

The Chilean Model

Fact and Fiction

by
Jorge Nef

For those mesmerized by the magic of the marketplace and the “end of history” (Fukuyama, 1989), contemporary Chile constitutes a remarkable demonstration of the inevitable triumph of economic and political liberalism. Democracy and capitalism seem to flourish. Official circles as far away as Eastern Europe, establishment intellectuals, and the mainstream media have praised the country as a model for Latin America, the developing world, and beyond (Kandell, 1991; Whelan, 1995). However, as with Brazil in the 1960s and 1970s or, more recently, the Asian “tigers,” the Chilean model is more a semantic construction than a concrete reality: a global showcase and in many ways a precursor of the New World Order. In this sense, it has become another decontextualized North American ideological export. Understanding the country’s path to modernization since the early 1990s (Silva, 1991)¹ requires attention to the continuity with the 16-year-long dictatorial period. Despite ostensible differences in political discourse, the democratic government of the center-left alliance known as the Concertación is in many respects the new management of an establishment whose origins, fundamental orientation, structure, and officialdom and even many aspects of its *modus operandi* have been inherited from the Pinochet era.

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THE ECONOMIC “SUCCESS STORY”

For more than a decade, Chile experienced a much-hailed economic boom, with indexes of growth of the gross national product (GNP) between 4 percent and 12 percent (CEPAL, 1990b). Although its economy has stagnated since 1999, its indexes are still relatively much better than those for other relatively “developed” economies in the region, namely, Brazil, Venezuela, Mexico, Uruguay, and Argentina. The once-chronic inflation has been under control for many years, having become single-digit as of 1994.² Investment has been on the rise, and the massive foreign debt has been reduced (World Bank, 1990: 222–224). Above all, Chile is perhaps the Latin American country most conspicuously compliant with the dictates of the international financial community. Its programs of debt and deficit reduction and structural adjustment have been highly praised among bankers, resulting in a marked improvement in its credit rating.

There is a flip side to the “economic miracle.” Leaving aside the argument of regressive distribution resulting from the application of neoliberal policies—which is one of its most dramatic and indisputable social costs (CEPAL, 1990a)³—Chile’s performance between 1970 and 1990 indicates that the rate of real growth was relatively modest. Notable upturns have often occurred on the heels of sharp declines.⁴ In fact, Chile’s record for this period is, on close scrutiny, far less favorable in the long term than that experienced by other Latin American economies, for example, Mexico, Ecuador, Costa Rica, Uruguay, and, especially, Colombia (Altimir, 1994: 17). The price of this economic achievement for most Chileans has been an exceedingly heavy and unevenly distributed social and economic burden, as is attested by generalized (and for many years climbing) levels of poverty, an increasingly skewed income distribution, and unprecedented abuses of human rights (Früling, 1990). The brighter side of the Chilean transformation cannot be separated from its dark side: the destruction of democracy, persistent violations of human dignity, induced pauperization, and state terrorism (Moreira Alves, 1972). The late Orlando Letelier summed up this predicament shortly before his assassination in Washington, DC, by saying that economic freedom for a minority and political repression for the majority are two sides of the same coin (1976: 138, 142).

Moreover, a deeper analysis of the statistical “success” raises some fundamental doubts about its objective parameters. A comparison of the rates of economic growth based upon observations for 1970 and 1988 with the percentage of families below the poverty line in 1970 and 1987 (World Bank, 1990: 222–224; CEPAL, 1990a; 1990b) shows a drastic increase in poverty. Although the proportion of poor Chileans has decreased from about 40

percent to 30 percent of the population (which is in itself quite remarkable), this simply has been a return to the inequity profiles of two decades earlier.⁵

The Chilean structural transformation has been guided and justified by a set of ideological and normative orientations—a radical transformation or counterrevolution in economic thinking. The dominant policy paradigm shifted drastically between the 1960s and the 1980s from structuralism to monetarism and from economic nationalism with a mixed economy to unbridled and transnationalized neoliberalism (Edwards, 1985: 223–254, 451–461). These ideas emanated largely from the Faculty of Economics of the Catholic University in Santiago (and its intellectual mentors in the West) and have become hegemonic in professional and in policy-making circles. Friedman, von Hayek, Harberger, and the so-called Chicago School (Silva, 1991) have eclipsed the once influential UN Economic Commission for Latin America, becoming the uncontested ideological matrix of economic policy. The Chilean economy is far more internationalized and penetrated today than under the aegis of the Keynesian scheme adopted since the 1930s by all Chilean governments (Stallings, 1978: 5).

Yet the fact remains that many of the interventionist features of Chile's past development policies in fact *facilitated* some of today's economic accomplishments. Along with the Asian newly industrialized countries, Chile before Pinochet had a strong and relatively effective state sector (including the military), decades of government-induced development efforts, public investment in education and human resource development, competent analysis and forecasting, a skilled labor force, and prior structural reforms (Ascher, 1975; Nef, 1990: 352–384). All these initial-stage features played a major role in economic modernization. More than the neoliberal project, contingency and macroeconomic planning and various forms of interventionism were crucial in the post-1986 reactivation by the military regime (*La Época*, April 17, 1991). The earlier "savage capitalism" of the Chicago Boys catastrophically imploded in the 1982–1985 recession, with double-digit rates of decline. Most important, without an authoritarian regime providing the brute force for such experimentation, the painful adjustments would have been nearly impossible to implement (Sheahan, 1987: 234).

