called the *Concertación por el No* (Concert for the No) whose purpose was to mobilize the population to vote against Pinochet in the plebiscite.

Although the outcome of the plebiscite weighed in favor of Pinochet, given his control of the rules and the electoral mechanism, as well as his active courting of votes by using state resources for public works and housing projects, the *Concertación* forces were victorious. Pinochet's electoral defeat marked a dramatic shift in the political dynamic by opening up the real possibility for a transition to civilian rule. This fifth stage of transition to civilian rule came to a close with congressional and presidential elections in December 1989, when the opposition coalition won a majority vote. Let us now look at each of these phases in greater detail.



## **Phase I: Consolidating Power, Depoliticizing Society, and Choosing an Economic Model, 1973–1977**

### *The Takeover*

The military takeover on September 11, 1973, ushered in a period of personal terror, until then unthinkable in Chile. A two-day curfew followed the coup. Workers who chose to stay in factories after the coup found themselves surrounded by military units, arrested, beaten, and, sometimes, killed. In the days that followed, the armed forces declared a state of internal war and staged virtual military maneuvers against the civilian population in a vigorous search for high-level UP officials and grassroots political activists.

The self-declared war was one-sided. Despite scant resistance to the coup, the armed forces wreaked enormous violence against civilians. Many of those found were shot immediately. Others were taken captive and herded into soccer stadiums, where they were subjected to torture and where some of them died. In October 1973 General Arellano Stark took what became known as the “Caravan of Death” around northern Chile. In the wake of his visits, scores of political prisoners were killed.<sup>7</sup> Some were executed after summary military trials, and others, it was claimed, were shot while trying to escape. The naval ship, the *Esmeralda*, was transformed into a torture center. High-ranking officials of the UP government were not treated much better than low-level UP supporters. Many were shipped off to Dawson Island, a frigid, bleak island off the southern tip of the continent. Once there, despite the advanced age and less-than-robust state of health of some, they were forced to perform heavy manual labor under what amounted to concentration camp conditions.<sup>8</sup> José Tohá, a socialist minister under Allende and also a close associate, became so emaciated and ill that he was finally transferred to a hospital in Santiago, where he died. According to his wife, his death was neither natural nor self-inflicted.<sup>9</sup>

The armed forces justified its harsh action by claiming that the Left had been preparing to battle the military, and it pointed to the UP radical wing’s revolutionary rhetoric about popular power. The military believed that the only way to prevent a workers’ uprising was to come down hard on all potential dissenters. As further rationale for its view, the armed forces quickly announced the discovery of an ominous leftist plot called Plan Zeta (Plan Z), which it claimed was a secret plan for a Popular Unity self-coup. Allende supposedly would overthrow the democratic system and install a Marxist dictatorship in its stead. The supposed scheme involved the mass murder of high-ranking military men, major entrepreneurs, businessmen, landowners, and right-wing politicians. In the tense, surreal days immediately after the coup, with the press muzzled, jet bombers streaking across the sky, helicopters patrolling overhead, and the sound of gunfire every night, some Chileans might have been inclined to accept the military’s version of the truth, even though the meager response

from UP partisans belied this view of reality. As time went on, the absurdity of the charge became even clearer. With the exception of a handful of sharpshooters perched on scattered buildings and a few isolated workers who decided to defend their factory, there was no significant armed resistance to the coup.

A military junta, consisting of the heads of the four branches of the armed forces, General Augusto Pinochet of the army, General Gustavo Leigh Guzmán of the air force, Admiral José Toribio Merino Castro of the navy, and General César Mendoza Durán, the director of the *Carabineros* (National Police), officially took power immediately after the coup. In a televised set of speeches to the nation on Wednesday, September 12, they declared the Congress closed, political parties that had made up the UP illegal, and all others in recess. Pinochet was especially bellicose in tone, banging on the table to emphasize his points. Chile's first glimpse of its tough new leader was a sobering one.

Legal pronouncements in the form of military *bandos*, or edicts, and decree-laws replaced laws passed by the National Congress. Later, *actas constitucionales* (constitutional acts) passed by the junta were used to amend the Constitution of 1925 at will. Pinochet served as president of the junta, although the title was supposed to rotate among the leaders of the coup. The military junta was to assume legislative and executive functions, while the pre-1973 judiciary, composed mostly of anti-Allende judges, remained in place.

From the beginning, there was significant support for the junta from important sectors of society and institutional life. Politicians of the Right applauded the military's action. The head of the Supreme Court gave the military junta his blessing almost immediately. The Catholic church was relatively quiet in the first months after the coup. Although it desisted from a public condemnation of the coup, its head, Cardinal Raúl Silva Henríquez, quickly raised his voice in support of human rights. Less than a month after the coup he, together with the Jewish and Protestant communities, formed a human rights organization, the *Comité de Cooperación para la Paz*, shortened to *Comité Pro Paz* (Cooperative Committee for Peace).

Among many in the middle class, the initial reaction to the coup was euphoric. Allende was out, and now life could return to normal. They believed that the military were sure to turn the government back to "responsible" civilians now that the so-called Marxist scourge had been eliminated.

The Christian Democratic Party was internally split over how to react to the overthrow of Allende. The day after the coup, the National Directorate issued a formal declaration that blamed the UP for creating a situation that could only be resolved by military intervention; they coupled this with the statement that the military would soon allow civilians to take over the reins of power. Christian Democratic leaders who opposed the coup from the beginning found it almost impossible to air their views publicly, although they managed to issue their own statement on September 13.<sup>10</sup> PDC dissidents included such party luminaries as Bernardo Leighton, one of the party's founders who was later exiled from

Chile and seriously wounded in a 1975 assassination attempt in Rome; Renán Fuentelba, a former PDC president who was also forcibly exiled from Chile; and Radomiro Tomic, the party's presidential nominee in 1970.<sup>11</sup>

The armed forces were surprised by how easily they had accomplished the military takeover. Their fears of broad-scale popular resistance to the coup had proved unfounded. Most Chileans simply were not prepared to engage in warfare. Moreover, many Chileans chose to interpret military intervention as legitimate. The August 22, 1973, ratification by the National Congress of a resolution declaring that the UP government had committed illegalities helped to create a veneer of legitimacy for the UP's violent overthrow. When the military took over, they explained their intervention as legal, as an act designed to save Chilean democracy from "Marxist totalitarians."

Although the armed forces did not have a concrete plan for governance at the inception of their rule, they knew that they wanted to undo what the Allende government had accomplished. In political terms, the military wanted to end the freewheeling politics of the former regime, where all, including Marxists, could contest in elections. In economic terms, they wanted to restore private property, both industrial and agricultural, to its former owners, and they wanted a free market system. After several years of ad hoc policies, a clear economic plan began to emerge. Moreover, Pinochet, who had little regard for civilian politicians and overflowing confidence in his own abilities, consolidated his power at the expense of both the other junta members and of civilian politicians.

### *Torture as a Means to Consolidate Power*

One significant element of social control was the military's use of systemic repression and torture. Soon after the coup took place, a secret police force, the DINA, or Directorate for National Intelligence, began to operate. Officially established on June 15, 1974, it was headed by then colonel Manuel Contreras. DINA was supposed to centralize the work of the military intelligence agencies of the different branches of the armed forces. In reality, the actions of DINA and the other military security services involved a number of unsavory activities, including kidnapping people off the streets or from their homes. If they were not shot immediately, the unfortunate individuals were taken to clandestine torture centers, such as Villa Grimaldi, where they were subjected to beatings, simulated firing squads, electric shock treatments, and other barbaric acts. Thousands of people literally disappeared.

The disappearances were not arbitrary. In the first two years after the coup, the secret police focused attention on eliminating the MIR (Movement of the Revolutionary Left) network. The DINA considered the MIR to be exceedingly dangerous because of the guerrilla group's belief in armed struggle to achieve socialism. In addition, MIR had engaged in armed encounters with the military. By the end of 1975 the clandestine MIR network had been severely damaged.<sup>12</sup>

During 1975 DINA focused attention on Socialists; in 1976 the torturers turned their apparatus on the Communist Party. According to the 1991 Chilean Human Rights Commission report, of the 2,279 people who were killed during the military dictatorship, 17.8 percent were members of the Socialist Party, 16.9 percent were in the MIR, and 15.5 percent were Communist Party militants.

In addition to its focus on these political groups, the DINA and other military organs, assisted by local landowners and Fatherland and Liberty members, persecuted others perceived as subversives. For example, in the first few years after the coup, peasants who had been involved in the land reform program, cooperatives, or land takeovers were targets of reprisal. One famous case is that of Paine, a village in northern Chile, where, on September 24, 1973, eighteen peasants from the *fundo* (farm) were rounded up by the army and shot. Over sixteen years later, with civilians newly in office, the mummified remains of these unfortunate peasants, still bound and hooded, were dug up. Expressions of horror at the moment of death were still visible on their faces. In general, militants of any of the constituent parties of the UP found themselves targeted, as did local peasant and labor leaders. Overall, 686 of the 2,279 victims cited in the Human Rights Commission report were workers or peasants, almost a third of the total. In many cases, the military would publish the news of someone's death in the newspaper and invoke the *ley de fuga* (law of escape), declaring that the person had been killed while trying to escape. In other cases, they would announce that the body had been found in Argentina, on the border with Argentina, or that the person had died as a result of a shoot-out among leftists. All these were efforts to camouflage the truth behind these deaths. In addition to the 2,279 deaths cited by the Human Rights Commission report, thousands of others were brutally tortured but, somehow, survived.

Repression did not always involve physical detention and torture. The military regime also forcibly exiled dissidents, especially well-known political figures who spoke out against the regime. Sometimes they would take people, still dressed in nightclothes, from their homes in the early morning and deposit them on the Argentine border high up in the Andes Mountains.<sup>13</sup> In other cases, dissidents were summarily put on foreign-bound planes. Virtually the only high-ranking official from the Allende period to sneak out of the country undetected was Carlos Altamirano, the fiery secretary-general of the Socialist Party.<sup>14</sup>

It was not only partisans of the Unidad Popular coalition that were subject to repression. Military suspicion also extended to other political groups. Christian Democrats who chose to speak up found themselves persecuted, sometimes simply for giving a public eulogy at a funeral. They also were subjected to arbitrary detention and arrest, to exile, and, as in the case of Bernardo Leighton, to an assassination attempt. During those early years it was risky even for small social groups to get together. Political parties were in disarray; the parties of the UP had immediately been declared illegal, and others were at first recessed and then disbanded in 1977. Labor unions were prohibited and their leaders

were persecuted. Strikes were outlawed. The mass media were effectively censored. Universities were purged of faculty and students who had any kind of leftist credentials, and their academic rectors were replaced with military officers. Overall, the brutal violation of human rights during this first phase of military rule was successful. It fulfilled its purpose of preventing a widespread revolt and of suppressing virtually all organized opposition to military rule.

One of the few institutions able to withstand the military onslaught was the Catholic church. Cardinal Raúl Silva Henríquez played an important role during those dark days, although not without difficulty. Under severe pressure from General Pinochet, the human rights organization, the *Comité Pro Paz*, was dissolved in November of 1975. Two months later the cardinal formed the *Vicaría de la Solidaridad*, or Vicariate of Solidarity, an agency within the Catholic church, which he housed next door to the cathedral. The *Vicaría* became a leading force in the fight to end human rights abuses. Its forerunner, the ecumenical *Comité Pro Paz*, had worked on over 6,000 cases of human rights abuses in its two brief years of existence.<sup>15</sup> The *Vicaría* continued and expanded this work, amassing thousands of files of human rights abuse cases, despite severe harassment by the Pinochet dictatorship. The *Vicaría* also provided a protective umbrella for a multitude of grassroots organizations, as well as for academics who had lost their jobs and had organized private think tanks and schools.<sup>16</sup>

There was also substantial international pressure to ameliorate the human rights situations and to release the more well-known figures. Red Cross teams were allowed to visit detention centers, such as the National Stadium in Santiago, which had been transformed into a torture center. Some leading political figures were released. For example, the head of the Communist Party, Luis Corvalán, was discovered in hiding and, after much public pressure, was allowed to go to the Soviet Union as part of an international political prisoner exchange. Foreign institutions, especially universities, extended invitations to political prisoners to facilitate their escape from the Chilean nightmare. Senator Edward Kennedy held a series of hearings on the human rights situation in Chile through the Subcommittee of the Committee on the Judiciary of the U.S. Senate, which cast the Pinochet regime in an extremely poor light.<sup>17</sup> As a result of the findings of the hearings, Kennedy worked to cut off loans and credits to the Chilean military government.

The scale of death was such that Chile acquired the reputation of a pariah nation. Pinochet came under increasing pressure to rein in the DINA, even by some within his administration.<sup>18</sup> Although the level of violence abated by the end of 1977, an international, high-profile killing underscored the human rights issue in Chile and forced Pinochet to act. On September 21, 1976, former Allende minister Orlando Letelier, in exile in the United States, was assassinated in the streets of Washington, D.C., when his car was blown to pieces by a remote-control bomb. The case was especially troubling to the United States. In addition to the fact that Letelier was well known and liked in the United

States, his violent death sent a message that Washington, D.C., was not safe for foreign diplomats and exiles. A U.S. investigation that was quickly opened—and pushed by President Jimmy Carter, who soon took office—uncovered a trail that led directly to DINA head, Colonel Manuel Contreras. Although the Chilean Supreme Court refused the U.S. government's request to extradite Contreras, it was clear that not only Contreras but also the DINA itself, and even Pinochet, were suspect.

General Pinochet attempted to deal with the furor by formally dissolving DINA in August 1977. He quickly replaced it, however, with the CNI, the National Center for Information, which assumed many of the functions of the defunct DINA. Several months later, Colonel Contreras, elevated to the rank of general, was replaced by retired general Odlanier Mena.

The military also decided to protect itself from possible retribution in the future. On April 19, 1978, the government promulgated a decree-law that gave the military amnesty for any criminal acts that had taken place during the state of siege, that is, between September 11, 1973, and March 10, 1978. The amnesty law stood as a sober reminder of the extent of human rights abuses in this period.

### *Pinochet's New Economic Model*

The military government also began to reshape the economy. One of the first worries the junta confronted was rampant inflation, which by official statistics reached 505 percent in 1974.<sup>19</sup> The economic direction of the military regime began to take clear shape when University of Chicago economist Milton Friedman visited Chile in March 1975. Both publicly and privately, Friedman fervently advised strict adherence to a free market model. The next month, on April 24, 1975, the Pinochet government announced an economic recovery program that consisted of a set of extremely strict monetarist prescriptions along the lines Friedman had pushed. Accepting the view that inflation had to be tackled before economic growth could take place, the government dramatically increased the price of goods and drastically cut public spending. The program was designed to stop inflation in its tracks through draconian policies rather than to prolong the process with a less painful gradualist approach. The program was popularly known as the "Shock Treatment."

The impact of the Shock Treatment, which lasted for a year, was brutally quick in coming. Although inflation abated somewhat, decreasing to 375 percent in 1975 and 212 percent in 1976,<sup>20</sup> the gross domestic product (GDP) plunged 16.6 percent in 1975.<sup>21</sup> Unemployment, which had been serious even before the Shock Treatment, skyrocketed. In contrast to the pre-coup period in 1973, when unemployment stood at less than 5 percent, by 1975 it had risen to 14.5 percent. The employment situation remained bleak even though the government instituted a subminimum-wage public employment program called

the Programa de Empleo Mínimo (Program for Minimal Employment; PEM), which provided part-time work at a monthly salary of about US\$50 to almost 158,000 workers in 1976.<sup>22</sup> By 1976 unemployment still reached almost 13 percent; if one included PEM workers, it was almost 18 percent nationwide.<sup>23</sup> In Greater Santiago, which held a third of the country's population, unemployment was even higher, at almost 20 percent.<sup>24</sup> In 1976 the government declared the Shock Treatment officially over.

In addition to these economic shock measures, the government also began to privatize the large number of enterprises under state control, many of which had been taken over during the Allende government, by returning farms and industries to their former owners or selling them off at bargain basement prices. By the end of 1978 tariffs had been unilaterally reduced to 10 percent, making Chile virtually an open market. By the end of the 1973–1977 period the Pinochet government had adopted a free market monetarist model. Although Chile was regularly condemned by the United Nations and others for its human rights record, the Chicago Boys' economic strategy helped the regime gain some legitimacy in the international financial community.

### *Pinochet's Consolidation of Power*

The last notable feature of the first phase of military rule is Pinochet's successful bid to consolidate power. Given his previous image and reputation, it is somewhat ironic that Pinochet emerged as a personalistic dictator. First of all, notwithstanding his own account of the planning for the coup, there is basic agreement that Pinochet was brought into the picture at the very end.<sup>25</sup> He had become the head of the army and commandant of the armed forces only upon General Carlos Prats's resignation on August 23, 1973, just several weeks before the military coup. Before then he was known as obsequious in style, with moderate political views, although some would later dispute that.<sup>26</sup> In fact, it was difficult for many who had known him before the coup to recognize the strutting, gruff man as General Pinochet.<sup>27</sup>

One of Pinochet's strategies for gaining power was to eliminate potential power contenders, be they from within the armed forces' coalition that had overthrown Allende or among its opponents. He skillfully used Colonel Manuel Contreras and the DINA to eliminate opponents, physically if necessary. For example, in September 1974, General Prats and his wife, Sofia, were killed when a bomb blew up their car in Buenos Aires. Prats had been warned that he was marked for death and was making preparations to leave Argentina. Two years later, Orlando Letelier, former Chilean ambassador to the United States under Allende, a Socialist and charismatic political activist against Pinochet, was killed in Washington, D.C. There is compelling substantial evidence that both men were eliminated by DINA operatives under Pinochet's orders because he believed they represented threats to his power.<sup>28</sup>

In March 1975 a popular army officer and Pinochet's minister of the interior, General Oscar Bonilla, also died in a mysterious helicopter accident. Although it is not possible to prove that Bonilla's death was planned, it seems suspicious, and it fits into the general pattern of Pinochet killing possible competitors. One last example is that of air force general Gustavo Leigh Guzmán, who was ousted from the military junta by Pinochet in July 1978, after Leigh publicly called for a transition to civilian rule within five years.

Pinochet undertook other actions to consolidate power. Despite his early claim that power would rotate among the four members of the military junta, Pinochet attempted to dominate the junta and to appear as the leader of the nation virtually from the onset of military rule. As early as June 1974 he had himself named supreme head of the nation as well as president of the junta, under decree-law 527. Six months later, on December 16, 1974, he took on the title of president of the Republic of Chile, again, by decree. On March 11, 1977, Pinochet eliminated yet another political obstacle to his continued rule, the Christian Democratic Party, by officially dissolving all political parties and confiscating their physical plant.<sup>29</sup> The PDC radio station, Radio Balmaceda, had already been shut down. In a speech on July 9, 1977, at Chacarillas, Pinochet also spelled out his version of a transition away from military rule, which specified a lengthy transition timetable to a very limited form of democracy. The plan had not been previously approved by the junta.

Pinochet's political plans did meet with some resistance, however, especially from junta member air force general Gustavo Leigh. Leigh, concerned about Pinochet's amassing of power, had come to the conclusion that Chile should return to civilian rule. As early as 1974 Leigh, perceived in the first year as the most hard-line member within the junta, had become an advocate for a return to democratic, civilian rule. He worked toward this goal both privately and publicly. Pinochet, in the meantime, stung by a United Nations vote condemning Chile for continued human rights violations, attempted to buttress his popular image by calling for a national consultation or referendum. He hoped that the vote would affirm his popular support in the face of strident international criticism. The plebiscite was held on January 7, 1978, under a repressive state of siege and with no electoral rolls. Bolstered by what he claimed was a 75 percent approval rate, Pinochet declared that Chile did not need elections for another ten years. Seven months later, he engineered Leigh's removal from the junta.

With his power consolidated, President Pinochet could now turn attention to completing the task of institutionalizing his economic and political plans. A number of actions had been taken by 1977 that were intended to end the state of emergency and ad hoc nature of the regime. We have already seen how by 1977 Pinochet had dissolved all remaining political parties, restructured the secret police force to the more acceptable CNI, and, with his Chacarillas speech, begun to give the new institutionality clear shape. The first phase of military rule was now over. It was now time to deepen the institutionalization process.



## **Phase II: Institutionalizing the New Political and Economic Realities, 1977–1981**

### *The Economic Model*

The second phase of military rule is characterized by Pinochet's efforts to consolidate what he hoped would be new economic and political realities in Chile.<sup>30</sup> In the economic realm, the economic model involved the imposition of a rigid free market system, as advocated by the University of Chicago's School of Economics. Although the implementation of this model had begun with the economic Shock Treatment, Sergio de Castro's appointment as minister of finance on December 28, 1976, signaled its undisputed victory.<sup>31</sup> De Castro replaced Jorge Cauas, who had been the architect of the economic Shock Treatment. By 1976 the Chicago Boys, so named because many of them had received postgraduate training at the University of Chicago's School of Economics, held most of the major economic posts in the government. Under Sergio de Castro's leadership, they applied the market model in almost a textbook fashion, withdrawing the state as much as possible from intervention in the economy and in society in favor of private sector activity.

Privatization became a key tool. Many of the government-owned or controlled enterprises were sold off or returned to private hands. For example, all of the 259 industries that had been intervened in by the Allende government were returned to stockholders by 1978.<sup>32</sup> Ninety-nine others, owned by CORFO, had been sold by 1976, with the process continuing through the late 1970s and 1980s. However, even at bargain basement prices, only a few wealthy conglomerates could afford to buy them.

Other economic measures taken by the government were designed to deregulate the economy and to encourage trade under the concept of comparative advantage. Policies included reducing tariffs drastically—to 10 percent by 1978—and deregulating finance. In addition, Sergio de Castro fixed the official exchange rate of the peso very low, at 39 pesos to the U.S. dollar. These measures had the effect of encouraging the cheap importation of goods, and as a result, the economic model took off.

The government also instituted policies that created a real estate boom in the capital. In 1979 it changed the municipal boundaries in Greater Santiago and relocated many of the poor away from the middle- and upper-class areas where they had lived to outlying areas of the metropolitan region. At the same time the government eliminated the capital gains tax. These measures, taken together, fueled a heady land speculation.<sup>33</sup> Meanwhile, continued political repression prevented any kind of popular protest.

The result of all of these actions was that a small group of very powerful domestic economic conglomerates, dubbed piranhas, such as the Grupo Vial and Grupo Cruzat-Larraín, soon controlled major commercial and industrial enter-

prises and banks, many of which were acquired through government sales of these enterprises. The economic conglomerates' control of banks was integral to their growth because the banks lent the conglomerates vast sums of money to finance other acquisitions. Some of the Chicago Boys also had stakes in the economic conglomerates; that is, there were conflicts of interest between public policy and private gain. For several years after the implementation of this model, from 1977 through early 1981, there was a short-lived economic boom.

The application of the free market approach did not stop there. Up until 1979 it had been applied through conventional economic policies, such as freeing prices, many of which had been government controlled, and opening up trade and finance; beginning in 1979, the market mentality was extended to other areas of society. The sweeping nature of the changes became clear in a September 11, 1979, speech by Pinochet in which he embraced the concept of a free market society as the foundation of his regime. The government intended to transform society, not just the economy, permanently. The program became known as the "Seven Modernizations."

The reforms began with the promulgation of a new labor code under the guidance of José Piñera, then the minister of labor. The labor code was intended to apply the market approach to the workplace as well as to normalize the labor situation. The regime considered it an advance because, until then, it had outlawed both labor unions and strikes. So-called structural free market reforms were to be extended to social security, education, health, agriculture, justice, and even public administration itself. In each case, the guiding principles were privatization and deregulation or decentralization. In the reform of the social security system, for example, competing private social security companies were largely to replace what had been a public system in order to provide the public with greater choice. In the reform of education, the state, which had formerly played a strong role in overseeing public education, was to turn over management to the municipalities. In higher education reform, the two major universities, the University of Chile and the Catholic University, which were under military intervention, were to become self-financing. Under the principle of competition, other post-high school institutes, with virtually no state oversight, could also be established. Pinochet and his advisers assumed that it would take time to carry out these dramatic changes; they were thus able to rationalize continued political domination.

The dogged application of a free market model was also implemented under conditions of political repression, by which the state severely restricted political liberties and exerted a stern control over labor. In essence, the state utilized its power to foster an environment in which an economic and social Darwinism could flourish, that is, in which the strong would survive and the weak would fall by the wayside. The Darwinian strategy required a certain degree of state autonomy from social forces, even from those, such as the large and small entrepreneurial groups, who considered themselves regime supporters.<sup>34</sup>

### *The Political Model*

**The Chacarillas Speech.** Pinochet also attempted to institute new political realities. It was no longer sufficient to eliminate the old ways of doing politics; it was also necessary to create new political institutions that fit with the military's vision of what politics should be. In his Chacarillas speech in July 1977, Pinochet had outlined a three-phased process of political transition that was to extend from 1977 to 1985. Over those eight years, power would be gradually shifted from military to civilian hands, but under new political rules. During the first phase of recuperation, which was to last until the end of 1980, the old Constitution of 1925 would be discarded and replaced by the junta's institutional acts. The second phase, the transition itself, would begin in 1981 with military-civilian leadership. However, the junta would continue to exercise much power, along with a Council of State and a "mixed" legislature, of which one-third was to be named by Pinochet. The third phase would begin in 1985, when so-called constitutional normality would reign. Civilians would rule, with direct elections every eight years. Two-thirds of the legislature would be chosen by direct suffrage, with one-third named by the government. The president, however, would not be directly elected. Instead, the mixed legislature would select the next president, whose term of office would be six years.<sup>35</sup> Pinochet's vision was of a protected democracy, a political system with very limited popular participation. The timetable allowed him to retain the presidency until 1991.

**The Constitution of 1980.** Although Pinochet held firm to the general political goal of a protected democracy, he changed the specifics of the timetable and institutional framework as set forth in the Chacarillas speech. Above all, he wanted a new Constitution written, which specified an even more drawn-out transition to civilian rule, gave the military a continuing political presence in the institutions of the state, and prohibited Left party organization and political participation. It also made possible Pinochet's remaining as president until 1997.

The idea of writing a new political Constitution for the nation to replace the Constitution of 1925 had been raised almost from the beginning of military rule. As early as October 1973 the junta had set up the Constitutional Commission, made up of conservative constitutional law experts, to look into this task. At that time there was ambivalence about replacing the 1925 Constitution, not to mention the unresolved question of what a new political system would look like. Thus quite a few years went by before serious efforts were made to frame such a document.

In November 1977 Pinochet asked the Constitutional Commission to write a new Constitution; he also provided its members with an outline of what he wanted. This outline had actually been typed up by the minister of justice, Mónica Modariaga, although it was principally the work of Jaime Guzmán, who also sat on the Constitutional Commission.<sup>36</sup> Guzmán, a law professor at the

Catholic University and former leader of the *gremio* movement, had been a virulent opponent of Allende and a supporter of military rule. In the early days, he had worked closely with General Leigh, but with the waning of Leigh's power, Guzmán had switched his primary allegiance to Pinochet. Over the years he had also shed his early *gremio* leanings and adopted the Chicago Boys' enthusiasm for the neoliberal market approach. Guzmán's hand, along with Pinochet's, was clearly visible in the draft document that the Constitutional Commission sent for review to the Council of State.

The Council of State, one of the organisms that the military had created, was supposed to include all former presidents of Chile. Only two of the three living former presidents, Jorge Alessandri and Gabriel González Videla, agreed to sit on the body. The third, Eduardo Frei, had refused to participate years before. Former president Alessandri's presence on the council was especially important; he gave the organism a certain degree of legitimacy. In addition, Alessandri, for historical reasons dating back not only to his own presidency in 1958–1964 but also to his father's in the 1920s, had long wanted to reform the Constitution. The recommendations he brought included strengthening executive powers, weakening congressional prerogatives, as well as limiting the freedom of the press. During the twenty months of the council's deliberations, it made numerous changes to the draft.

The Constitution that was ultimately adopted, however, bore Pinochet's stamp. The general was determined to have his way. After the Council of State draft was delivered to Pinochet, he convened a small group of military men to rework the draft, modifying it once again to be more in accord with his original outline. It was this reworked draft that was made public to the nation on August 11, 1980. At the same time, Pinochet publicly announced that a plebiscite would take place in thirty days to ratify the new Constitution. The president's position was clear. He stated that, in the unlikely case the Constitution was voted down, "this would signify the return to the political and juridical situation existent in Chile on September 10, 1973."

The new Constitution contained two types of articles, permanent ones and emergency, transitory, ones, the latter an idea advanced by former president Alessandri. The insertion of transitory articles in effect delayed putting the Constitution in force in its entirety for a minimum of eight years. During the interim period the transitory articles remained valid. The date of transition to civilian rule was pushed back from 1985 to 1990 or even 1997. According to the new timetable, Pinochet would remain as president until 1989, when a plebiscite was to be called to vote on a presidential candidate named by the junta. If he won, the candidate—most likely Pinochet—would remain as president for another eight years, until 1997. In addition, during the first eight years, from 1981–1989, there was to be no elected legislature. The junta would continue to act as a legislature until the inauguration of a new Congress in 1990. Political parties were also prohibited during this period, at least until enabling legislation was promulgated.

The permanent articles established a political system quite different from that specified in the 1925 Constitution, and they contained a number of undemocratic features. To begin with, the document greatly changed civil-military relations and the balance of power among the executive branch, the legislature, and the armed forces. There was to be a National Security Council (NSC) consisting of the heads of the three branches of the armed forces and the *Carabineros*, the presidents of the Senate and the Supreme Court, and the president of the republic. This council was to advise the president on matters of national security. But it could also “represent to any authority established by the constitution, its opinion about any issue which in its judgment worked against the institutional basis of the regime or could compromise national security.” Given the military majority on the council, these functions enshrined military oversight of civilian actions. Put another way, the armed forces were cited as the guardians of the new political order.

Second, the president could only name new heads of the branches of the armed forces from among the five senior generals, who could serve for a nonrenewable term of four years. The heads of the branches of the armed forces and *Carabineros* could not be retired, that is, fired, by the president, except with the approval of the NSC. Given that the heads of the armed forces sat on the NSC and had a majority voice, this was virtually impossible. The Constitution also gave soldiers the right to vote.

The presidency was also strengthened and the term of office was extended from six years to eight years, although the president was prohibited from immediate reelection. This latter stricture did not include the transitional period, meaning that Pinochet could remain in office for sixteen more years, until 1997. The president could also call for new elections in the lower house during his term and could declare a state of emergency, under which basic civil liberties, such as habeas corpus, were suspended.

The 1980 Constitution also created a weakened two-house legislature. The upper house, the Senate, was composed of twenty-six elected senators and at least nine nonelected senators. The latter included all former presidents who had served for six years, two former ministers of the Supreme Court, one former controller-general, a former university rector, a former minister of the government, and a former head from each branch of the armed forces and the *Carabineros*.<sup>37</sup>

The Constitution also severely limited freedom of speech. Perhaps the most egregious example of this was Article 8, which declared illegal the individual or group “propagation of doctrines which attack the family, support violence, or a concept of society or the state which is totalitarian or based on class struggle.” Any organization, movement, or party that held these views was to be outlawed. Individuals judged to have propagated such beliefs were subject to severe sanction. For a period of ten years they were prohibited from holding any public office, any administrative or faculty position in educational institutions,

any position in the mass media, or any political party post, as well as any professional, student, or union post. Such individuals were denied the right to vote for ten years. Individuals thought to have violated Article 8 were to be judged by a constitutional court, whose membership was biased in favor of the military.

Although Article 8 seemed quite draconian, it was not the only such constitutional stipulation. For example, even more extreme measures, including the loss of citizenship, could be taken against anyone found to be a terrorist. In addition, congressmen no longer had congressional immunity. This meant that they could be relieved of their positions if they spoke or acted against public order or the constitutional system or "compromised the security or honor of the nation." In an effort to limit further the influence of political parties, the Constitution also forbade union officials from maintaining formal partisan affiliation. Last, I should mention that the requirements for the passage of a constitutional amendment made an amendment almost impossible to achieve.

In all, the Constitution of 1980 was a fundamentally undemocratic document whose purpose was to prolong Pinochet's rule, institutionalize military oversight over civilian policymaking, increase the president's power at the expense of the legislature, severely limit popular participation, and permanently exclude Marxist parties from participation in politics.

Despite the fact that Pinochet allowed only a brief thirty-day campaign period from the announcement of the Constitution to the plebiscite vote, the opposition was able to mount a vigorous campaign against the Constitution's adoption. It was the first case of united action from an opposition, which, until then, had been fragmented, demoralized, and weak. Although the opposition had been initially uncertain over how to respond to the proposed Constitution, especially whether to abstain or to campaign for a no vote, almost all opposition parties ultimately decided on the latter tack. The "no" campaign became the first significant public effort to confront the dictatorship.

The Christian Democrats, practically the only organization that was still able to function somewhat openly, led the public campaign against the Constitution. Other political groups, including the Communist Party, which was at the point of redefining its basic political posture toward the dictatorship, agreed to come out in favor of a no vote.<sup>38</sup> Perhaps the most significant opposition act during those thirty days was a massive rally at the Caupolicán Theater, a historic site for political gatherings. Former president Eduardo Frei, who had been largely silent until then, was granted government permission to speak at the Caupolicán. He was, however, denied the right to broadcast the speech over the mass media. The event, which took place on August 27, was the only major campaign event that the junta permitted Frei.

Opposition activities were carried out under extremely difficult political circumstances. A state of exception, which prohibited public gatherings without official approval, was in effect for the entire country. Political parties did not legally exist, and the opposition camp had virtually no access to the mass

media, particularly television. Finally, the election process itself was suspect. There was no electoral registry; people were to vote at any precinct, using their national identity card as proof of eligibility. A supposedly indelible ink mark on the thumb served as the only proof of having voted and the only check on voter fraud. Those people designated to oversee the voting process and count the ballots at local precincts were Pinochet loyalists.

On the evening of September 11, 1980, the junta made public the results. They announced a two-thirds vote in favor of the new Constitution, with 30 percent saying no. Six months later, on March 11, 1981, a regal Pinochet—who several months after was to elevate himself to the title of generalissimo of the country and captain general of the armed forces—took the presidential oath of office for an eight-year term. He also moved the executive offices back into a reconstructed Moneda Palace. In President Pinochet's eyes, the new regime was a permanent fact of life.

### **Phase III: The Economic Crisis, 1981–1982**

Pinochet's aspirations to create a new and enduring set of political institutions were buoyed by the 1980 plebiscite results and the continuing economic boom. The sweetness of victory was short-lived, however. By the end of 1981 the economy had begun to experience difficulties, and by 1982 Chile had fallen into a severe economic decline, with scores of bankruptcies and unemployment reaching over 20 percent. The economic crisis brought with it a fundamental questioning of the Chicago Boys' economic strategy and the military project in general.

The crisis began in mid-1981 when the financial group *Compañía Refinería de Azúcar de Viña del Mar* (Sugar Refining Company of Viña del Mar; CRAV), which had speculated in the sugar market, collapsed. Interest rates also began to rise, and smaller firms, which were not part of any of the large conglomerates, began to go bankrupt. The next year was even worse. GDP growth was a negative 14.1 percent and unemployment began to climb, reaching almost 20 percent by official statistics, over 26 percent if one included subminimum-wage programs of *Programa Empleo Mínimo* (PEM) and *Programa Ocupacional Jefes de Hogares* (POJH).<sup>39</sup> Bankruptcies continued at an alarming rate. The 810 bankruptcies of 1982 were more than double the average of the previous five years.<sup>40</sup> In addition, by 1982, foreign banks were loath to lend additional money to Chilean banks. Their reluctance meant that an important source of credit to pay the higher interest rates had dried up. The crisis continued into the next year. Unemployment in 1983 stood at 28.5 percent, and inflation increased, from 9.9 percent in 1982 to 27 percent, according to official statistics of the *Instituto Nacional de Estadísticas* (National Institute of Statistics; INE).<sup>41</sup>

One of the principal causes of the economic collapse was the rigidly maintained, fixed, low-exchange rate for the dollar, which encouraged importation of goods as well as heavy foreign borrowing. Other government policies reinforced

imports and foreign debt. Low tariffs gave incentive to importation, and the Central Bank did not oversee foreign borrowing by domestic banks because this would have been antithetical to the liberal economic model. Most of the foreign loans assumed by private financial conglomerates were easy to obtain because foreign banks were happy to lend out part of their large store of petrodollars. A great deal of the money was not used for productive purposes, however; instead, it went to speculative endeavors or to consumer imports. As a result, just as the process had led to a boom, it was followed by an inevitable bust.

The crisis was prolonged perhaps more than it might have been because it took more than a year for the government to respond. There are several reasons for this. First of all, the economic team led by Sergio de Castro believed that adjustments would occur automatically. To the Chicago Boys, government intervention was inappropriate; it contravened the economic model, which viewed market mechanisms as a fact of nature. Second, government intervention would have been an admission that the economic model had failed. Despite this, by 1982 it became politically necessary to react to the crisis.

The economic crisis changed the political mood of the country. It opened the way for the first concerted popularly led opposition movement to military rule.

## **Phase IV: Popular Mobilization for a Return to Democracy, 1983–1986**

By 1983 Pinochet had recognized the need to quell the effects of the economic crisis. The government finally took some measures to end the deep recession, such as devaluing the peso and raising tariffs. Perhaps its most spectacular action, however, was to take over the failing banking system. Here was a contradiction at work: A government, pledged to withdrawing the state from the economy in favor of letting private forces act, took over the banking system. It liquidated some banks, nationalized others, and assumed the outstanding debt of bankrupt financial institutions. Despite these governmental actions, the recovery period was slow, lasting through 1986.

The changed economic situation was a major chink in Pinochet's, until then seemingly invincible, armor. It provided the political opposition the opening it needed to question not only the specific economic policies being followed but also the entire political system Pinochet had erected. Because I will cover the period of opposition activity in depth in Chapter 7, I include here a brief summary and analysis of the major events.

The popular mobilization of this period was characterized by its grassroots nature. Civil society led the way, with political parties, especially at first, following their lead. The mobilization period demonstrated how civil society could organize itself autonomously from political parties. It also highlighted the divisions between parties (especially party elites) and grassroots groups. What hap-



pened in Chile was similar to what took place in many Latin American countries as they threw off the yoke of military rule.

The first group to stand up to Pinochet openly was the copper miners union, led by its president, Rodolfo Seguel. After considering calling a strike, Seguel decided instead to declare a Day of National Protest on May 11, 1983. The protest initiated a period of popular protest that bubbled furiously through 1986. A series of Days of Protest followed. Political parties, heartened by the situation, began to resurface publicly and to support the Days of National Protest. They even tried to lead the process, but there was a political division within the opposition that prevented united action. By September 1983 Pinochet, who had initially responded with some conciliatory gestures, decided to repress the protests. Marchers were met by police in full riot gear, who swung stanchions, launched tear gas grenades at the crowds, and arrested scores of protesters. As violence in the streets escalated, most parties backed away from continued street mobilization, but others, especially the Communists, continued to call for street action.

Grassroots groups continued to press for popular mobilization through 1986. In April 1986 a grouping of grassroots organizations, unions, and others formed an *Asamblea de Civilidad*, or Civic Assembly, and called for a July strike, which the regime suppressed. Among the grassroots groups, women's organizations played a major role. Young people, especially the *barrio* (neighborhood) poor, began to take more of a leading role in street protests. The level of violence increased as the regime stepped up its brutal attacks on protesters. By the end of 1986 many who had marched for democracy for three years began to feel burned-out. Despite all their efforts, Pinochet seemed unmovable.

Although the grassroots movement was ultimately unsuccessful in its primary goal of bringing down the Pinochet regime, it demonstrated the depth of the opposition to the authoritarian regime among middle- and working-class people. Grassroots mobilization, and its level of coordination, also demonstrated the extent to which Chilean society had maintained its custom of collective action, despite Pinochet's efforts to individualize—virtually atomize—society.

There were also attempts by political elites to negotiate a return to democracy. Ever legalistic, the bulk of the political opposition to the Pinochet regime refused to have recourse to violence; some were even leery about continuing street mobilization. Instead, they suggested negotiating with various regime actors to modify or throw out the Constitution of 1980. A number of alliances and programs were proclaimed, beginning with the Democratic Alliance in 1983 and the National Accord in 1985. All such efforts were rebuffed by Pinochet. After an initial feint at accommodation—Pinochet appointed an old right-wing civilian politician, Sergio Onofre Jarpa, as minister of the interior and charged him with the responsibility of opening a dialog with the opposition—the regime responded with repression. Marches were forcibly repressed, and the secret police torture and murder apparatus continued to function.

Despite three years of popular ferment, Pinochet stuck tenaciously to the timetable of the 1980 Constitution. If the opposition wanted to gain power, they would have to do so according to the existent rules of the game.

## **Phase V: Transition to Civilian Rule, 1987–1990**

By the end of 1986, popular mobilization waned. Instead of calling street demonstrations, political parties focused their efforts on defeating Pinochet at the ballot box. The goal was to win the presidential plebiscite that the president had called for October 5, 1988, with himself as candidate. If the no vote could win, Pinochet, according to the 1980 Constitution, would be forced to schedule competitive presidential as well as congressional elections the following year. These were the goals that brought together most of the long-fragmented political opposition. From a myriad of committees for the no, by early 1988 they had joined into a unified *Concertación por el No*.

The Communist Party was a major dissenter to this strategy. The PC believed that the Pinochet dictatorship could not be brought down by acquiescing to his rules of the game and that continued efforts to negotiate with the regime or to follow the military's rigged rules would fail. Even worse, participation in Pinochet's skewed system would only serve to legitimate it. Instead, in 1980 the Communist Party had adopted the position of using "all forms of resistance against the dictatorship," including violence. This marked a tremendous shift in the PC's political stance, because during the long years of electoral competition—from the 1930s on—the Communist Party had been a strong supporter of working within the political system and of broadening their political coalition.<sup>42</sup> The party's shift, then, significantly changed the political landscape. Although the PC itself did not openly carry out acts of violence, it did form a guerrilla group, the Manuel Rodríguez Front, which did. In September of 1986 the front attempted unsuccessfully to assassinate General Pinochet during a car trip back to Santiago from his weekend retreat. At around the same time, secret weapons caches, linked to the Communist Party, were found. As a result, the PC found itself isolated from much of the political opposition that had opted unambiguously for a political solution to the problem of military dictatorship, not a military one.

The PC position did not prevent the rest of the opposition from mounting a formidable campaign to vote no in the presidential plebiscite. With financial assistance from the United States, the *Concertación por el No* had poll watchers and a sophisticated computer set-up that allowed them to keep a parallel vote count. On October 5, 1988, the fruits of their labor paid off: The no vote won, with 55 percent of the popular vote.

With victory theirs, they were able to maintain the coalition of sixteen political parties, transforming it into the *Concertación para la Democracia* (Concert for Democracy), with eyes on the presidential and congressional elections

scheduled for December 1989. The coalition named Patricio Aylwin, president of the Christian Democratic Party, as its presidential candidate. He faced Hernán Büchi, former minister of finance, who had helped engineer the economic recovery from 1985 on. Although Büchi was the principal regime candidate, a second candidate on the Right, but with a more populist discourse, Francisco Javier Errázuriz, also ran.

Political momentum seemed to be with the Concertación forces. They even managed to negotiate some changes to the much-hated 1980 Constitution, which were approved in a popular vote in July 1989. There were three critical modifications. One diluted the impact of nonelected or “bionic” senators by increasing the number of elected senators from twenty-six to thirty-eight; the second eliminated Article 8, which had proscribed Marxist parties from political participation; the third increased civilian membership in the National Security Council by including the president of the Senate.

The Concertación ran hard. Five months later Aylwin won a majority of the popular votes and became the first civilian president to be elected in Chile since 1973. The Concertación candidates, despite the rigged electoral rules, won a majority of the elective seats in the Chamber of Deputies as well as in the Senate. However, because of the presence of nine nonelective senators, the Concertación forces lacked a working majority in the upper house. This was but one of the frustrations they would face as the coalition tried to bring democracy to Chile under a Constitution designed for other purposes.

As we can see from this sketch of the sixteen years of military rule, the road back to civilian rule was long and arduous. During those years the military put in place a set of policies and institutions designed to transform Chile economically, socially, politically, and culturally. We turn in the next chapter to an examination of the military’s strategy for change and an evaluation of their degree of success and of the implications of their rule for the civilian government now in power.

## NOTES

1. See, for example, Guillermo O’Donnell’s seminal work, *Modernization and Bureaucratic-Authoritarianism: Studies in South American Politics* (Berkeley: University of California Press, 1973); and Guillermo O’Donnell, “Corporatism and the Question of the State,” pp. 47–88 in James M. Malloy, ed., *Authoritarianism and Corporatism in Latin America* (Pittsburgh: University of Pittsburgh Press, 1977). See also David Collier, “Overview of the Bureaucratic-Authoritarian Model,” pp. 19–32 in David Collier, ed., *The New Authoritarianism in Latin America* (Princeton: Princeton University Press, 1979); and Karen Remmer and Gilbert Merkx, “Bureaucratic-Authoritarianism Revisited,” *Latin American Research Review* 17, no. 2 (1982): 3–40.

2. See, for example, Karen Remmer, *Military Rule in Latin America* (Boulder: Westview Press, 1991), pp. 174–182, for a comparison of Chile’s authoritarian rule with others in South America.

3. See, for example, Carina Perelli, "The Military's Perception of Threat in the Southern Cone of South America," pp. 93–105 in Louis W. Goodman, Johanna S. R. Mendelson, and Juan Rial, eds., *The Military and Democracy* (Lexington, Mass.: Lexington Books, 1990) for a concise description of the military's mentality.

4. The Chilean Human Rights Commission report, made public in March 1991, gave a thorough accounting of all of the deaths during the years of the dictatorship.

5. This is a point around which there is a general consensus. See, for example, Genaro Arriagada, *Pinochet: The Politics of Power* (Boston: Unwin Hyman, 1988); Remmer, *Military Rule in Latin America*; Arturo Valenzuela, "The Military in Power: The Consolidation of One-Man Rule," pp. 21–72 in Paul Drake and Ivan Jaksic, *The Struggle for Democracy in Chile, 1982–1990* (Lincoln: University of Nebraska Press, 1991).

6. The periods of military rule that I outline constitute one way in which to divide the dictatorship. There are other periodizations that differ from mine, mainly, I think, because they focus on the economic model. For example, see Pilar Vergara, *Auge y caída del neoliberalismo en Chile* (Santiago: FLACSO, 1985). Vergara's first phase of ideological uncertainty runs from September 1973 through April 1975, with the implementation of the economic shock program; the second phase goes from April 1975 through December 1978, when the neoliberal economic model is dominant; the third phase, from January 1979 through the middle of 1981, is that of the predominance of global neoliberalism, after which comes the crisis of the model. In determining her phases, Vergara focuses attention on the neoliberal model, whereas I look at other political criteria, as well. Karen Remmer also establishes four phases of Pinochet's rule in Remmer, *Military Rule in Latin America*, pp. 153–169.

7. Chilean journalist Patricia Verdugo's vivid account of Stark's trip in *Los zarzapos del puma* (The clawings of the puma) (Santiago: Ediciones Chile América CESOC, 1989) is based on interviews with military officers who did not go along with the killings.