One remarkable and praised feature of Chile's development has been the dynamism of its agricultural and resource sectors (Díaz and Korovkin, 1990). Since the coup and the undoing of the most populist and redistributive features of the Frei and Allende administrations' agrarian reforms, a thorough agrarian counterrevolution has been under way. Rapid technology diffusion, capitalization, and internationalization of agriculture, leading to export substitution, have taken place. Nontraditional products account for nearly one-

third of all exports, second after copper, Chile's "master wedge." The Green Revolution with neoliberalism in the countryside has facilitated the emergence of new social fractions and the transformation of old ones. A "rural bourgeoisie" and a seasonal rural "semiproletariat" have emerged. Old *latifundistas* have mutated into a "modern" agribusiness class, strengthening their already substantial historical linkages with finance capital. Meanwhile, the bulk of the peasantry has lost its access to land (through indebtedness or productive marginalization), becoming instead a new type of seasonal wage earners. The vertical integration of production and the steady decline of farm workers' incomes are at the core of such agricultural modernization. The prosperity of the few has been financed by the impoverishment of the many, assisted by state repression and antilabor legislation. A similar pattern has emerged in forestry and fisheries. The latter's increased technification and vertical integration in production, processing, commercialization, and distribution—even more so than in industry and agriculture—have led to near-monopoly situations. As in the other sectors, accumulation is heavily dependent upon reserves of cheap, abundant, and nonunionized labor: the low-wage economy.

POPULAR DISARTICULATION AND ELITE REARTICULATION

Privatization, denationalization, and deindustrialization have also been important structural features of the new order. Many industries under the Corporación de Fomento de la Producción (National Development Corporation—CORFO), established in 1939, have been transferred from the public to the private sector, while other establishments have been sold to foreign investors or simply disappeared. The alteration of the rules of the socioeconomic game has had implications for the very foundations of Chile's patterns of social relations. One intended and enduring effect of the policies applied by the military regime has been the drastic undermining of the social and economic basis of Chile's blue-collar workers (Martínez and Tironi, 1983: 241–243; Leyva and Petras, 1986: 4–21). A precariously employed working class ceases to be an important political actor when its own numbers dwindle. To that one must add the conscious attempt at crippling the political mechanisms of collective bargaining—unions and labor confederations—as with the Plan Laboral of 1979. Thus not only are workers extremely poorly represented compared with the pre-1973 period but their strength as a social force has declined. Since the military takeover, blue-collar organizations have been seriously weakened and fragmented both in numbers and in strength.

Labor disarticulation has affected the largest national organization, the Central Unitaria de Trabajadores (Workers' Unitary Central—CUT), which in the 1990s had an estimated membership of slightly over 400,000 and more than 70 affiliated organizations. Although the CUT has the same acronym as the once-powerful, left-wing and militant Central Única de Trabajadores, banned in 1973, it is a pale ghost of Chile's labor past. According to estimates, in 1990s the CUT effectively represented only about 17 percent of organized labor and 4 percent of the total labor force.⁶ Competing with the CUT there are other, more conservative organizations. The second-largest, the Central Democrática de Trabajadores⁷ (Worker's Democratic Central—CTD), is strongly anticommunist and affiliated with an AFL-CIO-controlled inter-American confederation. Also, there are smaller and ideologically corporatist front groups such as Central General de Trabajadores (Workers' General Central—CGT) and the Frente Nacional de Organizaciones Autónomas (National Front of Autonomous Organizations), both headed by figures close to the military regime.

A structural consequence of economic restructuring is the growing number of *informales*, who are only loosely and in a fragmentary fashion integrated into the job market and have very limited capacity to bargain, organize, and mobilize. Many of the existing industries are informal (that is, they do not conform to the norms contained in safety, health, labor, or environmental regulations) and employ cheaper, nonunion workers. Also, many of the large formal industries subcontract with informal suppliers. All this helps to keep wages exceedingly low, thus allowing hefty increases in business profitability, vertical integration of capital and production, and international competitiveness.

Departing from a long historical trend, since 1973 the public sector has been effectively reduced as far as its social, health, educational, housing, and economic functions are concerned (U.S. Department of the Army, 1982: 150–151). Many of these activities were privatized and transferred—at discount prices—to a business sector made up of the most conspicuous constituents of the military regime. Subsequently, transnational insurance companies, in alliance with domestic capital, established firm control over the bulk of pension funds, health insurance, and the like. This massive transfer of public monies to private hands occurred with hardly any real accountability (CEPAL, 1985: 99–133).⁸ In practice, and leaving aside euphemisms (Santamaría, 1992: 39–51), it was largely an expropriation by the financial system of the social savings of workers and employees. Notably, the only exception to this privatizing fever was the social and health services of the armed forces. Their social security funds have retained their autonomy and protection under state authority—which is paradoxical given the alleged

“efficiency” of the reforms imposed upon Chile’s blue- and white-collar workers. In addition, taxes for high-income earners were reduced and made increasingly regressive. Entire sections of the public sector were eliminated and many activities transferred to local and regional jurisdictions such as municipalities, then under the control of appointed mayors and unelected municipal development boards, as part of a supposedly “decentralizing” scheme. The net effect of these administrative reforms was to take the traditional decision-making power away from the civilian techno-bureaucracy and concentrate it in a presidential entourage of advisers, trusted allies, and the military. Since the redemocratization of local government in 1992, local politics has emerged anew but retained the sinecures and enclaves inherited from the previous regime largely intact.

With the shrinking of the state’s economic and welfare functions there has been a virtual disintegration of the traditional white-collar bureaucratic and professional middle classes, which once played an important “brokerage” and moderating role in the policy-making process. In fact, as Valenzuela (1977: 155–230) has argued, the distinctive democratic style of pre-coup Chilean politics rested upon the institutionalization of class conflicts through political and bureaucratic bargaining mechanisms. This “state of compromise,” already strained by the catastrophic polarization of 1970–1973, was purposely eradicated by the military regime, whose “war on politics” was essentially geared to the demolition of this particular form of entrenched republican lifestyle.

In addition to the forced constriction of the productive (i.e., state corporations) and administrative apparatus of the state, with its political bargaining and patronage, the financial and cultural foundations of Chile’s middle classes were deliberately undermined. The aforementioned privatization of social security funds cut deeply into old-age security, health care, credit, and housing: the economic safety nets of all white-collar *empleados*. Another blow to the middle sectors was the dismemberment and privatization of education. Until 1973, Chile exhibited a high-quality (and generally free and accessible) public education system, reputedly one of the best in Latin America. With the transfer of the national public educational system to the municipalities (headed then by military-appointed mayors), both the quality of education and the economic status of schoolteachers (another important segment of the middle classes) declined considerably. Instead, and in sharp discontinuity with the past, quality education was made accessible exclusively to those able to pay for it. In the same vein, university education was so distorted by political intervention, forced closures, induced fragmentation, arbitrary firings, and the hiring of politically reliable personnel and military rectors as to leave it virtually in shambles. Especially affected in this anti-intellectual

crusade was the once highly prestigious University of Chile, traditionally the cradle of the country's professional middle classes (Nef, 2001: 15–21).

In contrast to the fragmentation of blue- and white-collar labor, the already strong business class has become even stronger. The all-encompassing umbrella organization is the Confederación Nacional de la Producción y del Comercio (National Confederation of Production and Commerce—CNPC), established in 1932. It articulates a distinctively neoliberal discourse with corporatist overtones and includes in its membership all the major “functional” economic associations in agriculture, industry, mining, construction, commerce, banking, and the stock exchange.⁹ In addition, there are a number of autonomous employers' organizations outside the formal umbrella of the CNPC, though more or less sharing its goals and ideology. These have included the Confederation of Guilds and Federations of Chilean Farmers, the Confederation of Retailers, the Truck-Owners' Confederation, and the National United Confederation of Small and Mid-Sized Industry, Services, and Artisans. By and large these business organizations, whether autonomously or in association with the CNPC, are organically linked to both right-wing parties: Renovación Nacional (National Renovation—RN) and the more extreme, authoritarian and corporatist Unión Democrática Independiente (Independent Democratic Union—UDI).

The major mouthpiece for business interests is Chile's national newspaper and dominant newspaper chain, *El Mercurio*. It is closely connected to neoliberal, corporatist, and authoritarian personalities in the military regime, having been for more than a century Chile's principal mechanism for the molding of public opinion and the construction of the elites' hegemonic discourse. The major business associations become exceedingly powerful not only in relative but also in absolute terms. Their size, financing, organization, interlocking capacity, representation in official government agencies, control over the media, internationalization, and ability to determine the intellectual agendas of universities have made them, for the first time in Chilean history, a hegemonic business class stronger than the state. The officer caste, which is *the* most important part of the state, has been symbiotically aligned with business in an entangling alliance that includes important constituencies from the U.S. military and economic elite.

THE CHILEAN STATE: NEOCORPORATISM AND RECEIVERSHIP

Neoliberalism has been the blueprint both for the economy and for the social context in which economic life takes place. However, the intellectuals

espousing these ideas could not by themselves have influenced the course of Chile's development in the absence of certain induced political conditions and external supports. In the feverish climate following the 1973 coup, with economic nationalists and Keynesian structuralists on the run and the business community in search of a new slogan, it was easy for neoliberals and monetarists to gain the upper hand. While neoliberalism and national security appeared antagonistic at first, there are axiological and—most important—deontological compatibilities. The convergence of these antipopular and antidemocratic tendencies has been greatly facilitated by the ideological intermediation provided by Catholic, corporatist integralist thinking in integrating the discourses of the other allied groups of the elite revolt, namely, the capitalist class and the military. In fact, integralism supplied the bridge between national security, with its statist and authoritarian tendencies, and economic liberalism, with its claim to economic “freedom.” A “liberal-conservative fusion” emerged (Cristi and Ruíz, 1990) as different fractions of the ruling class coalesced in accepting an ideological construction that justified their interests. This grafting of neoliberalism onto “reactionary modernism” and “national security” was the fundamental task of the regime's main ideologue, Jaime Guzmán. The authoritarian-capitalist state outlined by the 1980 Constitution involves an amalgam of economic neoliberalism (à la von Hayek or Friedman), Catholic and corporatist integralism in the social sphere, and national security in the political realm. The latter in particular has privileged a vertical and highly repressive view of the political process. Being the dominant ideology of the security establishment, it has influenced officials' views on “internal warfare,” human rights, dissent, and the “appropriate response” to conflict management.