8. There are a number of first-hand accounts by participants, as well as second-hand accounts. For example, Samuel Chavkin, *The Murder of Chile* (New York: Everest House, 1982) recounts the Dawson Island experience, based on interviews with survivors. Sergio Bitar, minister of mining under Allende and one of those sent to Dawson Island, wrote a book about his experiences, which was published in Chile. During summer 1981 I interviewed some former UP ministers living in exile in Mexico, including several who had been sent to Dawson. The interview with Edgardo Enríquez, a tall, distinguished, elderly man, a Radical who had served as Allende's minister of education, was particularly moving.

9. The military junta claimed that Tohá had hanged himself. However, his wife disputes that, based on his very weakened state of health, which she believes would have made carrying out this act impossible, as well as on the state of the body.

10. Both the PDC official declaration and the dissidents' statement are reprinted in Radomiro Tomic, *Tomic Testimonios* (Santiago: Ediciones Emisión, 1988), pp. 467–469.

11. These three men were joined by thirteen other leading Christian Democrats in the declaration condemning the overthrow of President Salvador Allende. They included Ignacio Palma, Fernando Sanhueza, Sergio Saavedra, Claudio Huepe, Andrés Aylwin, Mariano Ruiz Esquide, Waldemar Carrasco, Jorge Donoso, Belisario Velasco, Ignacio Balbontín, and Florencio Ceballos; from Tomic, *Tomic Testimonios*, pp. 467–469; and from Eugenio Hojman, *Memorial de la dictadura, 1973–1989* (Santiago: Editorial Emisión, n.d.), p. 11.

12. The torture system enabled the military to extract information from some of the people who were captured. One example of such an informant was the case of Flaca Alexandra, an MIR informant (from *Análisis*, no. 386 [June 10–16, 1991]).

13. One former high-ranking Socialist Party member and a former minister of Allende's government recounted this experience in an interview with me in Mexico City, summer 1981.

14. Journalist Patricia Politzer's book of her extensive interview with Altamirano includes his recounting of this escape from Chile. See Patricia Politzer, *Altamirano* (Santiago: Ediciones Melquiades, 1990).

15. Hojman, *Memorial*, p. 29.

16. The many academic groups functioned under the official auspices of the church's Academia de Humanismo Cristiano. Brian Smith, *The Church and Politics in Chile: Challenges to Modern Catholicism* (Princeton: Princeton University Press, 1982) is an excellent source on the history of the Catholic church. Chapter 9 deals with the church during military rule. Virginia Marie Bouvier also discusses the role of the Catholic church under the military in Virginia Marie Bouvier, *Alliance or Compromise: Implications of the Chilean Experience for the Catholic Church in Latin America* (Syracuse: Maxwell School at Syracuse University, 1983).

17. U.S. Senate, *Hearing Before the Subcommittee to Investigate Problems Connected with Refugees and Escapees of the Committee on the Judiciary*, pt. 1, 93d Cong., 1st sess.; pt. 2, 93d Cong., 2d sess.; pt. 3, 94th Cong., 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1973; 1974; 1975).

18. Jaime Guzmán, a leading regime ideologue and Pinochet supporter, was an opponent of Contreras. The text of a statement he made to the police about human rights abuses, published in a Chilean news magazine after his death, bears this out. He claimed that Contreras had "lost all sense of morality." (Quoted from Guzmán's sworn testimony to the police on October 12, 1989, and published in *Análisis*, no. 389, July 1–7, 1991, pp. 23–26.)

19. Berta Teitelboim, ed., *Serie de indicadores económico sociales, 1960–1989* (Santiago: Programa de Economía del Trabajo, hereafter PET, 1990), p. 43.

20. These inflation data are based on the official consumer price index as calculated by the Instituto Nacional Estadísticas, or INE. The private institute, CIEPLAN, a highly respected PDC think tank, conducted its own economic calculations. CIEPLAN put inflation in 1975 at 379 percent and at 233 percent by 1976. From Teitelboim, *Serie de indicadores económico sociales*, p. 43.

21. Data from Oficina de Planificación Nacional (National Planning Office, Chile; ODEPLAN), *Cuentas nacionales de Chile*, reprinted in Alejandro Foxley, *Latin American Experiments in Neo-Conservative Economics* (Berkeley: University of California Press, 1983), p. 120.

22. Teitelboim, *Serie de indicadores económico sociales*, p. 55. Later, the government set up another subminimum-wage program, Programa Ocupacional Jefes de Hogares (Job Programs for Heads of Households; POJH), for those whose monthly income was a little higher but still inadequate.

23. *Ibid.*, p. 51.

24. Hojman, *Memorial*, p. 69.

25. For Pinochet's account, see Augusto Pinochet Ugarte, *El día decisivo: 11 de septiembre de 1973* (Santiago: Editorial Andres Bello, 1979). There is general agreement

both among academics who have studied Chile carefully and among political actors that Pinochet was brought on board at the last minute. See, for example, Carlos Prats, *Memorias, testimonio de un soldado* (Santiago: Pehuén, 1985).

26. From my interview with a former UP Socialist minister in Mexico City during summer 1981.

27. See, for example, Moy de Tohá's description of General Pinochet in Patricia Politzer, *Fear in Chile: Lives Under Pinochet* (New York: Pantheon Books, 1989), pp. 214–245; and chap. 4, "Chile's First Ladies at the Mercy of General Pinochet," pp. 118–130 in Samuel Chavkin, *The Murder of Chile* (New York: Everest House, 1982).

28. There are numerous accounts of Letelier's assassination. See, for example, John Dinges and Saul Landau, *Assassination on Embassy Row* (New York: Pantheon Press, 1980). Jimmy Carter, who became president shortly after the assassination, had the Justice Department press for the extradition of DINA head Manuel Contreras. Although the Chilean Supreme Court did not allow extradition, it was clear even then that the trail led all the way to Pinochet. Later disclosures by people involved in the assassination, such as Michael Townley and Armando Fernández Larios, confirm this. The United States continued to press the case, and in September 1991 civilian president Patricio Aylwin had Contreras arrested. After a long investigation, Contreras was put on trial in 1993, judged guilty, and finally jailed.

29. Decree-law 1,967 dissolved all political parties that still existed but were officially "in recess." Since the National Party on the Right had voluntarily disbanded itself in the heady days after the coup, this decree-law was directed mainly at the PDC.

30. There continued to be distinct groups within the ruling coalition with different agendas during the institutionalization phase. The neoliberals constituted one group and the nationalists and corporatists a second. See Pilar Vergara for a discussion of these groups, Vergara, *Auge y caída del neoliberalismo*; see also Patricio Silva, "The Military Regime and the Restructuring of Land Tenure," *Latin American Perspectives* 18, no. 1 (Winter 1991): 15–33, for a discussion of these groups in connection with the formulation of land policy under the military.

31. Ascanio Cavallo Castro, Manuel Salazar Salvo, and Oscar Sepúlveda Pacheco, *La historia oculta del régimen militar, Chile 1973–1988* (Santiago: Editorial Antártica, 1990), p. 156.

32. Sebastian Edwards and Alexandra Cox Edwards, *Monetarism and Liberalization: The Chilean Experiment* (Cambridge: Ballinger, 1987), Table 4.1, p. 97.

33. I have written several unpublished papers that detail these policies and their social consequences. Chilean scholars have also been actively researching this topic. See, for example, Jorge Chateau et al., *Espacio y poder: Los pobladores* (Santiago: FLACSO, 1987); Pilar Vergara, *Políticas hacia la extrema pobreza en Chile, 1973–1988* (Santiago: FLACSO, 1990), chap. 6; Joan MacDonald, ed., *Vivienda social: Reflexiones y experiencias* (Santiago: Corporación de Promoción Universitaria, 1983). The private institute SUR has conducted ongoing research into urban and housing policy, as did FLACSO's UIPA team.

34. Guillermo Campero discusses this in *Los gremios empresariales en el período 1970–1983* (Santiago: Instituto Latinoamericano de Estudios Transnacionales, 1984). See also Guillermo Campero, "Entrepreneurs Under the Military Regime," pp. 128–158 in Paul Drake and Ivan Jaksic, eds., *The Struggle for Democracy in Chile, 1982–1990* (Lincoln: University of Nebraska Press, 1991).

35. The Chacarillas speech was recounted in *El mercurio* and in Cavallo Castro, Salazar Salvo, and Sepúlveda Pacheco, *La historia oculta del régimen militar*, pp. 161–163.

36. Modariaga's and Guzmán's roles in this drama are well known. For example, *ibid.*, written by a team of journalists, provides a good general description of the events.

37. In July 1989 there was a popular vote ratifying a package of constitutional amendments that had been negotiated by the military government and the major parties. Among the changes approved was increasing the number of elected senators from twenty-six to thirty-eight.

38. The Communists had decided that if the Constitution passed, the dictatorship would become institutionalized. In this case they would change their strategy to one that allowed for "all forms of struggle against the dictatorship," including armed struggle.

39. Data from the Banco Central reprinted in Teitelboim, *Serie de indicadores económico sociales*, p. 13.

40. Edwards and Cox Edwards, *Monetarism and Liberalization*, p. 78.

41. These statistics are from INE, as reported in Teitelboim, *Serie de indicadores económico sociales*. The 1983 statistic includes PEM and POJH workers, who numbered over 340,000 in 1983.

42. See Lois Oppenheim, "Democracy and Social Transformation in Chile: The Debate Within the Left," *Latin American Perspectives* 12, no. 3 (Summer 1985): 59–76.

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## The Neoliberal Economic Model and Its Social and Political Consequences

General Augusto Pinochet was determined to ensure that Chile would never again experience anything like the Allende experiment in socialism. His goal was to transform the country, and he came to believe that the free market approach would accomplish many of the drastic changes he desired. The Chicago Boys, who implemented what became known as the neoliberal model, shared this dream.<sup>1</sup> What they set out to do was to lead a revolution in Chile, one more sweeping than what Allende had been able to achieve during his time in office.

### **The System Changes**

Chile had in place a national development model that had guided most Chilean governments from the 1938 Popular Front on. First had come the policy of state-propelled industrialization based on import substitution. The 1938 Popular Front government began the process of state-directed industrialization with the creation of the development corporation, CORFO. Under President Frei, the major thrust of the government's development program had been to overcome certain structural bottlenecks and to modernize the economy, especially the agricultural sector through land reform. By the time of the Allende administration, the structural development approach had been modified and extended so as to utilize the state as an agent for socialist transformation.

The Chicago Boys rejected this model completely. They believed that private forces should guide economic and social activities, not the state. They claimed



that an export-oriented, market-driven economy with substantial foreign investment meant development, not dependency. By achieving this, they would create a more modern society. What Pinochet and the Chicago Boys intended to do was to change the way Chileans thought about the world, their very mentality. They wanted the market approach, the belief in individual action rather than state responsibility, to permeate all of society. This was the real revolution. It was a structural revolution of a very different sort, one based on neoliberal thinking, which they hoped would change the very culture of the country.

## **The Neoliberal Model and the Chicago Boys**

### *The Rise of the Chicago Boys*

The Chicago Boys' revolution was far from a certainty in September 1973. The armed forces knew little about economic matters, and many of them mistrusted civilians. During the first year of their rule, the military held virtually all ministerial posts. Moreover, there were other groups who had the ear of military men, especially those with a more nationalistic view. There were, in fact, two contending groups for the military's ear, the *duros* and the *blandos*, the hard-liners and the moderates, respectively. The *duros* took a somewhat strident nationalistic position, coupled with a belief in strong, authoritarian government. In the early years they numbered in their ranks such figures as Pablo Rodríguez, a leader of Patria y Libertad, and Jaime Guzmán, then a leading *gremialista* (supporter of the *gremios*). The *gremialista* movement, composed of small businessmen who had formed an essential part of the political opposition to Allende, had hailed the military as the saviors of their country. They believed, initially, that they would fare well under military rule and would have a voice in the new regime.<sup>2</sup> The Chicago Boys formed part of the so-called *blando* group. They were not as committed to long-term military rule as were the *duros*, nor did they see the need for a strong, authoritarian state. Ironically, however, as the price for being able to carry out their program, they ended up supporting Pinochet's designs for long-term control.

The Chicago Boys had certain resources that eventually led to their dominating public policymaking. Economists by profession, most of them had been trained at the University of Chicago as a result of an exchange program set up between the Catholic University and the University of Chicago in 1956.<sup>3</sup> In addition to their sharing a common educational experience, some of them shared social and cohort ties that bound them together. Another important factor was that these men had been trained at a school with a coherent view of the economic world. The Chicago school was informed by the thinking of several of its major professors, especially Nobel Prize winner Milton Friedman and Arnold Harberger. However, it is probably Frederick Hayek who stands as the true intellectual father of the Chicago Boys. Hayek wrote a seminal book, *The Road to*

*Serfdom*, first published in 1944 by the University of Chicago Press, in which he expounded a belief in an unfettered market system as the best safeguard for political liberty. Hayek, writing from a nineteenth-century classical liberal perspective, warned that social planning, which he saw becoming fashionable in the Western democracies, was inimical to political freedom. In the foreword to the U.S. edition of his book he stated that “the unforeseen but inevitable consequences of socialist planning create a state of affairs in which, if the policy is to be pursued, totalitarian forces will get the upper hand.”<sup>4</sup>

It does seem ironic that Hayek, who first wrote this book as a political warning to European democratic socialists in the face of German fascism and Soviet-style communism, should end up having his ideas applied in authoritarian Chile where political liberties were ruthlessly repressed. The irony is compounded by the fact that the national security doctrine under which the Chilean military operated put the interests of the nation above those of the individual.

The worldview taught by the Chicago school began by accepting private property as sacrosanct. The state was to be noninterventionist and to allow market forces to dominate. Since the emphasis was on permitting the market to operate as freely as possible, there was to be a minimum of government regulation and maximal privatization. This view was not solely an economic one; the concepts of privatization and reduced state intervention through deregulation could also be applied to the organization of society in general. This, in a nutshell, was the ideology that the Chicago-trained Catholic University economists took back with them to Chile. The Allende experience served but to reinforce their attitudes about state-society relations and the role of the market.

The Chicago Boys had other advantages. They were very confident young men. Technically well trained, they exuded an aura of expertise, knowledge, and self-assuredness that was difficult for the military to disregard. They also professed a belief in an economic approach that was advocated in international financial circles. The Chicago Boys were also technocrats rather than politicians. Their first loyalty was to their professional field, not to any political party. This latter characteristic was unusual in politicized Chile and made them additionally attractive to Pinochet.

When the military coup took place, the Chicago Boys had already prepared an economic plan; it had been put together in the months leading up to the coup, in consort with contacts from both the Christian Democratic and the National parties, then in alliance against the UP. These ideas, in the form of an unfinished document, found their way to the military shortly before the coup.<sup>5</sup> When the newly installed military junta felt it needed civilian advice on the economy, they knew that there existed both an alternative model to Allende’s brand of radical structural development and a group able to implement it.

As early as October 1973 Pinochet named Fernando Léniz minister of the economy. Although Léniz was not a Chicago Boy, he relied on Chicago-educated Sergio de Castro as his adviser. Other Chicago Boys were placed in posi-

tions within the government. They had begun their ascent to power. By 1976, after successful application of the Shock Treatment, the Chicago Boy approach became the dominant one. Potential competitors, including more traditional businessmen such as Raúl Saez, left the government. Chicago Boys held virtually all the important economic posts, although it was Sergio de Castro, as minister of economy and then finance, who played a key role for the group. Over the next four and a half years the Chicago Boys presided over an economic boom. By 1979, heartened by their economic success, they were allowed to extend the market approach to other aspects of Chilean society.

That is not to say that the Chicago Boys found no obstacle to their continued hold on power. The *blando-duro* conflict continued. During discussions about the 1980 Constitution there were major differences between *duros* and *blandos*, although both agreed on the need for long-term political control. *Blandos* wanted a political opening, a lifting of the state of exception, along with political institutionalization, but *duros* wanted to maintain strict authoritarian control for as long as possible to ensure that the past would never return. With the economic crisis of 1981–1982, there were increasing demands from the *duros* to shift economic policy. A critical factor that explains the persistence of the conflicts among government partisans is that Pinochet liked to maintain at least the appearance of listening to differing policy groups. In this way, his political fortunes would never be tied inextricably to the policies of any one group, and he could placate competing interests among his supporters by making all groups feel that they had political access.

### *The Economic Crisis and the Chicago Boys*

The economic crisis that began at the end of 1981 constituted a setback for the Chicago Boys. Pinochet replaced Finance Minister Sergio de Castro in April 1982. A period of readjustment of the model ensued in which tariffs were raised to 35 percent and the peso was devalued. The state took over the endangered banking system, including assuming the loans of liquidated private banks.

Despite the severity of the economic crisis, the 1981–1982 period turned out to be only a temporary retreat for the neoliberal approach, not its death knell. Hernán Büchi, who breathed new life into a modified neoliberal approach, was instrumental in saving the model. He replaced the more dogmatic de Castro, who had held stubbornly to the free market ideal. Among other errors, de Castro had refused to listen to the importunings of pro-Pinochet private businessmen who complained about the difficulties created by rigid adherence to neoliberal policies. De Castro's attitude illustrates the division between the technocrats in power in the 1970s and the economic groups who had benefited from their policies.<sup>6</sup>

Büchi proved to be more flexible in applying the neoliberal model. Unlike de Castro, Büchi was able to work with the more traditional businessmen, and he

mixed a more activist style with the maintenance of the basic neoliberal approach.<sup>7</sup> Under Büchi, who served as finance minister from February 1985 through April 1989, when he resigned to run for the presidency, the economy began to recover. At the same time, real wages were held down and tariffs were lowered. Growth rates for the period 1986 through 1989 averaged 7.2 percent.<sup>8</sup> In terms of macroeconomic indicators, the Chilean economy performed well. Economic recuperation and greater attention to the economic interests that were the regime's core support, coupled with Pinochet's political intransigence and the continued use of repression, prevented a democratic transition immediately following the crisis years.

The period of 1973–1989, then, can be divided into two major phases of neoliberalism. The first encompassed the years of the economic boom, 1978–1981, when the neoliberal model was rigidly implemented. The second took place after the economic crisis, from about 1986 through 1989. This was the period when the model was readjusted and there was an economic boomlet. The neoliberal model has had an enormous impact on Chileans' lives. Let us now turn to an examination of its economic, social, and political consequences.

## **Consequences of the Neoliberal Model: Concentration of Wealth**

One of the major consequences of the neoliberal model was that it increased the concentration of wealth in the hands of a few, along with a concomitant greater disparity between the rich and poor. Although Chile had always been a society in which income and wealth were unevenly distributed, conditions worsened during the years of the dictatorship. There may be differences over whether the liberal reforms of the 1976–1981 period were, overall, beneficial for Chile, but there is clear evidence that economic concentration increased and income distribution worsened.

### *Concentration of Wealth During the First Phase of Neoliberalism*

During the first phase of neoliberalism much of the increased wealth found its way into the hands of a small number of domestic economic conglomerates, especially the *grupos* Vial and Cruzat-Larraín, known as the piranhas. By 1978 Vial controlled 25 and Cruzat-Larraín owned 37 of Chile's 250 largest companies.<sup>9</sup> Six of the seven largest conglomerates had control of over 50 percent of the assets of these 250 companies. Their control extended to a vast array of enterprises; the Vial group even bought the popular weekly news magazine *Ercilla*. Sebastian Edwards provides supporting evidence for the increase in the concentration of wealth, noting that by 1979, 135 of the 250 largest private enterprises were under

the control of the ten largest financial conglomerates.<sup>10</sup> The economic conglomerates continued to grow after the implementation of the government's social policy of privatization, known as the Seven Modernizations. For example, two months after the initiation of the privatization of social security the two largest conglomerates had gained control of 75 percent of the market.<sup>11</sup>

How did the economic conglomerates manage to amass such wealth? There were several ways. After the coup, the military government discovered that as a result of Allende's policies there were hundreds of enterprises under state control. The government began to sell them, usually to a single bidder at a very low price, including the banking industry, which had been nationalized by Allende.<sup>12</sup> From 1974 through 1976 alone, CORFO sold 99 firms.<sup>13</sup> Even at these low prices, however, relatively few buyers had either sufficient money or access to foreign capital. The Vial and Cruzat-Larraín groups were two of the few that could bid. Privatization of the banks facilitated the growing concentration of wealth because the financial conglomerates could then acquire enterprises through leveraged buyouts financed by their banks, which had, in turn, borrowed the money from private foreign banks. Edwards, for example, shows the high percentage of bank loans that stayed within each conglomerate family.<sup>14</sup> The fixed, low rate of exchange for the dollar also helped the conglomerates because the low rate facilitated repayment of their foreign debt.

There were some serious problems to this dynamic. First of all, during the initial economic boom much of the borrowed money was spent on speculative endeavors such as consumer imports, real estate speculation, loans to what amounted to paper companies, as well as the acquisition of government-held enterprises. The maintenance of a fixed, low rate for the dollar had a number of negative consequences. It not only encouraged the import boom but it also created a very serious trade deficit. Because the fixed exchange rate made Chilean products, including agricultural goods, more expensive on the international marketplace, it inhibited exportation, which might have counterbalanced the flood of imports. Meanwhile, the cost of servicing the burgeoning foreign debt amassed by the financial conglomerates grew to unmanageable proportions. By 1982, Chile's foreign debt totaled \$17.2 billion, which on a per capita basis was one of the highest in the world.<sup>15</sup> In 1973 the debt had amounted to \$3.67 billion.<sup>16</sup>

While the large conglomerates were prospering, life was arduous for smaller businesses. Even though the owners of small and medium-sized businesses had been fervent supporters of the military coup, the neoliberal model hurt them. Even the *gremios*, who had spearheaded the anti-Allende movement, suffered as a result of neoliberal policies.<sup>17</sup> After the coup, they first had to deal with decreased consumer demand, which was particularly severe as a result of the Shock Treatment-induced recession. Later, they discovered that they could not compete with the cheap imports flooding into the country. The result was a growing number of bankruptcies. By 1982 a group of small-business entrepreneurs, feeling politically closed out and desperate, began to confront the

regime openly. They held street demonstrations, wrote several declarations, and attempted to organize a national conference of entrepreneurs. The government's response was hostile, and the group's efforts came to naught.<sup>18</sup>

In effect, domestic industry was being destroyed, leading to what has been called the denationalization of Chilean industry. From the period 1977 to 1980, there were 1,338 bankruptcies. The reason that smaller businesses received scant hearing from the government about the damage being done them was that according to the neoliberal model, what was occurring was natural: Weaker industries should drop out of the market. Minister Sergio de Castro termed the process a healthy one. As a result, although importers and speculators benefited during the economic miracle, smaller, local industries, many of which were oriented toward meeting domestic consumption, were severely damaged. The economic Darwinism of the neoliberal model resulted in the creation of a few extremely powerful economic groups, along with the destruction of a significant portion of the domestic industrial base of the country.

There was yet another aspect of the economic strategy that helps to explain the greater concentration of wealth. Although the economic model called for a noninterventionist and neutral state, a number of the Chicago Boys filtered in and out of positions in some of the financial conglomerates.<sup>19</sup> The most notorious case is that of Rolf Lüders. Before becoming finance minister he had helped run the Banco de Chile for the Vial group. As finance minister he was required to oversee the takeover of the Banco de Chile.

The economic crisis of 1981–1982 brought to an end, at least temporarily, the cozy situation for large conglomerates. The Vial and Cruzat-Larraín financial groups went bankrupt and were liquidated. In addition, the government judged banking practices so outrageous that a number of executives, including Rolf Lüders, were prosecuted. Lüders was jailed for his involvement in illegal financial dealings while at the Banco de Chile, along with Javier Vial of the *grupo* Vial, among others.<sup>20</sup>

### *Economic Concentration During the Second Phase of Neoliberalism*

The 1981 economic crisis and its aftermath did not mean, however, that wealth would be more evenly distributed. Economic concentration simply took other forms as a result of governmental policy. In fact, during the second phase beginning in 1986, the government's stress on privatization meant that many of the large state-owned enterprises that had long been under government control, such as service and utility companies and mining concerns, were put up for sale. The banks that the government had temporarily acquired were also sold. The speeded-up privatization policy provided yet another opportunity for economic concentration. The government used a different method this time,

known as “people’s capitalism,” whereby stocks of these companies were sold off. This tactic was supposed to militate against the creation of new large conglomerates, such as the ones that had dominated in the earlier phase.

The sale of stock did not result in anything like people’s capitalism. Most ordinary Chileans couldn’t afford to buy stock. An extremely high proportion of military men, however, became involved in buying the stock of companies sold off by the government. For example, at the end of 1988, 21 percent of the privatized stock of the National Electric Company, or Endesa, was controlled by military men. One estimate puts military participation in the acquisition of stock at about 30,000 out of a total of 250,000 Chileans.<sup>21</sup>

Another characteristic of the second phase was the large influx of foreign capital, which, together with local capital, gained control of many of the large enterprises. Concentration of ownership became centered in a limited number of multinationals.<sup>22</sup> Many of the foreign interests invested their money in the state enterprises that the government sold off beginning in 1986. These included enterprises in the industrial, communications, utilities, and mining sectors. The degree of control from foreign interests varied from a low of 18 percent to a high of 95.5 percent.<sup>23</sup> Large multinational corporations began to invest more heavily in agriculture as well. Agro-exports grew as multinational companies bought land and became heavily involved in forestry and in the exportation of Chilean fruit to the U.S. market. Overall, during the Pinochet years there evolved a domestic and foreign financial elite that had enormous control in the economy. We see, then, that domestic economic conglomerates were more prominent during the first phase, but foreign capital, along with local capital, dominated the second.

### *Economic Concentration and Increased Poverty*

The other side of the coin was that neoliberal policies also created a vast number of impoverished Chileans, and the gap between the haves and have-nots widened. Real wages plummeted during the early years of the dictatorship, sinking, in 1975, to 62 percent of their real value when compared to the base year 1970. Even during the economic recovery of 1986–1988, real wages did not go up. In 1989, the last year of Pinochet’s rule, real wages were still only 90.8 percent of what they had been in the 1970 base year.<sup>24</sup>

Income distribution, as depicted in Table 6.1, worsened as income became more concentrated among the top 10 percent of the population. A study conducted in Greater Santiago in the late 1980s noted that poverty had increased drastically, from 28.5 percent in 1969 to 49 percent in 1987.<sup>25</sup> The erosion in the income potential of all but the top 10 to 20 percent of the population, coupled with the steep decline in the income of the bottom 40 percent, is more than a simple statistical note. These changes have had a drastic impact on the lifestyles and life chances of Chileans. We will look more at these issues when we examine lifestyle changes later in this chapter.

TABLE 6.1 Distribution of Personal Income, by Quintiles (percentage of total personal income)

Quintile	1969 <sup>a</sup>	1978 <sup>b</sup>	1988 <sup>b</sup>
Lowest 20%	7.7	3.1	3.1
20–40%	12.1	7.4	6.2
40–60%	16.0	11.8	9.7
60–80%	21.0	19.5	16.8
Highest 20%	43.2	58.2	64.2
Total	100.0	100.0	100.0

<sup>a</sup>Greater Santiago only.

<sup>b</sup>For all of Chile.

SOURCES: For 1969, National Statistical Institute (INE), cited in Alejandro Foxley, *Latin American Experiments in Neoconservative Economics* (Berkeley: University of California Press, 1983), p. 83; for 1978 and 1988, calculated from *Encuesta suplementaria de ingresos*, INE, reprinted in *Serie de indicadores económico sociales, 1960–1989* (Santiago: Programa de Economía del Trabajo, 1990), p. 66.

## The Seven Modernizations: Municipal Control and Privatization

The Chicago Boys wanted to extend the market model to other areas of society. They believed that privatization and increased municipal control, if extended to society as a whole, would have a revolutionary impact, leading ultimately to a fundamental readjustment of state-society relations. No longer would people look to the state for redistribution, or even as mediator. Instead, the private sector would assume the role of major motor of change, with the state intervening as little as possible. The market would replace the state as the means of apportioning goods and services to society.

Over time, the market approach would affect not only people's behavior but also, eventually, their basic values. The Chicago Boys believed that bureaucratic rules stifled and distorted individual behavior. Once these were eliminated, Chileans would act as self-interested, rationally calculating individuals operating in a free market environment, where the invisible hand would create greater prosperity for all. Slowly, the notion of collective interests would be discarded. No longer would the concept of cohesive social classes or class interests hold sway. Instead, individual interest, not some mystical social or collective good, would predominate. Pinochet supported this ideal and called the application of the free market ideal to other aspects of social life the Seven Modernizations. The Chicago Boys' goal of a society based on individually oriented behavior fit with his desires for a politically atomized society.

However, there was a fundamental contradiction between economic and social policy and political conditions. Although the economic freedom of choice ideal was energetically applied to Chilean society, it was carried out under conditions of great political repression. Even Milton Friedman, one of the



strongest exponents of the market approach, noted this inherent contradiction. As a result of the crisis of 1982, Friedman stated that Chile's authoritarian regime would end up stifling economic liberty unless it allowed political liberty. Notwithstanding this contradiction, beginning in 1979 the market approach was applied to seven major policy areas, including labor, agriculture, education, health, social security, justice, and public administration. The Seven Modernizations, as they became known, constituted, in the eyes of some, a process for dismantling the state.<sup>26</sup>

### *Neoliberal Reforms in Labor*

One of the first areas in which the free market ideal was applied was in the area of labor relations. The government was proud of the 1979 labor code, which was organized around the concept of the laborer's freedom of choice. The government's labor code allowed legalized labor unions for the first time since 1973. They were permitted to organize under conditions of free association or freedom of choice at the local level. This meant that there were to be no large, obligatory unions, nor any closed shops. If 10 percent of the workers within a factory, with a minimum of twenty-five individuals, agreed, they could form a local union. Union membership was to be voluntary, and as many unions could form in one factory as workers wished.

The labor code was flawed by a built-in contradiction between the freedom of choice concept and other limitations on action. The right to organize and strike, basic tools of the working class, were strictly limited. In terms of organizing, there could be no national union or even an association of local unions to negotiate for workers. Organizing and negotiating were to take place only at the level of an individual factory. Furthermore, in theory, workers did not need to join a union to negotiate with their employer. The right to strike was severely circumscribed. Strikes were limited to sixty days only, after which workers had the choice of returning to work or being fired. During the sixty-day strike period, firms were allowed to hire temporary workers. Finally, the unions were to be apolitical; union and party membership were incompatible.<sup>27</sup>

The labor code had a chilling impact on the labor movement. Small unions at the local level formed, but strikes were difficult to carry out and union organizing fragmented. The labor code was designed to prevent the formation of strong unions under the guise of workers' freedom of choice, as well as to prevent any association of political parties with unions. In essence, it was an attempt to atomize the union movement. Real union organization took place outside of the legal strictures set up by the labor code. In case there were any doubts about the government's underlying intentions, the cold-blooded murder of a leading labor leader was a somber reminder. The head of the National Association of Public Sector Employees, Tucapel Jimenez, was shot to death on February 25, 1982, while on his way to a meeting with the Coordinadora Na-

cional Sindical (National Workers' Coordinating Committee; CNS) union leader Manuel Bustos. The men had been planning to organize an illegal strike to protest the government's economic policy.

### *Neoliberal Reforms in Social Security, Health, and Education*

The labor code was but the first of the Seven Modernizations. Reforms with similar ends were applied to health, education, social security, and housing. In all these cases, the process of withdrawing state control in lieu of local control had significant consequences. The shift was away from the historic goal of having the state ensure that the population's basic needs in these areas were met. Instead, the goal was to decentralize social policy, with an eye to its eventual total privatization. State spending for social policy dropped significantly during these years, for the first time since the 1920s.<sup>25</sup>

In theory, giving greater authority and control to local officials might appear desirable and democratic, but it turned out not to be so simple because during the Pinochet dictatorship there was no democracy at the local level. Mayors were appointed by Pinochet, and there were no locally elected bodies. The only recourse those concerned in social policy had was to negotiate directly with the local strongman, the mayor. The level of funding was also inadequate. In addition to often-decreased funds from the state, many of the municipalities had extremely limited resources of their own with which to finance social programs. The urban policy of the Pinochet government exacerbated the latter problem, at least in Greater Santiago, by a 1979 municipal reform. The reform doubled the number of municipalities in the metropolitan area but created more socially segregated cities. Thus, although well-to-do municipalities in Greater Santiago might have sufficient funds for social programming, poor towns found themselves in desperate straits.

As a result, one of the more immediate consequences of increased local control was the firing of thousands of people, including teachers, health technicians, and administrators. This occurred both at the national and the local levels. At the national level, thousands of employees were fired as the Ministries of Health, Education, and Housing were virtually dismantled. At the local level, municipal governments, with lower levels of funding provided to them from the central government as compared to funding levels before the reform, were also forced to lay off workers. Let us examine the specifics of some of the social reforms.

**Social Security.** The government's plan was to privatize the social security system through the creation of private insurance funds. The reform emphasized increasing the role of the market, along with reducing the role traditionally assumed by the state. The justification, as with the labor plan, was to increase employees' freedom of choice. In this case, they could choose among competing private insurance systems.<sup>29</sup>

The social security reform changed the historic state-run, pay-as-you-go delivery system to an individual system or capitalization system, run by private, profit-making companies called Administradoras de Fondos de Previsión (Retirement Funds Administrators; AFPs). The old system had consisted of a number of funds, but the primary one was the large Servicio de Seguro Social (Social Security Service; SSS). These funds had provided a number of benefits to workers, including retirement benefits. The old retirement system had been funded both by workers' and employers' contributions, which in 1970 made up about 60 percent of the total, with the state making up the difference.<sup>30</sup> Although the old pay-out system was based on formulas utilizing the individual's salary once he or she neared retirement age, the new pay-out system was essentially self-insurance through an individual retirement accumulation, plus any interest that might accrue. Thus, the military government hoped that it would no longer have to provide a subsidy for the retirement system. The employer, too, no longer had to contribute to the workers' pension under the new system.

The level of state spending on pensions decreased dramatically because the bulk of the administration of the system passed to the AFPs. However, there was to be a transition period during which both systems would remain in force because workers already on the old system could elect to remain on it. During this time period, the government would still be responsible for maintaining the mandated pension levels.

There were several practical and immediate consequences of the reform. First of all, the private system provides a less secure guarantee of a reasonable level of retirement benefits for workers than did the old system, in part because Chile's notorious historic inflation makes these private pension systems more volatile.<sup>31</sup> As a result, many Chileans tried to protect themselves by putting their money into AFPs connected to the largest economic groups, Vial and Cruzat-Larraín, assuming that these were more likely to be secure. This behavior led to the rapid control of these resources by the two largest financial conglomerates within several months of the privatization program.<sup>32</sup> After the 1981–1982 economic crisis, transnationals took control of many of the AFPs.<sup>33</sup> The remaining state system became even more undercapitalized because of the shift of many workers' premiums to the private AFPs. It is worth pointing out here that whatever the theoretical benefits of the new AFP insurance system, the armed forces did not choose to join.

**The Health Care System.** The health system, which underwent a similar reform, was one of the areas most devastated by the privatization ideal. Prior to the 1981 reform, the state had subsidized the health system for *obreros* (blue-collar workers) by paying the difference between the payments made by employees and employers to the Servicio Nacional de Salud (National Health Service; SNS) and the actual cost of medical care. For those in the SNS system,

there was no cost for treating illnesses. The SNS system was basically open to *obreros* who were part of the Servicio de Seguro Social (SSS) system.<sup>34</sup>

The reform changed all this by privatizing much of the health field. It introduced private companies called Instituciones de Salud Previsional (Health Insurance Institutions; ISAPRES), as providers. One of the major differences between the two systems is that under the old system a worker contributed 6 percent of his salary and, in return, received whatever medical attention was necessary. Under ISAPRES, medical coverage improved according to the amount contributed.<sup>35</sup> Thus the quality of medical coverage became dependent on an individual's ability to pay. It should not be surprising, then, that the more well-to-do workers shifted to ISAPRES and lower-paid workers stayed with the state system, now called Fondo Nacional de Salud (National Health Fund; FONASA). In addition, some of the workers who stayed with FONASA were now required to pay part of the costs of medical care. The costs varied from 25 to 50 percent of medical costs, depending on income. This was in sharp contrast to the previous system, in which medical attention was essentially free.<sup>36</sup> What is more, as in the case of social security, the state-run system found itself undercapitalized as contributors shifted to the ISAPRES.

There were other changes as well. Many health care facilities were transferred to the municipalities. State financing of health decreased steadily during the years of military rule, dropping by 50 percent by 1988.<sup>37</sup> The combination of decreased worker contributions and the decline of state spending, along with the municipalization of hospitals, led to a serious deterioration in the quality of health care available to the poor. For example, the number of health care workers in the renamed Sistema Nacional de Servicio de Salud (National System of Health Service; SNSS) dropped by half from 1973 to 1988.<sup>38</sup>

**Education.** The same process was at work in the area of education. Even before the 1980 reforms, quite a number of changes had already taken place in the educational system. The military, understanding that the educational system served as a fundamental link in the value structure of the nation, quickly took control of it. They instituted major modifications in the precollege curriculum, including one to stress patriotism, particularly heroic acts of the Chilean military.

The armed forces also intervened directly in the administration of the two major universities, the Universidad de Chile and the Universidad Católica. Military rectors were named to head the two institutions. The armed forces disagreed with the vision of a university as a place for the free exchange of ideas, of a pluralist university. This was what the military initially set out to destroy. They purged the universities of any faculty, students, and staff thought to be subversive. Although the purge was restricted at first to partisans of the Unidad Popular, later on the search extended to Christian Democrats as well.

The second wave of change took place with free market reforms, beginning in 1980. At the precollege level, these educational reforms centered on turning

over the administration of public schools to the municipalities. Although teachers opposed the policy, it was to no avail. As a result, state support for education decreased and thousands of teachers were fired.

Higher education also suffered. As part of the government's free market plan, the two major universities lost their monopoly over higher education, with the exception of twelve specialized areas. Other than these, any subject could be offered by anyone who decided to open a private post-high school institute. There was no real governmental oversight as to minimal levels of teaching competency or quality of program. At the same time, state funding for the two major universities decreased. The plan was for them to become self-financing. Although this idea was eventually modified, state support decreased from 66 percent of their budget in 1970 to 48 percent by 1987.<sup>39</sup> Student tuition was also raised. The idea of universal access to a social benefit, in this case, education, was discarded; instead, it became contingent on the ability to pay. The military also managed to channel demand for higher education away from the two major universities and into private institutes. By 1987 there were sixty private institutes operating in Chile, with varying levels of quality.

As we can see by this brief description of reforms in the social policy area, the twin pillars of deregulation or decentralization and privatization were vigorously applied, with startling results. Access to such societal goods as education, health care, and social insurance was now dependent on one's economic resources. The state was not to be responsible for providing a safety net to the poor. The social programs begun in the 1920s under President Arturo Alessandri were being dismantled under the philosophy of freedom of choice.

## **Neoliberalism and Urban Policy**

In addition to the Seven Modernizations, the market mentality was also applied to urban policy. Many of the urban changes occurred in Greater Santiago, which is not only the capital city but also one that accounts for a third of the country's total population. The urban reforms played an important role in the 1977–1981 economic boom. They also meshed well with Pinochet's strategy of controlling the lower classes.

As with the Seven Modernizations, the basic urban reform was organized around the notion of deregulation so as to allow private forces to work freely. In 1979 the Pinochet government changed the municipal boundaries of metropolitan Santiago, which had consisted of sixteen independent municipalities, or *comunas*, so that, instead of sixteen townships, there were to be thirty-two. According to the urban plan, called the Plan Regulador, the boundary lines between *comunas* were drawn in order to make the municipal system more efficient by creating greater social homogeneity within towns. Along with this, the boundaries of the entire metropolitan area of Greater Santiago were enlarged, in order to allow for land development. The boundary line for the desir-

able northeastern quadrant of the city, the side extending to the Andes Mountains, was completely eliminated, opening up farmland to real estate development and land speculation.

Complementing these legal changes, the government undertook a massive program of sometimes-forced relocation of *pobladores*, or working-class people, out of the more well-to-do *comunas*.<sup>40</sup> From the initiation of the relocation program through 1986, about 150,000 people were relocated to outlying, poorer *comunas*.<sup>41</sup> The government continued the decentralization process by giving municipalities control over a number of public services and by providing a certain amount of funding to them.

### *Social Consequences of the Urban Policy*

**Forced Relocation.** The relocation program had a number of consequences. The government justified the program as a way to resolve definitively the housing problems of the poor, some of whom had been illegally occupying land. The original houses of relocated *pobladores* were sometimes razed and the people were moved to far-flung areas of the metropolitan region, usually in the extreme south or northwest of Greater Santiago, where there were already large working-class populations. In some cases the relocated people were given new housing as part of the government's housing program. In other cases, the relocated *pobladores* became part of a growing number of people forced to live with relatives or friends as so-called *allegados* (guests). There are estimates that out of a population of about twelve million Chileans in the late 1980s, about two and a half million were *allegados*.<sup>42</sup>

**Municipal Control.** The process of municipal control went hand in hand with the redrawing of municipal boundaries. The new townships that were set up basically provided legal separation of the rich from the poor under the guise of social homogeneity. Greater municipal control over public services simply reinforced a growing social isolation and class segregation. For example, the reshaping of boundary lines moved the *población* (shantytown) Lo Hermida from the more middle-class township of Nuñoa to a new one called Penalolén. As of 1984 Penalolén's per capita income was less than one-hundredth of that of Nuñoa, 56 pesos per person to Nuñoa's 6,215 pesos per person.<sup>43</sup>

State funding reinforced resource differences among towns. For example, revenues, especially from car licenses and business taxes, that formerly went to the central government from localities were to remain with the municipalities. Although there was some effort to even out the disparities in resources by putting part of the money into a general fund and then distributing it to the poorest towns, the differences in resources were still stark. In effect, local control meant the creation of well-to-do areas with abundant resources for schools, health care, and other social services; but not only were the poor concentrated

in areas far from the modern, economically prosperous and dynamic areas, but they also had very meager resources to deal with overwhelming local needs.

An examination of municipal investment in the early to mid-1980s shows the same wide variation between rich and poor townships in Greater Santiago. The more well-to-do townships, such as Santiago, Providencia, and Las Condes, with 21 percent of the population of Greater Santiago, accounted for 56.8 percent of all municipal investment in the period 1980–1984, whereas the poor townships of La Granja, Cisterna, Conchalí, and Pudahuel, with 36 percent of the population, garnered barely 9 percent of municipal investments.<sup>44</sup> Overall, the result was that the poor municipalities had difficulty providing even basic services for their citizens, although well-to-do municipalities, with a sudden inflow of money because of the decentralization process, were able to fund a variety of new projects.

One example of the services a municipality with abundant resources can offer is found in Providencia. This township, with a population of 115,500, was able to use the undesignated money that was returned to the township from the state as part of the decentralization or local control program to provide a wide variety of services to its local population.<sup>45</sup> During the period of 1982 through 1987, numerous facilities were built under the aegis of the Providencia Municipal Department of Urban Development. The vast array of services, which would put those of many U.S. cities to shame, included several senior citizens' centers, a health clinic, and two youth centers that provided a safe and stimulating environment for students after school. For a yearly fee of about US\$1, any Providencia youth could attend, for free, one of numerous after-school classes offered at the youth centers, including ballet, music, art, photography, and history.<sup>46</sup>

At the same time, residents of poor neighborhoods in townships such as La Florida, with a population of 191,800,<sup>47</sup> had to fight to gain permission to build even a one-room wooden day care center, staffed half of the day by local women. In this case, the municipal government provided little support; however, they did agree to contract the day care staff as subminimum wage POJH workers. The furniture and toys were donated by residents or social workers. In this particular case, local residents, with the advice of private social service agencies, were able to work with the existing, nondemocratic community organization, the Junta de Vecinos, staffed with pro-Pinochet locals, and to work with the appointed mayor of the city to gain these meager resources.<sup>48</sup> More often, poor residents bypassed the municipal officials altogether and banded together into private, self-help groups.

**New Lifestyles.** New lifestyles emerged, especially for the rich. Elegant housing developments were built in formerly wooded areas, consisting of large, private homes with expansive lawns and inner courtyards, all protected by high fences and gates. Behind the gates were signs of a new kind of conspicuous

consumption previously unknown in Chile—saunas, Jacuzzis, and swimming pools. Along with the construction of new homes came offices and other services, such as schools and stores. The new facilities were often built in former working-class neighborhoods, now purged of the poor, or on farmland. As a result, the well-to-do were more insulated than ever before from the poor. Tucked away in these far-flung neighborhoods, replete with shopping centers and other services, the well-to-do could live their lives without worrying about how others fared. They did not have to worry about political repression or poverty. They were now able to avoid seeing it. An added bonus was that the value of their real estate went up.

### **Some Conclusions About the Impact of the Neoliberal Model**

Looking at the military project in general, a fundamental conclusion is that Pinochet succeeded in dramatically changing many aspects of Chilean society and economy through the imposition of a neoliberal economic model. The economic model survived several crises, including the period in the 1970s when Chile was a veritable international human rights outcast, and it survived the severe recession of the early 1980s. As a result, Chile underwent some fundamental changes that cannot be easily reversed.

Precisely in what ways has Chile changed? How successful was Pinochet in restructuring the economy and society and in transforming cultural and political values? To begin with, the Chilean economy is now firmly enmeshed within the world economy. Lowering of tariff barriers meant that Chileans were able to buy all kinds of imported products, from Barbie dolls and GI Joes to Reeboks and computers. Foreign investment and ownership increased. Multi-national corporations became firmly established in the country, both in the agricultural and nonagricultural sectors of the economy. The degree of protection that Chilean industry and culture enjoyed from the more industrialized world, especially the United States, is now gone.

Changes in agriculture are, perhaps, illustrative of the impact of the neoliberal model on the economy. In the period prior to 1973 the agrarian reform law, which redistributed land, had also begun to change power relations in the countryside, even though, as a number of scholars have pointed out, the initial land reform thrust under President Frei was really intended to modernize agriculture.<sup>49</sup> The Pinochet regime wanted to reverse Allende's efforts to change rural power relations. This did not mean, however, that the military would return the countryside to the status quo ante. In fact, although some land was returned to its former owners, much of the land was not. The pattern of land ownership in the current period does not, in fact, replicate the pre-1970 situation.<sup>50</sup> Instead, the agricultural sector plays an increasingly important role in



generating export income, based on more modern, efficiently run farms that produce fruit for export. For Pinochet and the Chicago Boys, Chilean agriculture was modernized, meaning there were more efficient farms, significant foreign investment and ownership, and an export-oriented sector. Nevertheless, these changes in agriculture came at a social cost. They created a large rural proletariat that no longer lives on farms but in small towns and that works part-time, mainly during harvest season. Family relations changed, too, due to the increased employment of women as fruit-packers. Many of the employed males tend to work mainly in the fields at harvest time.

The changes in agriculture are emblematic for the Chilean economy as a whole. It has undergone a similar kind of modernization. Chile's economy is now more connected to the international global economy, both through increased foreign ownership of domestic enterprises and through the reinforcement of an export-driven economy. The agro-export economy is different from the mostly copper-dominated export economy of the pre-coup period; however, it is still vulnerable to the vagaries of the international marketplace, as the grape poison scare demonstrated.<sup>51</sup> The economic changes that have taken place are neither easily changed nor likely to be reversed.