THE MILITARY AS SHADOW GOVERNMENT

With the carefully orchestrated transition, the armed forces not only retained but also entrenched their presence and status in society, maintaining and expanding the economic and cultural foundations for their reproduction as a social group. In fact, they made themselves the best-organized and most recognizable component of the upper-middle class as the protectors of an elitist and vertically structured socioeconomic order. In this sense, they constituted themselves into a surrogate political class as well as a surrogate middle class. They also radically changed their status in society and in the political system. From a relatively lesser component of the public sector—an armed bureaucracy uncomfortably subordinated to constitutional authority—the officers evolved not only into a virtually autonomous “state within the

state” but also into the state itself (Sánchez, 1990: 290–300). Their functions were also drastically altered (CED, 1989). From a relatively small national force largely concerned with defending the territorial sovereignty of the state against external aggression, from 1973 on, the officers mutated into a highly efficient, large and exceedingly costly¹⁰ occupation force at war with an “internal enemy.” In so doing, despite their claims to nationalism, professionalism, and “apoliticism,” they became thoroughly and objectively politicized, transnationalized, and imbued with self-righteousness exclusionism (de Luigi, 1991).¹¹

This is how one can understand the essence of the “war” that General Pinochet and the army have used to justify the commission of war crimes. Repression was blatant and brutal. Summary executions, torture, rapes, disappearances, and other nonprofessional treatments of “war prisoners” were displayed, in secrecy and in violation of the most elementary norms of war and international conventions (Früling, 1982: 53). The empirical evidence for what the extreme right and the military have branded “unfounded allegations and lies” came in 1990 with the first discoveries of mass graves in military concentration camps and the subsequent 1991 release of the Report of the Commission on Truth and Reconciliation, the Rettig Report.¹² The army’s response was its standard, flimsy theory of the “state of war” (Chahín, 1991), tacked to the arrogant (and “technical”) argument that only soldiers have the right to judge the behavior of soldiers.

Another aspect of Pinochet’s “war” has not yet been openly discussed. The coup against the elected government of Chile was also part of the cold war or, more properly, an episode in the ongoing North-South conflict. The victorious conspirators of September 11, 1973, had the intelligence, financial, logistic, and ideological support of powerful external constituencies—chiefly the U.S. government, its military and intelligence establishments, and large U.S. corporations. These foreign interests had already been involved in trying to prevent Allende from taking office¹³ and had mounted an effective economic blockade against Chile. Beyond protecting themselves, they stood to gain much from a radical regime change away not only from socialism but also from economic nationalism and democracy. It is this realm, as the former Communist Senator Luis Corvalán noted in an interview with an ultraconservative newspaper, that those charged with the task of protecting Chile’s sovereignty and the “national interest” could find themselves in very hot water (*El Mercurio*, March 13, 1991). Admission of guilt carries with it a danger greater than the loss of status, money, and privilege. Military hubris and the institution’s very *raison d’être* are also at stake. General Pinochet was able to implicate the whole security establishment, with the often-enthusiastic

acquiescence of his fellow officers. Military intransigence has persisted even since he stepped down to become a self-appointed senator for life in 1998. It continued during his prolonged detention in England (1998–2000), his subsequent trial in Chile, and his contrived acquittal (on grounds of mental incompetence to stand trial) in 2002. The pattern of civil-military relations to emerge following the slow fading away of the dictator entails the preservation of military privileges, power, and extraterritoriality, combined with induced and collective amnesia. In return, the officers have reluctantly agreed to remain within professional limits. The long-term effect of this military tutelage has been to weaken the legitimacy of the state and fragment rather than unify the country.

Undoubtedly, Pinochet succeeded in manipulating the fears, paranoias, and anxieties present among his men and in linking his own fate with that of the military. He remained in command longer than any other army chief in Chilean history. For most of his subordinates he became both a godfather-figure or *patrón* and a role model as a “soldier’s soldier.” For the officer, the institution and especially its patrimonial leader became part of a “family,” linked by codes of honor, secrecy, esoteric language, and rituals often incomprehensible to outsiders. Even before the coup, since the late 1960s and early 1970s, military culture and organization in Chile, encouraged by anticommunist ideological indoctrination, had become quite fanatical, assertive, and actively interventionist. These traits have not disappeared with the “return to democracy” or the end of the cold war, nor has the command structure been modified. The army, the largest and leading sector of the armed forces, remains in the hands of the former dictator’s disciples, constituting a *de facto* parallel government over which the elected authorities have little control. The other branches (including the police), while superficially less militant, also remain quite autonomous, almost contemptuous, *vis-à-vis* the constitutional government, in particular the ultraconservative navy. The governing coalition may have the votes but has little power. Instead, the “parallel government,” allied with the business community, the ideological extreme right, and external constituencies, has the monopoly of force. This contradiction generates a vacuum of authority in which civil society is held hostage, suspended between “ungovernability” and the return of dictatorship. This may help to explain why the greatest difficulty faced by the elected administrations of Presidents Aylwin, Frei, and Lagos in consolidating democracy has been the handling of civic-military relations. Since December 1990, the military has uttered threats of intervention if things do not go its way. On all these occasions the government has backed down.

ROADBLOCKS TO DEMOCRACY

Beyond declining incidents of political violence attributed to the radical left,¹⁴ Chile presents an increasing incidence of criminality. Extreme poverty, inequality, limited mobility, and the erosion of proper police activities by the previous regime are at the core of expanding lawlessness—mostly among youth—and increasing threats to personal safety. The creation of dual moral and legal standards whereby heinous crimes and corruption go uninvestigated and unpunished for reasons of “national security” and the highest court in the land protects their perpetrators has undermined public trust in the legal system. Arbitrary rule has had a devastating effect on a culture once so attached to the rule of law. “Business ethics” based upon market rationality and greed is a poor substitute for public morality.

During the national security regime, the functions, size, training, and structure of the once prestigious and effective *carabineros* (police) were distorted.¹⁵ The pre- and postcoup purges severely affected professionalism and the chain of command. The police force was turned into a dependency of the Ministry of Defense, its role largely that of a highly visible first line of repression. Moreover, since the military always perceived the police force as an eventual adversary in a confrontation, its numbers were deliberately reduced, rendering it ineffectual. The civilian Bureau of Investigations did not fare any better. In the resulting vacuum, criminal violence is felt everywhere. It affects the poor as well as the rich. Needless to say, the overwhelming and pervasive right-wing press seizes on these events to demonstrate that the government is “soft on terrorism” and to call for a “heavy hand.” With the assassination of the authoritarian republic’s main ideologue, Senator Jaime Guzmán, in 1991, many attempts by the government to expose and punish human rights abuses committed during the Pinochet era came to an end. The democratic administration re-created a national civilian intelligence unit (*El Mercurio*, April 24, 1991; *APSI*, 1991b) about a year after President Aylwin had disbanded the military regime’s dreaded National Information Central (CNI).

Besides authoritarian practices and enclaves, there are systemic reasons for the resilience of the current institutional setup on the part of Chile’s upper strata. The structural changes of the Pinochet regime—including its economic policies—were not simply the product of the interaction of freewheeling, freely contracting parties. The “hidden hand” required a long arm. The transformations and modernizations were not imposed upon most Chileans through the mechanisms of collective bargaining, electoral processes, majority rule, or reasonable political debate, nor were they the “natural” and “rational” result of the operation of free market forces. They were violently imposed by the military might of a sociopolitical model that objectively

benefited Chile's traditional elites and a new class of speculators and entrepreneurs. The leaders of the 1973 "revolt of the elites" primarily rationalized it as a preventive move to stop a perceived socialist threat (Skidmore and Smith, 1984: 113–144). The military intervention, however, certainly went beyond simple reaction. In its first phase (1973–1974), the military and its allies fought what they construed as a protective war against "subversion" but simultaneously conducted an offensive war to destroy the organizations of the popular sectors. The new regime reversed a process of socioeconomic and political democratization that had been under way for decades. To accomplish this, the dictatorship employed its might to dismantle the very democratic order that had made popular mobilization possible. It then proceeded into a more "assertive" phase, restructuring the political, social, economic, and cultural foundations of the "Old Republic." This is why the "war," in its second phase (1974–1978), was also a crusade to stamp out liberal democracy and entrench economic liberalism. Only then came the consolidation of an "authoritarian republic" in the 1980 Constitution, a formula for managing a liberal socioeconomic order by illiberal political means.

The military intervention and the 16 years of dictatorship that followed have left profound institutional and cultural scars on the body politic—a society and a nation deeply divided. The counterrevolution was a class war and clearly had winners and losers. As had his role model, Generalissimo Franco, General Pinochet made it perfectly clear that this would be the case. The most immediate and direct losers in the confrontation were Chile's blue-collar workers, the rural and urban poor, and, most directly, their brokerage organizations—left-wing parties and labor unions. The "winners"—other than the officers, who became the most immediate beneficiaries in terms of political, social, and economic privilege—were Chile's business organizations and their transnational supporters. The middle sectors and their political brokers by and large supported the coup either as a lesser evil or out of sheer opportunism. Yet in the new authoritarian order there was little economic or political leverage for middle-class politics, their welfare state, or the "civic middle-class niceties" they had grown so accustomed to: freedom of speech, protection from abuse, and personal safety. By the 1980s, the bulk of the white-collar sectors ended up joining the opposition to Pinochet. Thus the political and institutional edifice created by the regime and articulated in the corporatist and authoritarian 1980 Constitution had from the beginning a fundamental flaw. More than half of the population apparently perceives it as illegitimate, the product not only of repression and arbitrariness but of procedural fraud. For 30 percent to 40 percent, the new order is not just legitimate but the only order possible. Even the negotiations leading to the 1988 plebiscite and the 1989 election had to recognize this unbridgeable chasm.

TABLE 1
Voting Trends

<i>Description</i>	<i>1957</i>	<i>1965</i>	<i>1969</i>	<i>1973</i>	<i>1988</i>	<i>1989</i>
Percentage population registered	18.0	34.8		44.5	61.0	59.0
Percentage registered voters participating	35.9	69.5		81.2	92.1	94.5
Voting turnout as:						
Percentage of population	12.3	27.4	20.9	36.3	57.7	55.8
Percentage rightist vote	33.0	12.9	20.9	23.6	43.0	40.7
Percentage PDC vote	9.4	43.6	31.3	29.1	—	46.6
Percentage PR vote	22.1	17.7	13.4	5.5	—	3.8
Percentage center (PDC + PR)	31.5	61.3	44.7	34.6	54.7	51.4
Percentage leftist vote	10.7	23.3	29.4	38.9	—	5.2

Source: Dirección del Registro Electoral (1952–1965), cited in *El Mercurio, Edición Internacional*, January 13–19, 1994.

Note: PDC = Partido Demócrata Cristiano (Christian Democratic Party). PR = Partido Radical/Social Demócrata (Radical Social Democratic Party).