As we have seen, the implantation of the neoliberal model also extended far beyond management of the economy. The social security system was transformed, as was the public health system, and education, to name just some other areas. These profound changes would also be very difficult to undo. The municipalization of social policy is little likely to be reversed, even though the state might take a more active role in the future in ameliorating social conditions and in providing access to education.

In the area of culture and lifestyle the impact of the neoliberal approach was also pronounced. Chile became a more polarized society in terms of wealth and income. It is not only the greater gap between the rich and poor and the greater number of poor but also the more opulent lifestyle of the rich that is notable. In the pre-1973 period the rich, mindful of a culture that stressed an egalitarian ethos and social welfare measures as a means of achieving this, were somewhat circumspect about displaying their wealth. Under Pinochet, these cultural strictures were discarded in favor of an open enjoyment of the perquisites of wealth. It seems as if the idea of individual gain over social responsibility took root among the more well-to-do.

Changes in values or ideological predisposition also took place within the opposition political elite. Although the rigid implementation of a free market model, whose intent was to eliminate the state as a guardian of the common good, has not been completely accepted, the general belief in a market economy has been. This is true even for the bulk of the former Marxist Left. These ideological changes presage a quite different kind of political discourse for the longer term in Chile. They are also bolstered by changes in the international environment, especially in the Soviet Union and Eastern Europe. The international arena now fa-

vors greater reliance on the market, rejects state planning as a mechanism for social good, whatever its intentions, and in general, sees the state as playing a reduced role in economic and social policy. There is no coherent alternative model of development around which those opposed to the neoliberal one might coalesce, other than to advocate using the state to correct grievous social imbalances created by the market, much like social welfare proponents in Western Europe.

Much of the modernization that took place was, perhaps, inevitable over the long run.<sup>52</sup> Moreover, it is critical to remember the political conditions under which the model was applied: Revolutionary changes were carried out under a nondemocratic, authoritarian regime. The government provided no legitimate outlet for public response to its policies, even though there was an exceedingly high social cost as a result of implementation of the model. As we have seen, the neoliberal approach created much greater income and wealth disparities in Chile while the numbers of poor increased dramatically. However, to criticize was to risk one's livelihood or physical well-being. These political conditions are the principal reason the Chicago Boys could so rigidly enforce the neoliberal model, particularly in the late 1970s. They were insulated from the kind of political discussion and debate that takes place in democratic polities. The flaws in the initial model that led to a disastrous economic crisis occurred, in part, because of the extent of political insulation.

Despite a high degree of consensus about the positive achievements of the neoliberal model for modernizing and stabilizing the Chilean economy, the dramatic changes in economic concentration of wealth and distribution of income also lead one to question one of the central concepts of the model: the notion of a neutral state that leaves distributive issues to the invisible hand of the marketplace. Was not the application of a market system under repressive conditions an inherently political decision that favored some groups over others? Does freedom of choice really exist when only a small group has the resources to be able to exercise choice?

Thus far we have focused attention on one aspect of the issue of the structural changes that took place in Chile from 1973 through 1989, the regime's intentions and actions. In the next chapter we will turn our attention to societal responses to neoliberalism, especially by its political opponents, both at the grassroots and the elite levels. What were different social classes, political elites, and political organizations (such as political parties) who opposed the military doing?

## NOTES

1. Foxley used this term to describe the monetarist economic policies followed by military regimes in the 1970s and early 1980s in South America. See Alejandro Foxley, *Latin American Experiments in Neoconservative Economics* (Berkeley: University of California Press, 1983).

2. See, for example, David Cusack, *Revolution and Reaction: The Internal Dynamics of Conflict and Confrontation in Chile*, Monograph Series in World Affairs of the University of Denver, vol. 14, book 3 (Denver: University of Denver, 1977); and Guillermo Campero, *Los gremios empresariales en el período 1970–1983* (Santiago: Instituto Latinoamericano de Estudios Transnacionales, 1984).

3. See, for example, Manuel Delano and Hugo Traslaviña, *La herencia de los Chicago Boys* (Santiago: Las Ediciones del Ornitórrinco, 1989) for a description of the Chicago Boys' formation; much of my discussion is drawn from that work, as well as from Pilar Vergara, *Auge y caída del neoliberalismo en Chile* (Santiago: FLACSO, 1985); Patricio Rozas and Gustavo Marín, *1988 El "Mapa de la extrema riqueza" 10 años después* (Santiago: Ediciones Chile-América CESOC, 1989); Ascanio Cavallo Castro, Manuel Salazar Salvo, and Oscar Sepúlveda Pacheco, *La historia oculta del régimen militar* (Santiago: Editorial Antártica, 1990); and from newspaper and magazine articles of the period, especially from *El mercurio*, *APSI*, and *Análisis*.

4. Frederick A. Hayek, *The Road to Serfdom* (Chicago: University of Chicago Press, [1944] 1965), p. xvii.

5. See, for example, the description in Phil O'Brien and Jackie Roddick, *Chile: The Pinochet Decade* (London: Latin American Bureau, 1983).

6. Guillermo Campero discusses the situation of different entrepreneurial groups in his book, especially the economic and political difficulties experienced by the smaller entrepreneurial groups because of the regime's free market policies. See Campero, *Los gremios*; and Guillermo Campero, "Entrepreneurs Under the Military Regime," pp. 128–158 in Paul Drake and Ivan Jaksic, eds., *The Struggle for Democracy in Chile, 1982–1990* (Lincoln: University of Nebraska Press, 1991).

7. One of Büchi's important modifications of the early neoliberal model was the abandonment of the idea of automatic market adjustments. For example, Büchi dropped the fixed exchange rate policy in favor of one that made small adjustments over a period of years. He also lowered the tax rate for corporations. For a more detailed discussion of Büchi's policies see, for example, Barbara Stallings, "Political Economy of Democratic Transition: Chile in the 1980s," pp. 181–199 in Barbara Stallings and Robert Kaufman, eds., *Debt and Democracy in Latin America* (Boulder: Westview Press, 1989); Delano and Traslaviña, *La herencia de los Chicago Boys*; and Alejandra Cox Edwards and Sebastian Edwards, "Markets and Democracy: Lessons from Chile," *World Economy* 15, no. 2 (March 1992): 203–219.

8. Calculated from data in Berta Teitelboim, ed., *Serie de indicadores económico sociales, 1960–1989* (Santiago: Programa de Economía del Trabajo [PET], 1990) whose source was the Banco Central.

9. O'Brien and Roddick, *The Pinochet Decade*, p. 73; and Alejandro Foxley, "The Neoconservative Economic Experiment in Chile," pp. 45–46 in J. Samuel Valenzuela and Arturo Valenzuela, eds., *Military Rule in Chile* (Baltimore: Johns Hopkins University Press, 1986).

10. Sebastian Edwards and Alejandra Cox Edwards, *Monetarism and Liberalization: The Chilean Experiment* (Cambridge: Ballinger, 1987), p. 100.

11. Foxley, *Latin American Experiments*, p. 106.

12. Most analysts claim that the military government did not sell the enterprises for their fair market value. Foxley argues that because of the low prices, the state effectively subsidized the sale of state enterprises. He calculates the subsidy to be equivalent to 30

percent of the firms' net worth and as high as 40 to 50 percent of their purchase value, based on figures from E. Dahse, *Mapa de la extrema riqueza* (Santiago: Editorial Aconcagua, 1979); and Foxley, *Latin American Experiments*, p. 66. Stallings agrees with this general assessment. The Edwards try to justify the sale price, but even they admit that the prices were discounted.

13. Calculated from data in Daniel L. Wisecarver, "Economic Regulation and Deregulation in Chile," p. 151 in Gary Walton, ed., *The National Economic Policies of Chile* (Greenwich, Conn.: Jai Press, 1985).

14. Edwards and Cox Edwards, *Monetarism and Liberalization*, p. 120.

15. Cox Edwards and Edwards, "Markets and Democracy," pp. 210–211.

16. Edwards and Cox Edwards, *Monetarism and Liberalization*, p. 71.

17. Campero, *Los gremios*.

18. Campero, "Entrepreneurs Under the Military Regime," pp. 134–138.

19. Karen Remmer makes the same point in *Military Rule in Latin America* (Boulder: Westview Press, 1991), p. 165.

20. The Lüders affair was covered in the Chilean newspapers and news magazines and was later discussed in several books, such as O'Brien and Roddick, *The Pinochet Decade*, chap. 5.

21. Delano and Traslaviña, *La herencia de los Chicago Boys*, p. 127.

22. See Enrique Errázuriz and Jacqueline Weinstein, "Capitalismo popular y privatización de empresas públicas," Documento del Trabajo, no. 53 (Santiago: PET, September 1986); and Rozas and Marín, *El "Mapa de la extrema riqueza" 10 años después*, for a discussion of the multinationals.

23. Rozas and Marín, *El "Mapa de la extrema riqueza" 10 años después*, pp. 69–75.

24. From Teitelboim, *Serie de indicadores económico sociales*, p. 59, drawn from official INE data.

25. From a study conducted by PREALC, cited in Ernesto Tironi, *Es posible. Reducir la pobreza en Chile* (Santiago: Zig-Zag, 1989), p. 26.

26. See, for example, Jordi Borja, Teresa Valdés, Hernán Pozo, and Eduardo Morales, *Descentralización del estado, movimiento social y gestión local* (Santiago: FLACSO, 1987).

27. Taken from Juan Díaz Salas, *Reformas laborales*, 4th ed. (Santiago: Editorial Jurídica de Chile, 1983), which reprinted the decree-laws about labor. For a good analysis of the labor code see Jaime Ruiz-Tagle, *El sindicalismo Chileno después del plan laboral* (Santiago: PET, n.d.).

28. José Pablo Arellano, *Políticas sociales y desarrollo, Chile: 1924–1984* (Santiago: CIEPLAN, 1985), p. 45.

29. Changes to the social security system are explained in several excellent sources, including Arellano, *Políticas sociales y desarrollo*; and Manuel Antonio Garretón, ed., *Propuestas políticas y demandas sociales*, vol. 2 (Santiago: FLACSO, 1989); and Mariana Schkolnik and Mario Velázquez, *Problemas económicos y sociales* (Santiago: PET, 1986).

30. Schkolnik and Velázquez, *Problemas económicos y sociales*, p. 87.

31. The long-term consequences of these structural changes are not certain. Although Foxley, *Latin American Experiments* (p. 106), believes that the AFPs will be less secure than the old social security system, Arellano, *Políticas sociales y desarrollo* (p. 192), states that it is not so much that the new system of pensions is better or worse than

the old one, but that the massive transference of funds to the AFPs discriminates against those staying in the old system.

32. Foxley, *Latin American Experiments*, pp. 105–106; Edwards and Cox Edwards, *Monetarism and Liberalization*, pp. 105–106; Garretón, *Propuestas políticas y demandas sociales*, section on previsión, pp. 295–360.

33. Rozas and Marín, *El “Mapa de la extrema riqueza” 10 años después*.

34. White-collar employees, legally distinct from blue-collar workers, had a different system.

35. Arellano, *Políticas sociales y desarrollo*, pp. 188–189.

36. Both Arellano, *Políticas sociales y desarrollo*, and Schkolnik and Velázquez, *Problemas económicos y sociales*, discuss this change, the latter providing a table with income levels and copayment requirements (p. 114).

37. Calculated from data taken from the Banco Central in Delano and Traslaviña, *La herencia de los Chicago Boys*, p. 148.

38. *Ibid.*, p. 149.

39. Manuel Antonio Garretón and Javier Martínez, *Universidades Chilenas: Historia, reforma e intervención*, vols. 1 and 5 (Santiago: Ediciones Sur, n.d.); and Delano and Traslaviña, *La herencia de los Chicago Boys*, p. 85.

40. There is substantial literature on the dimensions of the physical displacement that took place—the numbers of people affected and their destination in Greater Santiago. A number of centers actively researched the relocation program, including UIPA of FLACSO. See, especially, Borja, Valdés, Pozo, and Morales, *Descentralización del estado*, and SUR Institute, which, in addition to individual studies of the relocation program, also published a monthly newsletter, *Hechos urbanos*, covering urban issues and events.

41. Compiled from data in Table 2, p. 17 of Sergio Rojas, “Políticas de erradicación y radicación de campamentos, 1982–1984,” Documento de Trabajo, no. 215 (Santiago: FLACSO, August 1984).

42. From author’s interview with Professor of Urban Studies Andrés Necochea, Santiago, Chile, July 20, 1987.

43. Data compiled from Table 1, “Gasto total por habitante, comunas de la provincia de Santiago, 1984,” in Eduardo Morales and Sergio Rojas, “Relocalización socioespacial de la pobreza. Política estatal y presión popular, 1979–1985,” Documento de Trabajo, no. 280 (Santiago: FLACSO, January 1985).

44. Compiled from data in SUR, *Hechos urbanos*, no. 49 (Santiago: SUR, January 1986), Table 5, p. 9; and the 1982 *Official Census of Chile, Población XV censo nacional de población y IV de vivienda-Chile* (Santiago: Instituto Nacional de Estadísticas, April 1982), pp. 2–3.

45. From the 1982 *Official Census of Chile*.

46. I carried out field research in July 1987 in Providencia.

47. From the 1982 *Official Census of Chile*.

48. Information gathered from my interviews with a popular education team working with *pobladores* in the Nuevo Amanecer neighborhood of La Florida in March 1986 and July 1987, and from my visit to the community in March 1986.

49. See, for example, Kyle Steenland, *Agrarian Reform Under Allende* (Albuquerque: University of New Mexico Press, 1977).

50. There have been a number of excellent studies of the neoliberal model’s impact on agriculture. See, for example, Patricio Silva, “The Military Regime and Restructuring

of Land Tenure," *Latin American Perspectives* 18, no. 1 (Winter 1991): 15–32; and Sergio Gómez and Jorge Echenique, *La agricultura Chilena: Las dos caras de la modernización* (Santiago: FLACSO, 1988).

51. Chile's thriving export table grape industry, which is now a significant export-earner for the country, was threatened when a grape in a warehouse in the United States was found to contain poison. Because fruit is perishable, when the U.S. government temporarily prohibited the sale of Chilean grapes while it examined the other warehoused fruit, Chileans worried that they would lose the entire crop. Even though the fruit was eventually released for sale in the United States, this incident points up the continuing vulnerability of the Chilean export economy.

52. For this argument as applied to agriculture, see Cristóbal Kay, "Agrarian Policy and Democratic Transition in Chile: Continuity or Change?" Working paper series, no. 101, Institute of Social Studies, The Hague, Holland, presented to the International Congress of Americanists in New Orleans, July 8, 1991.

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## Political Opposition to Military Rule and the Reawakening of Civil Society

**T**his chapter explores the ways in which Chilean society responded to the dramatic economic, political, and social transformations that took place during the Pinochet regime. It focuses attention on opposition politics as exemplified by political parties and by the grass roots. Opposition parties had to cope with repression and persecution as they searched for an end to the dictatorship. Over time, there were striking changes in party ideology and organization, as well as numerous efforts to forge large anti-Pinochet coalitions. Ordinary working-class and middle-class people responded to the economic and political changes that the military regime wrought by forming a network of grassroots economic and political organizations, women's organizations, and labor unions, which, ultimately, were all joined by a common goal: to end the dictatorship. These grassroots organizations evolved into a massive social movement in favor of democracy and proved to be critical players in the popular mobilization period of 1983–1986.

The particularities of the opposition to Pinochet, as well as the regime's actions, molded the transition process. One of the dynamics within the opposition that greatly affected the way in which the transition to civilian rule eventually took shape was the relationship between grassroots organizations and working-class people, on the one hand, and the political elite operating within existing party structures, on the other. The long years of dictatorship had severed many of the ties between the party elite and their social bases. The lack of articulation

between the two created difficulties, challenges, but also opportunities for the reconstruction, not simply the resurrection, of democratic politics.

In this chapter I also examine how political opponents of military rule eventually coalesced around a strategy for ousting Pinochet from power. They used the available legal channels for confronting the dictatorship—the 1988 plebiscite and the December 1989 presidential and congressional elections—to effect a transition to civilian rule. I end the chapter by raising questions about the continuities and changes among the political opposition forces, especially major ideological shifts within the Left and changes in civil society. I question the extent to which a revitalized, more autonomous civil society might persevere, and the implications of this, as well as political party changes, for democratic politics in Chile.

## **Opposition Politics: An Overview**

The September 1973 military takeover was a traumatic experience for many in Chilean society. Initially there was practically no open resistance to the military. During the first years after the coup, the level of repression was so high that it was virtually impossible for any kind of organized opposition to form. Many people fell into a kind of emotional shock. They found it difficult to absorb the fact that their country, once a vibrant, pluralist democracy, was in the grip of military authoritarianism. Even more, the brutal persecution of dissidents made it hard for leftist and even centrist organizations to maintain their structures, much less respond to the regime's actions in a coordinated manner. What further weakened the possibility for unified action against the military regime was the barrier of continuing partisan differences.

Eventually an opposition did emerge. As the end of the first decade of military rule approached, Pinochet's decision to implement a new Constitution catalyzed the first coordinated public opposition to the regime. It was the economic crisis of the early 1980s, however, that evoked a second, much stronger and longer-term wave of popular opposition. A massive popular movement agitated for an immediate return to democracy. The large-scale street actions demonstrated that the military had not been successful in atomizing Chilean society. Despite ten years of military rule, Chileans still yearned for constitutional rule. Along with the mobilization at the grass roots, political parties also began to reassert themselves. The protests signaled the beginning of the loss of fear.<sup>1</sup>

Popular protests began with the copper miners' union call for a Day of National Protest on May 11, 1983.<sup>2</sup> The union was headed by a new generation union leader, Rodolfo Seguel, a Christian Democrat who had been a teenager at the time of the coup.<sup>3</sup> Other Days of National Protest followed. For a brief time the Pinochet government tried to be conciliatory, naming Sergio Onofre Jarpa as minister of interior in August 1983 with the idea that he would negotiate with the opposition. In the meantime, opposition political parties, illegal but functioning, took over the leadership role in calling for future Days of Na-



tional Protest. In addition, grassroots groups, especially shantytown dwellers, or *pobladores*, rallied to the call for Days of National Protest. Unlike the political parties, they did not look to negotiations with the regime. They wanted to bring it down. Long-repressed *pobladores* took advantage of the political space opened by the economic crisis. They literally filled the political space by taking over public space in street protests.<sup>4</sup>

It soon became apparent that the main purpose of naming Jarpa as interior minister was to try to defuse popular mobilization and to placate disaffected right-wing entrepreneurs, rather than to begin a process of democratic transition. Although Jarpa met with opposition leaders, the regime turned to repressive techniques once it saw that the protests would not die down quickly. Pinochet framed the situation as a choice between order and chaos, a theme he was to evoke repeatedly during the 1980s. The September 1983 protests were bitterly repressed, with 15 killed, 400 injured, and 600 detained.<sup>5</sup> Although the protests continued, Pinochet held on to power.

This period of popular mobilization and political negotiation, though an impressive show of resistance to the regime, also demonstrated the opposition's weaknesses. Their forces were not united. There was a split between the political elite and grassroots groups, as well as among political parties, especially within the traditional Left. As a consequence of the divisions among opposition parties there were multiple political alliances with overlapping memberships but divergent tactics. The Communist Party's behavior in particular caused severe apprehensions among Center-Right opposition forces. Finally, differences of perspective existed between politicians who had spent years in exile and those who had remained in Chile. The result was the articulation of two distinct opposition strategies for change: one that stressed direct negotiations with the regime to pave the way for a speedy transition, the other that emphasized bringing down the regime with popular protests. The fall of the long-lived Duvalier dictatorship in Haiti and the Marcos regime in the Philippines gave hope to the latter strategy. Because of these many factors, as well as the regime's ability to placate some elements within society and to repress others, three years of struggle came and went without dislodging Pinochet from power or wresting modification of the 1980 Constitution.

After 1986 there was a shift among the political elite to electoral politics as established by Pinochet. This further strengthened the hand of political parties versus grassroots organizations and, within the party system, of those parties that agreed to work within the existent system. Let us now look at each of these components of the opposition political movement.

## **Political Parties During the Dictatorship**

Political parties underwent a number of changes during the Pinochet regime, in many ways mirroring the status of the dictatorship. During the first years of mil-

itary rule, when repression was virulent, political parties struggled just to maintain themselves as organizational entities. Party ranks were severely damaged by the regime's harassment, especially by the detention, death, or exile of many of its militants. When massive popular mobilization began in 1983, political parties, even though still illegal, resurfaced. They tried to reclaim their traditionally strong role as spokespeople for popular needs and as power-wielders. The political parties' shift of attention away from street action to institutional forms of opposition in the late 1980s through voting and elections gave them even more of a role to play. The political circumstances had reverberations for the entire political spectrum, affecting parties on the Left, the Center, and the Right.

### *Left Parties*

The military regime was determined to destroy all the parties that had made up the UP, especially the Communists and Socialists. Immediately after the coup the regime declared all Left parties illegal. This meant that in order to keep functioning they had to go underground, even though only the Communists had any experience with clandestine life.<sup>6</sup> The Left parties also suffered from very meager financial resources with which to maintain any type of party structure or financial support for their workers or leaders. The military also pursued Left party militants, many of whose leaders were detained, tortured, or killed. The highest ranking UP government and party officials were taken to Dawson Island, where they lived in concentration camp conditions. Once freed, those who survived went into exile. Large exile communities sprang up in Mexico, Venezuela, and Canada, as well as in a number of countries in Western Europe, especially in France and Italy, and in Scandinavia. Some estimate the exile population at its peak to have reached one million, almost one-tenth of Chile's total 1970 population. In some countries, such as Mexico, the list of exiles read like a who's who of the Chilean Left.

Exile life had a major impact on the ideological perspectives of the Left parties and created new internal divisions. Exiled party leaders were exposed to new ideas and new lifestyles. Those in Western Europe witnessed social democracy in action, and those residing in East European countries or in the Soviet Union had the opportunity to experience this brand of socialism or communism personally. Whether an enlightening or disillusioning experience, it deeply affected their views of politics and the possibility for political change. Consequently, the internal and external party leaders' political perspectives sometimes diverged as new worldviews were adopted.

Left politicians also subjected themselves to a great deal of introspection and self-criticism of their role during the Allende years. They scrutinized their pre-1973 beliefs about the military, the impact of revolutionary theory and ideology on the behavior of different social classes, and their leadership, especially regarding the economy.<sup>7</sup>

As a result of these many factors, major ideological differences emerged, especially regarding the appropriate tactics and strategy for confronting the dictatorship. In some cases, the disagreements were cast in terms of many of the old debates within the Left, such as with whom to ally, the stages a revolutionary process should take, and even what the final goal should be. Many of the parties on the Left suffered bitter internal divisions. The party infighting, coupled with the continuation of much of the pre-1973 political discourse, frustrated many. How could the dictatorship be overthrown under these conditions?

Although it might have appeared at first that the Left was caught in a replay of ideological debates from the 1960s and 1970s, what was occurring was a veritable ideological earthquake.<sup>8</sup> A large segment of the Socialist Party, including many of its exiled leaders, flip-flopped ideological positions with the Communist Party; even as many Socialists situated themselves just left of Center, as non-Marxist democratic Socialists, the Communists took up the call for armed struggle.<sup>9</sup> Although the existence of numerous Left parties or movements in Chile—Socialists, Communists, MAPU, Christian Left (or IC), Radicals, and the MIR—may make the Left panorama during the years of the dictatorship seem extremely complex, the major issues and trends can be illustrated by tracing changes within the two largest Left groupings, the Socialists and the Communists.

**The Socialists.** The Socialists had not been well prepared for the viciousness of the coup, nor were they prepared for life on the run. Their organization suffered horribly during the first years after the coup, and the rebuilding of party networks and organization was an arduous and dangerous task. Many party leaders had either been detained or had sought asylum in the days immediately following the coup. Carlos Altamirano, the party's secretary-general, managed to escape from Chile and go to East Germany. East German diplomats arranged to hide him in the trunk of a car and drive him across the border.<sup>10</sup> Other leaders, such as Jose Tohá, Clodomiro Almeyda, and Orlando Letelier, were sent to Dawson Island. Of these three, only Almeyda survived. The party was soon rent by internal divisions as a result of the increasing differences between those living in Chile and in exile, the party's characteristic ideologically heterogeneous nature, personality conflicts, and the clashing lessons drawn from the Allende experience.

A major split took place in 1979. At first the struggle seemed to be mainly a personal one between Almeyda and Altamirano for control of the party. At a Central Committee meeting in Chile in April 1979, at which neither Secretary-General Altamirano nor anyone representing him were present, Altamirano was replaced as secretary-general by Clodomiro Almeyda. Altamirano refused to accept the decision as valid, for which he was expelled from the party. He then formed his own Socialist Party. At the time, the Almeyda group seemed to have the overwhelming support of the Internal Directorate in Chile, as well as of a majority of the Socialists in exile.<sup>11</sup>

This seemingly personal conflict was the first tremor in what became a major earthquake on the Left. Altamirano, viewed as the embodiment of the radical wing of the party in 1973, had by 1979 undergone a fundamental ideological shift to ideas more in accord with European democratic socialism.<sup>12</sup> He disavowed the use of violence both in general and specifically in Chile, where he believed that it was not a realistic option. Altamirano had been deeply affected not only by the harshness of the military takeover but also by the nature of communism as he had experienced it in East Germany; it was, he felt, a society without freedom, a coercive society.<sup>13</sup> At the same time, Altamirano had come into close contact with European socialist parties and had found them to offer an attractive alternative. By 1979 he had moved from East Berlin to Paris.

Altamirano's personal experiences helped mold his new perspective about the world. He accepted the idea that such Third World nations as Chile would have to operate within a capitalist world economy and that the old strategy of state-driven socialist development following upon a violent revolution was no longer viable. It had to be replaced by some kind of peaceful evolution to a socially just society, in which there was a balance between state ownership and private initiative. Altamirano's new views drastically changed what it meant to be a socialist in Chile.<sup>14</sup>

What happened to Altamirano was an exemplar of what occurred to a number of other Socialists and Left politicians, although his is perhaps the most surprising and extreme case. Their vision of the future for Chile also shifted dramatically, to a more moderate, albeit fuzzy, kind of socialism. These Socialists claimed that they had undergone a process of renovation; they proclaimed adherence to constitutional democracy not only as a vehicle for social change but also as an end in itself. Renovated Socialists rejected the use of violence and were willing to ally with other centrist forces to push for a peaceful transition to democracy.

The other Socialist group, which included the internal party leadership and was headed by Clodomiro Almeyda, held to the more traditional Socialist view of Marxism-Leninism. It supported the use of violence, if necessary, to overthrow the dictatorship. In addition, the Almeyda Socialists wanted to maintain their traditional alliance with the Communist Party, harking back to the Socialists' Frente de Trabajadores (Workers' Front) strategy. Almeyda, unlike the renovated Socialists, also believed that the party leadership should be held by those still in Chile, although his initial selection as its secretary-general seemed to belie this. The Almeyda Socialist position was reinforced by the ideological changes that were taking place within the Communist Party at about this time because these were close to the Almeyda group's views.

At the time of the Socialist Party split, the enormity of the ideological shift was not clear. It soon became evident that the major issue was not personalistic or power seeking but the sorting out of an ideological dispute that had been fought within the party for decades. This was underlined by the fact that soon

after the party divided Altamirano resigned as secretary-general and named Ricardo Nuñez as his successor, a decision that the party faction ratified several months later. There were numerous other Socialist Party splinterings during the late 1970s and early 1980s; it might be more appropriate to talk about Socialist parties than a party during that time. The two groups described above, however, constituted the two major party factions.

Despite efforts to reunite the party, as well as to create large Socialist groupings such as the *Convergencia Socialista* and *el Bloque Socialista*, the two main party factions remained separate for another decade. It was not until after the December 1989 election victory that the *Almeyda* and the renovated wings rejoined. Even after reunification, the Socialists faced difficulties of identity. Despite efforts to merge the renovated Socialist wing with the more traditional Socialists by having leaders of each group share party offices, ideological disagreements persisted. The split became open in the first set of party elections held after reunification, in November 1990, when several slates of candidates, divided along renovated-traditionalist lines, contested for a number of party offices. When the more traditional Socialist slate won, it signaled a continuing struggle to define the party.

The reunited Socialist Party confronted a second difficulty. Because the traditional Left parties had not believed that they would qualify as legal parties for the 1989 congressional elections, Socialists and others formed a seemingly artificial or instrumental party, the *Partido por la Democracia* (Party for Democracy; PPD), as a vehicle to run for office. Despite expectations that the PPD would dissolve after the elections, the party took on a life of its own. Although the PPD appealed to a broader segment than solely to Socialists, many Socialist Party militants had dual membership. There exist today, then, two parties inspired by some kind of socialist ideal. Efforts to define the relationship between the two, ranging from a merger, a federation, or the complete separation of the two in terms of membership, have not met with success. This might have occurred if the renovated Socialists had won a resounding victory in the Socialist Party elections. As a result, the Socialist Party faces not only an internal identity problem but also competition from another Center-Left party.

**The Communists.** Although a significant segment of the Socialist Party evolved to a stance in tune with the Communist Party's historic posture, the Communists were coming to positions more in line with those held by the radical Socialists during the 1960s and 1970s. As with the Socialists, the Communists' shift took a number of years to come to fruition. By 1979, the PC, subjected to vicious attacks by the military, reevaluated its historic strategy of nonviolence and alliance with centrist forces. The Communists recognized that before 1973 they had not had a military strategy, a singularly striking deficiency for a revolutionary party. They were also affected by changes among Chilean youth. Many young Communists who had grown up under the repressive mili-

tary dictatorship favored a revolutionary option. The Nicaraguan revolution of July 1979, which was a massive popular uprising against the hated Anastasio Somoza Debayle dictatorship, provided for them a contemporary, real-life example of a successful revolutionary movement in Latin America. It was the 1980 vote on the new Constitution, however, that settled the issue for the party. The plebiscite underscored the fact that not only did Pinochet plan to rule for an extended period—until 1989 at least, and perhaps until 1997—but that he wanted to enshrine a new political system in Chile from which the Communists would be excluded. Article 8 proscribed any group that espoused the notion of class conflict; in effect, it outlawed the Communist Party permanently.

In the wake of the September 1980 plebiscite, the party changed its position to advocacy of the use of violence in order to bring down Pinochet. The precise language used was the endorsement of “all forms of resistance against the dictatorship.”<sup>15</sup> In essence, the Communists had decided that the only sensible recourse to Pinochet’s attempt to institutionalize an undemocratic, exclusionary regime was popular rebellion. In calling for this action, Communists stressed the right of *pobladores* to defend themselves against the continuing atrocities perpetrated by the military regime.

The PC also tried to protect itself politically by leaving it somewhat ambiguous as to how such a strategy of armed resistance would take shape. Rather than officially directing such activities, they formed a guerrilla organization in December 1983, the Frente Manuel Rodríguez (Manuel Rodríguez Front; FMR). The FMR carried out acts of terrorism against the military regime, including the audacious attempt to assassinate President Pinochet in September 1986 as he returned to Santiago from his weekend retreat on its outskirts. The Communists also found an ally in the MIR, who had long believed in armed revolution. The alliance flourished, despite the fact that the two groups had been in open conflict during the Allende period.

Although the PC was more unified during this period than the Socialists, there were internal divisions that surfaced later. Some party members had disagreed with the strategy of violence, especially once the rest of the political opposition united around an electoral strategy. This group believed that the Communists’ insistence on maintaining a policy of violence toward the regime served only to isolate them and would damage the party politically. Because of their advocacy of violence, the Communists were excluded from the Center-Right election alliances that formed for the 1988 plebiscite and 1989 presidential and congressional elections. Communist dissidents believed that events after the elections had proved their views right. In August 1990 the party split when a large number of dissenters left.<sup>16</sup> Although they had been loyal long-term party members, the dissenters had grown frustrated in their efforts to open the party to their own brand of renovation. They wanted the PC to become more internally democratic and to allow public disagreement with party policy. Eventually, the defectors formed their own group, which later merged

with other Left forces to form the *Participación Democrática de la Izquierda* (Democratic Participation of the Left; PDI).

What took place on the Left, then, was a historic shift in Chilean politics, with the Communist Party coming to occupy a position to the left of the historically more radical Socialists. Other smaller parties joined at times with one group or the other or, as in the case of the Christian Left, tried to act as a bridge between the two. With the explosion of popular protests in May 1983, Left parties, along with others, tried to create more broadly based political alliances. As we will see, the two Left groupings, with distinct ideological perspectives, devised different strategies for achieving this goal.

### *Center Parties*

The National Directorate of the Christian Democrats, the largest political party in Chile, initially favored the military intervention. Former president Eduardo Frei, the leading party figure, believed that the military would not rule for long; with new elections, he could become the next president.<sup>17</sup> These early hopes were quickly dashed. After the first few years of military rule, the PDC realized that the regime's persecution of politicians and other activists did not end with UP partisans. PDC members were also subject to detention, torture, and even murder.

The legal status of the party also changed. From 1973 until 1977 the party was declared legally in recess. In March 1977 the military junta, by decree, stripped it of all legal recognition. In order to survive, the PDC would have to function underground.

By 1977 it was clear that PDC efforts to maintain influence among the military had failed, as did its attempts to seek accommodation with regime soft-liners. The party's earlier ties with some high-ranking generals proved to be of little utility because many of these men were either unable to maintain positions of power or seemed to abandon whatever sympathy they might have had for the party.<sup>18</sup> Moreover, even though the PDC had been political home to some of the economists who had formed the Chicago Boys group—Jorge Cauas, for example—this proved to be of no benefit to them. When Cauas and others joined the government, they formally shed their party membership and, as it turned out, their loyalty. The party was shut out of political consultation and was without influence.

As a result, the PDC began to take a more openly oppositional stance toward the regime. However, the economic boom of the late 1970s made effective opposition difficult. The first major sign of opposition came in 1980, with the Christian Democrats' campaign against the proposed Constitution. The military punished them afterward for their public stand by effectively expelling Andrés Zaldívar, the PDC president, by prohibiting his return to Chile after a trip abroad. The sudden and unexpected death of Eduardo Frei in September 1982

deprived the party of another major public leader, although Frei had been unduly quiet for years after the coup. Despite all these difficulties, the PDC was still the largest political party in Chile and, given the harsh persecution of the Left, the major opposition force.<sup>19</sup> Once the Days of National Protest began in 1983 it was able to take a leading role, including forging coalitions with other political parties.

### ***Right-Wing Parties***

The political Right was also affected in significant ways by military rule. The Right initially supported the coup quite enthusiastically. In the heady days following the coup, the National Party, elated at the success of the military overthrow, went beyond the junta's action of recessing political parties and voluntarily disbanded itself. Later, some within the party came to regret this hasty action. These were traditional politicians who discovered that military distrust of civilian politicians extended to them. This group felt excluded from power. In addition, the National Party commanded the loyalty of local businessmen, who also were feeling increasingly shut out by the government. Some of the latter had experienced economic difficulties as a result of the Shock Treatment and the jungle-like atmosphere engendered by the rigid application of the free market approach. They harbored a growing bitterness against the Chicago Boys, who were accepted by the military.<sup>20</sup> Other party members, however, remained enthusiastic supporters of the military regime.

As a consequence, the Right splintered. Instead of one strong party on the Right, numerous right-wing parties and groups formed. Some, who supported the military government unequivocally, formed the Avanzado Nacional (National Advance; AN). Another pro-regime group, led by former *gremialista* and presidential adviser, Jaime Guzmán, joined forces with the Chicago Boys to form the Unión Democrática Independiente (Independent Democratic Union; UDI). Although the UDI merged with other political forces for a time to form Renovación Nacional (National Renovation; RN), they later split off to form their own independent political party in anticipation of the 1989 elections. Renovación Nacional, a major force on the Right, sought to project itself as a modern Center-Right party. Other right-wing groups, disillusioned with military rule or the Chicago Boys model, formed groups such as the Partido Republicano (Republican Party; PRep) and Proyecto de Desarrollo Nacional (National Development Project; PRODEN). They joined with the political opposition in the early 1980s in order to press for a return to constitutional order.

The divisions on the Right were not easy to heal. Even the 1989 presidential and congressional elections provided insufficient incentive to unify. The Right fielded two presidential candidates and five different congressional slates. There was a sorting out of political strength, however; RN and UDI emerged from the 1989 elections as the two major political parties on the Right.



### *Questions for the Future*

Although many of the changes in party organization and ideology that took place during the 1970s through the late 1980s were to be politically significant, at the time it was unclear as to what the consequences would be. There were no normal politics, no elections. Parties were not even legal. The economic crisis of 1981–1982 opened the way for political parties to reestablish themselves as political actors. What was clear over time, however, was that there was a shift away from the old tripartite political division of a conservative Right, a reformist Center, dominated by the PDC, and a Marxist-Leninist Left. How the party changes would play out could only be determined once a transition to electoral politics took place.

## **Opposition Politics During the 1983–1986 Protests**

### *Party Strategies and Political Alliances*

Opposition political parties were able to take advantage of the political space created by both the economic crisis and popular mobilization in the streets. They also had a real incentive to patch up their intraparty and interparty differences in order to forge a united front, a viable alternative, to Pinochet's continued rule.

**The Democratic Alliance.** Grassroots street protests gave heart to opposition forces, which now believed that they could find a political way out of the authoritarian morass. Pinochet's appointment of Sergio Onofre Jarpa as his minister of the interior, charged with negotiating with the opposition, seemed to give credence to their view. In August 1983 they formed a Center-Left alliance, the *Alianza Democrática* (Democratic Alliance; AD). The coalition was composed of small dissident right-wing groups, the Republican and Liberal Parties, Christian Democrats, renovated Socialists, and other small Center-Left parties, the Social Democrats, the Radical Party, and the Popular Socialist Union Party (USOPO). Because the AD wanted to present itself as a democratic alternative, it refused to allow the Communists, who advocated violence, to join. The PDC was particularly emphatic about this, but the renovated Socialists took an anti-PC stance as well.

The Democratic Alliance's proposal for a transition to democracy, written in the enthusiastic atmosphere of the early street demonstrations, was essentially a plan to replace the military regime with a new political system. The proposals included demands for Pinochet's resignation, an end to the regime he had erected, the formation of a provisional government, the election of a constituent assembly to write a new Constitution, and the consolidation of a new regime with the election of a president and Congress. It was on the basis of this proposal that the AD hoped to negotiate with Interior Minister Sergio Onofre Jarpa. Although the AD

was not successful, it continued to press for a transition to democracy, including calling for a plebiscite to reform the 1980 Constitution.<sup>21</sup>

**The Democratic Popular Movement.** Parties excluded from the AD formed their own coalition, Movimiento Democrático Popular (Popular Democratic Movement; MDP). Shortly before the organization of the AD—and with interparty alliance as an incentive—various Socialist factions had made a major effort to reunify the party.<sup>22</sup> In April 1983 diverse elements of the Socialist Party met and, for a brief moment, were successful. By September unity had vanished, in large part over the issue of how to deal with the Communist Party. The split affected the Democratic Alliance, too. Although the renovated Socialists felt comfortable in the AD, the Almeyda Socialists, after at first agreeing to participate, withdrew because they could not accept the AD's exclusion of the Communists.

In September 1983 the Almeyda Socialists formed the Popular Democratic Movement, together with the Communists, the MIR, another Socialist faction, Chispa, and the Movement for United Popular Action–Worker/Peasant (MAPU-O/C). The MDP's declaration called for Pinochet's immediate withdrawal from power, ending the military regime and replacing it with a provisional government, along with freeing all political prisoners, permitting the return of political exiles, restoring workers' rights, and instituting an emergency economic plan. Although the AD held firmly to the notion of negotiating with Interior Minister Jarpa to end military rule, the MDP pinned its hopes on popular mobilization in the streets as the way to end the dictatorship. In June 1987 the MDP would broaden its membership to include Radical factions and the Christian Left in a renamed alliance, the Izquierda Unida (United Left; IU).

Opposition parties were still divided between Center-Right forces and the more traditional Left, reflecting differences in ideological position previously carved out by the two Socialist parties and the Communists. The renovated Socialists, on the one hand, looked to ally with moderate centrist forces, rather than with their traditional partner, the Communists. The AD represented the forging of such an alliance for them. The Almeyda Socialists, on the other hand, held fast to the historic Socialist-Communist alliance as exemplified in the MDP and the IU.

**The National Accord.** Although the AD's efforts at negotiating with Pinochet met with no success, its Center-Left constituent parties persisted in their endeavor. In August 1985 eleven Center-Left parties, with the active participation of Cardinal Juan Francisco Fresno, wrote and signed an Acuerdo Nacional (National Accord).<sup>23</sup> In it they attempted to project themselves as a realistic alternative to Pinochet's regime. They believed, this time, that their plan was one Pinochet might be willing to accept because it did not reject the Constitution of 1980 entirely. Instead, they proposed major changes to the 1980 Constitution that would make for a democratic political system. For example,

the National Accord proposed that the presidential plebiscite be replaced by an open, competitive election, that there be competitive elections for Congress, and that it be possible to amend the Constitution by a simple majority rather than by two-thirds. The accord also proposed that all states of emergency and the forced exile of Chileans be terminated, that electoral registries be set up, and that a political party law be approved.<sup>24</sup>

Yet a third effort was the drawing up, in September 1986, of a document designed to flesh out the National Accord. Titled *Bases de Sustentación del Régimen Democrático, The Bases for Sustaining a Democratic Regime*, this effort met with no greater success than did its predecessors.

### *Grassroots Organizations and the 1983–1986 Protests*

Opposition political party politicking and coalition-building was facilitated by the groundswell of disapproval for the military regime that began in 1983. The groundwork for the popular protests had been laid by ordinary Chileans whose grassroots organizations were the first signs of the recomposition of civil society.

**Popular Economic Organizations.** Cut off from political parties, poor Chileans began to form small grassroots cooperatives, especially during periods of extreme economic difficulty. Communal action began as early as the mid-1970s, in response to the 1975 Shock Treatment. The popular classes suffered greatly as unemployment soared and prices increased. In 1975 unemployment reached 14.5 percent.<sup>25</sup> Even during the boom years of 1977 to early 1981 there was relatively high unemployment; for example, 13.6 percent in 1979.<sup>26</sup> Overall, unemployment averaged 17 percent for the period 1974–1981, as compared to 5.2 percent for the period 1964–1973.<sup>27</sup> Initially, grassroots groups formed around organizations of daily need, such as employment centers, soup kitchens, buying co-ops, handicraft workshops, and communal bakeries, because people simply had to find ways to survive. The number and variety of such cooperative organizations grew dramatically with the even more severe economic downturn of 1981–1982.

There are estimates that by the mid-1980s about 20 percent of the marginalized population of Greater Santiago was involved in some sort of social organization.<sup>28</sup> One study of these Organizaciones Económicas Populares (Popular Economic Organizations; OEPs) calculates that there were 1,103 organizations of this type in metropolitan Santiago by July 1985, up from 494 in November 1982.<sup>29</sup> The number continued to climb. Given the level of political repression and economic hardship under which poor people lived, these data indicate that they were surprisingly well organized at the grassroots level.<sup>30</sup>

Many of the grassroots organizations formed under the protection of the Vicariate of Solidarity of the Catholic church. The church, virtually the only institution that the military could not openly attack or dismantle, played a very sig-

nificant role in fostering these local groups. It provided the physical space for organizational meetings, as well as other forms of support and protection.

In addition to the relatively large percentage of people involved in some kind of grassroots group, these organizations also attracted segments of the population that had not been well organized during the pre-1973 period, namely, young people and women. Many of the grassroots organizations had extremely high levels of female participation. Women became involved at first because they needed to resolve concrete economic problems, such as providing food for their families, and because they were concerned about human rights issues. One study put adult women's participation just in OEPs at almost 44 percent in 1985.<sup>31</sup> In addition, women's organizations emerged. For example, in 1983 women established MEMCH-83, an organization intended as a coordinating umbrella for the vast array of women's grassroots groups that had formed. Named after the suffrage association of the 1930s and 1940s, MEMCH-83 was a symbol of the reconstruction of a strong women's movement. Another important women's group was *Mujeres por la Vida* (Women for Life), which was composed of twenty-four well-known women who spanned the political spectrum from Christian Democrat to Communist. Women's organizations with an avowedly feminist agenda also formed. Despite their diversity in membership and purpose, the women's groups shared a number of characteristics. Women for Life and other women's groups were characterized by a multiclass membership; they also tended to operate in a pluralistic and nonsectarian manner. Women's organizations became major political players in catalyzing public shows of support for a return to democracy, and they served as models for unified action.

All of these diverse organizations—popular economic organizations, human rights groups, women's groups, and others—were available for mobilization once the popular protests began.

**Labor Unions.** Organized labor also played a critical role as a catalyst for the 1983 protests. Although union membership had dropped drastically since 1973, from 41 percent of the workforce to barely 9 percent by 1981, labor was still a potentially powerful force.<sup>32</sup> Despite the persecution of labor leaders and the enactment of the restrictive labor code in 1979, illegal national labor union associations did form. In May 1983 five centrist and leftist union associations joined together in a large national association called the *Comando Nacional de Trabajadores* (National Workers' Command; CNT). Its purpose was to coordinate the actions of these different union groupings as they strove to protect workers and to fight for a return to democracy.<sup>33</sup> The largest union group within the CNT was the *Coordinadora Nacional Sindical* (National Workers' Coordinating Committee; CNS), headed by the Christian Democrat Manuel Bustos. Bustos was one of a new generation of labor leaders who had come to the fore during the dictatorship. Despite all of the obstacles the regime had put in its way, in June 1981 the CNS presented to the government a *Pliego Na-*

cional (National Petition), a list of reforms to democratize the union movement and the economy. For his troubles Bustos was thrown in jail and was expelled from Chile the following year.

Another highly important union was the Confederación de Trabajadores del Cobre (Federation of Copper Workers; CTC), the copper miners' union, which represented workers in one of Chile's main export-earner industries. Its head was the young Christian Democrat Rodolfo Seguel, another new-generation leader. It was the CTC that set off the period of protests by calling for a Day of National Protest in May 1983.

**Growth of a Social Movement.** Once popular protests began, these diverse organizations were able to go beyond their initial narrow interests to establish a coordinated network motivated by a common goal, to end the military dictatorship and reestablish democracy. They forged a social movement. In April 1986 grassroots groups reached perhaps their highest level of expression with the formation of the Asamblea de Civilidad (Civic Assembly). The Civic Assembly was a coalition of different elements of society, including what we would call interest groups (such as the truckers' association), professional associations, as well as the unions, *poblador* groups, and women. The formation of the Civic Assembly was yet another attempt by civil society to take its place as a political actor, rather than leaving the task of voicing its needs and desires to the traditional political parties.

There is a growing literature on the new social movements in Latin America that posits not only that they were crucial actors in the struggle for a transition to democracy but also that they may constitute the seeds of a more participatory democracy for the region. Others, however, take a less optimistic view, especially of the long-term implications of such a movement for society as a whole.<sup>34</sup> Although the long-term significance of the network of self-help organizations may not yet be settled, it seems clear that what began as a group of relatively autonomous, small grassroots organizations in Chile developed into a social movement, a network of organizations working together to end the dictatorship.

The evolution of a strong grassroots network was a dramatic change for Chile. Prior to the period of military rule, political parties had deep roots that reached way into society, penetrating many aspects of Chilean life. The decade of military repression, however, had cut off virtually all of the opposition parties from their social bases. In addition, the level of repression was such that many people felt it was safer to work independently of political parties, rather than risk association with a proscribed group. This held true even in cases in which, individually, grassroots members still maintained partisan loyalties. Furthermore, political parties had little to offer the poor. They had no resources to distribute nor any access to decisionmakers. In addition, many of the political parties suffered from serious internal divisions, and they could not reach agreement on how to defeat Pinochet.

When the economic crisis finally came, this network of union and other grassroots organizations, along with many in the middle class, was able to mount a formidable threat to the Pinochet regime. There was an enormous outpouring of protest in response to the CTC's call for a Day of National Protest on May 11, 1983. During the months following the first street mobilization, the numbers of protesters grew. The protests took a wide variety of forms. There were brief strikes, street marches, people banging pots and pans—a sign of protest from the Allende days—hunger strikes, and university protests. By the July 1983 Day of National Protest, the mobilization had spread to cities beyond Santiago. There was also increasing mobilization in the poorer areas, such as the building of barricades in the *poblaciones* (shantytowns) ringing Santiago. Monthly Days of National Protest were called for several years and were interspersed with a series of other actions, such as hunger strikes, marches, and rallies.

**Pinochet's Response to Popular Mobilization.** The popular dynamic that unfolded during the 1983–1986 period did not dislodge Pinochet from power. The government adopted a two-pronged plan to end the crisis, a carrot and stick approach. On the one hand, Pinochet named right-wing civilian Sergio Onofre Jarpa as minister of the interior in August 1983 in order to negotiate with the opposition. He also allowed some exiles to return. On the other hand, Pinochet stepped up repression. During the same month in which he named Jarpa, Pinochet also called out 18,000 soldiers to put down that month's protests.<sup>35</sup> His purpose was to persuade the moderate opposition represented by the Democratic Alliance to back down from support of the strikes and to negotiate with Jarpa.<sup>36</sup> Thus, even while Jarpa was meeting with various opposition figures, regime-instigated violence was taking place in the streets.

There are other striking incidents demonstrating the regime's willingness to use harsh measures. One horrifying example of Pinochet's use of repression was his response to the national strike called by the Civic Assembly for July 2 and 3, 1986. Among the acts of repression with which the strike and associated public acts of defiance were met was the deliberate setting on fire of two young Chileans. One, Rodrigo Rojas, died of his burns, and the second, Carmen Gloria Quintana, was severely burned and disfigured. Pinochet also continued to make selective use of his secret police apparatus. On March 28, 1985, three professionals, who were secret Communist Party members, were taken away by the police and killed. Two, José Manuel Parada and Manuel Guerrero, were dragged from their place of work, the Colegio Latinoamericano (Latin American School), in broad daylight. The three dead men, their throats slashed, were found two days later. Pinochet also called two states of siege during the 1983–1986 period, during which time mass protests were effectively prevented. The first, which lasted about six months, was called after the October 1984 protest, which had become a kind of general strike. The second was imposed in September 1986 after the attempted assassination of Pinochet.

Pinochet's strategy met with some success. Over time, the more centrist elements in the opposition, especially the PDC and segments of the middle class, backed down somewhat from support of street mobilization. The reluctance to support street action was especially notable once these actions became more violent, as *pobladores* and youth latched onto the protests as vehicles to express their outrage with the military regime. In turn, the regime responded harshly. The moderate opposition, hewing to the peaceful line, worried about the prospect of violent confrontations. This is not to say, however, that the Democratic Alliance stopped supporting mass actions altogether. In November 1985 the AD called for a rally to be held in Santiago's Parque O'Higgins. Hundreds of thousands answered the call.

### *Assessment of the Opposition Political Strategy, 1983–1986*

**The Significance of Grassroots Mobilization.** There are several conclusions to be drawn about the 1983–1986 popular mobilizations. As with other Latin American countries in the grip of military rule, Chilean grassroots organizations played a key role in achieving a transition to civilian rule. The period of popular protests demonstrated that civil society, now organized, could be a potent political actor along with the political parties. Moreover, it revealed a widespread and deep popular resentment of military rule, a discontent that the organized political opposition harnessed during the 1988 plebiscite campaign.

Grassroots protests in and of themselves, however, could not bring down the Pinochet dictatorship. Analysts such as Manuel Antonio Garretón and Barbara Stallings have looked at this period, asking why was it that the protests did not result in Pinochet's fall from power.<sup>37</sup> There are several reasons. In order for the protests to have been successful, a coordinated leadership was necessary, which was not the case with the Chilean opposition. Also, the spontaneous adherence of popular sectors to the protest movement may have demonstrated popular discontent, but these sectors did not provide a solid program around which to organize, although they did share the slogan "democracy now." In terms of the regime, Pinochet was able to use state resources both to repress opposition and to co-opt segments of the population into continued support.<sup>38</sup>

**New Social Actors.** A second conclusion about the protest period has to do with the rise of new social actors. Women and youth took a leading role in the mobilization, and women in particular emerged as a new actor. They formed a variety of organizations and were able to work together in a nonsectarian manner for the common goal of reinstituting democracy. Even men, at the time, acknowledged that women presented a model of behavior worth emulating. Women's groups were highly visible as conveners of mass events. They instigated quite a number of very creative protests, all of them peaceful. For example, in late March 1986, a number of women's organizations called for a *Jornada de Democ-*

racia (Workday for Democracy). They set up ballot boxes in offices and even in the streets and asked people to cast a ballot for democracy. The women's movement has continued to play an important role in the democratization process and has also pressed for equal rights for women. Despite many difficulties, it is clear that the women's movement is now a vital part of Chilean political life.

Another major characteristic of the protest period was the role that the middle class played. This group had suffered economically under the military, especially since the 1981 crisis.<sup>39</sup> Their willingness to participate in marches and other forms of protest marked a historic turning point, the cooperation of middle- and lower-class elements after more than a decade of suspicion and distrust.<sup>40</sup> Even though middle-class sectors were leery of the prospect of violence, they stood steadfastly for the reinstitutionalization of democracy. This is highly significant, especially when one considers that it was the alienation of much of the middle class from the Allende government that made the military coup politically feasible.

**Significance of a Divided Opposition.** Yet another aspect of the protest period was the mobilization dynamic that affected the opposition both at the grassroots and the party levels. As I noted earlier, when popular mobilization extended to the *poblaciones*, the protests grew more violent. Young people, especially those living without much hope in the *poblaciones*, set up barricades and threw rocks and bottles at the soldiers and police. Their actions reflected a deep sense of frustration after more than a decade and a half of brutal military rule. The increased violence scared many in the middle class. The majority of the population, when queried in opinion polls, was opposed to violence.

The divergent strategies for ousting Pinochet make manifest the gulf between elite politics as practiced by Center-Left political parties, on the one hand, and the mobilized sectors of the popular classes who felt cut off from them, on the other. There were, in essence, two kinds of protests going on. One, adopted by the political elites of the Democratic Alliance and the National Accord, was characterized by the formation of a broad, centrist political coalition to negotiate with representatives of the regime. For them, popular mobilization was at best a tool to create the conditions by which Pinochet would feel forced to negotiate with them in good faith. At its worst, it was a counterproductive tactic that fed into Pinochet's strategy of presenting himself as the force of order and stability versus chaos. The other strategy, reflected in the organization of the Civic Assembly, was that civil society, now organized, was the driving force behind political change. Civil society, rather than traditional party elites, should negotiate a transition to democracy.

The conflict over strategy was not solely between political elites and the grass roots; it was a central dividing line among opposition political parties. During the 1983–1986 period, the MDP continued to press for street mobilization as the main means to end the dictatorship, but many of the parties within the AD,



especially the PDC, tried to discourage street marches and protests in favor of quiet negotiations. At a number of levels, then, there were two clashing strategies being implemented.

The lack of unity weakened the opposition, especially since they faced a general so determined to hold onto power that he was not easily swayed by massive public displays of dissent. The gap between the Communists, in particular, and the more centrist elements within the opposition grew more profound after the discovery of hidden arms caches and the attempted assassination of General Pinochet in 1986.<sup>41</sup> Many people now believed that the Communist Party was indeed bent on the violent overthrow of the new regime and on its replacement by some kind of Socialist or Communist regime. More moderate elements in the opposition grew increasingly nervous about street mobilization, even as a tactic to weaken the regime and bring it to the bargaining table. Pinochet's claim that the choice was either the order that he represented or a return to the chaos of the Allende period seemed, to some at least, not entirely absurd.

The year 1986 marked an end to the most vibrant era of popular discontent in Chile since the military had taken power in 1973. What followed was an effort to use other mechanisms to bring the Pinochet dictatorship to a close, that is, to play politics by the very rules that Pinochet had devised and to defeat him. Momentum was temporarily with Pinochet. The military junta began to promulgate laws in anticipation of the presidential plebiscite, including an electoral registration law and a political party law. The political opposition in the AD and the National Accord turned their attention to the upcoming presidential plebiscite. For these politicians, the forum for the contestation of power was now squarely in the electoral arena.

## **The Transition to Civilian Rule**

### *The 1988 Presidential Plebiscite*

Having decided to confront Pinochet in the electoral arena, the Center-Left parties mounted their first campaign; it was to encourage people to register to vote in the plebiscite. Opposition parties also formed committees to organize a "no" campaign for the plebiscite. The second task was to create legal parties, once the political party law that set forth the criteria and procedures for legal recognition of political parties had been promulgated. The Communist Party continued to oppose the electoral strategy, even though most of its allies in the MDP and, later, the IU—most notably the Almeyda Socialists—supported registration. The PC rejected any kind of participation in the existing legal system.

Electoral registration began in early 1987, with Pinochet the first to sign up. The regime facilitated registration for its partisans, but the rules worked against the opposition.<sup>42</sup> The hidden purpose of the unwieldy process was to create disincentives for the poor to register. Despite this, by the end of the first

year over 3,300,000 people had registered to vote.<sup>43</sup> They represented about half of the eligible voters.

The political party law, which was also promulgated in 1987, created a number of difficulties for any party wishing to be legalized. One hurdle was to secure the appropriate number of signatures within the specified time frame.<sup>44</sup> All signatures, with addresses, were public information. Since the regime was still harassing its opponents, even the simple act of signing a petition in support of an opposition political party became an act of courage. In addition, no party could accept funds from any foreign source, such as the European Christian Democrats or European Socialists. By the end of 1987 only two national parties had successfully run this legal gauntlet, the National Renovation Party on the Right and the small leftist Humanist Party. A number of others were in the midst of the legalization process, including the PDC.

Because Article 8 prohibited the legalization of any political parties that adhered to the concept of class conflict, it appeared that the traditional Left parties would never gain legal approval. As a result, a number of individuals who had belonged to UP parties formed a new party, the Party for Democracy (PPD), through which they could stand for office. Headed by Socialist Ricardo Lagos, its members included militants of MAPU, the Christian Left, and Socialists of all kinds. Although in the beginning it was designed solely as an instrumental party, it became a viable party in its own right. The Communists maintained their distance from the electoral process and castigated any of their members who tried to participate.

While this electoral process unfolded in 1987 and 1988, changes continued to take place within the opposition. A number of important Left figures still living in exile decided to risk returning to Chile, even though their names were still on the proscribed list. The first was Socialist Party leader, Clodomiro Almeyda, who sneaked across the Argentine-Chilean border in March 1987 and turned himself in to the authorities. The world watched as the regime imprisoned him and as Chile's Constitutional Court, under the guidelines of the infamous Article 8 of the Constitution, took away his political rights.

Other well-known political figures from the pre-1973 period, such as the Communists Mireya Baltra and Julieta Campusano, quickly followed suit and also returned. Almeyda's return catalyzed the traditional Left to attempt greater unity, but with the Communists playing a less central role than before. The June 1987 formation of the Izquierda Unida, a broader coalition than the MDP, indicated a narrowing of differences between the more traditional Left and the Center-Left opposition parties because the IU coalition, with the exception of the Communists, supported electoral registration. However, it continued to call for popular mobilization.<sup>45</sup> Within the opposition as a whole there was a growing impetus for the formation of a united campaign to push for a no vote in the plebiscite. By early 1988 the numerous committees for the "no" had

coalesced into a unified *Concertación por el No*. Ironically, while the opposition was uniting, the Right was in the process of fractionalizing.<sup>46</sup>

It was in this environment that Pinochet moved ahead with his strategy for reelection.<sup>47</sup> On August 30, 1988, the military junta declared General Augusto Pinochet as its candidate for president and set the date of the plebiscite for October 5, 1988. The opposition had a little over a month to mount its campaign.

The *Concertación por el No* carried out a well-organized campaign, for which they gained international support. The United States, through the National Endowment for Democracy, channeled money directly to the PDC to use in the campaign. Among other things, the money helped set up a computer system to monitor the election returns. The opposition also planned to have a representative in every precinct. Both were measures to ensure fair balloting and to prevent Pinochet from stealing the election.

The plebiscite was essentially a vote of confidence in the military regime. Six million Chileans went to the polls that day to cast a yes or no vote for Pinochet. By evening, the opposition tallies calculated that the no vote was firmly ahead with about 55 percent of the vote. The government was slow in ratifying these numbers, however. Finally, at 12:30 A.M., Sergio Onofre Jarpa, the former minister of the interior, publicly acknowledged the *Concertación* results. General Fernando Matthei, when asked his opinion a half hour later as he entered the Moneda Palace, also agreed with the results of the vote. These public statements made it impossible for Pinochet to claim otherwise. Finally, at 2 A.M., representatives of President Pinochet at the Moneda Palace confirmed the *Concertación* victory. The official results gave Pinochet 44 percent of the vote, to 55 percent for the no.

### *The December 1989 Elections*

The *Concertación* victory in the plebiscite opened the way for a speedy transition to civilian rule. Pinochet, who had clung tenaciously to the constitutional rules, was now bound to follow them. Whatever his reluctance might have been, the junta made clear that they had given him the chance he had wanted, to be their candidate in the plebiscite, and he had lost.

The opposition now turned its attention to competitive elections for the presidency and Congress, which were to be held December 14 of the following year. Both sides geared up for the campaign. The *Concertación por el No* transformed itself into the *Concertación para la Democracia*. It wrote a common program, selected a slate of candidates to run against five right-wing slates,<sup>48</sup> and chose Patricio Aylwin as its presidential candidate. During the early months of 1989 the government and the opposition also negotiated a set of constitutional reforms, which were ratified in a popular vote on July 30, 1989. Although the package of fifty-four reforms did not contain all of the changes that the *Concertación* would have liked, it eliminated some of the most odious features of the 1980 Constitution.

For example, Article 8 was eliminated, the number of elective senators was increased to thirty-eight from twenty-six, and the procedures for approving a constitutional amendment were changed such that a two-thirds vote of Congress for two successive terms would no longer be necessary.<sup>49</sup>

Although momentum now seemed to be with the opposition, the regime was far from paralyzed. The military junta continued to legislate until the day the new president took office. Pinochet did not believe he had been totally vanquished; he had, after all, obtained over 40 percent of the popular vote. Even assuming that some people had voted yes in fear of possible reprisals, the vote demonstrated that a significant segment of the population supported the military. However, the military junta, realizing that the Concertación candidate would likely win the presidential contest, worked diligently to approve a series of laws in the months leading up to the presidential inauguration that were intended to cement into place the military's economic and political system and to tie the hands of the incoming civilian administration.

The electoral rules for the 1989 contest were rigged in favor of the Right. There was a binomial electoral system for both houses of Congress, that is, two-member districts. In order for an electoral slate to win both seats, it needed to obtain more than two-thirds of the vote in the district. Thus, in a two-slate race, the Right could gain half of the seats in the legislature with only a little more than a third of the votes cast. The Right, however, divided. It fielded five separate congressional slates, which helped the Concertación. In the presidential race, Concertación candidate Patricio Aylwin, former head of the Christian Democratic Party, faced two candidates. One, Hernán Büchi, who had been Pinochet's finance minister from 1985 until early 1989, was clearly the regime's candidate. The other candidate, Francisco Javier Errázuriz, despite being a millionaire entrepreneur, ran a populist campaign.

The outcome of the December 14, 1989, election was a victory for the forces of the Concertación. Patricio Aylwin obtained an absolute majority of the popular vote, 55 percent, Büchi polled 29 percent, and Errázuriz garnered 15 percent. In the Congress, Concertación candidates won 72 out of the 120 Chamber of Deputies' seats and 22 out of 38 elective senatorial seats. The electoral victory by the regime's opponents paved the way for the installation of a civilian government for the first time in Chile since 1973. Three months later, on March 11, 1990, in a ceremony in the partially constructed National Congress in Valparaíso, Pinochet turned over the presidential sash to Patricio Aylwin.

## **Characteristics and Challenges of the Chilean Transition to Democracy**

The installation of a civilian as president did not mean that Chilean democracy was instantly recreated or consolidated. The election of a civilian president and

a Congress was but the beginning of a long-term process to reform the institutional order. In the meantime, the military still wielded considerable power, especially General Pinochet, who retained his position as head of the army and commandant of the armed forces.

The nature of the transition itself, a peaceful process marked by elite negotiations, also set the tone for what would come after. Even though civil society had been quite active during the 1983–1986 period, it was unclear what the relationship of grassroots groups would be to the political elite and the party structures and, in general, how much popular participation there would be in post-Pinochet Chile. The shift of attention to electoral and legislative politics also strengthened the hand of political parties and tended to displace grassroots organizations. Would grassroots organizations be able to maintain themselves, even as semiautonomous entities from the political parties, once a transition took place? Would they be able to exert an influence on political decisionmaking? Would they make a redemocratized Chile more participatory than it had been in the pre-1973 period? Or would traditional politicians once again dominate the political scene? Given the history of strong political parties and the style of the incoming civilian government, it appeared difficult for the grassroots to maintain a high level of influence or, even more, to transform politics.

Another factor that affected the democratic transition process was the attitude of the Right. In general, the political Right did not feel vanquished. Pinochet had ended his term in office by declaring “*Misión cumplida*,” mission accomplished. He and his supporters claimed political victory. After all, they had not been disgraced in war, as with the Argentine military, nor had they left the economy in tatters. Right-wing parties were well represented in the legislature, and together with designated senators, they controlled the Senate. Although the *Concertación* might talk of the need to reform the 1980 Constitution, the Right did not necessarily agree; they applauded the system that Pinochet had erected.

The formation of a majority Center-Left coalition, the *Concertación*, was something new on the Chilean political landscape. It had the potential to dramatically change the nature of Chilean politics. The coalition broke with the tripartite division of the electorate, which had characterized the pre-1973 period and which had led either to minority presidents or to shifting political alliances among the three contending political forces. It also stood in sharp contrast to the partisan bickering that had characterized opposition politics of the 1970s and early 1980s.

*Concertación* leaders appeared to aspire to more than a transitory electoral alliance; they wanted it to be an effective coalition for governance. An allied political Center and Left, minus a diminished Marxist Left, seemed committed to working together. They saw the struggle to create a full democracy, rather than accept the truncated one Pinochet had bequeathed them, as a long-term challenge. The leaders of the *Concertación* talked about the need to maintain the coalition into the indefinite future, at least into the following presidential term.

However, in 1990, it was far too early to tell whether the coalition was really a signal of a permanent political realignment or merely a temporary expediency.

There were striking political changes that had laid the groundwork for a Center-Left governing coalition and that, in and of themselves, had major ramifications for the political process in the future. The first involved shifts within the Left, especially the emergence of a renovated socialism, which looked to European social democratic parties for inspiration, rather than to the Soviet Union. Social democracy was more compatible with, or at least palatable to, Christian democracy. It remained uncertain whether a social democratic vision would dominate among the Socialists over the long term. If it did—and this had been the joint hope of the PPD and the renovated Socialists—it would greatly alter the political panorama. The existence of a democratic socialist party dominating the Left, instead of a Marxist socialist party dedicated to revolution, might be attractive enough to propel it into becoming a majority party, as had occurred in Western Europe. This was the long-term strategy of many of its leaders, especially in the PPD. In addition, the Communists appeared to have become a less significant political force.

The second new political circumstance had to do with the lessons learned from life under military dictatorship. Politicians of both the Center and the Left had learned first-hand the bitter realities of authoritarianism, and they had gained a new and deeper appreciation for constitutional rule and civil liberties. Their strong desire to reestablish the rule of law and to overcome their authoritarian past gave them a common, urgent goal: to work together to nurture democracy, despite differences in party loyalty and ideology. After more than sixteen years of brutal military rule, the political elite understood that if they allowed themselves to be divided—as they had in the past—they could lose this precious opportunity to regain democracy.

On March 11, 1990, with these lessons in mind, and aware of the challenges that confronted him, Patricio Aylwin became the first civilian to take the presidential oath of office in Chile since the swearing in of Salvador Allende twenty years earlier. In Part Four, Chapter 8, I analyze how the two post-1989 civilian governments have dealt with the issues surrounding democracy reconstruction and consolidation in Chile. Chapter 9 examines the notion of the “Chilean jaguar” under the post-1989 civilian governments by evaluating their economic and social policies and examining unresolved development issues. The epilogue provides some brief concluding remarks about the meaning of the Chilean case and the challenges that still confront the country.

## NOTES

1. There has been much discussion about fear in Chile and how Pinochet was able to utilize this fear to stay in power. For example, at the individual level, there was the fear of speaking out, of participating in some public action, and the fear of being taken cap-

tive, being tortured or killed. This fear can be paralyzing, preventing people from taking action. The Chilean journalist Patricia Politzer deals with how fear affected people and how some managed to overcome it in her book of interviews, *El miedo en Chile (Fear in Chile)*, published first in Chile, and more recently, in English in the United States (New York: Pantheon Books, 1989). Another is a more collective fear, the fear of a society that has been terrorized. Many believe that this has still not been overcome, that there is still much fear in Chile. The report of the Rettig Commission (named by Aylwin) on human rights violations was an important factor in overcoming it, as was the discovery of long-buried bodies; only by publicly acknowledging what really happened can Chileans begin to overcome their past.

2. The union had first wanted to call a national strike but realized it would not succeed. The idea of a Day of National Protest emerged as an alternate strategy.

3. Seguel was part of a younger generation of union leaders who came to the fore, in part, because of the death or exile of a number of older leaders but also, ironically, because of the 1979 labor code. By preventing old union leaders with political ties from running for union office, the labor code inadvertently helped propel younger, and sometimes quite assertive, people to union posts. Rodolfo Seguel is one such example.

4. An excellent analysis of the protest period is Gonzalo de la Maza and Mario Garcés, *La explosión de las mayorías, protesta nacional 1983–1984* (Santiago: Editorial ECO, 1985).

5. *Ibid.*, p. 42.

6. The Socialists, despite their revolutionary rhetoric, were surprisingly unprepared and ill equipped for a clandestine life. One has only to read Patricia Politzer's interview with the party's secretary-general in 1973, Carlos Altamirano, for supporting evidence. See Patricia Politzer, *Altamirano* (Santiago: Ediciones Melquiades, 1989).

7. See, for example, Federico Gil, Ricardo Lagos, and Henry Landsberger, eds., *Chile at the Turning Point* (Philadelphia: Institute for the Study of Human Issues, 1979), which was based on a conference held at the University of North Carolina at Chapel Hill titled "Chile: 1970–1973, Lessons of an Experience."

8. For a more detailed explanation of these changes see, for example, Lois Hecht Oppenheim, "Democracy and Social Transformation in Chile: The Debate Within the Left," *Latin American Perspectives* 12, no. 3 (Summer 1985).

9. There are quite a number of party documents and statements by political players that highlight these ideological changes. For example, Norbert Lechner is the editor of *Partidos y democracia* (Santiago: FLACSO, 1985), which consists of responses to a series of questions put to party leaders across the political spectrum. They include statements evaluating Chilean political history, the military regime, and prospects for the future. Carlos Bascuñán Edwards, in *La izquierda sin Allende* (Santiago: Editorial Planeta, 1990), analyzes the situation of the various parties on the Left and provides a good description of Socialist Party conflicts and divisions. Patricio Tupper is editor of *89/90: Opciones políticas en Chile* (Santiago: Ediciones Colchagua, 1987), which provides a description of all of the current political parties. *Chile-América*, a periodical published by Chileans in exile in Rome followed much of the conflict and printed Socialist Party documents. See, for example, *Chile-América*, nos. 86–89 (May–October 1983).

Two good sources about the Communist Party are Augusto Varas, ed., *El Partido Comunista en Chile* (Santiago: CESOC/FLACSO, 1988); and Carmelo Furci, *The Chilean Communist Party and the Road to Socialism* (London: Zed Press, 1984). Furci provides a

historical overview of the PC and analyzes its shift in the 1970s and 1980s. She also provides an excellent summary of the Socialist Party debates leading up to the 1979 split.

For the Socialist Party, there are numerous books by leading Socialist actors. Carlos Altamirano, *Dialéctica de una derrota* (Mexico City: Siglo XXI, 1977), was written shortly after his escape to Europe. In it, he sets forth his initial analysis of the Unidad Popular's overthrow. Patricia Politzer's interview with him over a decade later in Paris shows the ways in which Altamirano's political perspective changed after the coup to that of a renovated socialist. Jorge Arrate and Paulo Hidalgo, *Pasión y razón del socialismo Chileno* (Santiago: Ediciones Ornitorrinco, 1989), also provides a good statement about renovated socialism and gives a historical overview of the evolution of the Socialist Party. Arrate is another of the fathers of renovated socialism in Chile and has been president of the party.

Another book about renovated socialism, *La Renovación socialista: Balance y perspectivas de un proceso vigente* (Santiago: Ediciones Valentín Letelier, 1987), prints the proceedings of a Socialist seminar in May 1986 about the process of renovating socialism ("El Proceso de Renovación Socialista, 1979–1986"). The meeting was held in Mendoza, Argentina, so that leading Socialists, both those from Chile and those in exile, could meet and talk together. Ricardo Lagos, a long-time Socialist who is now the leader of the Partido por la Democracia (Party for Democracy; PPD), has written a number of essays outlining his views, as well as a book, *Hacia la democracia: Los socialistas en el Chile de hoy* (Santiago: Ediciones Documentas, 1987), which discusses his views of democracy and socialism. Partido Socialista de Chile, *El tercer pleno clandestino* (Mexico: N.p., n.d.), a document of the Socialist Clodomiro Almeyda camp, reprints the results of the 1980 Party Congress, stating the nonrenovated camp's positions.

10. Altamirano recounts this story in his interview with Politzer. The rumor I heard most frequently in the early years of Altamirano's escape from Chile was that he left disguised as a nun. The first news of his whereabouts came with the information that he had surfaced in Cuba. From there he went to East Berlin, where he tried to reestablish a Socialist Party organization.

11. The Internal Directorate was not the only Socialist group functioning in Chile; however, by 1976 it was the one that seemed to have been accepted as the official organ within Chile.

12. My statements of Altamirano's beliefs are based on interviews with Socialists that I conducted in Mexico in summer 1981 and from Patricia Politzer's published interview with Altamirano.

13. Politzer, *Altamirano*, pp. 150–151.

14. *Ibid.*, pp. 165–182.

15. The essays by Osvaldo Puccio, Joaquín Fernandois, and that of Tomás Moulián and Isabel Torres in part 3 of Augusto Varas, ed., *El Partido Comunista en Chile, estudio multidisciplinario* are particularly valuable for explaining PC changes.

16. Luis Guastavino, a leading Communist Party member, was "separated" from the party by the Central Committee because of what it claimed were his revisionist positions. The PC was careful to note that it had not expelled Guastavino from the party. Although others did not find the distinction in the least significant, party members pointed out that separation was far less severe; Guastavino could rejoin the party once he accepted the fact that his position was erroneous. Other Communists who sided with him also left the party.



17. See Michael Fleet's excellent analysis of the Christian Democratic Party, *The Rise and Fall of the Chilean Christian Democracy* (Princeton: Princeton University Press, 1985). My analysis is based in part on Fleet.

18. Some, like Oscar Bonilla, minister of the interior, died, and others were forced by Pinochet to retire.

19. The PDC, like other parties in Chile, suffered from the development of internal factions. Fleet, in *Rise and Fall of the Chilean Christian Democracy*, notes, for example, the existence of a Left group dubbed the *chascones*, or longhairs, who took a more social democratic stance and preferred a Center-Left coalition, and the *guatones*, or big belly faction, which was the more conservative wing of the party. The latter was largely made up of *freistas* (Frei supporters) who rejected any kind of socialism and favored a Center-Right coalition. Fleet is correct in saying that these two groups had serious differences. It was these differences that, for example, created difficulties in agreeing on a party head to replace Zaldívar after he was forcibly exiled. However, Fleet believed that the party's internal differences would lead to its breakup. Although these differences continue to exist within the party, the party has not split, nor is it likely to. Furthermore, given changes within the Left, i.e., its shift away from Marxism-Leninism to a vague kind of social democracy, maintaining a Center-Left coalition is much easier than it was a decade ago.

20. For example, some of the statements of right-wing party spokesmen in Tupper, *Opciones políticas en Chile* bear this out. See also Guillermo Campero, *Los gremios empresariales en el período 1970–1983* (Santiago: Instituto Latinoamericano de Estudios Transnacionales, 1984) for a discussion of businessmen's attitudes.

21. Génaro Arriagada, *Pinochet: The Politics of Power* (Boston: Unwin Hyman, 1988), p. 74; and Reinhard Friedmann, *1964–1988: La política Chilena de la A a la Z* (Santiago: Editorial Melquiades, 1988), pp. 178–179.

22. Prior to this endeavor a Socialist bloc had formed composed of the two MAPU groups, the Christian Left, and the *Convergencia*, a group of independent Socialists who had formed in an earlier effort to reconstruct a Socialist force.

23. The eleven parties were the Social Democratic Party, National Union, Christian Democracy, the National Party, the Republican Party, USOPO, the Radical Party, the Liberal Party, Socialist (Nuñez), Christian Left, and Historic Socialist Party. MAPU later agreed to its content. Friedmann, *La política Chilena*, p. 177.

24. Arriagada, *Pinochet*, pp. 75–76.

25. This excludes the subminimum wage PEM and POJH workers. If one includes them, unemployment rises to 16.8 percent. Berta Teitelboim, ed., *Serie de indicadores económico sociales, 1960–1989* (Santiago: PET, 1990), p. 51.

26. *Ibid.*, p. 51.

27. Jaime Ruiz-Tagle, *El sindicalismo Chileno después del plan laboral* (Santiago: PET, 1985), p. 14.

28. Clarisa Hardy, *Los talleres artesanales de Conchalí* (Santiago: PET, 1984), pp. 1–2.

29. Luis Razeto et al., *Las organizaciones económicas populares* (Santiago: PET, 1985), p. 170.

30. There is substantial literature on the formation of such grassroots groups. The Programa de Economía del Trabajo, or PET, has conducted numerous studies of these grassroots organizations. A brief list of the work of PET includes Razeto et al., *Las organizaciones económicas populares*; Luis Razeto, *Economía de solidaridad y mercado*

*democrático, libro primero* (Santiago: PET, 1984), Luis Razeto, *Economía de solidaridad y mercado democrático, libro segundo* (Santiago: PET, 1985), and Hardy, *Talleres de Conchalí*. Researchers in FLACSO have also conducted a number of studies, such as Jorge Chateau et al., *Espacio y poder: Los pobladores* (Santiago: FLACSO, 1987). Other important research centers include SUR, which, among other things, publishes a monthly periodical, *Hechos urbanos*, which often includes information about grassroots organizations.

31. Hardy, *Talleres de Conchalí*, p. 44.

32. Ruiz-Tagle, *El sindicalismo Chileno*, pp. 18–19.

33. *Ibid.*, p. 22.

34. See, for example, David Slater, ed., *New Social Movements and the State in Latin America* (Dordrecht: FORIS, 1985), especially the chapter by Tilman Evers, "Identity, the Hidden Side of New Social Movements in Latin America," pp. 43–71. For Chile, see, Jorge Chateau et al., *Espacio y poder: Los pobladores*, which contains essays describing the formation of *poblador* movements, including a discussion of their actions regarding the issues of housing, hunger, and the role of women. Teresa Valdés, "El movimiento de pobladores: 1973–1985. La recomposición de las solidaridades sociales," pp. 263–319 in Jordi Borja et al., *Decentralización del estado: Movimiento social y gestión local* (Santiago: FLACSO, 1987), takes the same perspective. Philip Oxhorn, "The Popular Sector Response to an Authoritarian Regime: Shantytown Organizations Since the Military Coup," *Latin American Perspectives* 18, no. 1 (Winter 1991): 66–91, provides a good analysis of the *poblador* movement and depicts it as an important actor. This view is not universal, however.

Cathy Schneider, "Mobilization at the Grassroots: Shantytowns and Resistance in Authoritarian Chile," *Latin American Perspectives* 18, no. 1 (Winter 1991): 92–112, finds the social movement explanation inadequate to explain the high level of *poblador* activism during the protest years. She believes that the level of mobilization depended on the political culture of the *población* and especially on the formation of a group of grassroots militants capable of directing a resistance movement, in most cases, the Communist Party.

Arriagada, *Pinochet*, takes an even more jaundiced view of the social movement and *poblador* argument. He posits that the *poblador* movement, even during the protest years, was "comprised of a mass of unorganized individuals and a few isolated, weak, and unfinanced organizations of several thousand residents" (p. 61). Judith Hellman, writing in *LASA Forum* 21, no. 2 (1990): 7–12, reviewed this literature, stating, accurately I think, that many of those who study the new social movements start off from a position sympathetic to them; therefore, they hope that the grassroots organizations will maintain themselves independently from political parties and the state. Any attempt to work with the powers that be constitutes their co-optation, rather than being interpreted as a sign of success.

35. Gonzalo de la Maza and Mario Garcés, *La explosión de las mayorías*, p. 38.

36. *Ibid.*

37. Manuel Antonio Garretón, "Popular Mobilization and the Military Regime in Chile: The Complexities of the Invisible Transition," pp. 259–277 in Susan Eckstein, ed., *Power and Popular Protest* (Berkeley: University of California Press, 1989); and Barbara Stallings, "Political Economy of Democratic Transition: Chile in the 1980s," pp. 181–199 in Barbara Stallings and Robert Kaufman, eds., *Debt and Democracy in Latin America* (Boulder: Westview Press, 1989).

38. For example, the *gremios*, which represented small merchants and truckers, had been hurt by the neoliberal economic policies of the Pinochet government. They had been avid supporters of military intervention against Allende, however. As a result, despite adverse economic conditions, they were susceptible to the military regime's attempts to placate them. See, for example, Campero, *Los gremios*.

39. An interesting study of changes in Chilean social structure, Javier Martínez and Eugenio Tironi, *Las clases sociales en Chile: Cambio y estratificación, 1970–1980* (Santiago: Ediciones SUR, 1985), provides some insights into middle-class attitudes. Even before 1981, the economic changes that took place as a result of the neoliberal economic strategy changed life substantially for the middle class. Many who had been employed in the public sector were forced to find work in the private sector because of the shrinking public payroll; in general, the middle class could no longer look to the state as a patron. However, there was an increase in the material goods available to the middle class because of the low tariffs, and there was an important cultural shift away from status recognized by employment to one determined by consumption. Martínez and Tironi call this set of processes "spurious modernization." The economic crisis of the early 1980s called this process into question. Although the authors could not say at the time of their study whether the major structural changes in middle-class lifestyle, only some of which I have included here, would result in their support or rejection of military rule, we now know the answer.

40. Garretón, "Popular Mobilization and the Military Regime in Chile," presents an excellent discussion of the significance of the participation of the middle class in the popular protests against the regime.

41. Gévaro Arriagada demonstrates this anti-PC attitude well. Arriagada blames the PC for making the transition more difficult because of their use of violence. See, for example, chap. 8, "The Conflict Between the Moderate Opposition and the Armed Opposition (1983–1987)," pp. 67–78 in Arriagada, *Pinochet*.

42. The hours that the electoral registration offices were open were limited, forcing people to miss work in order to register. Electoral registration required a new  *carnet de identidad* (national identity card), the acquisition of which meant losing a day's work and an added expense for the required photo and the card. The new identity card was only necessary for electoral registration; the old one remained valid for all other purposes.

43. Eugenio Hojman, *Memorial de la dictadura, 1973–1989* (Santiago: Editorial Antártica, n.d.), p. 262.

44. For example, in order to be recognized as a national party, with the right to field candidates and hold party functions anywhere in the country, a political party had to obtain a significant number of signatures from eligible citizens in eight of the thirteen regions. Once a party had fulfilled this legal procedure, it was considered to be a "party in formation." It then had 210 days in which to obtain the requisite signatures needed to become a legally recognized party. From Ley no. 18,603 (March 23, 1987), "Ley orgánica constitucional de los Partidos Políticos," reprinted in Francisco Geisse and Rafael Gumucio, eds., *Elecciones libres y plebiscito: El desafío democrático* (Santiago: CESOC, 1987), pp. 89–120.

45. The failure of the MDP's *año decisivo* (decisive year) in 1986 was a significant factor in the diminished political weight of the PC within the MDP and its successor, the IU. Socialist leader Almeyda's return to Chile was a second reason.

46. In March 1988 the UDI, headed by Jaime Guzmán, was expelled from the Renovación Nacional. He quickly formed the UDI por el Sí. In August 1988 the National

Party also divided, split between those who supported a yes vote in the plebiscite and those who wanted to vote no if Pinochet became the candidate.

47. Pinochet's task was not as easy as one might think because there was significant opposition within the armed forces to his becoming the junta's presidential candidate. Junta members air force general Fernando Matthei, director of the *Carabineros* Rodolfo Stange, and navy admiral José Toribio Merino had all stated publicly that they believed the candidate should be a civilian. In interviews with the press upon his retirement from active duty in July 1991, General Matthei stated frankly that he had opposed Pinochet's candidacy. He had agreed to support it only because Pinochet was so insistent that Matthei feared continued opposition would divide the armed forces.

48. In those elections there was a second, partial opposition slate. Named PAIS, it was composed of the Communist Party and other Left groups, such as the Left Christians and several fractions of the Radical Party. These groups, although belonging to the Concertación, thought it important to maintain links with the Communists. PAIS then negotiated with the Concertación over where to field candidates in the 1989 parliamentary elections so as to maximize their collective chance for victory.

49. Francisco Cumplido et al., eds., *La reforma constitucional* (Santiago: CESOC, 1989), text of the fifty-four *reformas constitucionales* (constitutional reforms).

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## **PART FOUR**

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# Democracy and Development

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# 8

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## Reconstructing Democracy: Challenges and Issues

**F**or many Chileans, Patricio Aylwin's election as president signaled an end to the nightmare of authoritarianism. En route to the swearing-in ceremony in the new National Congress building in coastal Valparaíso on March 11, 1990, outgoing president Pinochet was confronted by hostile crowds who pelted him with insults, calling him an assassin. President Aylwin's emotional speech to Chileans that evening in the National Stadium, a soccer field that had been the site of torture and murder in the months after the September 11, 1973, coup, felt to them like a symbolic act of national cleansing. After sixteen and a half years of military rule, democracy appeared reborn.

Instituting democracy, however, is not as simple an act as electing a civilian president and Congress. The political system to which Patricio Aylwin (1990–1994) and Eduardo Frei (1994–2000)<sup>1</sup> swore allegiance contained many undemocratic features. In fact, some debated whether Chile was an authoritarian state with a democratically elected president or a democracy with authoritarian enclaves. The Chilean military still wielded considerable power and influence over politics. Moreover, after several decades of authoritarian military rule, the armed forces had changed the nation significantly and had left a number of legacies with which their civilian successors would have to deal. Even today, almost a decade after the assumption of civilian rule, the debate in Chile about the transition to and consolidation of democracy continues.

In this chapter I evaluate how the two Concertación governments of Patricio Aylwin and Eduardo Frei have dealt with the political challenges of democratic consolidation in Chile, taking into account the constraints and limits within which these governments have had to operate. I examine how well both governments have dealt with the issues of human rights, civil-military relations,



and the relationship of civil society with the state, all of which bear upon democratic reconstruction and consolidation. I also explore how ideological changes in the party system and the relationship between the state, political parties, and civil society since 1990 have affected Chilean democracy. I end by evaluating to what extent the two Concertación governments have achieved their goal of creating a full democracy in Chile, as well as by outlining some possible future scenarios with regard to the 1999 presidential elections. Because I deal in some detail in Chapter 9 with the neoliberal economic model inherited by the Concertación and its implications for Chile and the region, I refer to these only briefly here.

## **Consolidation: Legacies and Constraints**

### *The Meaning of Democratic Consolidation*

The leaders of the Concertación coalition had one fundamental goal in 1990: to reconstruct and consolidate democracy and ensure that the rule of law would be secured. This was no easy task. When Aylwin took office, there was not even a consensus over the meaning of the term democracy. For example, the forces of the Right claimed that the political institutions created by Pinochet were democratic, but the Concertación criticized the existing legal structures as fundamentally undemocratic. Democracy to the Concertación meant rule by the majority, popular election of local and national representatives, public accountability of government officials, respect for civil liberties, and military subordination to civilian authority. The political system Pinochet had bequeathed to Chilean society violated these basic norms: Almost 20 percent of the Senate was appointed; there were no popularly elected local officials; the binomial electoral system frustrated majority rule by giving undue political representation to the minority; the armed forces were recognized as political actors and given political power in the National Security Council and formal representation in the Senate; and basic civil liberties, in particular, freedom of speech, were not always respected. Concertación leaders believed that in order to transform Chile into a stable democracy they would have to restructure political institutions, extract the armed forces from the political arena, and create mechanisms to ensure full participation and physical security for all segments of the population. This was what they meant when they said that democratization and democratic consolidation constituted their top priority.

The Aylwin government adopted this goal as its primary task even though it realized that there were also urgent, long-postponed social problems that desperately needed to be addressed—an enormous increase in the numbers of poor throughout the country, the horrendous state of the public health system, a gaping housing deficit, and an educational system that closed off many from participation. After the sixteen-year-long nightmare of brutal disregard for

basic civil liberties and human rights, there was a broad consensus within the coalition that restoring constitutional rule was the foundation for whatever else a civilian government might wish to accomplish. Once this was achieved the government could turn greater attention to pressing social issues.

A second, pragmatic reason for embracing consolidation as a primary goal was that there was not much money available for social programs. The Pinochet government had virtually set the budget for Aylwin's first year. This action, coupled with other fiscal decisions Pinochet had made, left the Aylwin government with scant resources with which to meet the economic and social needs of the population. Given the configuration of political forces in Chile and the nature of the preexisting neoliberal economic system, it would prove difficult for the Concertación to expand the government's resource base substantially in the short term.

As we will see, Presidents Aylwin and Frei have had few successes in their repeated efforts to reform the political institutions and practices inherited from the military regime. Although both emphasized the need to continue to push for political reform, there was a decided shift of focus when Frei took office. Declaring that many of the crucial issues of human rights and civil-military relations had been resolved by Aylwin, he stated that his administration would emphasize the reform or modernization of the state, as a necessary analog to the already accomplished modernization of the economy.

It could also be argued that the Concertación coalition has focused on issues of procedural democracy, that is, ensuring the implementation of democratic processes and procedures, at the expense of substantive democracy. There were, and still are, issues that are clearly not to be mentioned, such as agrarian reform or anything that fundamentally questions the neoliberal economic strategy. Even achieving procedural democracy, however, has proved an extremely difficult task.

The political changes that the Concertación proposed to carry out took place within a political context that was in many ways defined by the past—by the nature of the regime that had preceded it, by the earlier phases of the transition process, as well as by continuing popular fears of recreating the conditions of the pre-1973 period. Let us explore the implications of this political context before we turn to an evaluation of the two Concertación governments.

## *Legacies*

**The Legacy of Fear.** Although there were many concrete legacies, one of the most difficult to overcome was psychological. It was the legacy of fear of the past, be it of the Allende period or of military rule. Chileans remembered well the turbulent and chaotic days that had preceded the fall of Salvador Allende, along with the violence that ensued. The country had suffered a collective trauma. As a result, Chileans were extremely sensitive to situations that

they thought might re-create previous crises. For example, many Chileans associated inflation and economic dislocation with the Allende government; consequently, Concertación governments made the day-to-day management and stability of the economy a major priority. An attack by left-wing guerrilla groups evoked anxiety among those who had supported Pinochet. They worried about the outbreak of a wave of revenge by those who had been persecuted by the military. Fear of the past also played itself out among those who eschewed more militant actions because these might awaken former types of political extremism or military repression.

The repressive Pinochet years also left a heavy legacy of apprehension. Many Chileans had developed protective behaviors as survival strategies under the repressive, authoritarian regime; there emerged what Norbert Lechner has called a “culture of fear.”<sup>22</sup> People were afraid to speak their minds openly, and they learned to practice a high degree of self-censorship, even in the media. They also were more reluctant to participate in existing organizations, such as Juntas de Vecinos, neighborhood associations, or labor unions. As a result, this fear limited popular participation. Democracy, however, cannot flourish in such an atmosphere.

A corollary of this legacy involved human rights. Many Chileans had suffered terribly because of the human rights abuses carried out during the military years. These people wanted to see justice done; they wanted an accounting. Coming to terms with the psychological traumas of the previous years was essential to the creation of a stable democracy. Without this, society might remain divided and perhaps even embittered about the past.

**Domestic Political Legacies.** The legacies were not solely psychological. As noted earlier, the political institutions that the Concertación inherited from Pinochet contained many undemocratic features that constrained presidential actions. In 1990, these included nonelective senators, appointed mayors, a skewed electoral system, a judiciary that had bowed to the will of the military for over sixteen years, and a bureaucracy staffed with Pinochet appointees, which the civilian president was mostly prohibited from replacing. In addition, the heads of the four branches of the armed forces and the National Police could not be replaced by the president, and the military had a majority on the powerful National Security Council, or NSC.

These features meant that the Right still wielded considerable power. Pinochet remained as head of the army. The Right had a majority in the Senate, thanks not only to the electoral system but also to the appointive senators. This situation prevailed even though the Concertación forces won a solid majority of the popular vote both in 1989 and 1993. Because the Concertación did not have a working majority in the Senate, it needed to gain the support of some segment of the Right in order to pass any legislation.

Another way in which the past affected the present had to do with the democratic transition process. To begin with, the transition to civilian rule had been

lengthy and controlled by Pinochet. Despite vigorous protests against the Pinochet regime beginning in 1983, it had taken seven years for civilians to be voted into office, under rules set up by the military. Second, the process had been peaceful and legalistic, characterized by attempts to find a political solution to end military rule. When the Communist Party dissented from this strategy, continuing, instead, to support paramilitary groups and the concept of popular rebellion, it was marginalized by other political parties and prevented from joining the Concertación coalition. In 1989, its electoral support was meager, and not even one Communist was elected to Congress.<sup>3</sup>

Another feature of the transition process was that the political Right did not feel that it had been discredited. To the contrary, Pinochet had accomplished what he had set out to do: to transform Chile both politically and economically, which was *his* legacy. Part of that transformation was embodied in the 1980 Constitution, which Pinochet and his supporters claimed was a viable document. Besides, the Right said, the Constitution had already been modified once. A set of constitutional reforms had been agreed upon and ratified in a popular vote in July 1989. The Right, especially the pro-Pinochet UDI party, maintained that it would be unwise to continue tinkering with the new institutions. It would be better, they said, to give the new institutions a chance to work before changing them again. In terms of the economy, the armed forces felt that the economic success of the neoliberal model constituted a primary bequest of their rule.