There is another fundamental obstacle to democratic consolidation: the authoritarian-capitalist model has a significant constituency, both military and civilian. This is not only a matter of numbers. If bullets are added to ballots (something the elected government cannot do), the level of support for the authoritarian formula is more than adequate (Easton, 1968). If anything, in the years since the coup, the right has been assisted in recovering from a catastrophic downward spiral. Conversely, the years of repression and the proscription of political activity have severely affected the political forces that depended heavily on grassroots voting.¹⁶ The political center, while holding its own, has remained largely stagnant. For the left in general, especially the more radical left, proscription has meant disaster (see Table 1). Not only have its numbers dwindled but also the very nature of the official left in the government (the Socialists and the “instrumental” Party for Democracy) has changed. It is more elitist (*APSI*, 1991a) and fragmented and has enormous difficulty reaching an atomized and shrinking labor constituency. The unofficial and extraparliamentary left (especially the Communists) has been ostracized and marginalized and is under siege by its former allies. The latter appear eager to prove to the business community and the world that they are reliable, responsible, respectable, and “renovated” partners in the post-Pinochet elitist political and social establishment. Underpinning the center-left alliance and the gentlemen’s agreement that facilitated the transition and the maintenance of the present political game there is a strong consensus on not rocking the boat. But this consensus reflects the narrow class and family

base of the present political elite—right, center, and left. The incapacity of the center-left in terms of the articulation of demands and the delivery of electoral promises to the popular sectors increases the relative support for authoritarianism. In the 1988 plebiscite the “old” regime had the support of 43 percent of the electorate. In the 1989, 1993, and 1997 elections the figure has declined by nearly one-third. In the December 1999 and March 2000 two-round presidential elections, support for the right rose to the point that the rightist Alliance for Chile came within 1 percent of winning the presidency. The 2001 congressional elections showed a much-invigorated conservative opposition, with 44 percent of the votes and with a slim margin of seats below the government (BBC News, December 17, 2001). The center-left (Socialist-Christian Democratic) coalition now in power, while retaining the “moral” middle ground, is structurally weak and often ineffectual. In addition, it has very little capacity to mobilize support beyond the realm of electoral politics.

The persistence of authoritarian tendencies in Chilean society results from the aforementioned strength and vitality of the corporatist business organizations, now imbued with an integralist Catholic worldview. This translates to some extent to equally dynamic, well-financed, and modernized right-wing parties such as RN and especially the pro-Pinochet UDI. Although plagued by internal bickering and dissent in recent times, the political right possesses sufficient weight to extract substantial concessions from the center-left alliance. The constitutional machinery set by the military regime acts as an institutional multiplier of its strength. Most important, however, is the ability of the right to manufacture consent. The main newspaper chains, radio, and TV stations have remained in the hands of basically the same apologists of the Pinochet regime as during the authoritarian era,¹⁷ while Chilean politics has become largely media-driven. Alternative middle-of-the-road and leftist publications languish without an appropriate “market” of advertisers and subscribers for their ideas.

There is a “psycho-cultural” obstacle to democracy, too: the climate of uncertainty and fear cultivated by years of national-security practices. For many, even today the Allende years evoke a kind of irrational horror to be avoided at any cost. An entire generation, in fact, the bulk of the electorate, had no exposure to democracy prior to 1990.¹⁸ Antidemocratic propaganda has been, and continues to be, very clever and subliminal. There is a pervasive culture of denial in which many refuse to recognize the atrocities committed or justify them in terms of “survival” or “necessity.” These people come not only from the upper and upper-middle classes but also from alienated popular sectors as well. Although those objectively favored by the Pinochet regime and its legacy are indeed greatly outnumbered by those who have experienced deprivation, ideological illusions—such as fear of “communism” or

the military's monopoly on the "motherland," "the flag," or "patriotism"—play a major part in Chile's politics.

DEPENDENT TRANSITION

The limited redemocratization of 1990 is, as in many Latin American countries, conditioned by the previous process of forced de-democratization. Authoritarianism should be given at least equal credit with neoliberalism for the current economic, social, and political state of affairs, however evaluated. Moreover, the importance of external factors—chiefly the role of the U.S. government—in the transition process should not be underestimated. "Transition" here means both the more recent one between authoritarianism and democracy (1988–1990) and the previous one between democracy and authoritarianism (1969–1973). The most talked about nowadays in official and academic circles is the former.¹⁹ Since the 1980s, the administration in Washington has played a remarkable (but often hypocritical) role in pursuing a policy of "orderly return to democracy," with declared encouragement of respect for human rights and selective support for opposition organizations. Less discussed is the U.S. role in the 1960s and early to mid-1970s in undermining democracy. This effort involved a massive undertaking to facilitate the violent transition from a democracy with nationalist and populist overtones to a client national-security regime as part of a much more general policy of containment throughout Latin America.

This intervention was undertaken not just during the Allende years but for years before and after the coup with the training and indoctrination for military and police officers and support for right-wing intellectual think tanks. These linkage groups (Chalmers, 1972: 12) were to play a key role in the formulation and management of the authoritarian project. The most direct and intense U.S. involvement took place in the period between the election of Allende and September 11, 1973. In addition to supporting the violent opposition to Allende, the Nixon regime orchestrated massive internal disruptions of transportation and food supplies as well as a concealed international financial and trade blockade designed—in the words of Richard Nixon himself—"to make the economy scream" (U.S. Senate, 1976). All these efforts paved the way for the coup.²⁰ The military and other internal forces just did the "dirty work." Immediately after the overthrow of the constitutional government, credit was unblocked, grain supplies flowed back in, and economic, military, and intelligence assistance was readily available. Diplomatic cover and disinformation were also provided in order to assist in the "reconstruction" of Chile and muffle international and domestic critics.