**International Political Legacy.** The international environment, which had changed during the years of military rule, also constrained the Concertación. The United States seemed to have won the ideological battle. Beginning in the 1980s, Thatcherism and Reaganism had helped legitimate a neoliberal, capitalist approach. The Soviet Union and its empire had fallen, and communism appeared discredited both as a political and an economic model. By 1990 neoliberalism was in ascendance virtually everywhere in the world. Even though the Pinochet regime had become an international pariah during the 1970s because of its human rights violations, the international financial community touted Chile as a model worth emulating because of its successful transition to a free market economy. Changing the economic model would meet not only with domestic opposition but with international disapproval as well.

The United States had also demonstrated the will and the capacity to act against any kind of revolutionary efforts in the Western Hemisphere; witness its invasion of Grenada and its economic and military actions against the Sandinista regime in Nicaragua. The message, especially to a country that had suffered from U.S. hostility against the Salvador Allende government, was clear: The United States would do all it could to destroy any government it deemed hostile to its interests.

All of these legacies—the domestic and international political conditions and the psychological state of mind of Chileans—acted as limits on the options available to the Concertación from the beginning.

## **The Four Major Challenges for the Concertación**

There were four major components to the first Concertación government's plan to reconstruct and consolidate democracy. The first involved reforming the political system inherited from the military to eliminate what it perceived to be undemocratic features. The second was to deal equitably with the human rights abuses dating from the military period and to demonstrate that the rule of law had, indeed, been established once again. Third, the government needed to reformulate civil-military relations so as to create an armed forces that was apolitical and constitutionalist. Finally, because the Concertación believed that there was a direct link between political and economic stability, it felt it was crucial to maintain a successful economic policy. This was a challenging agenda for the incoming president in 1990, especially considering that he would preside over what was an untried political system and that he had only four years in office to achieve these goals.<sup>4</sup>

### *Democratizing Political Institutions*

In order to reform the political system the Concertación forces needed to eliminate a number of particularly undemocratic features of the 1980 Constitution, which itself had been ratified under quite dubious political circumstances.<sup>5</sup> Several characteristics were of special concern. There was no local democracy; instead, all mayors were appointed, and except for a few named by Aylwin, all had been designated by Pinochet before he had left office. The NSC, which had the right to advise the president, was controlled by the armed forces. The composition of both houses of Congress was unfairly affected by the skewed binomial electoral system. It functioned so that, in a two-way race the minority—that is, the Right—could attain half of the legislative seats with only one-third of the popular vote. Democratic representation in the legislature was also biased by the constitutional stipulation creating a minimum of nine designated senators, four of whom were to be retired military officers representing the four branches of the armed forces. This is yet another example of how the 1980 Constitution enshrined the military as an institution in politics. In addition, the designated senators constitute almost one-fifth of the Senate. Further, Congress was weakened by being denied some of its traditional prerogatives, and its meeting place was transferred from the capital to the port city of Valparaíso, several hours away. Last, the makeup of the judiciary and of the Constitutional Court were also biased.

In addition to these features, the Concertación government also wanted to undo a number of provisions that the military had enacted during the period between the October 1988 plebiscite and the swearing in of Aylwin in March 1990. During this time the military junta, which had retained the power to legislate, tried to cement into place both its neoliberal economic system and its

political institutions by creating obstacles to any modification of the political rules of the game. They approved a series of laws that, among other things, prevented the incoming government from replacing most of the federal bureaucracy, the heads of the Supreme Court, the Constitutional Court, and the armed forces. Other decree-laws converted other governmental bodies, such as the Central Bank, the national television station, the copper company, and so forth, into units that were virtually autonomous from the central government. The armed forces also tried to protect itself from civilian control by passing the Organic Law of the Armed Forces, by which Pinochet granted himself virtual control over the armed forces and, according to some, powers parallel to those of the president and minister of defense.<sup>6</sup> Laws to privatize industries continued to be speedily approved. These and other decree-laws, which were called *leyes de amarre*, were designed to tie the hands of the incoming government. The actions taken by the lame-duck military junta lengthened the already long list of features of the inherited political system that the Aylwin government wished to change. All of them required congressional approval.

**The Aylwin Government's First Two Years, 1990–1991.** During its first two years the Aylwin government's tactics centered on achieving approval of specific bills by negotiating with segments of the political opposition. This piecemeal approach had some success, but it was slow-going. During the first one hundred days, a time when the newly elected government could have taken a high-profile approach, Aylwin proposed very little legislation. After the first few months, however, a number of bills were sent to the Congress. They included reforms in the labor code, tax code, and penal code, reforms eliminating censorship of the press, as well as regional and municipal reforms.

The record of success for even this modest agenda during the first two years was mixed. During 1990 some bills became law, but many important ones remained mired in the legislature. Still others were rejected outright by the opposition-controlled Senate and had to be reintroduced in later legislative sessions. One success was the tax code reform, approved by the legislature during the first year, after compromise with the right-wing opposition. Tax increases were levied against businessmen and the rich through corporate and income taxes, which were initially due to expire in 1993. The population at large, however, was also hit with a substantial increase in the value-added tax, from 16 percent to 18 percent. The Aylwin government was later able to gain an extension of these tax increases beyond 1993 by negotiating with the opposition RN party. The agreement kept business taxes at 15 percent, with the value-added tax (IVA) to remain at 18 percent through 1995. After that, the government could adjust the IVA within the range of 16 to 18 percent, depending on the economic situation. The tax code represented an effort by the government to increase its revenues so it could increase funding of social programs. This was crucial for the government, considering the dramatic increase in poverty levels during the military dictatorship and

the lamentable state of the health system and public education. The Concertación was able to win congressional support for the tax reform because it spread the financial burden among all social classes.

A second success was an early increase in the minimum wage, from 18,000 pesos a month to 26,000, after negotiations between the major labor confederation, the CUT, and business groups.<sup>7</sup> The government also attempted to orchestrate negotiations between the CUT and the business community over modifications of Pinochet's labor code. These talks resulted in a very general agreement called the *acuerdo marco* (agreement of principles). However, when the legislature began to clarify and codify the *acuerdo marco*, consensus broke down. The CUT was unhappy and at one point publicly rejected the congressional bills as antilabor. It appealed to the government to try to change the proposed legislation and called for public protests by workers.<sup>8</sup>

A package of labor reforms was eventually approved by the Congress in 1991, after negotiation with the Right to achieve Senate approval. These were, in the main, mild reforms that left much of the preexisting 1979 Labor Code intact. The reforms did achieve legal recognition of the CUT, the national labor union, and it ended the limit of 60 days to strike.<sup>9</sup> Reform of the labor code remains an issue for CUT. The process of enacting these three measures—changes in the tax code, in the minimum wage, and in the labor code—demonstrated the government's approach of trying to work with diverse segments of society, both economic interests and political parties, in order to reach agreement on its proposals.

Despite the government's efforts, there was also significant political conflict over important government-sponsored reforms. One area involved proposed changes to the penal code. They were approved in the 1991 legislative session, but only after a great deal of political bickering and a lengthy delay. The proposed laws, called the *leyes Cumplido* (Cumplido's laws) after Justice Minister Francisco Cumplido, were designed to modify the penal code by decreasing the penalty for a variety of crimes and by eliminating the death penalty. One consequence of the modification of the penal code was to be the release of political prisoners from the military period who still remained incarcerated. After the legislative introduction of the *leyes Cumplido*, the Right changed its mind about a number of their features. It called for substantial changes, especially in the proposed reforms that decreased the penalty for terrorist acts and that would affect political prisoners. One rationale for the Right's political stance was the gunning down, in April 1991, of Jaime Guzmán, a leading UDI senator and former adviser to Pinochet, as well as other terrorist activities carried out by several small left-wing groups. The government, for its part, was anxious for the legislation to be approved since it had promised the political prisoners that they would be freed by December 1991. The laws were amended and finally approved.

There was also a lamentable situation regarding censorship of the press. Under Section 4 of Article 19 of the Constitution, journalists could be sued in

court—military court—for making defamatory statements. In addition, the Law for Internal Security of the State gave the military the right to sue anyone who defamed the honor of any member of the government, including members of the armed forces. Although President Aylwin never had recourse to these laws, the armed forces used them to harass opponents and the press. In September 1990, for example, the military arrested a number of journalists, including Juan Pablo Cárdenas, the director of the highly respected weekly news magazine *Análisis*, for making supposedly defamatory statements about the armed forces with regard to human rights abuses. The government, lamentably, felt forced to support this action even though it disagreed with the law. There existed a curious legal situation: The Concertación government, which had opposed Pinochet, was obliged to support the legality of what really constituted military harassment of the press because the military's actions were carried out under the provisions of a law written by them during the dictatorship.<sup>10</sup> In June 1993 the Supreme Court finally annulled the legal process against Cárdenas. Aside from the issue of the relationship of military to civilian authority, this situation raised the question of the meaning of democracy as long as such laws continued in force. A bill designed to end the scandalous situation languished in the legislature for quite a while, even though both the Right and the Concertación agreed that it should be approved. The bill that passed restricted the jurisdiction of the military courts in matters of the press. However, Section 4 of Article 19 of the Constitution and the Internal Security Law continue in force.

The Concertación program also called for a modernization of the state through a process of democratic decentralization. In particular, Aylwin emphasized creating democracy at the local level by electing local officials, and decentralization through the creation of regional governments. The call for democratization at the local level was one of the Concertación's central themes during the 1990 election campaign. The UDI and the RN, the two major right-wing parties, neither of which wanted to be called undemocratic by the Concertación during the election campaign, echoed the cry for local democracy. Once elected to the Congress, however, right-wing representatives changed their minds, since the vast majority of mayors had been appointed by Pinochet. In 1990 they voted down the government's bill in the Senate.<sup>11</sup> Aylwin reintroduced the bill in the 1991 legislative session, and after prolonged wrangling, the legislature approved a municipal reform bill.<sup>12</sup> However, the law did not provide for the direct election of mayors.<sup>13</sup> Instead, there was to be an elected local council, whose size varied from six to ten members depending on the size of the city.<sup>14</sup> The mayor was to be chosen by the councilors, unless a councilor won more than 35 percent of the popular vote. The latter constituted automatic selection as mayor.<sup>15</sup> Municipal elections were finally held on June 28, 1992. The results confirmed the popularity of the Concertación forces; its candidates won more than 53 percent of the vote.<sup>16</sup>



The Aylwin government was also successful in its efforts to create regional governments, thereby extending the process of modernization of the state through democratic decentralization. It sent a bill that would create a regional level of government to the Congress. The Regional Administration Law of Government, which was approved by the Congress during Aylwin's first two years in office, created a political infrastructure of *intendentes* and *consejos regionales*, or regional councils, in the thirteen regions of Chile.

Other crucial reforms, however, were not even attempted during the first two years. These included changing the binomial electoral law, eliminating the category of designated senators, allowing the president to name thousands of bureaucrats, including the heads of the armed forces, and reforming the judiciary.

**Assessing the First Two Years.** Overall, during the first two years in office the Concertación strategy was cautious. This was based on the assumption that wholesale reform of the political system through a comprehensive reform package or even a new constitution was impossible because of the political strength of the Right and of Pinochet. As a result, although Concertación leaders openly described many features of the existent political system as undemocratic, they opted to work within the existing rules to modify it. They offered legislation in a piecemeal fashion and were forced to forge temporary alliances with right-wing factions. As a result, they often had to compromise their initial goals in order to have the legislation approved by both houses of Congress. What emerged was a slow and careful transition process, characterized by the presentation of individual pieces of legislation for labor, wage, and taxation issues after negotiation with right-wing political parties and with business elites.

This strategic decision had important ramifications for state-society relations. Civil society, which had been well organized in grassroots groups, did not feel itself a partner in the decisionmaking process. Instead, the government, after negotiations with one or another right-wing group, would publicly announce some legislative agreement. Because Aylwin and his advisers wanted to avoid engaging in confrontational politics, they were leery about utilizing popular mobilization as a way to pressure the Right. This, however, left unresolved the issue of how to ensure popular participation in political decisions. To some, it seemed as if politics were still basically nonparticipatory and elitist.

**The Second Half of Aylwin's Term.** Halfway through his term of office Aylwin decided to change course and push for a package of constitutional reforms that would eliminate many of the remaining undemocratic features of the 1980 Constitution. There were several reasons for this change of strategy. First, there was a sense of frustration within the Concertación about the extremely slow pace of the democratization process. Additionally, by 1992 the coalition felt relatively secure about relations with the armed forces; as a result, they felt safe in pushing for major constitutional reforms. The Aylwin govern-

ment realized that it was unlikely that the package would be approved by the Congress. However, the reform package provided them a way to set out the Concertación agenda as well as to rally support for the coalition as they looked toward the parliamentary and presidential elections of 1993.

The president outlined nine constitutional reforms in his third State of the Union address before the National Congress in May 1992. These included eliminating appointed senators; increasing the number of senators and deputies and establishing a proportional representational system; returning to the president the authority to appoint and retire the heads of the branches of the armed forces and to promote and retire military officers; streamlining the legislative process; and adding the president of the Chamber of Deputies to the NSC.<sup>17</sup> Although the constitutional reform package Aylwin sent to the legislature several weeks later differed somewhat from his initial declaration, it is useful to review the list he originally announced because it provides a good indicator of the Concertación's assessment of needed reforms.<sup>18</sup>

Several of the proposed constitutional reforms dealt with modifying the National Congress. The first would replace the much-criticized binomial electoral system with a proportional representation system. This had been the electoral system used in Chile before 1973 and is still the norm in Europe. Although the Concertación had won a majority of the elected seats in both houses even under this skewed system in 1989, a number of its candidates who lost would have won under plurality or proportional representation systems.<sup>19</sup> A second proposal was to enlarge the Senate from 38 to 62 members and the Chamber of Deputies from 120 to 164 members. A third recommended change was to eliminate nonelected senators. Concertación forces believed that the existence of designated senators violated the concept of popular sovereignty. In addition, because they had been selected before Pinochet left office, they usually gave their support to the Right, thus depriving the Aylwin forces of a working majority. This third recommended change, however, was not included in the constitutional reform package Aylwin actually sent to the Congress.

President Aylwin also gave high priority to his proposal to return to the chief executive the right to name the heads of the branches of the armed forces and to promote and retire other military officers. With regard to the former prerogative, he claimed that no democratic country prohibited its president from firing the heads of the armed forces. This restriction threatened the concept of military subordination to civilian authority. Last, the president's proposal to add the president of the Chamber of Deputies to the NSC, if adopted, would have ended the military's majority status in that body and would have made the NSC more accountable by adding an elected representative. The reform package was not approved.

**The Frei Government and Reform of the State.** The Frei government has continued the effort to enact democratic changes to the current institu-

tional arrangement. At the same time, he has emphasized reform or modernization of the state as a key goal of his government and has built on the municipal and regional reforms begun under Aylwin. The president has sent several packages of constitutional reforms to the legislature, prioritizing the issues of the binomial electoral system, designated senators, and the president's authority to appoint the heads of the armed forces.<sup>20</sup> At one point, in 1995, it appeared that a reform package would gain Senate approval. The Frei government had obtained the support of Andrés Allamand, the president of the National Renovation Party (RN), for the reform package. Unfortunately, Allamand, who represented a younger, more moderate wing of the RN, faced a rebellion among the more hard-line RN senators. He was ultimately unable to deliver enough of his party's votes to ensure approval of the measure. That reform impetus also died.

The issue of designated senators heated up in the months leading up to the congressional elections of December 1997. This was due in large part to Pinochet's impending retirement as Commandant of the Army and his statement that he would join the Senate as a life senator, a constitutional right accorded him as an ex-president who has served at least six years in office.<sup>21</sup> Concertación leaders responded with concern over the possible impact of having Pinochet sit in the Senate, especially considering that he could even be elected president of the body.<sup>22</sup> Some in the Concertación, especially among the Socialist Party, openly talked with dismay about the possibility of Pinochet's leading a veritable military bloc in the Senate.<sup>23</sup> Although both governments, together, have sent constitutional reform packages to the Congress a total of six times in seven years, not one of the original reforms they proposed, with the exception of municipal democratization, has been approved.

President Frei has been successful in only two areas of constitutional reform, those of municipal and regional democracy and judicial reform. There have been several important initiatives, in line with Frei's commitment to extend the decentralization process to the regional and local levels. One initiative was designed to reform local government by returning to the local level a number of prerogatives that had been exercised by the central government. These included control over job creation and personnel, as well as levels of remuneration, within certain parameters. In addition, the reform proposed giving more authority to local government to coordinate and control public services carried out by other governmental agencies in the community. On October 12, 1997, in a joint session of Congress, the municipal administrative reform measure embodying these proposed changes was approved, virtually unanimously.<sup>24</sup> In another package of reforms, the Frei government planned to propose another series of reform measures designed to expand the decentralization process at the regional level.<sup>25</sup>

The second area is that of judicial reform, a topic that has been under discussion in Chile for many years. The judicial system had long been criticized as inefficient, inaccessible to the poor, subservient to the military dictatorship, and

more recently, prone to corruption, especially from growing narcotraffic money. Frei took advantage of pointed criticism of the judicial system from both the Right and the Concertación to gain broad-based political support for sweeping judicial reforms in 1997.<sup>26</sup> One major reform updates the penal code and establishes a new Public Ministry. This allows for a separation of the stages of investigation and trial, which until now have been concentrated in the hands of judges. The new ministry, a public prosecutor's office, investigates charges, after which cases are transferred to a judge for trial. The second proposed constitutional reform, which focuses on the Supreme Court, made its way through both houses of Congress in only two months and dramatically changed the composition of the court by the end of 1997. It involves expanding the court from 17 to 21 members, to include four lawyers with nonjudicial careers on the court, and instituting a mandatory retirement age of 75 years. The mandatory retirement age affected six judges immediately. The rapidity with which this second reform wended its way through Congress is testament to the across-the-board agreement on the lamentable state of this political institution.<sup>27</sup>

Despite these important advances, Frei has also faced a number of problems in the area of decentralization and local rule. These have revolved largely around perceived inadequate resource levels for education and health and the degree of discretion granted municipalities over funds coming from the central government.<sup>28</sup> In fact, the funding issue became so acute in the health area that in September 1997 a number of poor municipalities in metropolitan Santiago threatened to return responsibility for local health clinics to the central government. In essence, some, including mayors, have criticized the municipal reforms as deficient, unless local governments are funded at levels that allow them to provide adequate services to their citizens.

There have also been periodic polemics about another fundamental democratic right in Chile, that of free speech. Unfortunately, because the Concertación governments have been unable to end the military's legal prerogative to bring suit against those they believe have defamed the armed forces, there are real limits to freedom of speech.<sup>29</sup> Article 19 of the Constitution continues in force, limiting freedom of expression for the press, while the Law for the Internal Security of the State punishes those citizens, even members of Congress, who make supposedly derogatory comments that impugn the character of the government and the military. This law has been used against those who have criticized Pinochet.<sup>30</sup> Clearly, unfettered political discourse cannot take place when one side is under the threat of punishment for speaking out openly and in a way that offends opponents. Another constitutional limit on free expression is the existence of prior censorship of movies.<sup>31</sup>

**Modernization of the State.** Another aspect of reforming the political institutions involves modernizing state institutions and procedures. Although the idea of modernization of the state was part of the initial Concertación program,

President Aylwin had other, more immediately pressing, issues to deal with in his four-year term. The second Concertación government has pushed for reforms in the structure of the state. However, there is a continuing discussion today in Chile over the meaning of the terms modernization and reform of the state, and the link to development. What kind of state is necessary for development? What should its size be, and its functions? Although there is general agreement that the interventionist state of the past is not desirable, the Concertación and its political opponents do not always agree about what the role, size, and functions of the state in Chile should be. The most hard-line neoliberals among the Right believe that the state should be minimalist and should not be involved in regulatory activities, much less undertake activities to advance societal equity. The Concertación, from the start, has taken a different view. It believes that there is a legitimate regulatory role for government. Furthermore, the state has an obligation—especially after the increase in poverty as a result of the military's policies—to deal with social justice issues. It is for that reason that public spending, especially social spending, has increased so substantially since 1990. What the various political groups do agree on is that the Chilean state needs to be more efficient and responsive to the needs of its citizenry.

Modernization of state structures has been a watchword of Frei's administration from the time he assumed the presidency on March 11, 1994. According to Frei, the central purpose of the reform is to adjust the state to today's world, which requires not simply a smaller state but one that delivers services to citizens effectively and efficiently. The state should function in a nonpatronizing way with citizens and should be results oriented.<sup>32</sup> The first stage of the modernization process under Frei emphasized greater efficiency and accountability. As a result, performance standards for public employees have been established, and evaluations done to determine if the standards were met. In one case, in 1997, salary negotiations between the government and the public employees' union (Asociación Nacional de Empleados Públicos, ANEP) revolved around disagreements over the particulars of the implementation of the new standards. Judicial reform has also been part of this process of modernization, as has the process of decentralization, including the municipal and regional reforms discussed above.

**Assessment of the Efforts to Democratize Political Institutions.** How successful have the Concertación governments been in ensuring democracy and in undoing the undemocratic features inherited from the Pinochet regime? Certainly, the threat of direct military intervention no longer hangs overhead, as it did at times during Aylwin's administration. There is a kind of "normality," which is accepted by many as democracy. Since 1989, there have been two sets of presidential and municipal elections and three parliamentary elections. With regard to eliminating nondemocratic aspects of the political system and creating a full, participatory democracy, the Concertación has had few successes.

Democratization of local government and judicial reform are the biggest achievements to date. A review of the initial list of needed reforms reveals that almost none have been implemented. There are still designated senators, a binomial electoral system, and a Constitutional Court and National Security Council stacked against the government, to name some of the more important. There is a sense of frustration within the Concertación with the virtual stalemating of efforts at political reform. This frustration was one of the reasons that several small political parties, the Partido Humanista-Verde (the Humanist-Green Party) and MAPU, defected from the Concertación coalition in mid-1993.

The impasse over political reforms has also led to a discussion about the current state of Chilean democracy and the transition process itself. As early as 1991 President Aylwin tried to draw a distinction between the concept of democratizing political institutions and safeguarding democracy in general. On August 7 of that year the president declared that the process of transition was over. When others within the Concertación alliance quickly disagreed, Aylwin clarified his statement, explaining that he meant to say that democracy was now secure and that Chileans need not worry about another coup.<sup>33</sup> Further constitutional changes were still necessary, however, to ensure a fully democratic political system. Despite the political stalemate in enacting constitutional reform, the Concertación had hoped that once Pinochet resigned as commandant of the army on March 11, 1998—as he was constitutionally required to do—the country would enter a new phase of democracy. These hopes have been dashed; instead, the prospect of Pinochet serving as senator for life has cast cold water on the vision of a democratic political system free from the shadow of the former dictator. It appears that Pinochet will continue to try to influence the political scene as long as he is physically able to do so.

Moreover, now that the political system has operated for close to a decade, it is possible to see how the existence of designated senators may lead to the politicization of what are supposed to be neutral and apolitical institutions. In March 1998 there will be the first change in the composition of designated senators. Sitting commandants of the four branches must retire in order to be eligible for selection as designated senators, leading them to make decisions about a political future even while continuing to serve as military officers. Supreme Court judges may also be making political calculations, since the sitting court chooses two of its former members for the Senate. The selection process is a politicizing one not only for these two institutions; the ten designated senators will also play a key role in the balance of power in the Senate, especially if they form a voting bloc headed by Pinochet. This potential for politicization of the armed forces and the Supreme Court, as its members vie for selection as designated senators and then begin political careers in the Senate, does not bode well for Chilean democracy.

### ***Human Rights and Democratic Consolidation***

Dealing with the human rights violations that had taken place under military rule was not only one of the most politically touchy and emotionally charged issues in Chile in 1990, but it also bore directly on the issue of democratic consolidation. Coming to terms with human rights violations would help to restore a sense that Chile was a country that respected civil rights and operated under the rule of law. Seeking redress for the violation of human rights during the military period, however, had serious implications for civil-military relations because the military had been the prime violator. Any attempt to judge them could lead to a civil-military confrontation and imperil the newly emerging democracy. It fell to President Aylwin, as the first civilian president after the dictatorship, to set the pace and tone of human rights investigations.

**The Commission of Truth and Reconciliation.** The Aylwin government moved quickly on the human rights issue. Soon after taking office, the president named a high-level Commission of Truth and Reconciliation, nicknamed the Rettig Commission for its chairman. The president charged the commission to investigate all human rights abuses that had resulted in death from the period of September 11, 1973, through March 11, 1990, and to suggest ways to prevent this tragedy from ever happening again. The commission took testimony from the families of the people who had disappeared and received documentation from the Vicariate of Solidarity and from others who had worked on individual cases. The military were also asked to provide information to the commission.

In a major address to the nation on March 4, 1991, Aylwin solemnly announced the commission's findings. A total of 2,279 people had been killed, victims of human rights abuses. Over half were between the ages of sixteen and thirty, and 46 percent had no known party affiliation.<sup>34</sup> Although the Rettig Commission had been charged with reporting solely on those cases that had resulted in death, the testimony and information about torture that it reviewed was so shocking that the commission included a special section on torture in its report.

Citing the findings of the report, Aylwin stated bluntly that there could be no justification for the human rights abuses, despite the military's claim that Chile had been in a state of internal war. The president pointed out that even in war there are rules governing the treatment of prisoners. "Nothing justifies the torture and execution of prisoners," he declared, "or that they [the perpetrators] make the remains disappear." Aylwin then asked for forgiveness from the families of those who had suffered, in the name of the Chilean nation. He also asked that the military "make some gesture of recognition of the pain caused and collaborate in lessening it."<sup>35</sup>

**The 1978 Amnesty Law.** Despite these words, the government was limited in what it could do. A major sticking point in trying to resolve the human rights

issue was the Amnesty Law, which the military had passed in 1978. This law granted amnesty to all who had committed such acts of violence between 1973 and 1978, the period when most of the human rights violations had taken place. In addition, the Supreme Court, in a case brought before it after Aylwin assumed office, declared not only that the Amnesty Law was legal but also that because of it, judicial investigation of such human rights cases could not take place. The nation, including the president, was scandalized by this decision. Aylwin claimed that there could—and should—be judicial investigations of all cases; only after the information was gathered could amnesty be granted.

**Discovering the Bodies.** The discovery of bodies in mass graves dating from the period after the 1973 coup put the human rights issue on the front pages of the Chilean press during the months preceding the announcement of the Rettig Commission's findings. Telephone calls, often anonymous, alerted authorities to numerous mass graves, the resting places for thousands of people who had been killed in the aftermath of the military takeover.<sup>36</sup> Perhaps the most shocking event was the discovery of bodies in Pisagua in northern Chile. The dry climate there had preserved the bodies, mummifying them. The expressions of horror on the victims' faces showed their emotional state at the moment of death. In Pisagua, as in numerous other sites, the victims had clearly been executed; they were blindfolded or hooded, bound hand and foot, and shot.

These discoveries were painful for the country as a whole, but they mobilized two segments of society in particular, the families of those who had disappeared and the armed forces. Families of the disappeared, in agony for years, learned at last what had happened to their loved ones. They wanted justice done. The military was quite nervous about the possibility of trials of military men for human rights violations. Pinochet, representing the military and garnering some right-wing support, waged a vigorous propaganda campaign, claiming that the discussion of human rights abuses was merely a campaign to discredit the armed forces. This, even while bodies were being exhumed, from the northern deserts to the rainy south. In December 1990 the army called for a *día de enlace*, a day of retreat. Army soldiers stayed in their barracks. The Aylwin government saw this act as a saber-rattling provocation and quickly called in Pinochet. The point had been made, however. A second military show of force, on May 28, 1993, was also caused in part by the continuing investigation of human rights violations that involved military men.

**Governmental Actions.** The Aylwin government was placed in the difficult position of trying to resolve the human rights issue, in such a way that families of the victims would feel satisfied that justice had been done, while staying within existing law. The president felt that he had dealt firmly with the situation by setting up a human rights commission and clearly articulating its findings, which recognized that unacceptable brutalities had occurred.



Aylwin also took other concrete actions. He had made sure that the victims' families would receive financial remuneration. By the end of 1992 the newly formed National Corporation for Reparation and Reconciliation had given financial remuneration to over 4,500 relatives of human rights victims, totaling almost \$7 billion Chilean pesos.<sup>37</sup> Aylwin also refused to accept the Supreme Court's judgment on the Amnesty Law. He sent a notice to the judiciary to follow up on the investigation of cases of human rights violations uncovered by the Rettig Commission, and he declared that "the current amnesty [law] which the government respects can not be an obstacle for the completion of a judicial investigation to determine the responsible ones, especially in cases of disappearances."<sup>38</sup> Aylwin's stance, which became known as the Aylwin Doctrine, was later accepted by the judicial system, including the Supreme Court. As a result, hundreds of cases of human rights violations were opened for investigation. The president also personally requested that the heads of the branches of the armed forces cooperate in the search to discover the remains of those disappeared that were still missing. Despite the government's efforts, however, the families of the disappeared, organized in the *Agrupación de familiares de detenidos-desaparecidos*, of Association of the Families of the Disappeared, remained disappointed. They believed, for example, that the Rettig Commission should have listed the names of the torturers in its published report, information that it had obtained.

The Aylwin government also moved ahead in the human rights arena by attempting to resolve some of the most publicized murders that had taken place during the military regime and which were not covered by the Amnesty Law. They included the murders of General Prats and his wife, Sofia, in Argentina; the assassination of Orlando Letelier in Washington, D.C., by a remote-control car bombing; the murder of three Communist Party members in Chile in March 1985, called the case of the *degollados* (slashed throats); and the attempted assassination of Bernardo Leighton and his wife in Rome.

In the case of the September 1976 Letelier assassination, the government appointed a special judge to look into outstanding charges that had been raised by the Letelier family. In the closing days of September 1991, the judge called for the arrest of two Chilean officers in connection with the murder, General Manuel Contreras Sepúlveda, former head of Pinochet's secret police, the DINA, and Brigadier General Pedro Espinoza, who had worked for Contreras. Contreras, a close Pinochet collaborator, had hitherto been untouchable. These two men had long been sought by the U.S. government as a result of its own investigation into Letelier's murder. Initially, Contreras was held in a military hospital but eventually released. The long-delayed trial took place in early 1993. At its conclusion, Contreras was judged guilty. Espinoza was also declared guilty in a separate trial. The government had earlier reached a financial settlement with the Letelier and Moffitt families.<sup>39</sup> They were sentenced to seven and six years, respectively, of incarceration. Declaring him guilty was one

thing, jailing him quite another. Contreras would not begin to serve his sentence until 1995, during the Frei presidency.

With the encouragement of the Chilean government, Italy reopened the Leighton case. Chileans' hopes that the Argentine government would do the same in the Prats murder were borne out in 1996, when the case was opened in response to a suit by the Pratses' daughters. The 1985 case of the *degollados*, which had drawn international notice, was also reopened and placed under the jurisdiction of a special judge, Milton Juica, who pushed the case vigorously. He pressed for murder charges against several National Police officers who had apparently been involved in the National Police organization, the *Dicomar*.<sup>40</sup>

The violations of human rights raised not only the issue of justice but also that of judicial reform. The Rettig Commission report had made it politically feasible to carry out a reform of the judiciary because the report had criticized the judicial branch for complicity with the armed forces in either covering up or not exploring possible human rights violations. Justice under the military seemed to be more than blind; it appeared to have been kidnapped. There was a growing tide of sentiment that the judiciary, both its personnel and its structure, needed to be revamped. Some politicians even began impeachment proceedings against Supreme Court justices. By early 1993 one Supreme Court justice, Hernán Cereceda, had to withdraw after the Senate voted to approve a constitutional accusation against him.

The Aylwin government, taking advantage of the political atmosphere, prepared legislation to reform the judiciary, with the assistance of the Advisory Commission on Judicial Reform. Although debate began as to whether the judiciary needed simply more money and personnel or a major revamping, in April 1992 the executive branch forwarded a reform bill to the National Congress.<sup>41</sup> The members of the court responded angrily at what they perceived to be an attack on their integrity; one sign of their continued displeasure was that no judicial representative was present at President Aylwin's State of the Union address to the Congress in May 1992.<sup>42</sup>

In 1992 and 1993, looking toward the end of the Aylwin administration, differences over how to deal with human rights and amnesty grew sharper. While some within the Concertación began a campaign to annul the 1978 Amnesty Law, others on the Right mobilized to extend the amnesty to 1990. Much of the conflict focused on the hundreds of human rights judicial investigations underway and their eventual disposition. Right-wing politicians and the military believed that the country should end human rights investigations. They disagreed with the Aylwin Doctrine and favored approval of a bill that would extend the amnesty to 1990 and put an end to investigations. The armed forces hoped that the issue would be put to rest by September 11, 1993, the twenty-year anniversary of the military coup. Some Concertación leaders favored speeding up the legal process so that all cases would be resolved by the end of Aylwin's term of office and the human rights issue would be put to rest. They opposed any extension of the

amnesty, and they stressed the need to locate all of the bodies of the disappeared. A third group, the least forgiving, believed that the human rights violators from the military period should not be protected by the 1978 Amnesty Law. This group included the families of the disappeared, the more traditional Left political forces in Chile, and members of the Socialist Party, some of whom, in April 1993, presented a bill to Congress to annul the amnesty law. They took the position that it would be impossible to impose a deadline on the legal process and that the amnesty law should be repealed because it violated international human rights treaties that the Aylwin government had signed.

**Human Rights Policy Under Frei.** Despite President Aylwin's hope that the human rights issue would be resolved by the end of his presidency, this was not to be the case. Neither side was able to change the Amnesty Law in Congress. Instead, judicial investigations of human rights cases continue. Outside the Congress, families of the disappeared continued to clamor for justice. In fact, in 1997 the Association of Families of the Disappeared asked the Frei government to set up a DNA Bank. They see this as an important tool to aid in identifying the remains of the more than one thousand individuals still missing. They fear that after they die there will be no definitive way in which to identify any newly discovered bodies.<sup>43</sup> The armed forces also continue their efforts to end investigation of human rights cases. In October 1997, for example, the military requested, for the second year in a row, that all outstanding human rights cases be closed. Among the arguments they used was the fact that about four hundred military men had been required to testify in court during the year.<sup>44</sup>

At one point, in 1996, the human rights issue became entangled with the question of reforming the Constitution. Frei, anxious to modify the Constitution, had negotiated RN Senate support for a package of political reforms in return for Concertación support for a bill which would, in effect, close the books on a number of human rights investigations. In this case, however, President Frei did not obtain the prior support of the PS-PPD wing of the Concertación, who publicly opposed the bill. RN President Allamand's inability to secure enough of his party members' support for the political reform package killed the deal and ended what might have been a nasty conflict within the ruling coalition.

The high level of tension over the human rights issue, however, has diminished. This is due, in part, to the resolution of the high-profile Contreras case. Contreras was not immediately imprisoned after his sentencing in 1994. What followed, instead, was a months-long cat-and-mouse game between the government and Contreras, in which the latter eluded arrest, first in his estate in the south, and second, at the military hospital in Santiago, with the assistance of the military. Contreras also declared publicly that he would not serve one day in prison. Despite these brave words, he was finally taken into custody and sent, in early 1995, to the new Punto Peuco penitentiary. The prison was built in record time by the Frei government and reserved for high-ranking military prisoners

convicted of human rights violations.<sup>45</sup> Espinoza joined him there. The Letelier family voiced what probably represents the majority sentiments of the Concertación supporters when they said that some measure of justice had finally been done, notwithstanding the fact that seven years was a ridiculously light sentence for premeditated murder. In many ways, Contreras's fate became a symbol for all murderers and torturers in Chile. His imprisonment demonstrated that the government could punish even highly placed human rights abusers and that the military, sooner or later, had to submit to civilian authority.

Progress has also been made in another major case, that of the murder of General Prats and his wife in Buenos Aires. The Argentine judicial inquiry into the circumstances of the murders continues apace. One of the accused is General Manuel Contreras. Although as of late 1997 the case had still not been resolved, there were hopes that it would be completed within several months. In the meantime, the Argentine judge continued to request depositions from relevant Chileans.

There are also several cases that point up deficiencies in the justice system in Chile. They constitute embarrassments for the Concertación government, which is trying to demonstrate to the world that it is a full democracy. The first is the sensitive case of United Nations diplomat Carmelo Soria. Soria was a Spaniard who at the time of the coup was working at the Economic Commission of Latin America, or ECLA, a United Nations agency centered in Santiago. On July 14, 1976, he was detained by DINA secret police, savagely tortured, and killed. Two days after he disappeared, Soria's body was found in a car. Soria's was one of the cases investigated after the Concertación took office. After a lengthy judicial process, two members of the DINA were found guilty of his murder. However, in June 1996, the Supreme Court determined that Soria was not protected by international laws governing diplomats and that the Amnesty Law could be applied, and the case closed. As a result, the two DINA members were freed. The Spanish government was infuriated by the case's final disposition. It claimed that because Soria was a United Nations official, international law should have taken precedence over domestic law. In response, the Spanish government in August 1996 decided to allow a lawsuit brought by the Spanish Public Prosecutors' Association to proceed. The lawsuit was filed against a number of individuals it accused of responsibility for the disappearance and death of six Spanish citizens, including Soria. Among the six high-ranking officers charged is General Pinochet.<sup>46</sup> As the investigation continued through 1997 in Spain's Audiencia or Supreme Court, Chilean human rights activists, among others, traveled there to give testimony.<sup>47</sup> The Frei government has publicly expressed its unhappiness with the Spanish trial, claiming that the Spanish courts do not have any jurisdiction over the case.<sup>48</sup> Clearly, they fear that this case might undercut Concertación efforts to clean up Chile's image in the world, which was severely damaged by the military regime. In a move that was perhaps intended to ease matters for the Concertación, the out-

going executive secretary of ECLA, Gert Rosenthal, stated publicly in October 1997 that “for the United Nations, the issue of Soria came to an end with the Supreme Court’s decision [to apply the Amnesty Law to the two DINA operatives]”.<sup>49</sup> Rosenthal made clear that although he would have preferred “that justice might have been done” in the Soria case, the United Nations respected the Chilean court’s decision.<sup>50</sup>

Another human rights case, that of Patricio Ortiz, has made the Frei government very uneasy because it deals with deficiencies in the administration of justice after 1990, including the alleged use of torture. Ortiz, a member of the guerrilla organization, Manuel Rodríguez Patriotic Front (FPMR), was one of four FPMR members convicted of the 1991 murder of right-wing Senator Jaime Guzmán.<sup>51</sup> In December 1996 Ortiz and his three FPMR comrades escaped from a new, high-security prison in a daring raid. The four men were rescued in broad daylight by means of a commandeered helicopter that swooped down over the prison; in a matter of several minutes, the men, and the helicopter, had vanished. The Chilean government was embarrassed and incensed at the prison break; the maximum security prison (CAS) had been built especially for political prisoners who had committed crimes after March 1990.<sup>52</sup> It was even more embarrassed when Ortiz surfaced in Switzerland in September 1997, requesting political asylum. He claimed that he had been tortured in Chile after his arrest, and risked torture if returned to Chile. Moreover, he attested that he could not get a fair hearing under the Chilean justice system.<sup>53</sup>

### **Assessing the Human Rights Situation Under the Concertación.**

Although much progress has been made on the human rights front, and the issue has taken a lower profile in the public eye as of late, the Concertación has been unable to put the human rights question definitively to rest. The matter continues to evoke strong emotions from its victims, who feel that adequate action has not been taken, and displeasure from the armed forces. The Rettig Report and the trial and imprisonment of General Contreras provide some sense that justice has been done. Moreover, some Chilean judges have pursued other human rights investigations vigorously. However, the existence of the Amnesty Law places significant limitations on the justice process, as witnessed by the fact that several high-profile cases are being tried outside of Chile. Overall, although many Chileans believe that the Concertación governments have made important advances, they also see the task as only partially completed. The words of a Socialist deputy and president of the Chamber of Deputies Human Rights Committee, spoken in 1991, still hold true today: “The great challenge that the government faces is to make [the search for] truth, justice and liberty compatible with democratic stability. The worst that could happen to this country would be to give up uncovering the whole truth and doing justice in exchange for democratic stability, because this stability would be false.”<sup>54</sup>

### *Civil-Military Relations and Democratic Consolidation*

In many ways the issue of civil-military relations is the key to the attainment of democracy in Chile, in that the principle of military subordination to civilian authority underlies democracy. This issue was particularly sensitive for the first Concertación government, since President Aylwin took over from a general who had wielded virtually unlimited power for more than sixteen years.<sup>55</sup> The Aylwin government tried in a variety of ways to extract the armed forces from politics. It proposed legislation to change the formal balance of power between the two, such as the bills to modify the composition of the National Security Council and return to the president the authority to promote and retire military officers, including heads of the armed forces branches. The government timed some of its actions to take advantage of the public mood, and it called military leaders to task when it felt they had stepped beyond an apolitical stance.

There is no doubt, however, that the investigation of human rights abuses heightened tensions with the armed forces, especially with the army. Pinochet's December 1990 *día de enlace* and May 1993 *boinazo* military action were proof of that. In the latter case, the army demonstrated the depth of its discontent over the status of civil-military relations by staging a second military action on May 28, 1993, while President Aylwin was out of the country. In the action, termed a *boinazo*, special black beret (*boina*) elite forces were posted outside the armed forces building in downtown Santiago and stood guard while army generals met urgently inside the building. As a result of the display of force, the government held private conversations with the army over its concerns, which involved the investigation of human rights violations and military corruption as well as possible presidential authority over military promotions and retirements. The military action shook those who had believed that civil-military relations were stable and the threat of military intervention was over. The Aylwin government admitted after the *boinazo* that the democratic transition had been dealt a serious setback. Later, President Frei was to find himself equally frustrated by army efforts to protect ex-DINA head General Manuel Contreras Sepúlveda from serving the seven-year prison sentence meted out to him by the Chilean Supreme Court. As late as 1997, the army showed its independence from civil authorities when it came to human rights issues when it protested President Frei's veto of the promotion of Brigadier Jaime Lepe. Frei had vetoed Lepe's name on the list delivered by Pinochet because of possible involvement in the death of UN diplomat Carmelo Soria. Despite the fact that he had acted within his constitutional prerogative when he vetoed Lepe's promotion, Frei was faced with an army that publicly disputed the decision in press conferences.<sup>56</sup>

But the difficulties extended beyond the Pinochet-led army. According to the Rettig Commission report, over 50 percent of the human rights violations resulting in death had been carried out by the National Police. The Aylwin government tried to defuse the situation somewhat by separating the investigation

and judgment of individuals from a condemnation of the military as an institution.<sup>57</sup> Early in his administration, President Frei faced his own crisis with the National Police. National Police director, General Stange, who was believed to be a moderate, pro-democracy force within the armed forces, became caught up in a controversy when evidence surfaced that he had tried to protect former National Police director César Mendoza from being implicated in a human rights case. In 1995 Frei, using the moral force of his office, publicly called on Stange to resign. He could do no more than this, since the president did not have the prerogative to fire military chiefs. Stange refused, although he did go on a lengthy trip and, a number of months later, retired.

Other issues also had a serious impact on civil-military relations. There were investigations of financial scandals in which military officers were involved, as well as two involving the son and daughter of Pinochet. In fact, one interpretation of Pinochet's invoking the army *día de enlace* and May 1993 *boinazo* was that he wanted to intimidate the government into dropping the investigations into his family's financial activities. There was also evidence of systematic military electronic spying on civilian politicians. The spying issue was first uncovered as a result of the public airing of a secretly taped telephone conversation involving Sebastián Piñera, a National Renovation politician vying for his party's presidential nomination. As the case unfolded, it became clear that the tape had been sent to his principal rival, congressional deputy Evelyn Matthei (who was also the daughter of air force general and former junta member Fernando Matthei), by someone in the military who had been electronically eavesdropping on politicians. In late May 1993 the Chilean government accused the military of having placed a phone tap in an office in the foreign ministry, located in the Moneda Palace. As ominous as the electronic spying itself was the fear that the armed forces had been covertly interfering in the political process.

Another disturbing sign of continuing military interference in political affairs came to light in early June 1993 in connection with the disappearance of a biologist and former Pinochet secret police agent, Eugenio Berríos. The incident began in late 1991 when Berríos, wanted by the court investigating the Letelier murder, was secreted out of the country and hidden in Argentina and Uruguay, with the assistance of the three nations' armed forces.<sup>58</sup> The Berríos case made clear that the network of southern cone military cooperation that had been forged during the long years of military dictatorship under the name Operation Condor still existed. Even more, the degree of civilian control over the armed forces and the military's willingness to submit to civilian authority were brought into serious question.

Altogether, the armed forces' actions revealed the fragility of Chilean democracy. The army's displays of force were proof of the continuing vulnerability of the democratic system to military threats. In addition, the electronic spying on civilians, the secret Operation Condor network, and the army's efforts to protect General Manuel Contreras from serving his prison term indicated an unnerving

degree of military autonomy. Although the Concertación believed that it had made progress in reviving the concept of military subordination to civilian rule, especially with branches of the armed forces other than the army, it felt that the crux of the military-civil problem lay in the fact that Pinochet remained as head of the army. In spite of the image problems raised by the human rights situation and by financial and other scandals, General Pinochet continued to resist efforts to force him to step down as head of the army before the end of his term in March 1998. Even derogatory remarks by his former collaborator, General Fernando Matthei, open hints from various political quarters, and a May 1992 operation to implant a pacemaker did not alter the general's attitude.<sup>59</sup>

By the time Frei took office, both sides seemed to have recognized the political stalemate and made accommodation to that reality. Pinochet had to accept the continued rule of a civilian government that had opposed him, and the Concertación government had to accept the former dictator as Commandant of the Army until March 1998.

There were clear advances in other areas, though. The armed forces undertook a modernization program, which included a reassessment of its national function. As part of the program, more coordinated dialogs between military and civilian leaders took place. The Frei government hoped that this process would help the military, especially the army, overcome its authoritarian past and more fully recast itself as apolitical, especially after Pinochet retired. In addition, in late 1997, Frei was able to name replacements to all four branches of the armed forces, under procedures set forth in the 1980 Constitution.<sup>60</sup> This historic set of events included naming a replacement for Pinochet, who would take office on March 10, 1998, when Pinochet was constitutionally required to resign from the army. The Concertación was especially heartened by the selection of General Ricardo Izurieta to head the army. In his fifties, Izurieta represents a younger generation and his appointment also meant the retirement of four generals who were his senior. In addition, Izurieta's military background is professional, rather than political, giving hope that he will act in a more professional, apolitical manner than his predecessor. The new head of the navy, Admiral Jorge Arancibia, publicly declared his subordination to civil authorities in a newspaper interview shortly after assuming command.<sup>61</sup> Countering these positive changes, however, is the continuing presence in the political system—as life senator, once retired from the army—of Augusto Pinochet. According to public statements, Pinochet planned to take an active role in the Senate, even to “defending his people.” Pinochet's continuing political presence leaves open the issue of when and how the armed forces, particularly the army, will emerge fully from his shadow.

### *Concertación Economic Policy and Democratic Consolidation*

The leaders of the Concertación believe that maintaining a stable economy is a necessary ingredient for democratic stability and consolidation. Since Aylwin's



was the first democratically elected government since Salvador Allende's, the government wanted to prove that democrats could manage an economy as well as dictators. Chapter 9 gives a fuller description and analysis of Chile's economic strategy and its implications. Here, I briefly highlight the major characteristics of the Concertación's economic strategy.

**Adoption of the Neoliberal Economic Model.** Although the Concertación strongly advocated political changes, it has basically followed a policy of economic continuity with the past. This has meant that, since 1990, both governments have maintained the basic economic model of reliance on the market and an export orientation. Structural changes such as land reform were not on the Concertación agenda. Aylwin, in fact, publicly declared during his 1989 campaign that he would not enact agrarian reform. Both governments also used conventional economic measures to deal with economic problems. For example, during Pinochet's last year in office, inflation had risen to 30 percent, principally because the general had increased the money supply during 1988 and 1989 by 50 percent each year in a populist effort to win the elections. The Aylwin government felt it necessary to rein in spending in order to prevent runaway inflation. The image of hyperinflation in Argentina, Brazil, and Peru, not to mention the memory of the Chilean economy during Allende's last year in office, served as cautionary tales for the government. As a result of its free trade and export orientation, the Chilean economy has achieved sustained economic growth rates of about 7 percent a year from 1990 to the present, outdoing the record of the Pinochet regime.

Despite what seems to be a general consensus on the free trade strategy for Chile, it is worth pointing out here that there continue to be differences of opinion among contending political forces about the application of a free market approach in Chile. This is especially true concerning the limits of state action and, in general, the role of the state. For example, from 1993 to 1997 the exchange rate for the U.S. dollar declined, leading to increasing unhappiness from the export sector, who found their products more expensive, and therefore less competitive, on the international market. The Frei government has blamed the exchange rate problem on the enormous influx of foreign investment dollars and has tried to solve it by regulating the flow of foreign capital. The response from the export sector has not been positive, however; among the criticisms leveled at the government is the argument that it is not proper for it to try to control artificially the flow of capital.

Overall, the Concertación has handled management of the economy well. The economy has grown consistently under the Concertación, the inflation rate has gone down from 1989–1990 levels, trade is diversified, both in terms of products and countries of destination, and foreign investment is substantial. However, the problems of poverty and glaring income inequalities constitute serious problems for the civilian government.

**Social Policy.** Although the Concertación coalition has not contested the free market model as such, from its first campaign in 1989 to the present, it has criticized the social consequences of this economic strategy. Under Pinochet, the percentage of the population classified as poor or indigent soared, from 23 percent of the population in 1970 to a high of more than 50 percent by 1987. The Concertación promised to take measures to alleviate the “social cost” of neoliberalism. Both Concertación governments attempted, through a variety of measures, to diminish the percent and number of people living in poverty. By 1997, the poverty rate had declined to 24 percent, but income inequalities were as bad as, or worse than, they had been in 1990. Clearly, the market model creates both growth and inequality. This puts pressure on the Concertación governments from competing interests. There are those who want the government to let the market do its magic, assuming that this will generate high growth rates. The other side pushes for a more activist government that will intervene to help the poor.

In the next chapter, I examine in greater depth the nature of the Concertación’s economic model, looking at both the growth and equity issues. I examine the social policies of the Concertación and the implications and consequences of the free market model for Chile and the region.

## **Changes in Chilean Political Culture and Mass-Elite Relations**

### *Political Culture*

Recreating democracy also involves providing channels for participation, with two-way communication between the bases and elites. Despite the fact that there had been little opportunity for them to participate in the political process for almost seventeen years, many Chileans had found ways to take collective action, for example, by organizing grassroots groups and by participating in marches and protests. Questions remain, however, about whether the current system encourages grassroots participation and whether the younger generation, which grew up under the Pinochet dictatorship, has the same kind of proclivities toward political activism and partisan affiliation as their parents. The question is especially pertinent among very poor youth, among whom there seems to be a high level of political alienation. In general, young Chileans, who grew up watching political parties that were fragmented, competitive, and ineffectual during years of military rule, tend to be skeptical about loyalty to a party.

**Democratic Values.** A significant change in political beliefs has to do with attitudes about formal democracy. There is a new respect for the value of formal democracy per se, even on the part of those on the Left who used to criticize the limitations of bourgeois democracy. An appreciation for democratic freedoms and civil guarantees spans much of the political spectrum. This in-

cludes those who initially supported the military coup, only to discover that military rule deprived them of fundamental liberties, and those whose persecution during the dark years of the dictatorship gave them a heightened appreciation for civil liberties. Among Socialists, for example, the change was notable as early as 1983, when various party factions during reunification meetings declared their belief in representative democracy as a goal in and of itself. This new respect for representative democracy made the formation of the Concertación of Center-Left parties feasible. The coalition has stayed together longer than many thought possible, in large part because of this lesson. Concertación leaders recognized that it was imperative that they work together and that they compromise partisan views if they were to be successful.

**Mass Culture and Consumerism.** Another quite different type of culture change has taken place in Chile, with consequences for democratic participation. These cultural changes involve the growth of an individualistic, consumer-oriented culture and have taken place largely as a result of the post-1973 economic transformations. Today, thanks to Chile's open market, one can buy virtually any kind of foreign product, from Nike sneakers and Levi jeans to IBM computers. Chileans are hooked into the world culture—they "surf" the net and watch cable television. Luxurious suburbs far from downtown Santiago have sprouted up, supported by another sign of a new popular culture, the shopping mall.<sup>62</sup> This new lifestyle, which is openly consumption-oriented, is facilitated by substantial credit card usage and increased levels of personal debt. The globalization of Chilean culture has reached a point that some Chileans are beginning to decry the loss of an authentic Chilean cultural identity.<sup>63</sup>

These cultural changes have political implications because they reinforce a disinterest in politics that developed over the course of the military dictatorship. Under the military, political engagement and party affiliation could be dangerous. Pinochet regularly criticized party politics and politicians. Seen through the consumerist prism, politics seems irrelevant to people's daily lives and interests. This is especially the case among the young. For example, over one million young people had not registered to vote for the 1997 parliamentary elections.

### *Civil Society and Political Participation*

Although it was civil society that led the struggle in the streets against the dictatorship during the mid-1980s, its role diminished significantly as politics as usual reemerged with the swearing in of an elected civilian president and Congress. The Concertación governments, since they began functioning in March 1990, directed energy toward making the government work and resolving specific public policy issues. Consequently, the focus of attention shifted to the institutions of the state and away from grassroots initiatives. The increased number of strikes

and other protests after 1990 is an indication that the grassroots social movement is still able to mobilize. There is discontent not only about salaries but also about the lack of real democracy and participation. For example, the University of Chile student strike during mid-1997 began as a protest over the undemocratic process by which the new head of the Law School was chosen. The strike, which began in the Law School, spread university-wide and opened a debate with the government about democratic governance in the university.

In general, however, the focus on institutional decisionmaking, reinforced by the Concertación's style of negotiating among political and economic actors, has meant that much of national politics takes place among elites. Leading political figures, many of whom date back to the pre-1973 period, make major policy decisions in the context of general political demobilization of civil society. As a result negotiations often have taken place behind closed doors, as has Concertación decisionmaking. This style of governance, over the course of the 1990s, has led to a lack of connection between the grass roots, on the one hand, and party and governmental elites, on the other. Although party leaders recognize, at least in principle, that party-based links need to be strengthened and that a strong, well-organized civil society can play a positive role in sustaining democracy, they have often been uncomfortable when faced with autonomous grassroots actions. Although the return of electoral politics does create something of an impetus for greater governmental responsiveness to civil society, elections, by themselves, do not ensure a strong civil society. Much of the agenda setting and implementation has come from above, not from below. Over the course of the 1990s, grassroots organizations have had great difficulty in maintaining their structures, in constituting themselves as autonomous pressure groups, and in getting their voices heard.

In summary, there are a number of changes in political attitudes and values, as well as in political practices, that have affected the process of democratic consolidation. Some, such as a strengthened belief in the value of political democracy, help the consolidation process. Others, such as the growth of mass consumerism and individualism, do not. Civil society is not as well organized and mobilized as it was in the 1980s. Moreover, the changes in popular culture discussed earlier have made it increasingly hard to mobilize Chileans.

## **Changes in the Party System**

There have also been significant changes to the preexisting party system. The party system has been affected by changes in political culture and in the institutional setting, including the binomial electoral system, which gives strong incentive to form large coalitions. The Left in Chile was deeply affected by the worldwide crisis of socialism, as well as by its own experiences under military authoritarianism. It learned some bitter lessons about the consequences of political maximalism and the concomitant value of democratic rules and

processes. As a result, an important segment of the Socialist Party underwent a political “renovation,” in which it shifted to a non-Marxist, more social democratic stance and an enhanced appreciation for the workings of the market. In the Center, the middle class, who were hurt both by the neoliberal economic model and by political repression, is also quite committed to constitutional rule. During the dictatorship, the Christian Democrats found themselves excluded from power and persecuted; as a result, they have learned the value of compromising party goals to a broader coalition. On the Right, although there are some that recognize the limits of the free market model for ameliorating social ills, many maintain a more hard-line neoliberal stance. A significant segment on the Right has resisted political soul-searching and, instead, has continued to support the military project unquestioningly. The Right, however, is divided politically not only between the pro-Pinochet UDI and the RN but also within the RN.

### *Growth of the Center-Left*

The party configuration that emerged in 1990 appears different from that of the past. Chile historically had vibrant, but highly ideological, parties. Political parties today are less ideological or programmatic, especially the parties in the Center and Center-Left of the political spectrum. Instead of the historic three-way division of the electorate into a conservative Right, a reformist Center, and a Marxist Left, there has been a movement toward the Center, encouraged by the binomial electoral rules. The persistence of the new, less ideological Party for Democracy (PPD) is one concrete example of the new attitude, as is the existence of renovated Socialists and of a moderate wing within the RN. The PPD, as it formed its identity in the 1990s, tried to project the image of a modern party that occupies the pragmatic Center-Left.<sup>64</sup> It dropped any allegiance to Marxism and projected itself as a party without the ideological baggage of the traditional Left in Chile, even though many of its leaders were also Socialist Party members.

### *The Center-Left Concertación*

The four parties, the PDC, PS, PPD, and the Social Democratic Radical Party, the PRSD, which currently make up the Concertación, can all be placed in the Center-Left of the political spectrum. The combined vote for the PS-PPD has grown over time, reaching 24 percent of the valid votes cast in the 1997 congressional elections. In the 1996 municipal and the 1997 congressional elections, the PPD edged out the Socialist Party in total votes.

The Christian Democratic Party has maintained its place in the center of the political spectrum. Although it has been a loyal component of the Concertación coalition for almost a decade, the PDC has also taken advantage of the fact that

it is the largest single political party in Chile, and thus, the largest coalition member. Both Concertación presidential candidates have been from the PDC. This may, in fact, be the way in which the PDC makes compatible its historic stance of “camino propio,” or own road (when it disavowed alliances with other parties), with its long-term participation in the Concertación. The PDC has also maintained its traditional anticommunist stance. For example, it has rejected out of hand any kind of electoral agreement with the PC, even when it might favor the election of Concertación candidates. In the 1996 and 1997 elections, however, the PDC’s vote total declined, reaching a low of about 23 percent in 1997. This brought it to parity with the combined PPD-PS vote, raising questions about its hegemony within the coalition. This is an important issue, as the coalition looks toward the 1999 presidential elections. However, the PDC continued to dominate the coalition in terms of its elected representatives in both houses of Congress.

Together, the major Concertación members, the Christian Democrats, the PPD-PS, and the PRSD, all vying for the Center-Left space, account for over 50 percent of the popular vote. Until the 1997 elections, the coalition had obtained a solid 54 to 55 percent of the vote, which had seemed immutable.

Although the guardians of more traditional Left values, the Communists, found their support diminished in comparison to their pre-1973 double-digit level, they have a consistent national vote total of about 6 percent. In the 1997 congressional elections, Gladys Marín, PC president, ran for the Senate in the western Santiago metropolitan district. She received about 15 percent of the vote, almost tying her Socialist rival, PS President Camilo Escalona. The vote for Marín demonstrated a clear disenchantment with Concertación social policy under Frei.

### *A Divided Right*

In contrast to a more unified stance in the pre-1973 democracy, the Right is now fragmented into a number of parties. Although the two major parties, the RN and the UDI, have formed an electoral coalition, the Unión por Chile (Union for Chile), to contest the presidential and parliamentary elections, they compete for political domination of the Right and represent distinct right-wing points of view. The combined strength of the Right is about a third of the popular vote, not much different from the pre-1973 period. The RN has consistently gotten a higher vote than its coalition partner, although in the 1997 congressional elections, the gap narrowed to two points. Given the nature of the binomial electoral system, it has been essential for both parties to present a single legislative slate in order to elect any representatives. The binomial system provides them with a built-in advantage; they can win an equal number of representatives as the Concertación, as long as their opponents do not get more than twice their vote total. However, in districts where they know they cannot

win both seats, the two parties' candidates have often run as much against each other as against their Concertación opponents.

The main ideological division within the Right concerns adherence to the Pinochet legacy. This has played out both between the UDI and the RN and within the RN itself. A younger, more open group within the RN, led by Andrés Allamand, until recently president of the party, has been in favor of recasting the party as more modern, liberal, and moderate. Under Allamand, the RN reached a number of legislative agreements with the Concertación. It was Allamand and his group of party leaders who promised—unsuccessfully, as it turned out—to provide RN support for the Concertación's 1995 package of constitutional reforms. The conservative wing of the RN holds more firmly to the constitutional and economic legacy of the Pinochet regime. It has also proven to be traditionalist on social issues, such as women's rights and civil divorce. One of these traditionalists, Sergio Onofre Jarpa, left the RN in 1997 to form his own group, *Chilefuturo*. Jarpa's defection was significant because of his personal history; he was a founder of the RN, a virulent opponent of Allende's, who also served in the early 1980s as Pinochet's Minister of the Interior. Jarpa then publicly cast his support in a hotly contested 1997 Senate race in eastern Santiago for a popular UDI figure, Carlos Bombal, instead of RN leader Andrés Allamand. The likelihood of both these men—who shared the *Unión por Chile* slate in this district—being elected was slim, as their combined vote would have had to total more than 66 percent of the popular vote. In effect, Jarpa was trying to punish Allamand and his liberal wing in the RN for their more conciliatory stance vis-à-vis the Concertación. Bombal beat Allamand, and with the defeat came a questioning of the RN strategy and a struggle to define the party and how it will face a stronger and more unified UDI.

The UDI, despite its consistent support of the Pinochet dictatorship, has attempted to cast itself, through populist rhetoric, as a party that represents the poor. A number of UDI politicians got their political start as appointed mayors during the Pinochet dictatorship. Those who were mayors of poor towns learned how to speak to their constituents in a way that would appeal to them. The UDI's attacks on the Concertación government have included criticism of the continued existence of poverty in Chile, even as it protests any governmental efforts to modify the neoliberal model or take actions that might harm business sectors.

Until the 1997 congressional elections, the more moderate RN not only had outvoted the UDI, but it also had a much larger congressional representation. In the 1996 municipal elections, for example, the pro-Pinochet UDI party claimed about 13 percent of the vote, while the more moderate RN obtained about 18 percent. In 1997, however, although the UDI's overall vote was still lower than the RN's, the difference narrowed to two points.<sup>65</sup> In addition, the UDI increased their presence in the Senate dramatically, and at the expense of their RN running mates. UDI senatorial representation increased from 3 to 9, while the RN went from 11 senators to 7. What was even more painful for the

more liberal wing of the RN was that its leader, Andrés Allamand, was defeated in his Senate race by the UDI's Carlos Bombal. As a result of the 1997 vote, the UDI was strengthened in the debate over which party would provide the Right's 1999 presidential candidate.

There is also another political force that has usually swung its support to the Right. This is the political movement created by defeated 1989 presidential candidate Francisco Javier Errázuriz, Partido de la Unión del Centro Centro (the Union of the Center Center Party; UCCP). In the 1997 congressional elections, Errázuriz's wife ran as a UCCP candidate for the lower house of Congress and won.

### *Two Major Electoral Coalitions*

The move toward the center of the political spectrum is also demonstrated by the existence of two large electoral blocs. Despite the existence of a number of parties on the Right, Center, and Left, the Concertación and the Unión por Chile have been the two dominant coalitions since the restitution of electoral democracy in December 1989. Whether for ill or good, the binomial system has provided strong incentive for large coalitions to form; any party outside of such a coalition stands scant chance of gaining any elective office, as the PC's electoral fate demonstrates. The two major coalitions and the concomitant movement toward the center of the political spectrum are new features of the political landscape in Chile. How enduring they are is uncertain. The Concertación was created initially to defeat the Pinochet dictatorship and the political Right; it has been held together by a mixture of programmatic and pragmatic motives, as well as by its electoral success. The Right's coalition is more electoral than programmatic in nature, and the 1997 election results strengthened the right-wing elements within the coalition.

## **Looking to the 1999 Presidential Elections**

### *The 1997 Congressional Elections*

The 1997 election results both clarified the political landscape and raised new questions. The Concertación finds itself at a crossroads as it looks to the future. Until the 1997 congressional elections, the coalition had commanded solid majority support of between 54 and 58 percent of the vote. Many assumed that it would continue to control the presidency as long as it held together. The decline in its vote to 50.51 percent changed much. It is no longer assured of the presidency. The popular vote also seemed to reinforce the hard-line wing of the Right, the UDI, at the expense of the more politically open sectors of the RN.

The vote, however, was also a clear warning to all political parties. More than 13 percent of the voters spoiled their ballots, as compared to 5 percent in 1993,



and an almost equal number abstained from voting, which is obligatory if one is registered. Another million potential young voters did not register to vote. All told, a third of the potential electorate chose not to cast a valid vote. The Communist Party demonstrated, with the 15 percent vote for its senatorial candidate Gladys Marín, that it still has appeal among those discontented with the status quo and that its criticism of the economic model needs to be heard by the Concertación. It seems clear that a significant number of people are unhappy with the current state of affairs, that is, either with the political system as a whole or with the ways in which the economic gains are distributed.

The election results also mean that it will be exceedingly difficult, if not impossible, to enact any political reforms in the near future. The 1998 Senate is made up of a more hard-line elected Right. These elected senators will serve for eight years, along with a new crop of designated senators, including Senator for life Augusto Pinochet. As a result, the 1997 to 1999 period will likely be more confrontational, especially as the Concertación and the Right prepare for 1999.

As Chileans look to the end of this century, they ask a number of questions about the political future of their country. Will the next century be more of the same: frustrated attempts at political reforms, and free market economic policy with some social programs? Will the Concertación maintain market policies with middle-of-the-road presidents, or will it begin to articulate a new vision? Will it be able to maintain its hold on the presidency?

### *The Concertación Coalition*

Although the Concertación vote total had remained relatively stable at about 55 percent, it took a significant dip in 1997, to 50.51 percent. There have also been electoral ups and downs among the constituent parties, as well as substantive and procedural disputes among the parties. The issue of selecting the next presidential nominee of the coalition is closely related to that of the electoral weight of the constituent parties of the Concertación, as well as to how the coalition reads the 1997 election results. The PDC remains the largest single party in Chile, although the combined vote of the PS-PPD is now about the same. In addition, the number of parties within the coalition has diminished; today there are three principal parties, the PDC, the PPD, and the PS, and the smaller PRSD. The departure of a number of smaller parties from the Concertación in 1993 clarified the Center-Left stance of the coalition and the position of the Christian Democrats and Socialists-PPD as the major coalition partners but did little to change the electoral balance.<sup>66</sup> The Communist Party, with its potentially crucial vote of about 5 or 6 percent nationwide, remains a possible electoral partner in 1999 and a source of conflict between the anti-PC Christian Democrats and the Socialists and PPD.

One of the greatest threats to the Concertación's continued existence is the question of choosing the 1999 presidential standard bearer. The PS and PPD

have long supported the candidacy of Minister of Public Works Ricardo Lagos to lead the Concertación list. Moreover, they have argued strongly that, after two PDC Concertación presidents, it is now time to rotate the office. When the issue became a point of controversy in the months before the December 1997 congressional elections between the PPD and PS, on the one hand, and the PDC, on the other, Concertación leaders made efforts to defuse the issue.<sup>67</sup> They agreed to hold a presidential primary, either under the auspices of the Electoral Service or, if that proved impossible, organized by the coalition, as in 1993.<sup>68</sup> They also agreed to postpone any further action or discussion of the issue until after the parliamentary elections. This was a pragmatic decision designed to allow the coalition to focus on maximizing its vote in the critical congressional elections, rather than debilitating itself with public intracoalition bickering. Although the immediate conflict over whether the parliamentary elections constituted a kind of party primary was quelled, it was less clear that the issue had definitively been resolved.

The long-standing popularity of PS-PPD candidate Ricardo Lagos, Frei's Minister of Public Works and former Minister of Education under Aylwin, has been highlighted by a series of public opinion polls. At the same time no electorally strong, consensus candidate has emerged within the PDC. This strengthens the PS-PPD argument for Lagos, as does the fact that the decrease in the Concertación vote is attributed to the decline in the PDC vote. Counterbalancing this is the existence of a strong group within the PDC that believes that Lagos's identification with socialism, even today's renovated socialism, will raise the specter of Allende's UP government in the 1999 election campaign and will discourage people from voting for him. For others, Lagos represents a more socially conscious alternative, as well as a more charismatic leader.

### *The Right*

The parties of the Right that make up the Unión por Chile electoral pact have also been looking toward the 1999 presidential contest, with each party able to point to at least one popular figure within its ranks. In fact, the fierceness of the conflict between the RN and the UDI during the 1997 congressional elections was due to their attempts to position themselves and their candidates for 1999. The most likely presidential candidate is the UDI's Joaquín Lavín, mayor of the rich municipality of Las Condes in greater Santiago, who has undertaken a number of highly publicized city programs and infrastructure projects. He represents the UDI's attempt to extend its popular support via populist rhetoric and measures. Andrés Allamand's presidential hopes died with his 1997 senatorial defeat, leaving his party's possible presidential candidate open to renewed party politicking. Whether the Right can agree on a single candidate depends not only on its own internal dynamic but, in part, on whether the Concertación is able to agree on a united candidate. During the 1997 legislative campaign, both parties

attacked the Concertación government's policies, including claims of corruption and general attacks on the government's integrity, as well as criticism from both parties that the government has not sufficiently helped the poor.

## **Democratic Consolidation and Concertación Governance**

### *Assessing the Concertación Governments*

Even after almost a decade of formal democracy, it is clear that there are still questions about the nature of democratic consolidation in Chile. The Concertación coalition has been stymied in its efforts to eliminate nondemocratic features from the 1980 Constitution. The nature of the transition process in the late 1980s, international and domestic political circumstances, and the political rules that the Concertación inherited have all worked to limit its actions. With the exception of municipal government and the judiciary, the Aylwin and Frei governments have been unable to modify the political rules inherited from the military period. Its quite lengthy list of proposed constitutional changes still await approval.

The issue of civil-military relations, including military subordination to civilian authority and military apoliticism is still a delicate and unresolved problem. Although both Presidents Aylwin and Frei were able to stand up to the military, especially Pinochet, at crucial moments in their struggle to extract the armed forces from the political arena, that process is far from complete. The army's discontent over Frei's veto of Brigadier Leppe's promotion in late 1997 was a reminder of this. One clear sign of progress was the replacement of the heads of all four branches of the armed forces from among the five most senior members of each armed forces branch. Some of those named had strong military, rather than political, biographies, leading the Concertación to hope that under new leadership, the armed forces would be more professional and less political. However, in line with the requirements of the 1980 Constitution, designated senators as well as commanders of the armed forces were renewed in late 1997 and early 1998. The selection process of designated senators was accompanied by political maneuvering among retiring generals, as well as Supreme Court judges, all of whom wished to be appointed to the Senate. Thus, the constitutional provision for designated senators, along with its attendant selection process, serves as an agent of politicization of the armed forces and raises the issue of whom they represent in the Congress.<sup>69</sup> In addition, the Concertación is faced with a Senate that includes Pinochet and other members of the former military junta as designated senators.

On the human rights front, the record is mixed. On the one hand, the report of the Commission for Truth and Reconciliation was a politically powerful document, which laid the blame for the vicious human rights abuses at the door of

the armed forces, with members of the judiciary as accomplices. The continuing search for truth has extended to the investigation of several notorious and politically sensitive cases of political assassination. The jailing of DINA head, General Manuel Contreras, was one sign that the military are not totally immune from both judgment and punishment. On the other hand, although the commission and succeeding judicial investigations may have fulfilled the function of finding out the truth, it is less clear that reconciliation has taken place or that justice has been done. The 1978 Amnesty Law, the major stumbling block to judgment, will not be repealed. The armed forces continue to believe that the investigation of human rights violations should be stopped, while the families of the disappeared and the murdered ask for justice. The Concertación seems to be caught between the two extremes and even, at times, divided over these issues. While the PS-PPD wing in general supports the families of the victims, Christian Democrats at times have been in favor of letting the past rest, as was demonstrated in the 1996 conflict over a bill to end human rights investigations. There appears to be little basis for a definitive resolution of the issue, given the strong feelings on all sides.

Despite the continuities of issues and programs in the presidencies of Patrio Aylwin and Eduardo Frei, there are important contrasts, particularly in questions of style. First of all, Aylwin had both the honor and the challenge of being the first elected civilian president in more than seventeen years and of presiding over a new, untried political system. His administration enjoyed a long honeymoon with the electorate. As a result, Aylwin benefited from the tolerance the population showed over the many difficulties he confronted as president, such as the slow pace of political reform and social redress. An old-style politician, Aylwin in many ways rose above his partisan past to become a symbol of tolerance and statesmanship for the country. Even though his general management style was an elite, consensual one, his administration felt more open than that of his successor.

Although Eduardo Frei grew up in a highly political family—he is, after all, the son of a president—Frei's background is in engineering and business. As president, he has also emphasized issues that seem more technical in nature, such as the modernization of the state. In general, Frei's personal style is more terse, and he seems less able to speak to ordinary Chileans. He is also more prone to make decisions, such as ministerial changes, unilaterally, without giving prior notice. Together, these characteristics have given his administration a different feel than that of Aylwin, one that has been called technocratic and cold. The lower vote for the Concertación in 1997 may, in part, be a result of this different style.

Presidents Aylwin and Frei, although very different in style, represent a new kind of politics in Chile—less ideological, more pragmatic and consensual. The Center-Left Concertación coalition as a whole, in fact, represents a new kind of pragmatic political leadership that acknowledged limitations on political action from the very beginning. The economic model that they chose to follow func-

tions essentially on the basis of a trickle-down theory, albeit with social programming for the extremely poor.

This pragmatic coalition also believes that the explicit and implicit limits placed on its freedom of action were the price it had to pay in order to resurrect the rule of law and to be able to participate in politics. Concertación leaders judged that returning to a political system in which the rule of law was respected constituted a major advance in and of itself, greatly preferable to living under military authoritarianism. The irony is that the Concertación's acceptance of the rules of the game laid down in the 1980 Constitution has made it virtually impossible for the coalition to enact meaningful political reforms, despite having made these reforms its top priority in the election campaigns. Instead, it has had to boast about how it has successfully managed a free market economy that was constructed under the military regime.

### *Democratic Transition and Consolidation in Chile*

By the end of the Frei administration, the Concertación will have governed Chile for a decade. Despite the fact that Concertación leaders still talk about the transition process as incomplete, noting in particular the continuing need for political reforms, it seems appropriate at this point to question this position. Transitions end with the consolidation of a new set of institutional arrangements and processes. Instead of continued transition for an indefinite period in Chile, it appears that there is a consolidation of a new regime, even though it is not fully democratic.<sup>70</sup> There are authoritarian enclaves that frustrate both the popular will and that of its elected representatives, such as the National Security Council, the political power of nonelected senators, and a binomial electoral system that frustrates the will of the majority. That the Concertación, in late 1997, could decry the possibility of a "military bloc" in the Senate and the political damage that a lifetime senatorial position by Pinochet would do to the international image of Chilean democracy is additional proof of the limitations of Chilean democracy.

Although the Concertación would like to change these nondemocratic features, the likelihood of its doing so under the current political situation is virtually nil. A different strategy in the first years of the Aylwin government, for example, massive street mobilizations in support of sweeping constitutional reforms or the call for a plebiscite on the 1980 Constitution, might have led to a reform or rewriting of the Constitution. That did not occur. The characteristics of the transition from military rule to elected civilian government, the relative power of the contesting political forces, the societal trauma and fear of the past, a culture that prefers consumption to revolution, the demobilized state of civil society, and the legalistic nature of Chileans all act to maintain the status quo.

The transition, then, is over. New political arrangements, which have functioned for almost a decade, appear to be institutionalized. There have been three sets of congressional elections and two of presidential and municipal con-

tests. The Concertación has used Pinochet-era laws and constitutional prerogatives that it opposes in principle, lending legitimacy to these institutional arrangements and processes. For example, the Concertación has exercised its constitutional prerogatives to name designated senators, even though it disagrees with the concept of nonelected senators. Likewise, there have been repeated calls by Concertación leaders to amend the Constitution to give former president Aylwin the right to sit in the Senate, along with Pinochet, as a designated senator. There is every expectation that President Frei will make use of this prerogative when his presidential term of office ends.

This does not mean that the Concertación has given up on its efforts to reform the current institutional arrangements; some have even floated the idea of broadening the Concertación to include the “democratic sectors” of the Right in order to achieve the needed congressional support for constitutional changes.<sup>71</sup> However, unless something as dramatic as this occurs, the Concertación remains boxed in by the current formal rules and informal understandings. The results of the 1997 election make it even less likely than before that the Concertación will be able to enact political changes. The challenge that faces the Concertación as it looks to the next century is whether it can renew its political program and fashion a new set of alternatives.

In the next chapter I review and evaluate the economic model and policies of the Concertación governments and cite issues for the future.

## NOTES

1. There is a constitutional reason for the different lengths of the presidential terms of Aylwin and Frei. According to the Constitution, Aylwin, as the first elected president, was limited to a four-year term. Frei's term was supposed to be eight years. However, the legislature changed it after he took office, deciding that although four years seemed too short, eight was too long. The presidential term of office prior to the military dictatorship had been six years.

2. Norbert Lechner, *Los patios interiores de la democracia* (Santiago: FLACSO, 1988). See especially chap. 4, “Hay gente que muere de miedo,” pp. 93–109. See also Patricia Politzer, *Fear in Chile* (New York: Pantheon Press, 1989).

3. *El mercurio*, edición internacional, various issues [var. iss.], 1989.

4. The 1980 Constitution stipulated that the first elected president could serve one nonrenewable four-year term, even though the term of office for his successors was to be eight years.

5. The vote to ratify the 1980 Constitution took place under conditions of repression in which the opposition had virtually no access to the mass media. In addition, the electoral rolls had been destroyed in 1973, so there was no real control against voter fraud.

6. See, for example, ILCTRI, “Chile: Una nación con ejército o un ejército con una nación?” *América Latina Cono Sur*, no. 1 (Buenos Aires: Instituto Latinoamericano de Cooperación Tecnológica y Relaciones Internacionales [ILCTRI], February 1990): 35.

7. The agreement also allowed the minimum wage to increase yearly, depending on the inflation rate. By 1992 it had reached 33,000 pesos. *El mercurio*, edición interna-

cional, var. iss., 1990; *APSI*, var. iss., 1990; *Análisis*, var. iss., 1990; and author's interviews, Santiago, August 1990.

8. *APSI*, var. iss., 1990; and *Análisis*, var. iss., 1990.

9. René Cortázar, "Una política laboral para una nueva realidad," in Crisóstomo Pizarro, Dagmar Raczynski, and Joaquín Vial, eds., *Políticas económicas y sociales en el Chile democrático* (Santiago: CIEPLAN/UNICEF, 1995), pp. 129–139.

10. *Análisis*, var. iss., September–October 1990.

11. The two parties provided some rationale for their vote. The National Renovation Party, although claiming to be in favor of the reform, wanted to see it take force at the end of the current administration, in 1993, when, assumedly, the Concertación's popularity would have been eroded by four years in office. The UDI, though stating that local democracy was a good thing, suggested waiting before approving further constitutional reforms so that the current political system could be given a fair test.

12. *El mercurio*, edición internacional, var. iss., 1990–1991; and *Análisis*, var. iss., 1990–1991.

13. One of the reasons that it took so long for a law to be approved was that there were prolonged negotiations among the various political parties regarding the details of the process. Prior to staking out a public position, each party had undertaken detailed calculations of its electoral chances under differing rules. In the end, the debate took on an arcane ring as parties argued over the number of local councilors to be elected, based on their estimated chances of winning a majority. The process was clearly one marked by partisan behavior and bargaining among political elites.

14. Cities up to 70,000 would have six council members, those between 70,000 and 150,000 would have eight members, and those over 150,000 would have ten members.

15. "La Ley Orgánica Constitucional de Municipalidades" (Constitutional Organic Law of Municipalities), discussed in *El mercurio*, edición internacional, var. iss., Spring 1992, and in *Análisis*, no. 420, July 6–19, 1992, pp. 15–16.

16. *El mercurio*, edición internacional, June 25–July 1, 1992, pp. 1, 7.

17. *Análisis*, no. 420, July 6–19, 1992, pp. 12, 19; and *El mercurio*, edición internacional, May 21–27, 1992.

18. The president sent a package containing reforms of thirty articles of the 1980 Constitution. *El mercurio*, edición internacional, May 28–June 3, 1992, pp. 1–2.

19. The electoral system divides Chile into two-member districts, both for senatorial as well as deputy races. Voters were to cast two ballots for individual candidates. In calculating the winners, the highest vote-getting candidate of the slate that received the most votes would get the first seat. That candidate's vote would then be subtracted from the total received by his slate. Then the slate with the most votes would win the second seat. As a result, if only two slates ran, which was often the case, in order for one slate to win both seats, it needed to obtain 67 percent of the popular vote. In general, in order to gain both district seats, it was necessary to double the vote of the opponents.

One startling case in 1989 was that of Ricardo Lagos, president of the Party for Democracy. Not only is Lagos a major party figure in Chile and former minister of education, but he also presented himself as a presidential candidate for the 1993 and 1999 elections. Because of the electoral rules that require a slate to more than double the vote of a competing slate in order to win both of the district's seats, Lagos did not win the second senatorial seat, even though he received many more votes than his nearest competitor, Jaime Guzmán. Although Guzmán received about 222,000 votes, Lagos got

over 399,000, surpassing Guzmán by more than 175,000 votes. In all, Lagos's Concertación slate received almost 62 percent of the vote to Guzmán's, which garnered 32 percent. However, the second seat went to Guzmán, not Lagos, because Lagos's slate was 24,500 votes short of getting the 67 percent needed to win both senatorial seats.

20. For example, shortly before the December 1997 parliamentary elections, the government sent a bill to Congress to change the electoral system to one of proportional representation. The government stated that this reform would become part of the legislation the Congress would consider during its extraordinary session, which meets from September 30 until the new Congress meets on May 21 of the following year.

21. Pinochet made his decision public in an interview in the magazine, *Cosas*, in October 1997 (vol. 21, no. 548, September 26, 1997, pp. 11–16).

22. Reported in major newspapers, such as *El mercurio* and *La época* in October 1997.

23. One reason for this concern is that Pinochet will be joined by four other designated senators who are former military men. Each will sit in the Senate by virtue of his being a former head of one of the four branches of the armed forces.

24. Reported in the local newspapers, such as *El mercurio*, *La nación*, and *La época* during the week of October 6–13, 1997.

25. *El mercurio*, October 13, 1997, p. C4.

26. The accusations were so serious that there were efforts to impeach members of the Supreme Court. The first such call, against the President of the Supreme Court, Servando Jordán, came from a member of the hard-line right-wing party, UDI. He claimed that the head of the Supreme Court had intervened in a judicial case dealing with a drug trafficker. The Chief of the Supreme Court denied any wrong doing but did go on a long "vacation." Separate protests were voiced by PS and PPD representatives. In all, constitutional accusations were made against four members of the high court.

27. *El mercurio* and *La época*, October 1997.

28. From *El mercurio* and *La época*, September and October 1997.

29. Under the 1980 Constitution, anyone who "defames" the armed forces can be sued by the military. Section 4 of Article 19 states that if any organ of the media "imputes a false fact or act to some, or causes unjustified damage or discredit to a person or their family," this is considered a crime. The owners, editors, directors, and administrators of the media of communication are held responsible for the indemnization.

30. There are a number of cases in which the law has been applied against individuals, or individuals were threatened with its use. In one case, the head of the Communist Party, Gladys Marín, was arrested in the street in broad daylight and hustled off in a car—evoking memories of the early days of the dictatorship. This was in response to her giving a strong speech about Pinochet's responsibility for human rights deaths, a personal issue for Marín, since her husband numbers among the missing. A 1997 case was that of Socialist Party deputy José Antonio Viera-Gallo, who criticized Pinochet for having "put his hands" into the public till while in power. Viera-Gallo, speaking in the heat of the moment during a political interview program, made the statement in response to one about rampant corruption in the Concertación. The army took quick action; the high command met and declared that they would initiate legal proceedings against the deputy. Although the case was smoothed over by Defense Minister Pérez Yoma a few days later, there was, of course, no analogous action taken against the interviewer who had assumedly defamed the government. The case was extensively reported in the television news and major newspapers, such as *El mercurio* and *La época*, October 1997, especially since Pérez Yoma's actions



were not universally approved of within the Concertación. In an ironic twist, Human Rights Watch, based in the United States, brought a case of human rights violations against the state of Chile to the Inter-American Commission for Human Rights of the Organization of American States in late 1997. They claimed that ex-Minister Francisco Javier Cuadra, who had served during the Pinochet regime, was a “victim of a lack of freedom of expression” in Chile because he had been sentenced for violating an antidemocratic law, that is, the National Security Law. Cuadra’s crime had been to allege publicly, in 1995, that some members of the Congress were taking drugs. The Chilean Senate and Chamber of Deputies utilized the security law to sue Cuadra.

31. This mandate is in Article 19, Section 12.

32. Edgardo Boeninger and Génaro Arriagada, “La reforma del estado en la administración Aylwin y Frei,” in *La reforma del estado* (Santiago: Instituto chileno de Estudios Humanísticos, 1995), pp. 145–168, and “Reflexiones sobre la gobernabilidad: El caso de Chile,” in *Ecuador: Un problema de gobernabilidad* (Quito: CORDES-PNUD, 1996), pp. 257–300.

33. *Análisis*, no. 299, September 16–29, 1991.

34. *El mercurio*, edición internacional, February 28–March 6, 1991.

35. My translation of a quote from the text of President Aylwin’s speech, reprinted in *El mercurio*, edición internacional, February 28–March 6, 1991, p. 6.

36. In a 1990 story in the Chilean news magazine *APSI*, a reporter estimated that there were over 2,000 people among the dead and disappeared, a close approximation of the official count. *APSI*, no. 354, July 4–17, 1990, p. 21.

37. June 24–30, 1993, international edition of *El mercurio*.

38. My translation of a quote from the text of President Aylwin’s speech, reprinted in *El mercurio*, edición internacional, February 28–March 6, 1991, p. 6.

39. Roni Moffitt, Letelier’s secretary, was also killed in the car bombing.

40. *Análisis*, no. 418, June 8–21, 1992, pp. 8–10, 12–13; *Análisis*, no. 419, June 22–July 5, 1992, pp. 18–20.

41. *El mercurio*, edición internacional, var. iss., 1991–1992; and *Análisis*, var. iss., 1991–1992.

42. *El mercurio*, edición internacional, May 21–28, 1992.

43. CHIP News Service, May 27, 1997.

44. *El mercurio*, October 1997.

45. Many in Chile believed that the army and Pinochet would protect Contreras from ever going to prison. Contreras, who claimed innocence and vowed that he would never spend “one day in prison,” hid out in a large estate he owned in southern Chile, while rumors circulated of unusual military activities in the region. However, Pinochet at one point stated publicly that everyone had to obey the law, leading many to believe that he was ready to sacrifice Contreras in order to put an end to the issue. Despite this, the military, in a coordinated air and ground action, whisked Contreras to the military hospital in Santiago, where his doctors declared that he was deathly ill and in no condition to be sent to prison. After prolonged government efforts to assess the true state of Contreras’s health, he was judged fit to serve out his sentence in late 1994. In 1995 he was taken to prison, where, despite his efforts to overturn or shorten his sentence, or be released on parole, he still resides. It is also worth noting here that the government’s decision to build a special prison for the military prisoners was not without controversy. Minister of Public Works, Ricardo Lagos, whose ministry was responsible for the construction of the prison, offered to resign in early January 1995 over the issue.

46. The others include the three other original members of the military junta, Navy General Merino, Air Force General Leigh, and Carabineros director Mendoza, of whom only Leigh is still alive today. In addition, General Matthei, who replaced Leigh in the junta, and Carabineros director Rodolfo Stange, who replaced Mendoza, are charged.

47. One such individual, Roberto Garretón, a long-time human rights lawyer, was interviewed on Chilean television after his return from Spain. He shared with the interviewer, Consuelo Saavedra of the program *Mira Quien Habla*, some of the documents he had shown to the Spanish court, which demonstrated a systematic policy of torture that came from the very top. One document, signed by Pinochet, gave orders to torture someone to force him to talk.

48. *El mercurio*, June 2, 1997.

49. Reported in *La época*, October 12, 1997, p. 18.

50. *Ibid.*

51. Guzmán was a significant figure on the Right. A cofounder of both right-wing parties UDI and RN, he was an important theorist on the Right. He lent important support to the Pinochet regime, including playing an instrumental part in the writing of the 1980 Constitution. Given these activities, he was also a potential target for those wanting reprisals against the Pinochet forces.

52. These included members of the faction of the Manuel Rodríguez Patriotic Front, who had not renounced the use of violence after 1990, as well as a second leftist paramilitary group, Lautauro. In response to Guzmán's murder on April 1, 1991, the Aylwin government cracked down on terrorism, with support from the Right. As a result, these two organizations were quickly neutralized by the arrest of their leaders. This is one of the reasons why the high-profile prison break was so troubling to the Frei government.

53. This information is taken from major newspapers, especially *El mercurio* and *La época*, as well as CHIP News Service.

54. From an interview in *Análisis*, no. 399, September 16–29, 1991, p. 22, my translation.

55. Pinochet is known to have said that nothing moved in the country, not even a fly, without his knowledge.

56. *El mercurio* and *La época*, November 1997.

57. *Análisis*, no. 419, June 8–21, 1992, p. 8.

58. The incident came to light when several Uruguayan police officers decided to report the situation to politicians in their country.

59. Upon the occasion of his voluntary retirement from active service in August 1991, General Matthei gave his own account of the military's actions, as well as his participation in junta decisionmaking, some of which were quite unflattering to Pinochet.

60. The Constitution of 1980 stipulates that when the commanders in chief of the four branches of the armed forces have served their term of office, they are replaced by the president, who chooses from among the five most senior members of that branch. If the president chooses someone who is not the most senior, those members who are senior to the person named must resign. In the case of the army, Frei chose the fifth in seniority, which automatically meant the retirement of the four other generals on the list.

61. *El mercurio*, November 16, 1997, pp. D2–4.

62. The first real shopping mall (enclosed mall) in Chile, Parque Arauco, opened in the mid-1980s. Situated in the eastern suburbs of Santiago, it was designed for the well-to-do. It now competes with a number of other malls, including an enormous one in La Florida, a working-class neighborhood in Santiago.

63. Christian Democratic Senator Gabriel Valdés, former party president as well as former president of the Senate, is one of those who has spoken out publicly about the loss of Chilean identity. Tomás Moulián, a well-known sociologist, published a book that comments critically on contemporary Chile, including what he calls the “massification of consumption.” His analysis hit a nerve among Chileans; the book, published in 1997, had, by September of that year, reached its fifth reprinting. *Chile Actual* (Santiago: Editorial Universidad ARCIS, 1977).

64. The PPD initially formed for the 1989 elections as an instrumental party, that is, to allow members of then-banned parties, especially the Socialists, to run for office under a legal party banner. However, the party took on a life of its own. It did not disband after the December 1989 elections, as many had anticipated, despite the fact that the fragmented Socialists reunited and began the party legalization process.

65. UDI's vote was 14 percent, to the RN's 16 percent.

66. In 1993, two parties, the Humanist-Green Alliance Party (Partido Alianza Humanista-Verde) and the MAPU, withdrew from the governing alliance. In addition, the Christian Left, while staying formally within the Concertación, withdrew its support for Concertación presidential candidate Eduardo Frei. None of these groups constitutes a viable threat to the Concertación coalition.

67. The dispute took off in part because of strong feeling within the PDC, including current PDC president Enrique Krauss, that the next presidential nominee should be from the PDC. Lagos, who is strongly backed by both the PS and PPD, ran for the nomination in 1992. He resigned from his position as Minister of Education under Aylwin in September 1992 to run for the post, losing out in a quickly organized kind of primary to Frei in 1993. Many within the PPD and PS believe that if they do not force the Lagos issue now, they will lose their chance indefinitely.

68. This primary election is to be separate from the 1997 parliamentary elections, which some within the PDC claimed was a kind of primary, and from the presidential elections of 1999. In the case of the latter, some argued that because the presidential elections required a majority vote, the Concertación could, in a first round, have two candidates. Whoever received the most votes would become the Concertación's candidate in the second, final round. Others, however, feared that if the Concertación reached the point where it fielded two candidates, it would break the coalition apart.

69. The newly named head of the navy, Admiral Jorge Arancibia Reyes, for example, in a newspaper interview in November 1997, felt it necessary to make clear that he was the only spokesperson for the navy, and not the retired navy general who sits in the Senate as a designated senator. “The navy cannot have a representative in the Congress; if someone has to represent the navy in Congress that person will be the commander in chief of the navy, as requested by the Congress” (quote, translated by author, from interview in *El mercurio*, November 16, 1997, p. D3).

70. Guillermo O'Donnell, in an article titled “Another Institutionalization: Latin America and Elsewhere,” working paper no. 222, Kellogg Institute, March 1996, raised this issue. He noted that the new democracies in Latin America do not “lack institutionalization” (p. 2).

71. For example, PDC vice president, Enzo Pistacchio, did so, as reported in *La época*, November 24, 1997, p. 12.

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## Development at Last? Neoliberalism and Chilean Democracy

### **The Chilean Jaguar and the Dilemma of Growth Versus Equity**

Under the Concertación governments, the Chilean economy has boomed. Economic growth has averaged more than 7 percent a year under civilian rule,<sup>1</sup> a statistic that stands in contrast not only with Chilean historical experience but also with the current situation of most Latin American governments. Both Presidents Aylwin and Frei have pointed with pride to the ways in which their economic teams have managed the economy, to the country's recent fame as the "jaguar of South America," and to its potential to serve as an economic bridge between Latin America and Asia.

However, the Concertación still faces serious challenges with regard to the issues of equity and sustainability. One quarter of the population still lives in conditions of poverty and the country's income distribution is one of the worst in the region. The minimum wage, although almost triple what it was in 1989, is still only about US\$150 a month and cannot come close to meeting a family's basic needs. Moreover, there have been serious environmental costs. The current economic boom depends in large part on the exportation of natural resources, such as copper and wood, which are finite. In addition, their extraction has resulted in the contamination and degradation of native forests, waters, and the air. The persistence of economic inequities, significant poverty levels, and the high environmental costs raise fundamental questions about the ability of

the free market model to end underdevelopment and about the long-term sustainability of this type of economic growth.