With the accession of the Carter administration, with its concern for human rights, this friendly relationship turned sour, yet military and economic assistance managed to circumvent formal obstacles, even at the height of the tension between Pinochet and Washington. For instance, during the investigation of the assassination of the former ambassador and minister of defense Orlando Letelier and his American assistant in Washington in 1976²¹ there was never the level of commitment for regime change as with Allende or, more recently, former cold war allies such as Panama's General Manuel Noriega or Iraq's Saddam Hussein. Either the dictatorship had the firm support of sectors within the U.S. government or, at worst, the White House did not pursue an openly and effectively hostile policy toward it. In addition, U.S. business and military sympathies for the authoritarian regime were persistently high. Only when an overall policy of "democratic transition" for the entire region was unfolded did the general become an embarrassment. At this stage, a centrist government seemed the best way to preserve the status quo. With the juxtaposition of neoliberal economics (assisted by the first transition) and formal democracy (assisted by the second transition) Chile became, once again, a showcase for the Americas, an ideological product endorsed by Washington and Wall Street.

CONCLUSIONS: THE INSTITUTIONALIZATION OF COUNTERREVOLUTION

Chile presents the paradox of a legitimate government presiding over an illegitimate state with authoritarian enclaves and exceedingly weak political brokerage. The transition has been the result of a pact of elites from which most of civil society has been excluded. Moreover, the "old" regime has maintained "meta-power" (Baumgartner et al., 1976) in the negotiations by controlling and altering the rules of the game. This pact has meant basically the acceptance on the part of the democratically elected government of the constitutional, institutional, and socioeconomic order laid out by the previous regime. The Concertación has had to agree from the outset to play by the rules established by Pinochet's authoritarian constitution. Moreover, it has had to accept all the "organic"²² paraconstitutional legislation passed before the regime's formal departure. This legislation conferred virtual immunity on the armed forces and the police. In addition, it established the composition of the Supreme Court, the Constitutional Tribunal, the Comptroller's Office, the Central Bank, the National Telecommunications Commission, the mayoralties of nearly 300 municipalities,²³ and the university councils. It also guaranteed tenure to most of the civil servants appointed during the dictatorship and

established a highly skewed and “tailor-made” electoral law. Finally, it appointed the designated senators, a legal weapon of last resort for the shadow government to prevent the elected government from attaining the quorum necessary to change the constitution.²⁴ The Aylwin administration (1990–1994), despite good intentions and a groundswell of popular support, had its hands tied. The same has been the case with that of his successors, Christian Democrat Eduardo Frei and socialist PPD Ricardo Lagos. In a series of confrontations with the military, the dictatorship-appointed Supreme Court, and an artificially inflated rightist opposition in Congress,²⁵ the executive has had to back down. The overwhelming weight of lifetime Pinochet appointees to the Supreme Court, the Constitutional Tribunal, and the Comptroller General’s Office, the two-thirds majorities required in both houses, the entangling “organic” (or paraconstitutional) legislation, and the autonomy of the military have frustrated most attempts at substantive reform.

The transition to democracy in Chile has been a painfully slow and frustrating process. One could argue that what has really taken place is the consolidation of the 1973 counterrevolution. Democracy in Chile is still conditional—an authorized concession by the military regime to those who outvoted it in 1988, 1989, and 1993. Despite these sound electoral rejections of the authoritarian formula, Chile’s road to democracy is still uncertain. If one adds the votes for the center-left coalition to those of the various components of the left, there appeared to be a large and, at least until 1999, growing constituency (69.4 percent) favoring reforms of the institutional legacy of the military regime. The agenda of the center-left alliance has involved a dual mandate. On one hand, it has promised to preserve and improve human rights as well as to democratize the rules of the political game discussed above. On the other hand, all presidents have vowed to maintain the existing economic and social policies. The economic agenda is designed to please the economic elite, much of which has rallied around the powerful business confederations linked to the right-wing parties and even those of the governing coalition. It is also designed to please international business and the U.S. elites. Of the two platforms of the government’s project, the neoliberal package has been the more readily implemented.²⁶ In spite of having received overwhelming electoral majority of the votes cast in 1993 and 1997, the center-left alliance has been unable to break the legislative logjam. Constitutional amendments have faced an uphill battle, since, according to the rules laid down in the 1980 charter, they require a two-thirds majority in both houses of Congress. Worse, because of the *sui generis* electoral rules established by the strategists of the authoritarian regime, the Concertación, although increasing in electoral strength, actually *lost* seats in Congress.²⁷ This erosion continued in 1999, 2000, and 2001 (see Table 1).

The electoral upswing of the right in 1999 points to the possibility that Joaquín Lavín's conservative Alliance for Chile, representing unabashed supporters of the former military regime, could actually gain control of the government in 2006, this time through democratic elections. This partially explains why the authoritarian opposition was finally willing to revise its stand on appointed senators and electoral procedures that gave the Pinochetista opposition a controlling interest in the formal political process. These reforms could in fact favor the right and prevent the center-left from holding a veto power once in opposition.

The nature of the current transition accounts for a kind of "constipated" consolidation whose main function is to give an aura of procedural respectability to a counterrevolutionary and antidemocratic order of things. The legacy of national insecurity left by the dictatorship is too heavy to be managed by the elected government in the short and medium term. Meanwhile, the institutional apparatus constructed by the authoritarian regime will likely remain essentially unchanged. With the end of the economic bonanza, unfulfilled demands on all fronts—human rights, economic, labor, and the poor—are increasingly beyond the government's capacity to satisfy. The forces impeding much-needed democratic and socioeconomic adjustments are too entrenched and powerful to accept substantive reform. This, combined with the weakness of the historical left and the venality of the "renovated" left, narrows the range of institutional alternatives for voicing the concerns of most of those made redundant by the present model. On closer scrutiny, the intellectual software and technocratic style of Chile's current economic and social policies present remarkable continuities with those of the dictatorship (Silva, 1991: 386, 398–410). As a former finance minister of the Concertación put it in 1991: "We may not like the government that came before us. . . . But they did many things right. We have inherited an economy that is an asset" (Kandell, 1991: 17–18).