In this chapter I review the basic characteristics of the Chilean economic model under the Concertación and ask several fundamental questions. First of all, what are the fundamental principles of the Concertación's economy policy, especially in comparison with the neoliberal policies of the Pinochet years? On the one hand, the Concertación's electoral programs emphasized growth with equity and the need to recompense Chileans for the high social cost of the neoliberal model as imposed under Pinochet. On the other hand, it appears, at first sight at least, that the economic model they are pursuing is basically the same as that of the military. What are the economic and social policy differences between the two periods, for example, in terms of the export model, privatization and government regulation, and social policy to attain greater equity? Is the Concertación's economic policy different in kind, or is it essentially a continuation of the military's neoliberal economic policy?

Second, has Chile really solved its historic dilemma of underdevelopment? If its economic program is not an unqualified success, what are the unresolved problems? Should the much-touted Chilean experience serve as a model for the region, which has long struggled to overcome poverty and inequality?

## **The Concertación and Economic Policymaking**

### *Concertación Acceptance of the Market Strategy*

The fundamental principle underlying the economic policy of the Concertación is the acceptance of market forces, both domestically and in terms of Chile's relationship to the world economy. Concertación policies are designed to build on the openness of the Chilean economy in order to maintain macro-level stability and growth while, at the same time, trying to reduce the gap in income levels and living standards.

Export trade and foreign investment in Chile are seen as the two principal driving forces of the country's economic growth. In this context, maintaining access to foreign markets and a competitive advantage for Chilean products takes on special importance, especially considering the small size of the country. The Concertación has tried to strengthen the export-oriented sector of the economy through policies such as the signing of bilateral and plurilateral trade agreements,<sup>2</sup> a further lowering of the uniform, low tariffs to 11 percent,<sup>3</sup> and encouragement of nonspeculative foreign investment. Other economic policies include privatization of most of the remaining state enterprises, while maintaining some governmental regulation.

The role of private enterprise, then, is key. President Aylwin, in his first message to the nation in May 1990, stated forthrightly that the motor of economic growth in Chile was private enterprise. Sustained economic growth based on

private enterprise, however, could only take place within the context of economic and political stability, which further reinforced Concertación proclivities toward a consensus-style politics.

At the same time, the Aylwin and Frei administrations, constituting the first elected civilian governments in power since 1973, could not ignore the high social cost of increased poverty and low wages extracted by the military's neoliberal model. By 1996—six years after the resumption of civilian rule—Concertación social policies had helped reduce the overall rate of poverty from 39 percent of the population to 23 percent, a substantial drop.<sup>4</sup>

### *Reasons for Adopting the Market Approach*

When President Aylwin and his economic team took over the reins of executive power in March 1990, they inherited an economy that had been transformed by the Chicago Boys' neoliberal experiment. Aside from keeping copper production in state hands, the initial economic team of the 1970s followed quite strictly the neoliberal prescriptions learned under their former Chicago professors Arnold Harberger and Milton Friedman.<sup>5</sup> They privatized most state enterprises, unilaterally lowered tariff barriers, welcomed foreign capital, and dramatically shrank the economic and social functions of the state. As a result of the trade liberalization policies, Chile's trading pattern and its entrepreneurial class also changed in important ways. New economic actors, including Chilean entrepreneurs involved in the growing export sector, such as agro-exporters, and new sources of foreign investment, such as Canadian capital in mining and Japanese investors in forestry, appeared.

The Concertación government decided, from the outset, not to change in any fundamental way the economic framework it had inherited from the military.<sup>6</sup> Concertación leaders made this decision because they believed that a set of international and domestic factors made it virtually impossible to change the economic model. Market reform policies had been enacted over a period of almost seventeen years, with the support of the international financial community and of the United States. By 1990, the external environment favored free trade. Thatcherism and Reaganism had set the tone in the early 1980s, reinforcing International Monetary Fund (IMF) and World Bank policies. Other international factors were the demise of Soviet-style socialism, changes in Western European social democracy that leached socialism out of the policies of French and Spanish socialists in power, the breakup of Yugoslavia, and the market emphasis in China after the death of Mao Tse-tung. Collectively, these international changes meant that there were no viable alternative economic models from which to choose.<sup>7</sup>

There were also substantial domestic constraints. These included the constitutional and legal limits put on the executive's freedom of action, as described in Chapter 8, and the continued viability, albeit in minority status, of an un-

apologetic Right who declared the military's economic project an unqualified success. In addition, economic continuity with the past calmed the nerves of local businessmen who remembered with horror the socialization policies of Salvador Allende. The armed forces also had made it clear that they considered the economic model to be one of their primary successes and legacies to Chile. Pinochet might view a drastic change of economic policy as a threat to the nation's security and a possible cause for military intervention.

Furthermore, within the left wing of the Concertación coalition there was a great deal of confusion over what it meant to be socialist, given the transformations of the Soviet Union and Eastern Europe. It was no longer heretical for socialists to talk about the market as a positive force. Nonetheless, although renovated Socialists accepted the use of market mechanisms, they tried to distinguish between a harsh and rigid neoliberal application of market mechanisms and one that provided social benefits, as in West European countries.

Last, because Allende's experiment in peaceful socialism had ended in a severe economic, as well as political, crisis, Concertación leaders believed that their legitimacy as political leaders rested in part on whether or not they could manage the economy well. Rather than begin their rule by taking some dramatic action to transform an economic system that, like it or not, was functioning well by orthodox economists' standards, they needed to demonstrate that civilians could manage the economy as well as, or better than, the former military rulers. With the turbulence of the early 1970s in mind, they also wanted to maintain an atmosphere of social peace and civil order.

Together, these factors greatly limited the ability of the Concertación governments to change either institutional arrangements or basic economic policy orientations.<sup>8</sup> In short, the political conditions for a fundamental questioning of the market model did not—and probably still do not—exist. Instead of emphasizing drastic economic change, the Concertación focused on the political: solidifying democracy in Chile after more than seventeen years of military dictatorship.<sup>9</sup> Whatever their private misgivings, Concertación leaders did not attack the basic market model; rather, they talked about redressing the social imbalances created by seventeen years of the military's market-oriented policies. In addition, both Presidents Patricio Aylwin and Eduardo Frei saw a role for the state in terms of regulating the market, as well as mitigating the social consequences of the market economy, that is, putting a "human face" on capitalism.<sup>10</sup> Concertación leaders tried to highlight the differences between their posture and that of the military government by advocating an economic policy that they called *economía social del mercado*, or social economy of the market.

Let us now look in greater detail at the economic policies of the two Concertación governments of Patricio Aylwin and Eduardo Frei and their social consequences.

## **The Concertación's Economic Program**

### *Macro-Level Success: High Growth, Low Inflation, and Economic Stability*

A crucial aspect of Concertación economic policy has been to maintain economic stability, that is, to reduce inflation while maintaining high levels of economic growth and productivity and low unemployment rates.<sup>11</sup> Inflation rates have declined throughout the 1990s, from 27.3 percent in 1990 to a low of 6 percent in 1997. At the same time, unemployment rates have run about 6 percent annually, while the growth rate has averaged more than 7 percent for the decade. Attaining single-digit inflation in Chile is a major feat in and of itself, not to mention the other positive economic indicators. At the macro level, then, the Concertación can claim success.

### *Trade and Investment Policy*

**Championing Free Trade.** The Concertación's adherence to the idea of an open economy, forged under the military, has meant that it sees continued free trade as an important condition for economic growth. In fact, the Chilean government has championed the cause of free trade in the international community. This approach rejects the precoup argument that heavy foreign investment and an export-driven economy connote dependency and exploitation. From the start the Concertación argued the opposite. Aylwin's economic team, led by Minister of Finance Alejandro Foxley, felt that if the international community followed a policy of free trade and if Chile could diversify its trading partners, its economy would be strong and healthy. In a speech at Columbia University in September 1990, Foxley explained, "If we increase productivity in a sustained way, invest heavily in human capital, we can turn the problem from a vicious circle [of dependency and poverty] to a virtuous circle."<sup>12</sup>

When the Concertación took office in March 1990, it inherited a policy of uniform, low tariff rates from the military regime, set at that time at 15 percent. During its first year in office, the Concertación lowered tariffs even further, to 11 percent. The Frei government decided to further reduce the tariff level, to 8 percent. At first, the change was to be implemented in 1997, but it was later postponed to 1998. Tariff reductions are seen as a means of encouraging exports and as a way to improve the Chilean economy's competitiveness. At the same time, uniform tariffs are simple to administer and they prevent entrepreneurs from lobbying government officials in hopes of obtaining beneficial, differential tariff levels for their products.<sup>13</sup>

In addition to using unilateral tariff reductions as a way to open the economy, the Concertación also adopted the strategy of negotiating bilateral and



plurilateral free trade agreements. This has been an important complementary policy to reinforce Chile's open economy strategy because it helps ensure access to foreign markets and establishes clear and stable rules of trade.

**Trade Growth and Diversification.** As part of its trade strategy, the Concertación wants to encourage overall growth of the export sector, as well as its diversification. Under the civilian governments, growth of the export sector has been notable. By the middle of the decade, Chile had diversified its trading pattern to include a more balanced trade among most regions of the world. In 1996, for example, 33.6 percent of the country's exports went to the Asian Pacific Economic Cooperation (APEC) countries, 24 percent to members of the European Union, or EU, 18.5 percent to North American Free Trade Agreement (NAFTA) members Mexico, Canada, and the United States, 11.5 percent to the members of the Mercado Común del Sur (MERCOSUR), Brazil, Argentina, Uruguay, and Paraguay, and 12.4 percent to others.<sup>14</sup> This compares favorably with the pattern of trade in preceding decades. For example, in 1960 the United States alone bought 37 percent of Chile's exports, and in 1970, the markets of Western Europe accounted for almost 61 percent of Chile's exports. Chile's import basket of countries has become similarly diverse, with, for example, the European Union accounting for 20 percent of imports and APEC nations 15.5 percent in 1996.<sup>15</sup>

Despite this greater regional diversification of trading partners, however, a limited number of countries still constitute the principal export markets for Chilean products. In 1996, the two largest export markets, the United States and Japan, accounted for 33 percent of all Chile's exports, while the five largest markets accounted for more than 50 percent.<sup>16</sup>

In terms of products, although there has been diversification of export products, copper still accounts for more than 40 percent of Chile's export earnings. Other significant exports include mostly primary or semiprocessed agricultural goods, principally fish and fish products, fruits, forestry products, and wine. The Chilean salmon industry has grown to the point that Chile is the second largest producer in the world,<sup>17</sup> with Japan and the United States as its two biggest markets.<sup>18</sup> According to the government agency PROCHILE (Dirección de Promoción de Exportaciones), the number of products produced for export in Chile rose from 2,300 in 1990 to 3,890 by 1996. This is a hefty increase of 69 percent.<sup>19</sup> However, as Table 9.1 illustrates, in 1996 natural resources still constituted more than half of Chile's exports, with manufactured goods accounting for less than 11 percent. Despite efforts at diversification, the country continues to rely principally on primary product exports. In addition, copper is projected to account for a larger amount of Chile's export total.

**Foreign Investment.** Under the Concertación governments, Chile has been exceedingly successful in attracting foreign investment. In fact, in 1996

TABLE 9.1 Chilean Exports, by Sector, 1987–1996

Sector	1987	1990	1993	1996
Natural Resources	68.4	67.0	55.5	57.0
Semiprocessed Natural Resources	27.0	25.1	32.4	32.2
Industrial Products	4.6	8.0	12.2	10.8
Total	100.0	100.0	100.0	100.0

SOURCE: Isabel Figueroa C., *Principales rasgos de la inserción de Chile en la economía mundial. Año 1996*. Ministerio de Relaciones Exteriores, Dirección General de Relaciones Económicas Internacionales, May 1997, Table 17; based on Central Bank of Chile statistics.

alone, the amount of foreign investment dollars that flowed into Chile equaled the total amount of capital invested in Chile during the entire military dictatorship, that is, from 1974 through 1989.<sup>20</sup> This statistic is a stunning demonstration of the political isolation of Chile during the Pinochet dictatorship and of the success of the Concertación in reintegrating Chile into the world community, as well as in maintaining a hospitable environment for foreign capital.

Since 1990 there has been a high—and increasing—rate of capital flowing into Chile, as well as a more diverse group of investors. Total foreign investment in 1996 reached almost \$6.2 billion, a 42 percent increase from 1995.<sup>21</sup> According to Chile's Foreign Investments Committee, in the first quarter of 1997 foreign investment continued to grow by 22 percent, totaling \$1.9 billion.<sup>22</sup>

In addition, there has been some diversification of the countries and regions that invest in Chile. Canada, which has entered the Latin American scene vigorously in the 1990s, accounted for 17.5 percent of all foreign investment in Chile under Decree Law 600 between 1990 and 1996.<sup>23</sup> European countries constitute another, very significant source of foreign capital in Chile. For example, their investments accounted for more than 28 percent of the total foreign investment in Chile in 1996, making them, collectively, the second largest investor that year in the Chilean economy.<sup>24</sup> The United States, however, remains the largest foreign investor in Chile, accounting for almost 42 percent of all foreign investment flowing into the country between 1990 and 1996.<sup>25</sup>

Furthermore, copper, Chile's traditional export product, remains a primary recipient of foreign capital investment. About half of all foreign investment goes to the mining sector, with services second, and industry third.<sup>26</sup> Canada, in particular, has been a major investor in the copper mining sector. This heavy foreign investment in copper has changed the ownership picture in Chile's mining sector. Although the state-owned mining company, CODELCO, is still the largest single enterprise in Chile, privately owned mines have come to account for about half of all copper produced in Chile.

Ironically, the Chileans have been a bit too successful in attracting foreign capital. The heavy inflow of dollars into the country since 1990 has created an

exchange rate problem for Chile. Because of the flood of dollars, the U.S. dollar is undervalued in relation to the Chilean peso. Over time, this has created difficulties for the export sector, which complains that its goods are less competitive on the world market because of the overvalued peso.

Chile has also become an exporter of capital, especially to neighboring South American countries. Argentina has been a major recipient of Chilean foreign capital, especially in utility industries privatized by the Carlos Menem government, with Peru second and Brazil third.<sup>27</sup> Chilean capital has also been important in Bolivia. Overall, Chilean foreign investments during the Concertación governments total almost four billion dollars. This stands in sharp contrast to the situation under the military, when the total of all Chilean capital abroad between 1975 and 1989 reached only \$166 million.<sup>28</sup> The large outflow of Chilean capital, especially to neighboring Latin American countries has, in fact, created something of a backlash with regard to so-called Chilean economic imperialists, especially in Bolivia and Peru. A high-profile Chilean presence is a sensitive point in these countries, both of which lost territory to Chile in the War of the Pacific of 1879.

**Concertación Regulation of Foreign Investment.** The Concertación has taken a number of actions that affect the flow of foreign capital to Chile. In 1993 it took measures to encourage the inflow of foreign investment by lowering from three years to one the requirement for foreign capital to remain in Chile before being transferred abroad. Although its decision to maintain a one-year requirement for foreign capital was, among other things, to prevent short-term capital flight, the general purpose of the policy change was to facilitate foreign capital inflow. The change was accomplished by means of a congressional amendment to Decree-Law 600, the foreign investment statute, which had originally been approved by the military junta in 1974.<sup>29</sup>

Interestingly, although the Concertación reduced dramatically the residency requirement for foreign capital, the one-year rule has been much criticized by domestic businessmen as an obstacle to further growth. The controversy over this requirement is in large measure a reflection of the changed environment within which Chile operates. When the military junta implemented its trade liberalization measures, it was the first country in the region to do so; today, in contrast, Chile's neighbors, following a more strictly neoliberal approach, put no such restrictions on the flow of foreign capital. Chile's one-year requirement appears, in today's context, to be restrictive.<sup>30</sup>

The Concertación has also imposed additional limitations on the free flow of capital into and out of Chile, largely in an effort to prevent sudden, massive capital flight, as occurred in Mexico in 1994. All short-term finance capital in Chile is subject to a 30 percent legal reserve. That is to say, all short-term investments must deposit 30 percent of the total with the Chilean Central Bank, known in Chile as the *encaje*. Long-term capital investments are not subject to the *encaje*, although they are subject to the one-year requirement.<sup>31</sup> This is one

example of how the Concertación has used government regulation to exert control over the economy, even in the face of domestic and international disagreement with the policy. For example, domestic businessmen argue that the *encaje* is an unnecessary intrusion into the market by the government. It was also an issue of debate with the Canadian government during negotiations over the free trade agreement. Chile won the argument with Canada and was able to maintain the legal reserve and sign a bilateral free trade agreement.

By the end of 1997, however, in the aftermath of the Asian currency problems and the accompanying sudden fall of many nations' stock markets, the international atmosphere toward such measures had begun to change somewhat. Chile's stock market was not much affected by the Asian currency crisis. As a result, at preparatory meetings of the Free Trade Area of the Americas in Vancouver, Canada, in November 1997, Canada asked Chile to explain its legal reserve requirement to the group, as a strategy for protecting one's economy from sudden fluxes of short-term foreign capital.<sup>32</sup> Other Latin American countries have shown some interest in this mechanism. However, in other settings, the United States and Canada still continued to pressure Chile to deregulate the flow of short-term capital.<sup>33</sup>

**Free Trade Agreements.** The Concertación has added the negotiation of free trade agreements to its store of tactics to ensure free trade. This additional strategy has several advantages. Free trade accords help to guarantee access to foreign markets, and they establish clear rules of the game. A major foreign policy goal of the first Concertación government, to reestablish a democratized Chile among the world community of nations, facilitated this process since acceptance within the international community created a more hospitable international political environment for Chilean expansion of trade relations. Patricio Aylwin took advantage of Chile's refurbished international image to sign a number of bilateral free trade agreements during his presidency. He also achieved Chile's entrance into the eighteen-member Asian trade organization, the Asian Pacific Economic Cooperation or APEC, at the very end of his term of office.

President Frei has built on this strategy. In addition to the bilateral trade agreements reached by both governments, the Frei administration began negotiations with the European Union, MERCOSUR, and NAFTA.<sup>34</sup> In 1996 it signed treaties establishing associate status with MERCOSUR<sup>35</sup> and the European Union.<sup>36</sup> Chile is also one of only three Latin American countries in APEC.<sup>37</sup>

Perhaps most important for Chile's self-image, especially during the Aylwin administration, was the invitation to join the North American Free Trade Agreement, or NAFTA. The process began under President George Bush, when the United States demonstrated a keen interest in creating a free trade zone with Latin America. In a visit to the region in 1991, Bush pushed his Initiative for the Americas, which focused on free trade. In preliminary talks with Aylwin, Bush indicated that Chile was high on the list of countries with which

the United States wanted to sign a free trade agreement. In May 1992 Aylwin visited Washington, D.C., where he was assured that the Chilean desire for a free trade agreement would be given "fast track" consideration in the United States as soon as Mexico and Canada had signed NAFTA.<sup>38</sup> President Bill Clinton reaffirmed his country's support for negotiating a free trade agreement with Chile as soon as NAFTA was signed in 1994. Chile was formally invited to join NAFTA by the United States, Canada, and Mexico at the Latin American Presidents' Summit Conference in December of 1994 in Miami.

Since that date, there have been major difficulties on the U.S. side, principally increased opposition to granting general fast-track authority to the president, both among Democrats at the congressional level and from labor unions at the grassroots level. Negotiations between the two countries came to a temporary halt in 1995 when Chile demurred from negotiating with the United States without fast-track status. The Concertación hoped that the atmosphere in the United States would change after the November 1996 presidential elections. By the end of 1997, when President Clinton was forced to postpone the congressional vote several times because he had failed to gain sufficient support in the Congress for fast-track authority, it became clear that the prospects for U.S. congressional approval in the near future did not look propitious. In the meantime, the Frei government had attained a comprehensive free trade agreement with Canada in 1996; this, together with the free trade agreement with Mexico signed by Aylwin in 1991, focuses the issue on the United States.

Chile's significant role in Latin America, both in terms of trade and foreign investment, has, perhaps, been more visible since joining MERCOSUR, although five of the six nations with whom Chile has signed free trade agreements are in the region. The four nations that make up MERCOSUR constitute an important market for Chile; they encompass 200 million people and account for about half of Latin America's population, as well as half the region's gross domestic product and exports. There is also product complementarity as well as geographic proximity.

Chilean association in MERCOSUR may have continued benefits in the future; it is reasonable to assume that MERCOSUR will be better able to negotiate other bilateral or multilateral agreements, including with the United States, than any individual Latin American country acting alone. One indication of Chile's level of commitment was its offer, at the June 1997 MERCOSUR summit in Asuncion, Paraguay, to coordinate discussions for MERCOSUR with the Free Trade Area of the Americas (FTAA) and the European Union. The former finance minister under Concertación President Aylwin, Alejandro Foxley, publicly lauded these efforts, noting that the current policy of stressing MERCOSUR and FTAA is the appropriate one for Chile, given the low probability of attaining NAFTA status in the near future. Furthermore, he encouraged the government to be cautious and to maintain the autonomy Chile has shown in the past.<sup>39</sup> Chile is also taking an active role in regional discussions to create a Free Trade Area of

the Americas.<sup>40</sup> It hosts the FTAA meetings of April 1998, where the plan is to launch the formal negotiations for a Free Trade Area of the Americas.

Overall, the Concertación's efforts to build on the open economy they inherited from the Pinochet regime have been successful. They have overseen sustained economic growth, based largely on the export sector of the economy and foreign investment,<sup>41</sup> and they have skillfully negotiated a complex set of bilateral and multilateral free trade agreements. The Concertación has been especially successful in its efforts to expand trade relations and ensure market access by means of trade agreements. Its continuing presence in APEC, its discussions with regard to FTAA, EU negotiations, and relations with MERCOSUR illustrate its policy of maintaining global access. The Aylwin and Frei governments' trade strategy has been to favor free trade agreements in line with the concept of "open regionalism,"<sup>42</sup> assuming that it can maintain a global access strategy even while joining regional trade associations. Multilateral trade agreements form an integral part of their strategy, as long as these are compatible with the country's open trade approach.

**Possible Obstacles to Future Export Growth.** Although the Concertación has been successful, to date, in its trade strategy, there are some potential rain clouds on the horizon. Continued economic growth may depend on diversification of exports away from primary products. Despite the fact that exports of manufactured goods have increased substantially, especially to other Latin American countries, they account for only about 10 percent of all exports. Primary products still dominate the export basket. The drop in the price of copper on the world market in late 1997 pointed up the continuing vulnerability of the economy to fluctuations in the international price of such primary products.<sup>43</sup>

Second, in 1997 Chile's formerly positive balance of trade turned negative. The government estimated that its trade balance in 1997 would be in the hole by US\$700 million, with a higher trade deficit anticipated in 1998.<sup>44</sup> Its overall balance of payments was even worse, more than US\$2 billion.<sup>45</sup> In addition, expectations are that Chile cannot sustain its high rate of growth, nor will it be able to maintain the very high rates of growth in foreign investment.<sup>46</sup>

As mentioned previously, the high rates of foreign investment in Chile created another problem with regard to the export sector. The high inflow of investment dollars to the country led to an appreciation of the Chilean peso vis-à-vis the U.S. dollar and a concomitant rise in the price of Chilean exports in the international market. The government's attempts to regulate the flow of investment dollars did not seem to stem the tide; over time, this exchange rate problem could lead not only to the closing of some export enterprises but also to an increased reliance on the exportation of copper.

Another question confronting the Concertación has been how to balance its unilateral free trade policies with membership in regional alliances. Joining regional trade associations, which give zero-tariff rates to products of member

nations at the expense of nonmembers, also means accepting other regulations, including some that might be unpalatable for Chilean free-trade advocates, such as harmonization of external tariff barriers.<sup>47</sup> Chile built its export-driven economy on the principle of unilaterally opening itself to trade through a low, uniform tariff rate. This has been a bulwark of Chile's open economy strategy; uniform tariffs mean, among other things, that the state does not favor any particular industry or sector. No economic group can plead special circumstances to gain governmental approval for differential tariff rates.

However, the decision to maintain uniform tariff levels presents possible problems with regard to multilateral trade associations. For example, APEC, which decided in 1995 to reduce tariff levels to zero by 2010 for developed nations, and by 2020 for less-developed ones, decided in late 1997 to change its strategy for reaching that goal. Rather than rely on an across-the-board lowering of tariff barriers, the new strategy was to lower certain tariff rates rapidly, that is, differentially, by sector. Those sectors named for a rapid decrease in tariffs included high-technology products, fish and forestry products. The agro-industrial sector, an important export industry in Chile, was not included on the list.<sup>48</sup> The Concertación government, however, refuses to change its policy of uniform tariffs and remains firm in its plan to decrease all Chilean tariff barriers from 11 to 8 percent. It opposes a differential lowering of tariff barriers because it feels that the larger countries, such as the United States, are in a stronger bargaining position with regard to which products should be the first to benefit by lowered tariff barriers. For example, the rapid lowering of tariffs on high-technology items benefits the United States, which exports these goods, but does not benefit less-developed countries like Chile. However, because APEC's policy is voluntary and long-term and because Chile's tariff barrier is low, it will probably be able to meet APEC guidelines. Similarly, Chile's uniform tariff policy created difficulties with MERCOSUR. Chile pulled back from consideration of full membership to associate status with MERCOSUR because its policy of a uniform tariff of 11 percent was at odds with MERCOSUR's policy of higher, differential tariffs. The problem may become worse because MERCOSUR nations have discussed raising their tariff barriers another 3 percent, whereas Chile, as noted above, is considering lowering its tariff rates by 3 percent.<sup>49</sup>

One last worry for the Concertación with regard to its trade strategy is that, as tariff barriers are lowered, countries will find other mechanisms to use to protect their national products. For example, environmental and labor regulations can be, and have been, used to keep out foreign products.

### *Privatization*

One of the principal characteristics of the neoliberal model is to prevent the state from distorting market forces in the domestic economy and to allow the market to function freely by privatizing state-owned industries. When the Concertación came to power in 1990, it took over management of an economy in which the

military had, over the course of seventeen years, privatized large sectors of the economy. The military's overall privatization process, which went through several stages, culminated in the mid-1980s with the privatization of most of the remaining state-owned industries, many of which were public utilities, such as electricity and telecommunications. By the time the Concertación took office, this last stage of the privatization process had been almost completed.<sup>50</sup>

The major exception to the military's privatization program was the maintenance of the nationalized copper mines in state hands, under the auspices of the state enterprise CODELCO. The military had a good reason to keep CODELCO in state hands: 10 percent of the value of all CODELCO copper sales went to the military's budget. Moreover, nationalization of the copper industry, Chile's largest export earner, was emblematic of Chilean sovereignty; the bill to nationalize the industry under the Allende government in 1971 was approved unanimously by the Congress. Even in the case of copper, however, the military government permitted private investment in new mining operations. As a result, major mining projects were begun with foreign capital, and new mines were opened. By the mid-1990s, about half of the copper produced in Chile came from the privately owned mining operations.

The Concertación has not attempted to undo the military's privatization process. In fact, it has extended the privatization process to the few remaining major areas of infrastructure under state control, including the railroad freight industry, highways, potable water and sewage, ports and airports. However, the fundamental principles under which the Concertación has operated are different than those utilized by the military. As a result, the kind of privatization—the rules of the game, as it were—is somewhat different from that practiced by the military. A primary principle for the Concertación is that private gain is secondary to the general welfare of the citizenry. For example, in the case of potable water, which is a monopoly industry that affects the entire population, the government wanted to make sure that a private owner would not restrict access to potable water solely in order to gain greater profit. For the government, the need of the entire population for access, at a reasonable price, to something as essential as potable water outweighed the rights of a private owner to gain a profit without any regulation. This same logic held for other utilities, such as electricity. In the case of electricity, for example, the Concertación, in 1997, confronted the largest private provider of electricity and forced it to reduce its rates.

The Concertación also wanted to ensure that the state would get a fair price for its enterprises, rather than selling them off to private interests at bargain basement prices, as had occurred in the 1970s and 1980s. In the case of the railroads, the government was able to privatize only the freight portion of the railway system. The passenger portion remained under state control because the system was so outmoded and needed such high levels of investment to upgrade it that it was virtually impossible to find a buyer.

Privatizing state enterprises is also a way to carry out urgently needed modernization of basic infrastructure, which, assumedly, will help the entire society,



for example, by ensuring proper treatment of sewage water. In carrying out the privatization program, the government has used different techniques. In some cases, it put out bids for private concessionaires to carry out the work, as in the case of some highway extension projects, whereas in others, the state enterprises were broken up into smaller, autonomous enterprises, which were then opened to private capital investment.

The Concertación's plan for the privatization of the sewage and potable water systems and port facilities was a point of major conflict between the Concertación and the Right because of the conflicting visions over the meaning and purpose of privatization, that is, private gain versus the general welfare. As a result, it took years to work out acceptable compromises and to design laws that would gain congressional approval for implementation of these projects. For example, with regard to the privatization of the sewage and potable water systems, the Right agreed to allow the state to maintain 35 percent control of the privatized enterprises and to veto actions that might harm the public good. However, the government had to accept the condition that, as additional private capital was invested in these enterprises, the state's 35 percent interest would shrink. There was also a clause in the law to prevent monopolization of all utilities in a region; for example, the principal private owner of electricity in Santiago, ENERSIS, cannot own the Santiago water company as well. Congressional approval with regard to sewage, potable water, and port facilities was finally achieved in late 1997.

The sewage, potable water systems, and the port facilities have all been opened to private investment in large part to allow for modernization and expansion. The modernization of both the water and port systems requires a massive investment of capital that the government felt was not possible if restricted to public funding. In the case of the ports, in particular, the government believes modernization of the facilities to be crucial to Chile's continued economic growth. This includes building new infrastructure as well as improving existing docks.<sup>51</sup> In the case of water, the proper treatment of wastewater, which is often used to irrigate crops, is urgently needed. Not only is there a public health issue at stake, there is an economic one as well. Chilean produce could be closed out of international markets if it does not meet certain hygienic standards. As with the issue of port facilities, proper treatment facilities for wastewater, and separating the treatment of residential and industrial wastewater, requires a massive infusion of investment capital.

The price of the services provided by the privately owned utility companies, such as access to potable water, will also be regulated. The Concertación has established boards that will set usage fees, taking into account costs as well as the public good.

In the case of private road construction, new highways, built with private capital, have been opened. In these cases, user fees are levied, which all must pay. In one case, that of a new access road to the Santiago airport, which was built with private capital, a user fee was put in place for all vehicles entering

the airport, whether or not they park there. This cost is in addition to the airport parking fee. There was both public confusion and unhappiness over this new fee, after it went into effect in late December 1997.

Eduardo Bitrán and Raúl Sáez, in a critical analysis of Chilean privatization programs under Pinochet, concluded that the success of privatization depends on having clear regulatory rules even before the privatization process begins and on strengthening regulatory institutions.<sup>52</sup> The Concertación's privatization policy for the sewage and water systems and the ports, as well as airports, appears to be an attempt to do this. Thus, the Concertación is trying to correct for the errors that occurred under earlier privatization schemes during military rule. Whether it will be successful in the long run remains to be seen.

In addition, the government has attempted to create greater competition, where possible, in previously privatized areas, many of which were dominated by one or two large enterprises. For example, in the telecommunications industry, which was sold to private interests in the last wave of military privatization programs, the Concertación stimulated competition by opening up the long-distance telephone market. The policy, called "multicarrier" in Chile, referred to the multiplicity of long-distance telephone companies from which the consumer could choose each time he or she made a long-distance phone call. In the space of a few years, many long-distance carriers joined the market, with substantial decreases in the price of international calls.

Overall, then, with regard to privatization, although the Concertación has worked within the general spirit of the market model, it has not utilized the same strict neoliberal mentality. Criteria other than the free play of the market are considered because the services provided, such as drinking water and electricity, are utilized by all citizens. Instead of the market as the only principle, then, the Concertación also considers that the state has a legitimate role to protect the public good against private avarice. Thus, although it has privatized several core state enterprises, it has done so under a different set of rules than the military utilized. The Concertación has also used privatization as a tool to finance large-scale—and, in some cases, massive—infrastructure development programs, which the state, by itself, does not have the resources to carry out and which are necessary for economic growth. However, it should also be pointed out that private investors want to ensure that they will make a profit and that the users, as in the case of the airport road fee, will have to bear the cost.

### *The Role of the State in Industrial Growth and Government Regulation*

**A New Role for CORFO.** Given the large-scale privatization of former state-owned enterprises, the role of CORFO, the Corporation to Foment Production, has changed. Created in 1939 with the ascension to power of the Center-Left Popular Front coalition, CORFO's original purpose was to facilitate the creation

of industries that would help propel industrialization. Under Allende, it administered the hundreds of firms that came under state control. The military used the agency, in large part, to oversee the dismantling of the state sector.

Under the Concertación, the role of CORFO has been redefined. Given the emphasis on market forces in the Concertación's economic program, the ability of the private sector to compete in the world market has become crucial. As a result, beginning with the Aylwin government, the role of CORFO changed. Instead of administering state-owned industries, its focus of attention was shifted to improving private sector productivity in order to make it more competitive internationally, especially the small and medium-sized industries.

One example of the type of programs directed toward the private sector is CORFO's Projects to Foment Productivity, *Proyectos de Fomento Productivo*, or PROFOS. The PROFOS are intended to institute a new kind of public-private cooperation, directed especially toward small and medium-sized private enterprises, but without favoring any particular industrial sector. The main idea is to help these enterprises become more competitive through the creation of associations or networks of enterprises in the same area of production, textiles for example, and in the same geographic area.<sup>53</sup> These associations, or PROFOS, would, with short-term state financial assistance, provide a series of activities designed to improve the firm's level of international competitiveness.<sup>54</sup>

CORFO's PROFOS program is designed as an ancillary program to help the acknowledged driving force of the economy, the private sector, by focusing attention on its weakest sectors, namely, small and medium-sized businesses. Noting the more limited role of the institution, the Frei government has proposed that CORFO be dropped from ministerial-level status.

**Government Regulation.** As the foregoing discussion about privatization and industrial growth points out, there is a continuing debate in Chile about the role of the state in an open, market economy. On the one hand, there are those on the political Right, especially among hard-line UDI entrepreneurs, who claim that the government should engage in virtually no regulation because such regulation serves only to distort market forces. Others point out that the market approach does not conflict with the concept of government regulation, which, in fact, is necessary to the proper functioning of the market. The latter point to several major cases that highlight the need for additional governmental regulation.

One major case has been that of the electricity holding company ENERSIS, which in 1997 became the focus of a major scandal in Chile. The story of ENERSIS is a long one, but the fundamental issue, from the government's perspective, was that of protecting the viability of the economy. In essence, because of some of the agreements embedded in its proposed merger with a Spanish electrical company, ENDESA-España, ENERSIS's merger deal potentially threatened the viability of Chile's private pension funds, and with it, the stability of the Chilean economy.<sup>55</sup> Concertación leaders led the cry for governmental

regulation to prevent future occurrences of this sort. Along with the major ENERSIS story came others, leading some, even within the business world, to call for new standards of business ethics.<sup>56</sup> Clearly, the view that business could operate as it wished in a free market, as long as it did not violate the law, has come in for renewed criticism. These examples of private sector excesses have led to greater interest in the issue of governmental regulation. In an August 1997 meeting of the Foro Nacional de Desarrollo Productivo, National Forum for Productive Development, which constitutes a common space where business, labor, and government can interact, the need for governmental regulation was stressed.

Despite a perceived need, on the part of some, for governmental regulation, there has been continued conflict over how and whether the government should regulate the market. One important arena of conflict is the issue of how to combat the appreciation of the Chilean peso vis-à-vis the U.S. dollar. This appreciation in the exchange rate made Chilean exports increasingly noncompetitive in the world market. Exporters complained that government attempts to control the appreciation of the exchange rate through regulations on the inflow of foreign capital, for example, the use of the *encaje*, were doomed to failure. Instead, they said, the government should decrease its public spending. The government disagrees, especially because the bulk of the budget goes to social policy expenditures. In the mid-1990s the Frei government chose another way to respond to business discontent over the decline of the dollar. It attempted to stem the dollar's fall by setting up a 20 percent exchange range within which the dollar could fluctuate, which was later expanded to 25 percent. If the dollar looked like it would go below the floor of the range, the Central Bank could intervene by using its reserves to buy dollars, and vice versa, if the dollar rose too much. In the aftermath of the Asian currency crisis of late 1997 and 1998, the peso fell against the dollar, alleviating somewhat the exchange rate problem. In fact, the dollar rose so quickly that the Central Bank intervened in order to prevent it from reaching the top of the exchange rate range. This government action was also criticized by the Right.

The debate about governmental regulation and, in general, the role of the state, is not settled in Chile. Clearly, the Concertación believes that it is proper for the state to undertake the function of regulation, just as it has rejected the concept of a developmental or productive state, that is, a state that guides economic development. At the same time, the limitations or boundaries of government regulation are not clear. Other state functions are also disputed, such as that of social welfare. As we will see, the Chilean State, under the Concertación, has redefined its social welfare role.

## **Equity and Concertación Policy**

Although economic stability and growth have been crucial for the Concertación governments, the coalition recognized virtually from its inception that the free

market model had been applied under Pinochet at an enormous social cost. The neoliberal model, as implemented during the military dictatorship, did not bring benefits to a majority of the population. Compounding this, the military had ignored many of the problems of the poor.<sup>57</sup> The result was a marked increase in the percentage and absolute number of Chileans living in poverty during the years of the dictatorship, along with a concentration of wealth. When Aylwin assumed the presidency in March 1990, the poverty rate was substantially worse than in the period before military rule. Whereas in 1970, only 23 percent of the population was classified as poor or indigent, by 1987 that number had reached 45 percent—almost half—of the population. In 1990, the first year of Concertación government, more than 40 percent of the population were classified as either poor or indigent, with almost 14 percent categorized as indigent.<sup>58</sup>

### *Social Spending and Poverty Alleviation*

The Concertación promised to take measures to rectify the urgent problem of poverty in Chile. Social policy proposals to alleviate poverty were an integral part of both Concertación presidential election platforms in 1989 and 1993. As a result, both the Aylwin and Frei governments have attempted, through a variety of measures, to diminish the percentage and number of people living in poverty. Both governments, however, have emphasized creating focused antipoverty programs, rather than general social welfare programs. This is an important indication of the shift in thinking regarding the role of the state in social policy.

In its first year the Aylwin government took several steps to begin the process. First of all, the government reestablished the concept of a minimum salary and raised the minimum wage substantially. This wage was then increased yearly, tied to the rate of inflation and productivity. With regard to social spending, in the 1991 fiscal year, the Concertación increased social spending by 30 percent in real terms and allocated 65 percent of government expenditures to social spending.<sup>59</sup> The Aylwin government also established a fund for social projects directed toward poverty alleviation, FOSIS, at the beginning of its administration. Overall, between 1989 and 1993, social spending increased 45 percent in real terms.<sup>60</sup> These programs were funded by a tax reform that the Aylwin government negotiated successfully with the RN. The tax reform raised taxes on businesses and the rich through increases in corporate and income taxes, as well as on the general population, through an increase in the value-added tax, or IVA.

The Frei government has continued the policy of increasing the amount of money allocated to social spending. By 1997, social spending accounted for 70 percent of a much larger overall budget. Overall, between 1990 and 1996, social spending tripled.<sup>61</sup> The government continued to raise the minimum salary, which by 1997 reached 62,000 pesos, a substantial improvement over

TABLE 9.2 Levels of Poverty and Indigence in Chile, 1987–1996 (percentage)

Population	1987	1990	1992	1994	1996
Indigents	17.4	12.9	8.8	7.6	5.8
Other poor	27.7	25.7	23.8	19.9	17.4
Total poor	45.1	38.6	32.6	27.5	23.2

SOURCE: CASEN (MIDEPLAN), *Pobreza y distribución del ingreso en Chile, 1996* (Santiago: CASEN, 1997), p. 3.

the 18,000 peso minimum wage when it took office in 1990. Between 1990 and 1995 real salaries increased by 25 percent.<sup>62</sup> These efforts have ameliorated the problem significantly, as can be seen in Table 9.2. The rates of poverty and indigence declined yearly in the 1990s, with the most dramatic decline in the first two years of Concertación government.

Despite these efforts, when President Frei took office in 1994, he decided that additional steps needed to be taken to eliminate poverty. Frei declared from the start that his administration would emphasize overcoming poverty. In his first message to the nation in May of 1994, Frei elaborated on his Plan Nacional para la Superación de la Pobreza, or National Plan to Overcome Poverty. He also set up an interministerial Social Committee, or CIS, whose purpose was to coordinate the National Plan. Although interministerial committees had been set up during the Aylwin administration for other areas of governance—for example, an economic committee, a political committee, and an infrastructure committee—a social committee had not been created. Twelve cabinet members constituted the CIS.<sup>63</sup> Frei's decision not only to establish the CIS but also to chair it jointly with the minister of planning and cooperation, or MIDEPLAN, was a sign of the priority he gave to the topic.

In addition, two months after taking office, Frei set up a citizens' council, the Consejo Nacional para la Superación de la Pobreza, or National Council to Overcome Poverty. Designed to serve as a societal counterpart to the CIS, it represented a cross-section of society, including major entrepreneurs, religious leaders, grassroots women leaders in poor neighborhoods, academics, and university rectors.<sup>64</sup> They represented a political cross-section as well, from the political Right to the Left. The council's purpose was twofold: first, to advise the CIS with regard to implementation of the National Plan and, second, to facilitate the involvement of civil society in this process.

In August 1996 the council published its own two-volume report about the issue of poverty, titled *La pobreza en Chile: Un desafío de equidad e integración social*. In the first volume, the council diagnosed the factors leading to poverty, and in the second, it presented its own proposals for ending poverty in Chile. Its findings make clear that levels of poverty and the distribution of income and wealth in Chile are serious problems that urgently need attention.<sup>65</sup> The report notes, for example, that although poverty rates have declined dramatically since 1990, four million people, almost a third of the country's popu-

lation, still live in conditions of poverty. In addition, many of these are salaried people in the formal economy, rather than the self-employed in the informal sector. This latter fact points out the severe problem of low wage levels, despite increases in the minimum wage. In 1997, the average wage in Chile was still only 114,000 pesos, less than \$300 a month.<sup>66</sup> In addition, although overall poverty rates declined between 1990 and the present, the rate of decline has slowed, and rural poverty has proved extremely resistant. Furthermore, the rate of poverty in medium-sized towns has increased, as the rural poor migrate into towns in search of better lives. Moreover, poverty affects women and the young disproportionately.<sup>67</sup>

Unemployment figures, which were also noted by the council, reveal much about the pattern of poverty. Although the overall rate of unemployment in Chile is not high, 6.5 percent in 1996, there is substantial unemployment among the young, and especially among poor youths and poor women. For example, the average unemployment rate among 15 to 24-year-olds is 15 percent, rising to 30 percent among the poorest of this group.<sup>68</sup> In addition, unemployment is much higher among the poor in general. For example, the unemployment rate of the lowest 20 percent in family income in 1994 was more than 16 percent, whereas the top 20 percent had a rate of less than 1 percent.<sup>69</sup>

Unfortunately, it did not prove easy for the Frei government to reconcile the views of the grassroots advisory council with those of the government officials carrying out the antipoverty plan. The council's recommendations to the government, set forth in the second volume of its report, highlight some of its differences with the Frei government on how to overcome poverty. The council's report proposed a number of strategies to deal, in an integrated fashion, with the structural problems of poverty. Its proposals are especially compelling, considering that they constitute the consensus of a diverse group of individuals who represent distinct political and occupational perspectives. One important point in the document was the stress on developing a new relationship between the state and civil society, where civil society would take a more active, participatory part in the articulation of antipoverty programs, rather than be passive recipients of programs designed by government officials. Clarisa Hardy, a longtime Chilean analyst of social policy, recommended the same approach.<sup>70</sup>

A second important proposal of the council is its recommendation that a "social authority" be established within the government to oversee social programs. This government entity, preferably at the ministerial level, would work in coordination with the economic and political authorities of the state to fashion economic and social development policy. The council's recommendation contrasts with existing policy, which emphasizes the role of the Ministry of Finance and, therefore, financial criteria, in these matters. In fact, two MIDEPLAN ministers, under both Presidents Aylwin and Frei, had worked for the creation of such an authority.<sup>71</sup> Overall, the council emphasized an integral approach to the problem of poverty, one that recognized the importance of

access to quality education and health care as well as employment, and one that involved all elements of society in a truly democratic way.

Unfortunately, these proposals were not, in the main, implemented. Today, although the council still exists formally, it has ceased to meet. It did, however, create a foundation to oversee two antipoverty programs. One, the *Servicio País* Program, a Chilean kind of domestic Peace Corps that was intended to involve young professionals in antipoverty activities, began early on in the Frei administration. The second, begun several years into Frei's administration, is a program to create social networks for poor areas, funded by the United Nations Development Program.

By 1996 Frei had decided that the National Plan to Overcome Poverty was a failure. Perhaps in part because the council's proposals for overcoming poverty might threaten the government's elite, consensual style of politics, Frei shifted from an emphasis on equity and elimination of poverty through social programs to one that stresses creating equality of opportunity, principally through educational reform. It was hoped that by creating greater equality of opportunity, that is, a more level playing field, it might be able to eliminate poverty in the long run. However, the results of the 1997 parliamentary elections, in which the Concertación's vote total went down by more than four percentage points, were taken as a cautionary lesson for the government with regard to antipoverty and social programs. President Frei quickly promised to dedicate the remaining two years of his administration to reinforcing social programs.

What is clear from looking both at governmental policy and poverty and income statistics is that although the Concertación governments have made progress in dealing with the problem of poverty, there is still much to be done. Not only are there still four million poor people in Chile but also a highly skewed distribution of income. Income inequality in Chile is terrible—the second worst among eleven South and Central American nations. Only Brazil scored worse.<sup>72</sup> What is even more worrisome is the fact that the very unequal income distribution pattern has remained more or less stagnant, as illustrated in Table 9.3. The large income gap is also illustrated by a comparison with an earlier period during military rule, 1978, when the top 10 percent accounted for 35 percent of all household income,<sup>73</sup> as opposed to 41.3 percent in 1996. In addition, the gap between the poorest and the highest 20 percent of the population has not improved but has slightly worsened. In 1987, the top 20 percent accounted for 13.3 times the income of the poorest 20 percent; by 1996 the gap had widened to 13.83 times.<sup>74</sup>

The difficulties in eradicating poverty and income inequities are highlighted by the fact that although the Concertación has dramatically increased social spending, the share of the gross national product (GNP) dedicated to social spending is still far below what it was before the military dictatorship. In 1996 social spending accounted for 14 percent of the GNP, compared to between 20 and 25 percent during the 1960s.<sup>75</sup> Clearly, the amount of money expended is



TABLE 9.3 Income Distribution in Chile by Decile, 1987–1996

<i>Decile</i>	<i>1987</i>	<i>1990</i>	<i>1992</i>	<i>1994</i>	<i>1996</i>
1	1.5	1.6	1.7	1.5	1.4
2	2.8	2.8	2.9	2.8	2.7
3	3.6	3.7	3.8	3.6	3.6
4	4.3	4.5	4.7	4.6	4.6
5	5.5	5.4	5.6	5.6	5.5
6	6.3	6.9	6.6	6.4	6.4
7	8.1	7.8	8.0	8.0	8.1
8	10.9	10.3	10.4	10.5	11.0
9	15.9	15.1	14.7	15.3	15.4
10	41.3	41.8	41.6	41.6	41.3
Total	100.0	100.0	100.0	100.0	100.0

SOURCE: CASEN (MIDEPLAN), *Pobreza y distribución del ingreso en Chile, 1996* (Santiago: CASEN, 1997), p. 9.

insufficient to the task. Moreover, the likelihood of a dramatic increase in social spending is small, given that the Right continues to control the Senate.

Concertación policies regarding the alleviation of poverty, while different in kind than during the military dictatorship, also represent a shift away from the concept of the social welfare state. Not only are programs more focused and limited in scope, but they often work in tandem with nongovernmental actors, with NGOs and international agencies, as well as private sector actors, in the implementation of programs directed toward the poor. Some government agencies, in fact, such as the antipoverty FOSIS and the women's equity agency, SERNAM, are explicitly prohibited from executing programs; instead, they contract these out.

### *Reform of the Educational System*

As a result of President Frei's decision to emphasize a more long-term approach of equality of opportunity as a way to combat the underlying causes of poverty, the Concertación government has put special emphasis on educational reform. Stressing education not only helps attack the causes of poverty, but an educated population is assumed to be an essential ingredient for ensuring continued economic growth. In other words, without an educated populace, it might be more difficult for Chile to remain competitive in the global economy. During the Aylwin administration, the Minister of Education Ricardo Lagos dealt both with pre-university public education and higher education. In the latter area, his ministry regulated and regularized the status of many private post-high school institutions that had been created during the military years under the dictum of the free market. For example, because it was virtually unregulated during the years of military rule, the quality of education at many of these institutions was suspect. One of the major achievements of the Aylwin

administration was to set standards for all post-high school institutions and then evaluate these institutions based on the new criteria. Lagos also began a reform of the pre-university public education system, which had been badly neglected during the military dictatorship.

Beginning in 1996, President Frei made secondary school educational reform one of the focal points of his administration. Shifting attention from anti-poverty programs to education, he announced a major educational reform in his 1996 message to Congress. The six-year reform consists of several parts, including lengthening the school day by eight hours a week, developing new curricula for these additional hours, conducting teacher training, and providing additional money for special innovative programs. The latter was to be awarded on a competitive basis.<sup>76</sup> The government has financed the reform by maintaining the IVA tax at 18 percent. Otherwise, the tax would have been reduced to 17 percent. After much deliberation in the Congress, the educational reform bill was approved, although amended, in late 1997. The government's intent had been to restrict financing of these reforms to public schools only. However, the opposition in the Senate modified the legislation so that public money would go to all schools, private as well as public.

At this point, it is too early to tell if the educational reform will be effective; what is clear, however, is the need for reform. The report of the National Council to Overcome Poverty highlighted the need for educational reform, but as part of an integrated approach to solving the problem of poverty. While declaring that access to a quality education was crucial to overcoming the conditions of poverty, the report noted that it was a necessary but not sufficient condition.<sup>77</sup> Other factors, such as access to health care and decent jobs, were also crucial.

To date, the Frei government has not dealt with the issue of university-level education. The major public university system of the pre-1973 period is the University of Chile. The implementation of Pinochet's market policies in the university resulted in attempts to make it self-financing, which included raising tuition and ending its policy of scaling tuition costs to the student's ability to pay. As a result, many students today do not have the financial resources to attend university.

## **Other Problem Areas**

### *Health Care*

The privatization of health care under the military's Seven Modernizations program led to the creation of private health care providers, Isapres, on the one hand, and a dramatically underfinanced public health sector, Fonasa, on the other. The private health care providers cover 28 percent of the population, while the public system covers 65 percent, including a disproportionate number of the poor.<sup>78</sup> One of the Concertación's most pressing problems in 1990

was the need to address the crisis of public health care. When Aylwin took office, public hospitals often lacked the most basic supplies, such as sheets and bandages. Health care workers were grossly underpaid.

Although both Concertación governments have made efforts to ameliorate the crisis in public health care, there are severe problems not only in the public sector but also in the system as a whole. First of all, the poor tend to be concentrated in the public health system. For example, whereas 85 percent of the lowest income level group is in Fonasa, only 2.8 percent of this group belong to private Isapres. Overall, 30 percent of Fonasa's clients are indigent. Those in Fonasa are currently divided into three income groups, with differential levels of health benefits. All members are subject to copayments, including for emergency situations. In addition, although all Fonasa members pay a 7 percent monthly fee, 2 percent has been used to underwrite the private Isapres.

There are critical problems of access to health care for private as well as public health care members. Many of the private health care providers, the Isapres, do not include preventive care, and all require a copayment. In the case of poor families, the copayment requirement often closes them out of access to health care. In one dramatic case in late 1997, a relatively poor family, with Isapres coverage, was unable to get timely care for their child, who evidently had appendicitis, because the family could not provide the hospital with a blank check to serve as guarantee of payment. The family went to several hospitals; although the child was eventually operated on, he died several days later. Although legislators were quick to denounce the practice of a "guarantee check" and promised legislation to prohibit this practice, fewer seemed willing to deal with the larger problem of a for-profit private health care system that makes medical decisions on the basis of financial criteria.

In the public system, responsibility for running public health clinics, which are supposed to serve as the port of entry to the health care services, was given to the municipalities as part of the military's decentralization program. Unfortunately, the municipalities were not given sufficient money to staff and run the clinics. Although the Aylwin and Frei governments have increased clinic funding, the monies are not sufficient to keep the clinics running for twelve months. In an illustration of the longtime frustration over insufficient funding, the mayors of a group of poorer municipalities in greater Santiago threatened, in September 1997, to return administration of the clinics to the Ministry of Health.<sup>79</sup> They claimed that there was not enough money to keep the clinics open through the end of the year and that they were tired of trying to deal with this chronic problem. Although the crisis seemed temporarily resolved when the government promised to increase their funding, the structural problem remains.

The National Council to Overcome Poverty was highly critical of the Chilean health care system, pointing out that most of the public health care costs are borne by workers, through an obligatory 7 percent premium. The state's contribution constitutes 2.7 percent of the GNP; in comparison, the private health

care system, which covers less than half the number of people as the public system, accounts for 2 percent of GNP.<sup>80</sup> Its report also notes that high-quality health care is available only to those who can pay, while others receive “deficient and discriminatory” care. Moreover, the report criticizes the state for lacking a “coherent” health policy.<sup>81</sup>

The Concertación has recommended a reform of Fonasa, the public health care system, in order to deal with its chronic underfunding. The plan is controversial; one Fonasa head resigned in late 1997 when the government postponed presenting its bill to Congress. The government claims that its reform will improve the system, first, by shifting the 2 percent state subsidy from the Isapres to the public system, and second, by increasing the amount of money that Fonasa will pay for certain medical treatments, for example, 90 percent coverage for medical emergencies. Despite its stated commitment to improving the public health system, others worry that what the government really wants to do is privatize the entire health care system. Both the Confederación de Trabajadores de la Salud, the Confederation of Health Care Workers, and the Colegio de Médicos, the Medical Association, have come out against the reform bill.<sup>82</sup>

In conclusion, the problems confronting the Concertación with regard to health care were, and continue to be, daunting. Although both Concertación governments have greatly increased the health care budget, they still face serious financial challenges. The public health care system is still not adequately funded. Moreover, the government has not yet solved some of the basic structural problems built into the entire health care system.

### *Economic Interest Groups*

Inequities in Chile are also demonstrated by the continued existence, on the one hand, of large economic interest groups, and a weak labor movement, on the other. The existence of large economic interests that characterized the economy during the Pinochet dictatorship continues today. Hugo Fazio, in a recently published book on the topic, lists five major economic groups, along with about a dozen medium-sized groups and extensive foreign and transnational capital, in the mining, oil and gas, and agro-fruit industries. He also notes the concentration of economic power in the communications industry, that is, in television, cable, newspapers, and radio. Eduardo Bitrán, in his study of privatization and regulation in Chile, states that the concentration of economic power is also characteristic of the pension fund area, where three pension funds or AFPs control about 58 percent of all funds. These pension funds, in turn, equal 34 percent of Chile’s entire GDP.<sup>83</sup> In all, the vision is of a society where a small number of economic interests dominate the economy. In many cases, they are virtual monopolies, which goes against the idea of a competitive marketplace.

The Concertación governments of Aylwin and Frei have carried out, in the main, a conciliatory and consensual approach with the business community. They believed that the confidence of private enterprise in government was necessary for continued economic growth and stability. As a result, many of these interests have little problem gaining the ear of the government, which has, in turn, tried to institutionalize dialogue with the business sector.

On the other hand, the labor movement, which was persecuted and repressed during the Pinochet dictatorship, continues to exist in a weakened state. The government was able to gain congressional approval of a package of reforms to the 1979 Labor Code, which included the recognition of the national labor confederation, the CUT. However, labor negotiations are still legally limited to the level of the individual firm, and union membership covers less than 13 percent of all workers.<sup>84</sup> It also draws almost exclusively from the public employee sector.<sup>85</sup>

The relative political strength of each of these groups can be measured by their ability to gain concessions from the Concertación. For example, the Frei government's response to business opposition to MERCOSUR and the Chilean-Canadian free trade agreement, on the one hand, stands in sharp contrast to its dealings with the CUT, in areas such as wage adjustment negotiations and strikes. Traditional agricultural interests, organized in the National Agricultural Society, or SNA, mobilized in the days leading up to the signing of the MERCOSUR agreement in June 1996. The SNA's in-house study had showed that they would be devastated by having to compete with Argentine cattle, wheat, and dairy producers. Concerned about the possible consequences to their industries, they staged large protests, including cutting off the Pan-American Highway, the major north-south route. In the case of SNA mobilization, the government granted this group significant economic concessions. These included a long phase-in period for tariff decreases on their products, along with substantial governmental financial assistance for modernization of their facilities to enable them to compete with their anticipated MERCOSUR competitors.

In the case of the CUT, the government's response has been different. It has been increasingly disinterested in negotiating and has responded very negatively to CUT street mobilizations. In 1994, for example, when CUT president Manuel Bustos rallied workers to march in the streets of Santiago, labor minister Jorge Arrate, who is a member of the Socialist Party, scolded the workers for taking actions that "belonged to another era," referring to the Allende years. Instead, he suggested, they should negotiate quietly with the government.<sup>86</sup> In 1997 the government unilaterally cut off negotiations with the CUT over the amount of the increase to public sector wages. Instead of negotiating, the government sent its wage proposal to the Congress and lobbied its Concertación representatives hard. The bill was passed within one day, leaving CUT leaders furious and feeling impotent.

Despite the general sense of greater openness to business interests over labor interests by the Frei administration, the Frei government has proposed a set of additional reforms to the current Labor Code. Primary among the reforms was legal recognition of the right of collective bargaining. Business interests and their congressional representatives showed themselves to be strongly opposed to these reforms; after three years of stalemate in the Senate, consideration of the bill was voted down in December 1997. Labor minister Arrate, who had negotiated a set of compromises with right-wing elements of the Senate and had hoped that this very moderate bill would gain Senate approval, was furious. He had strong words for the Chilean business community, calling them, among other things, the most reactionary in the world. Despite this defeat, the government continued to press for legislative reform of the Labor Code. Notwithstanding these efforts, the Concertación's economic policy makes it virtually impossible to take an adversarial posture with the business community. Likewise, its free market thrust and the legal and institutional limits it operates under make it unlikely that the economic concentration that exists today in Chile will change in the foreseeable future.

### *Environmental Issues*

No analysis of Chilean economic policy would be complete without at least mention of several serious environmental problems that the free market model has created. There is substantial environmental degradation, including urban air and noise pollution, overfishing, and deforestation. Although the Concertación did gain legislative approval of an environmental control law, which requires, among other things, environmental impact reports before approval of major construction projects, other areas of environmental preservation and restoration do not seem to be on the Concertación's agenda.

Deforestation, especially of precious Chilean hardwood trees, is a continuing concern. Forests, once cut, cannot be quickly replaced. In January 1996 government official Marcel Claude of the Central Bank of Chile quit his job to protest the government's suppression of a report on deforestation. The report concluded that if current practices were to continue, the forests would be gone within twenty-five years. In response, the government canceled a seminar it was to hold on the subject.<sup>57</sup>

Another environmental issue in Chile has been construction of a large hydroelectric project, RALCO. A group of indigenous people, the Pehuen Mapuches, who would be forced off their lands by the project, is opposing it. Doctors have also come out against the power plant proposal because they believe it will be highly detrimental to the nearby population. The government, however, is determined to complete the project.

The government has also had to battle foreign interests who are trying to save Chile's environment. Douglas Thompkins, the owner of the Esprit company, has

been locked in a long battle with the Frei administration over his attempt to buy up a large parcel of land in southern Chile and turn it into a national park. Although the government finally decided to negotiate with Thompkins, it took a strongly oppositional stance for several years, claiming nationalism against a “foreigner” who was trying to buy up Chilean patrimony. No such statements are made against other foreign capitalists who invest in industries.

Another problem related to the environment involves infrastructure deficiencies, such as a lack of storm drains that has led to flooding and wide-scale destruction. During the winter of 1997, for example, heavy rains caused by the El Niño effect resulted in the destruction of thousands of poorly built homes, which had been constructed under government auspices for the poor. This disaster has pointed out the need for greater governmental regulation and oversight of public housing. Likewise, flooding in well-to-do areas of Santiago, caused by a lack of storm drains was a demonstration of the consequences of the free market, no regulation mentality practiced during the military years. As noted earlier, because of the enormity of the infrastructural deficits, the Concertación governments decided to open this area to private capital investment.

### *Cultural Changes*

The economic changes over the past several decades have transformed Chilean culture as well as the country’s physical appearance. Along with the tall edifices that dot the Santiago skyline has come a modern lifestyle practiced by Santiaguinos. There is another Chile, however, which is still poor and marginalized. These two Chiles cohabit the same country, but they do not often interact because of the high degree of spatial segregation. The well-to-do Chile partakes of the benefits of modern, urban life and is part of the great consumer culture that is changing the face of the country. Chileans today can eat at Burger King or McDonald’s, get their videos at Blockbuster, buy U.S.-made jeans and gym shoes, and listen to U.S. music on the radio. There is a rush, almost an obsession, to join the modern world. Noted Chilean sociologist Tomás Moulián has written a critical book about the transformations that have taken place in Chile, including these cultural changes.<sup>88</sup>

The irony is that although many of these very visible rapid changes are discussed in terms of Chile’s growing “modernity,” many of these changes have not affected traditional, conservative, classist, and sexist values in Chile. For example, Chile still does not allow civil divorce and preserves legal distinctions between legitimate and illegitimate children. Efforts to change these laws have met with great resistance in the legislature, including even some members of the Concertación coalition. Machismo still permeates Chilean society, and women who leave the privacy of the home have to confront a series of formidable cultural barriers. Family connections still confer privileges on some, whereas immigrants are often viewed by many as outsiders. In essence, the

market has brought surface modernity to Chile in terms of consumerism and a global, Western culture of music, film, and dress, with its attendant consequences for some aspects of Chilean lifestyle. It has not, however, transformed the underlying conservative values of Chilean society.

## **The Chilean Model Reconsidered**

### *Growth Versus Equity*

What conclusions can one reach from this overview of the Concertación's economic and social policies? In macro terms, the Concertación governments have been successful in managing Chile's economy. Growth rates are higher and more consistent in the 1990s than during the Pinochet years, which experienced "boom-bust" cycles, and inflation is lower. Foreign investments in Chile have grown significantly, even while the government has restricted the outflow of short-term foreign capital investments in order to prevent a Chilean version of Mexico's economic crisis of 1994–1995. The government took advantage of Chile's new democratic status to forge numerous trade agreements.

Despite these successes, there are a few possible problem areas with regard to the Concertación's trade and investment strategy. Beginning in 1996, the country's positive balance of trade turned negative. The export market is primary product driven, with almost half of all export earnings still dependent on copper sales. In addition, Chile lacks a strategy for how to add more value-added goods to its export mix. Moreover, the government has not found a solution for the exchange rate problem, which makes Chilean goods less competitive in the international market.

There are other fundamental issues of concern. Opening one's economy to the world economy is one thing; the application of the market mentality to social policy is quite another. Over the course of the past twenty-five years, the concept of competition among supposed equals has pervaded virtually all areas of policy, making it difficult to eliminate hard-core poverty and to provide quality services to all. It is not surprising, then, that there are severe problems in the Chilean education and health systems, and even in its highly regarded private retirement system, and that despite governmental programs directed toward the poor, the gap between the rich and poor has widened.

Equally disturbing are the changes to Chilean culture, which now validates ostentatious displays of wealth and the "gringoization" of the daily lifestyle. In addition, the level of environmental degradation is extremely serious, and the government seems unwilling to admit that it may have to make some trade-offs between economic growth and environmental health.

The inescapable conclusion is that the market economy creates inequalities, that economic growth, per se, will not redistribute income more equitably, nor will it end hard-core poverty. A determined, integrated approach by govern-



ment, in partnership with civil society, is required, if poverty and the gaping income inequities that characterize today's Chile are to be eliminated. Although many within the Concertación agree that economic growth alone will not solve poverty, there is not a consensus within the Concertación over how, whether, or to what extent the current economic model should be modified. There is, however, much debate within the Concertación, especially among Socialists and PPD members, over social policy and the economic model. This debate will likely grow as they look toward the 1999 presidential elections.

### *A Model for the Region?*

To what extent can Chile's experiences serve as a model for the rest of Latin America? The country's historical experience has a number of unique features when compared with other Latin American countries. To begin with, Chile initiated its economic restructuring in 1974, before other Latin American countries. It went through the harshest phases of neoliberal transformation—including two economic crises—while under authoritarian military rule, when organized opposition was virtually impossible, especially during the first decade.<sup>89</sup> As a result, although under civilian rule the country has been able to reap some of the benefits of the economic reforms, the timing and sequencing of the process is not necessarily replicable in the region. Moreover, the Concertación coalition, taking advantage of Chile's favorable macro-level economic status, has signed bilateral and plurilateral trade agreements, without, to date, having to choose between its policy of open global trading and affiliation in regional trade associations. At some point, however, it may have to make choices. In addition, its advantage in the international marketplace as the first Latin American nation to open its economy diminishes as its neighbors adopt similar policies.

The level of consensus over the export market approach in Chile is remarkable, especially considering its political past. This is due, in part, to that past: to the repression, punishment, and virtual destruction of the country's Marxist parties. This is also not replicable; it stands in sharp contrast to Central America, for example, where the Left was not so completely vanquished. In El Salvador, for example, the two sides, after reaching a military standoff, reached a political settlement. This is quite different from Chile, where most of the political Right continues to trumpet political and economic triumphalism with regard to Pinochet's rule.

As noted above, economic achievements in Chile have not come without a price tag, in the form of an increased rate of poverty, a larger number of poor, as well as a much larger income gap between rich and poor, environmental degradation, and changes in Chilean culture. The environmental problems created by economic growth threaten the continuation of this very growth. In addition, the changes to Chilean culture include a sense of losing indigenous culture to a kind of international, consumer-oriented, "gringo" one.<sup>90</sup>

In these regards, Chile does not serve as a particularly good model for the region, which has historically suffered from significant income inequalities. The newly industrialized countries, or NICs, often presented as a model for Latin America, represent a different approach. They combined an emphasis on state encouragement of competitiveness in the world market with an investment in their human resources, through such policies as land reform and universal quality education. Chile's 1973 military coup came about as the culmination of a historic struggle between the haves and have-nots, that is, because of the reluctance of the haves to enact agrarian reform and to invest in their human capital. The economic model that the military imposed on Chile and that the Concertación has followed, with certain changes, also emphasizes market competitiveness. However, it has not been accompanied by the same focus on a fair internal distribution of the benefits of open markets. In this regard, Chile, like the rest of the region—and unlike the NICs—has stressed growth over equity.

## NOTES

1. The economic boom actually began in the mid-1980s, as the Chilean economy recovered from a quite dramatic, economic crisis (1981–1982), the second one experienced during military rule. From 1985 to 1997, economic growth averaged more than 6 percent.

2. Plurilateral trade agreements refer to trade agreements reached by more than two countries, such as the NAFTA and MERCOSUR accords, whereas the term multilateral is reserved for worldwide agreements, such as the GATT.

3. The 10 percent tariff level of the 1970s was raised in 1982 because of the economic crisis; it was gradually lowered during the 1980s to 15 percent, and the Aylwin government lowered it further to 11 percent in January 1991.

4. Data from MIDEPLAN, CASEN 1990 and 1996 as reported in *Pobreza y distribución del ingreso en Chile, 1996*, MIDEPLAN, July 1996. It is important to note that the rate of decline of poverty has slowed in the last few years.

5. As a result of the economic crisis of late 1981 and 1982, Pinochet changed his economic team. Hernán Büchi, who was named to oversee the country's economic management, was much less dogmatic and more flexible.

6. Moreover, the first Concertación economic team found itself in the uncomfortable position of having to tighten the belts a little to tamp down inflationary impulses created by expansionist policies under Pinochet in the period 1987 through 1989. These expansionist policies were undertaken, in large part, because Pinochet, with his eyes on the 1988 plebiscite, tried to bolster his popular support through increased public spending on public works and public housing projects.

7. The closest thing to an alternative was the concept of neostucturalism, growth with equity, voiced by the Economic Commission on Latin America, ECLAC or CEPAL.

8. This is not to say that there were no changes. As discussed in Chapter 8, under President Aylwin there were important tax reforms and municipal democratization, as well as some changes to the 1979 Labor Code.

9. From field observation and interviews, July–August 1989, including interview with Sergio Bitar. The same position was reiterated by President Frei in his Congressional Message midway through his six-year term of office (reported in Chilean News Service [CHIP], March 12, 1997).

10. As recently as November 1997, former president Aylwin emphasized this point in a television interview.

11. *El mercurio*, edición internacional, April 1–7, 1993, pp. 1–2.

12. Foxley also stated this position in a speech at the University of Notre Dame in September 1991. See *El mercurio*, edición internacional, September 12–18, 1991, pp. 1–2. The evaluation of Alejandra Cox Edwards and Sebastián Edwards, “Markets and Democracy: Lessons from Chile,” *World Economy*, 15, no. 2 (March 1992), concerning the Concertación is the same; they remark on the high degree of “convergence with respect to the role of markets in the economic process” (p. 214).

13. *El mercurio*, November 26, 1997, p. B1; and from conversation with Alicia Frohmann, investigator, FLACSO, November 1997, Santiago, and Verónica Silva of CEPAL, December 4, 1997.

14. Banco Central de Chile, *Informe económico y financiero*, March 31, 1997; and *Indicadores de comercio exterior*; December 1996.

15. *Ibid.*

16. *Ibid.* The other three nations are Brazil, Great Britain, and South Korea.

17. Chile produces 165,000 tons of salmon to Norway’s 280,000 tons. The United Kingdom is third, with 75,000 tons. Chilean News Service (CHIP), June 25, 1997.

18. *Ibid.*

19. PROCHILE, *Informe de exportaciones 1996*. April 1997.

20. From 1974 to 1989 total foreign investment under the rules of Decree-Law 600 totaled US\$4,986,078,000, whereas in 1996 alone it came to US\$4,823,900,000. Data from Comité de Inversiones Extranjeras, Ministerio de Relaciones Exteriores.

21. Calculated from data from the Comité de Inversiones Extranjeras, Ministerio de Relaciones Exteriores and the Banco Central de Chile, reported in Isabel Figueroa C., *Principales rasgos de la inserción de Chile en la economía mundial. Año 1996*. Ministerio de Relaciones Exteriores, Dirección General de Relaciones Económicas Internacionales, May 1997, Table 6, p. 7. Figueroa explains that total foreign investment is calculated by adding together foreign capital inflows under the regulations of Decree Law 600 that established the Foreign Investment Statute in the early years of the Pinochet dictatorship, as well as funds under Chapter 14 of the Compendium of Norms of International Exchanges and American Deposit Receipts (ADRs). The latter, which are traded on the New York Stock Exchange, represent a growing source of foreign capital for Chile.

22. Chilean News Service (CHIP), June 18, 1997.

23. Calculated from data of the Comité de Inversiones Extranjeras, Ministerio de Relaciones Exteriores and the Banco Central de Chile, reported in Figueroa C., *Principales rasgos*, Table 7, p. 8.

24. *Ibid.* *El mercurio* reported (December 1, 1997, p. 12) that EU investment in Chile totaled over one billion dollars in 1996, which was an increase of more than 150 percent over its 1995 total.

25. Calculated from data of the Comité de Inversiones Extranjeras, Ministerio de Relaciones Exteriores and the Banco Central de Chile, reported in Figueroa C., *Principales rasgos*, Table 7, p. 8.

26. *Ibid.*, Table 8, p. 8.

27. Banco Central de Chile, *Informe económico y financiero*, April 15, 1997. According to President Cardoso of Brazil, as reported in Chilean newspapers, in 1997 Chile became the third largest foreign investor in Brazil. This is a significant achievement, considering the other potential foreign investors in Brazil.

28. Banco Central de Chile, *Informe económico y financiero*, May 15, 1997.

29. For a discussion of the legislation governing foreign investment in Chile see, for example, Roberto Mayorga and Luis Montt, *Foreign Investment in Chile* (Dordrecht: Martinus Nijhoff Publishers, 1995), part 2.

30. I thank Alicia Frohmann for this point (interview, Santiago, December 1, 1997).

31. See, for example, Carlos Ominami, "La legislación chilena y el control de capitales externos," in *II reunión regional de economías emergentes de América Latina y el Caribe: Encuentro legislativo, 18 y 19 marzo* (n.p.: ALADI, 1996), pp. 43–52.

32. *El mercurio* and *La época*, November 1997.

33. For example, at the end of the meeting of the finance ministers of the Western Hemisphere, both the U.S. and Canadian representatives publicly criticized attempts, such as the legal reserve, to control capital flows. Reported in *El mercurio*, December 4, 1997, pp. 1, 11.

34. The five countries with whom Chile has signed bilateral free trade agreements are Mexico (1991), Venezuela (1993), Colombia (1994), Ecuador (1995), and Canada (1996). Chile has also signed a number of commercial trade agreements with nations around the world, including Argentina (1991) and Bolivia (1993).

35. The agreement, signed on June 25, 1996, was approved by the Congress after some debate and came into force on October 1 of that year.

36. In the case of the European Union, Chile signed a framework agreement, which will result in a trade agreement only after what will probably be lengthy negotiations. As of the end of 1997, Chile and the European Union had completed the first phase of the process, which was a diagnosis of the trading relationship (*El mercurio*, December 1997; and Alicia Frohmann, interview, December 1997).

37. The other two countries are Mexico and Peru. Mexico was granted membership largely on the basis of its membership in NAFTA. Chile, the last country to join APEC before it temporarily closed membership in 1994, was granted access by virtue of its economy. Peru was one of three countries admitted in 1997 when APEC temporarily lifted the moratorium on new membership. The other two new countries are Vietnam and Russia.

38. *El mercurio*, edición internacional, May 14–20, 1992, pp. 1, 40.

39. Chilean News Service (CHIP), June 25, 1997.

40. During meetings in Costa Rica in November of 1997, for example, the Chilean delegation pushed for comprehensive negotiations, which would include all possible items of conflict, as well as resolution of the issue of "dumping." The latter is an important issue for Chile, as the United States has accused Chilean salmon producers of dumping.

41. The issue of whether Chile's economic success is a result of its export trade, or vice versa, is a matter of some controversy in Chile. Several leading analysts, such as Manuel Agosin, economist at the University of Chile, take the view that the success of the export sector has been a crucial factor. The CEPAL document "El crecimiento económico y su difusión social: El caso de Chile de 1987 a 1992," Internal Document

LC/R.1483 (Santiago: CEPAL, 1994), argues that both exports and investments have been important factors in explaining Chile's economic dynamism.

42. The concept of open regionalism was developed in Japan in the 1960s by its prime minister, who wanted "to initiate a 'regional, open cooperation in accord with the era of a global community,' in order to overcome the political and economic differences among the countries of the Asian Pacific." By 1980 this initiative took the institutional form of the Conference of Economic Cooperation of the Pacific, whose purpose was to "foment regional cooperation and free commercial exchange and adopt guidelines for the promotion of economic development on the basis of equity and respect for diversity" (from *Panorama de la inserción internacional* [Santiago: CEPAL, 1996], p. 100; author's translation).

43. The issue of what Chile produces, primary products or more value-added goods, has been a topic of some controversy in Chile. For a while the Concertación and its economic advisors talked a lot about launching a "second export phase," which would emphasize more highly processed, value-added goods. Patricio Meller, a Chilean economist who is close to the Concertación government, argued for a time that it was crucial for Chile's continued economic growth to enter a second phase of exportation based on a higher percentage of manufactured exports. Many countries, however, including the United States, levy higher tariffs on value-added goods. This is one reason that free trade agreements, especially entrance into NAFTA, took on greater significance for the Concertación in charting the country's economic future. More recently, that view has become less common. Verónica Silva of CEPAL noted, in a conversation with the author in December 1997, that informal discussion among government officials and academics about the future has focused more around the idea of fomenting another kind of economic development, based on services. This phase, which could be called a "third phase," would mean that Chile would jump over the second phase altogether. Services, along with continued exportation of primary products, would form the backbone of Chilean exports. It would seem, then, that there is less optimism now about the possibility of achieving a high level of manufacturing in Chile, especially export-oriented industry. Patricio Meller, however, has argued for several years that this entire discussion is irrelevant; according to him, it does not matter what kind of products Chile produces, primary products, semi-processed natural resources, or industrial goods, as long as it continues to export.

44. Total 1997 exports are estimated at US\$16.9 billion, with imports estimated at \$17.6 billion. Data from Banco Central de Chile, as reported in *Panorama de la inserción internacional de América Latina y el Caribe* (Santiago: CEPAL, 1997). Estimates for 1998 by export managers dropped the expected export total to US\$15.8 billion and the import total to US\$17.6, a gap of US\$1.8 billion. Reported in *El mercurio*, edición internacional, March 12–18, 1998, p. 4.

45. *El mercurio*, December 1997.

46. Chile's Foreign Investment Committee estimated that foreign investment in 1997 would be about the same as in 1996, despite its growth in the first quarter of 1997.

47. The type of regulation depends on the level of integration. Customs unions require harmonization of tariff levels, whereas common markets include the free flow of factors of productions, such as labor and capital.

48. *El mercurio*, November 30, 1997, pp. D1–4.

49. Reported in *El mercurio*, November 1997.

50. For a discussion of the military's privatization program, see, for example, Eduardo Bitrán and Raúl E. Sáez, "Privatization and Regulation in Chile," in *The Chilean Economy*, Barry P. Bosworth, Rudiger Dornbusch, and Raúl Labán, eds. (Washington, D.C.: Brookings Institution, 1993), pp. 329–378.

51. The legislation adopts the following procedure: The state agency for the ports, EMPORCHI, is to be divided up into twelve autonomous enterprises, which will then be able to solicit private investment (*La época*, October 16, 1997, p. B3). A similar strategy has been followed with regard to the sewage and water systems and airports, which will also be opened to private investment. For example, the Ministry of Public Works had, by October 1997, received seven competitive bids for expansion of the principal airport in Santiago, Merino Benítez. The plan was that, after announcing the winning bid in December 1997, the expansion project, as well as the airport's administration, was to be turned over to private hands (*El mercurio*, October 17, 1997, p. C5). In the case of the sewage and water systems, the thirteen regional state water and sewage enterprises will be opened up to private investment, up to a limit of 65 percent private ownership, with the state retaining 35 percent economic interest in these enterprises, as well as decisionmaking authority (*El mercurio*, November 1997).

52. Bitrán and Sáez, "Privatization and Regulation in Chile," pp. 329–378, especially pp. 355–356.

53. Initially, a state agency, Service for Technical Cooperation of Chile, SERCOTEC, associated with CORFO, was charged with helping create PROFOS. Other private sector agents became involved after a few years, such as the Asociación de Exportadores de Manufactureras, Association of Manufacturing Exporters or AEXEMA, and El Instituto Textil. Oscar Muñoz, "Los Proyectos de Fomento Productivo," pp. 7–14 and 27–60 in Oscar Muñoz, ed., *Estado, empresarios, instituciones* (Santiago: CEPAL/CIEPLAN, 1996).

54. *Ibid.* These activities might include programs designed to better the level of professionalism of the businessperson, improve product design or the development of new products, or improve access to sources of financing, to name some. The state's financial contribution was limited to three years, with the private sector putting in an increasing amount.

55. The private pension funds had invested a substantial part of their holdings in ENERSIS. If their value went down precipitously, millions of pensioners' living standards would be imperiled. The government might have been forced to intervene, but it is not clear that they would have had the funds to bail out the private pension system.

56. For example, Roberto Zalaquett, president of Generación Empresarial, an organization of young businessmen, criticized the lack of business ethics, and the belief that businessmen have a different ethical standard in the marketplace than in the home. (Interview with Zalaquett on the television interview program, *Mira Quien Habla*, November 28, 1997.)

57. This is not to say that the military dictatorship completely ignored the problems of the poor. As I noted in earlier chapters, beginning in the period of the economic crisis during the early 1980s, the military established subminimum wage programs, PEM and POJH, to provide minimal employment for the poor. In addition, the military did maintain a public housing program, the *vivienda básica*, which built a substantial number of housing projects, often in tandem with its urban relocation program.

58. From CASEN (MIDEPLAN, Encuestas CASEN, Resultados de la Encuesta de Caracterización Socioeconómica Nacional), as reported in Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile: Un desafío de equidad e integración social*

(Santiago: Editorial Despertar, 1996), vol. 1, ch. 3, p. 133; and from CEPAL data in chapter 10, *Panorama social de América Latina en 1995* (Santiago: CEPAL, 1996), p. 145.

59. *El mercurio*, edición internacional, September 12–18, 1993, pp. 1–2.

60. Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*.

61. Clarisa Hardy, *La reforma social pendiente* (Santiago: Las Ediciones de Chile 21, 1997), p. 37.

62. Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*, calculated from vol. 1, ch. 3, p. 133.

63. Luis Maira, "Programa Nacional de Superación de la Pobreza: Límites y deficiencias," in *Las reformas sociales en acción: Experiencias ministeriales*, "Social Policy Series, no. 17 (Santiago: United Nations, CEPAL, 1997), pp. 11–12.

64. *Ibid.*, p. 12

65. See Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*, vol. 1, ch. 3, pp. 51–67.

66. *El mercurio*, November and December 1997.

67. Hardy, *La reforma social pendiente*, ch. 5.

68. Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*; and Hardy, *La reforma social pendiente*, p. 78

69. Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*, vol. 1, p. 133.

70. Hardy, *La reforma social pendiente*, ch. 6; and CASEN, *La pobreza en Chile*, vol. 2, ch. 5.

71. Maira, "Programa Nacional de Superación de la Pobreza," p. 10.

72. Calculated from data in *CEPAL News*, vol. 16, no. 2 (February 1996): 3. In another study, Chile ranked the third worst in income concentration in a 1994 ranking of Latin American countries. Colombia and Brazil had the dubious distinction of coming in first and second, respectively. Hardy, *La reforma social pendiente*, p. 17. Data from CEPAL.

73. From National Institute of Statistics data, as reported in Hugo Fazio, *Mapa actual de la extrema riqueza en Chile* (Santiago: Editorial ARCIS, 1997), p. 97.

74. CASEN, *Pobreza y distribución del ingreso en Chile, 1996* (Santiago: CASEN, 1997), p. 9.

75. Hardy, *La reforma social pendiente*, p. 38.

76. Sergio Molina, "Educación, pobreza y equidad," in *Las reformas sociales en acción: Experiencias ministeriales*, Social Policy Series, no. 17 (Santiago: CEPAL, 1997), pp. 17–22.

77. Consejo Nacional para la Superación de la Pobreza, *La pobreza en Chile*, vol. 2, p. 24.

78. *Ibid.*, p. 17; and *Revista hoy*, December 8–14, 1997, pp. 26–28.

79. *La época* and *El mercurio*, September 1997.

80. Consejo Nacional para la Superación de la Pobreza, *La Pobreza en Chile*, vol. 2, p. 17.

81. *Ibid.*

82. *Revista hoy*, December 8–14, 1997, pp. 26–28.

83. Bitrán and Sáez, "Privatization and Regulation in Chile," p. 341.

84. Margarita Fernández, ed., *Economía y Trabajo en Chile, 1995–1996* (Santiago: Programa de Economía del Trabajo, 1996), p. 286.

85. *El mercurio*, November 1997.

86. Author observation, July 1994.

87. *El mercurio*, January 1996; and interview with Sara Larraín, environmental activist, January 1996. Claude has since written a book on environmental issues and sustainable development in Chile titled *Una vez más la miseria: Es Chile un país sustentable?* (Santiago: LOM Ediciones, 1997). In it, Claude argues for a sustainable development approach in Chile, rejecting the massive exploitation and exportation of natural resources, which tend to employ and benefit few. He cites as an example the dramatic growth in the exportation of wood chips of native trees and argues, instead, for the preservation of native forests through the encouragement of activities such as ecotourism and wood furniture production.

88. Tomás Moulián, *Chile actual: Anatomía de un mito* (Santiago: Editorial ARCIS, 1997). See, especially part 1, chapters 1–5.

89. The first was the crisis of 1976 and the second, that of 1982. Those who point to the neoliberal years of Pinochet as ones of unbridled success often neglect to mention these. In addition, growth rates for the period average 3.7 percent, lower than during the preceding import substitution period (1940–1973), when it averaged 3.86 percent. (Patricio Meller, *Un siglo de economía política chilena, 1980–1990* (Santiago: Editorial Andrés Bello, 1997), p. 295. Meller presents a critical perspective of the military's economic success.

90. As one who has traveled to Chile for almost twenty-five years, I find the cultural changes dramatic. Gabriel Valdés, a leading Christian Democrat and former president of the Senate during the Aylwin administration, has also publicly lamented the loss of national culture.



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# Epilogue

Chile's twentieth-century history provides a good case study of the close relationship between economic development models and politics. Evaluation of the Chilean case, especially the post-1973 period, has formed part of a larger conversation about the relationship of democracy and the market.<sup>1</sup> That conversation to date has been marked by an emphasis on issues such as the timing and sequencing of the two phenomena and on formal democratic procedures, such as holding competitive elections. Other factors, such as the variety of issues on the political agenda, as well as the issue of the socioeconomic, gender, and ethnic diversity of representatives, are not normally considered in the literature on democratization and market reforms. Chilean democracy comes up short on these criteria, just as its market model does when dealing with issues of equity and social justice.

Moreover, the success of Chile's current market approach seems to be predicated, in part, on a demobilization of civil society, including a weak labor movement. Major decisions are made by the political elite, who focus on the politics of consensus and generally appear to respond more to business interests than to labor concerns. There is, however, popular discontent with the current economic model and political arrangements in Chile. It can be found in public opinion polls, which show an increasing unhappiness with the political status quo, and in declining voter registration, especially by young people. The 1997 elections, in fact, constituted the first time that people under the age of thirty made up a minority of the registered voters. With over 15 percent unemployment among the 15 to 24-year-olds, and double that among poor youth, it is not surprising that this group shows a lack of interest in politics-as-usual. Discontent is sometimes tragically visible, for example, in popular protests on occasions such as the anniversary of the military coup and on Pinochet's birthday, which are often put down with unnecessary force by the National Police. It can also be uncovered in discussions with ordinary working-class and middle-class Chileans, including firm supporters of the Concertación. And it was most visibly demonstrated by the 1997 election results, in which almost 18 percent of the registered voters cast spoiled or blank ballots. Major Concertación figures, such as former president Patricio Aylwin and former Senate president Gabriel Valdés, have publicly decried the social consequences and cultural changes that the market emphasis has brought to Chile. Some, such as Aylwin, admit they have not been able to change the model, although they have tried.<sup>2</sup>

The conceptual linking of market reforms with representative democracy, among U.S. academics as well as in the minds of ordinary citizens, has led to a generalized questioning of the role of the state in alleviating societal injustices. Although the debate continues in Chile over the role of the state with regard to equity and social justice issues, the free market economic system, along with Pinochet's limited democratic system, seems fully in place. Unless something drastic occurs to change the policy posture of the current Concertación coalition, such as its breakup, a fundamental reformulation of the coalition, or an economic crisis, it appears that Chile will continue to go down this same road.

All this is not to say that the Concertación has not made advances. It has been able to extend democracy to the local level and has begun a regionalization program that may bring further democratization. It has reduced the level of poverty substantially by spending the bulk of the national budget on social programming. It has looked for long-term solutions to the poverty issue by, for example, launching a major educational reform program. Last, the coalition has worked diligently, although without notable success, to remove the major authoritarian enclaves from the Constitution and organic laws.

However, there are major questions facing the governing coalition. Can it find some strategy for breaking the political stalemate over constitutional reforms? Can it go beyond current public spending programs to make a break in the structures that maintain poverty and inequality in Chile? Can it modify the economic model and fashion a set of policies that will maintain Chile's economic stability but also begin to close the gap between the rich and poor? Last, can it fulfill the hopes and dreams of a society that mobilized against the military dictatorship with the goal of establishing a participatory democracy in which the multiple voices of Chilean society would be heard? These are some of the political and economic challenges that confront the Concertación as it approaches the next century.

## NOTES

1. There is an extensive literature on the relationship between economic reforms and democracy, including much discussion of the timing or sequencing of these. See, for example, Leslie Armijo, ed., *Conversations on Democratization and Economic Reform* (Los Angeles and Miami: Center for International Studies, University of Southern California and North South Center, University of Miami); Stephan Haggard and Robert Kaufman, *The Political Economy of Democratic Transitions* (Princeton: Princeton University Press, 1995); Guillermo O'Donnell, Philippe Schmitter, and Laurence Whitehead, *Transitions from Authoritarian Rule*, 5 vols. (Baltimore: Johns Hopkins University Press, 1986); Edward Friedman, ed., *The Politics of Democratization: Generalizing the East Asian Experience* (Boulder: Westview Press, 1994).

2. From a television interview with President Aylwin, November 30, 1997, channel 7, 9:30 P.M. In that same program, however, Aylwin rejected the conclusion that the Concertación governments have simply been "administering" the neoliberal model.

# Acronyms

AD	Alianza Democrática (Democratic Alliance)
AFPs	Administradoras de Fondos de Previsión (Retirement Funds Administrators)
AN	Avanzado Nacional (National Advance)
ANEP	Asociación Nacional de Empleados Públicos (Public Employees Union)
APEC	Asian Pacific Economic Cooperation
API	Acción Popular Independiente (Independent Popular Action)
APM	área de propiedad mixta (part state-owned and part privately owned enterprises in a mixed social property area)
APP	área de propiedad privada (private enterprises in a private property area)
APRA	Alianza Popular Revolucionaria Americana (American Popular Revolutionary Alliance)
APS	área de propiedad social (state-owned enterprises in a social property area)
CEP	Centro de Estudios Públicos (Center of Public Studies)
CEPROs	Centros de Producción (Production Centers)
CERA	Centro de Reforma Agraria (Agrarian Reform Center)
CNI	Centro Nacional de Informaciones (National Center for Information)
CNS	Coordinadora Nacional Sindical (National Workers' Coordinating Committee)
CNT	Comando Nacional de Trabajadores (National Workers' Command)
CODE	Confederación Democrática (Democratic Confederation)
CORA	Corporación para la Reforma Agraria (Corporation for Agrarian Reform)
CORFO	Corporación de Fomento de la Producción (Development Corporation)
CRAV	Compañía Refinería de Azúcar de Viña del Mar (Sugar Refining Company of Viña del Mar)
CTC	Confederación de Trabajadores del Cobre (Federation of Copper Workers)
CUT	Central Unica de Trabajadores (Central Workers' Confederation)
DINA	Directorate for National Intelligence
ECLA	Economic Commission for Latin America
ENU	Educación Nacional Unificada (National Unified Educational System)

FMR	Frente Manuel Rodríguez (Manuel Rodríguez Front)
FONASA	Fondo Nacional de Salud (National Health Fund)
FPMR	Manuel Rodriguez Patriotic Front
FRAP	Frente Revolucionario de Acción Popular (Revolutionary Front of Popular Action)
FTAA	Free Trade Areas of the Americas
GDP	gross domestic product
IC	Izquierda Cristiana (Christian Left)
INE	Instituto Nacional de Estadísticas (National Institute of Statistics)
ISAPRES	Instituciones de Salud Previsional (Health Insurance Institutions)
IU	Izquierda Unida (United Left)
IVA	value-added tax
JAPs	Juntas de Abastecimiento y Precio (price and supply associations)
MAPU	Movimiento de Acción Popular Unitaria (Movement for United Popular Action)
MAPU-O/C	Movimiento de Acción Popular Unitaria-Obrero/Campesino (Movement for United Popular Action-Worker and Peasant)
MDP	Movimiento Democrático Popular (Popular Democratic Movement)
MERCOSUR	Mercado Común del Sur (Market of the South)
MIR	Movimiento de Izquierda Revolucionario (Movement of the Revolutionary Left)
NAFTA	North American Free Trade Agreement
NICs	newly industrialized countries
NSC	National Security Council
OEPs	Organizaciones Económica Populares (Popular Economic Organizations)
PADENA	Partido Democrático Nacional (National Democratic Party)
PC	Partido Comunista (Communist Party)
PD	Partido Demócrata (Democratic Party)
PDC	Partido Demócrata Cristiana (Christian Democratic Party)
PDI	Participación Democrática de la Izquierda (Democratic Participation of the Left)
PDR	Partido de Democracia Radical (Democratic Radical Party)
PEM	Programa de Empleo Mínimo (Program for Minimal Employment)
PIR	Partido Izquierda Radical (Left Radical Party)
PN	Partido Nacional (National Party)
POJH	Programa Ocupacional Jefes de Hogares (Job Program for Heads of Households)
PPD	Partido por la Democracia (Party for Democracy)
PR	Partido Radical (Radical Party)
Prep	Partido Republicano (Republican Party)
PROCHILE	Dirección de Promoción de Exportaciones (Agency for Export Promotion)
PRODEN	Proyecto de Desarrollo Nacional (National Development Project)
PROFOS	Proyectos de Fomento Productivo (Projects to Foment Productivity)
PRSD	Social Democratic Radical Party
PS	Partido Socialista (Socialist Party)

PSD	Partido Socialista Demócrata (Social Democratic Party)
PSP	Partido Socialista Popular (Popular Socialist Party)
RN	Renovación Nacional (National Renovation)
SERNAM	Servicio Nacional de la Mujer (National Service for Women)
SNA	Sociedad Nacional de Agricultura (National Agricultural Society)
SNS	Servicio Nacional de Salud (National Health Service)
SNSS	Sistema Nacional de Servicio de Salud (National System of Health Service)
SSS	Servicio de Seguro Social (Social Security Service)
UCCP	Partido Unión del Centro Centro (Union of the Center Center)
UDI	Unión Democrática Independiente (Independent Democratic Union)
UP	Unidad Popular (Popular Unity)
USOPO	Unión Socialista Popular (Popular Socialist Union Party)

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