Disillusionment and fragmentation are already under way beneath the seemingly unified surface of the governing alliance. This is not without precedent in Latin American countries in the latter electoral phases of transition. The Achilles' heel of Chile is today more political and social than economic; latent political violence and social unrest may become manifest and upset the "salutary" signs that the international business community finds attractive. But there are also signs of economic crisis looming on the horizon. Expansive growth peaked in 1998. Prices for some of Chile's major exports, copper, fruits, and cellulose, have declined since the mid-1990s. In the short to medium term, growth rates have been sensitive to this volatile export market, and unemployment has increased since 1994. This slump is a potential threat to the celebrated dynamism of Chile's export-driven economy, as is the

overvaluation of the currency resulting from speculative growth (Soros, 1997). Deep down, Chile is as financially fragile as Uruguay, Brazil, or Argentina.

Paradoxically, however, the main contributor to political instability in the long run is not so much the extreme left as a militant right wing and a security establishment intent on imposing its views *malgré tout*. The left has learned to support bourgeois democracy, but the extreme right has not. Although drastic reductions of government spending, following a continental trend of downsizing, reduced defense budgets and personnel in 1994,²⁸ the military was still able to blackmail the weakened and isolated civil society. Using constitutional prerogatives designed to protect their institutional interests, the security forces succeeded in initiating a massive arms buildup since the late 1990s. The events of September 11, 2001, have entrenched the military's grip by redeploying and relegitimizing national-security doctrines. In the current configuration of forces, their role remains that of the insurance policy of last resort for the domestic and international status quo. The analysis of the Chilean model suggests that the oft-mentioned "miracle" is rife with uncertainties and signs of insecurity. Chile cannot seriously be considered a model for Latin America any more than can contemporary Mexico or Argentina. If the Chilean experience is paradigmatic in any way for the region it is in pointing to the grave problems and mounting contradictions contained in a democratic transition with neoliberal structural adjustments that lead to restricted democracies and receiver states (Nef and Bensabat, 1993). Chile is perhaps the most successful example of this Latin American liberal-democratic hybrid at work. What is less certain is how this model objectively benefits most of its people and how sustainable it may be in the long term.

NOTES

1. The "seven modernizations" predicated by the institutional intellectuals of the former military regime constitute the pillars of the project of the so-called Chicago Boys, along the lines of the theories espoused by Milton Friedman and Friedrich von Hayek, who served as mentors of the regime. The modernizations included new labor legislation, the transformation of the social security system, the municipalization of education, the privatization of health care, the internationalization of agriculture, the transformation of the judiciary, and the decentralization and regionalization of government administration.

2. The figures for 1986 to 1991 reveal a marked stationary trend of about 20 percent; in 1996–1997, it was 8 percent. This sharply contrasts with an average inflation rate of more than 270 percent for the Latin American region. In fact, February 1991 presented one of the lowest monthly increases in the region with only .2 percent (see Canadian Embassy in Santiago, "Fact-Sheet—Chile," January 1995).

3. The increase in the number of families in poverty between 1970 and 1987, calculated by dividing the cost of the basic food basket by the level of income, was 124.1 percent.

4. Between 1972 and 1975, economic activity plummeted (with indexes of -12.5 percent in 1975 alone). The combination of acute social conflict, poor management, and economic blockade and paralysis that led to the 1973 coup and the recession induced by the military regime (known as the “shock treatment”) destroyed the gains sustained in previous years. Again, in 1982-1984, under Pinochet and his neoliberal economic advisers, external vulnerability combined with botched policies reduced the GNP by more than 14 percent.

5. If one divides the variation of the index of per capita gross domestic product (GDP) between 1970 and 1987 (5.6 percent for the period) by 17 years, the average growth is a modest .3 percent per annum. Alternatively, if one divides the GDP per capita in 1990 (US\$2,376) by that in 1970 (US\$2,120), the period increase (20 years) is 12.1 percent and the average annual increase is .61 percent. A third and more “favorable” method is to average the rates of annual GDP variation for four different observations—1970 (1.4 percent), 1980 (6.5 percent), 1985 (2.0 percent), and 1990 (9.0 percent)—for an average of 4.73 percent per year. However, when the variation in the index of poverty (percentage of people below the poverty line) is factored in as a divisor for the GDP per capita indexes, the rate of poverty, depending on the method of calculation, grew between nearly twice and 21 times faster than wealth.

6. Congressman (now senator) Juan Pablo Letelier, lecture delivered at Center for Research on Latin America and the Caribbean, York University, October 12, 1990.

7. It has 27 affiliated organizations. The CTD main force is the once CIA-supported Confederación Marítima de Chile (Chilean Maritime Confederation—COMACH), which played an important role in the downfall of Allende in the 1970s.

8. For a candid overview from the perspective of the private managers of Chile’s social security funds, see “Los nuevos dueños de Chile” and “Un cumpleaños feliz” (*El Mercurio*, April 14, 1991).

9. No comparable “superinterest group” representing the capitalist class exists anywhere, even in the Group of Seven countries. It articulates the interests of the entire business elite, provides a linkage with political parties and the government, and has direct control over mass media. Some of its member-associations have been in existence since the 1830s. The oldest is the National Society of Agriculture, founded in 1838 as a landowners’ association, representing large-scale, commercial agriculture. It controls six radio stations and has historically been linked to traditional conservatism. Industry is embodied in the Society for Industrial Development, founded in 1883, representing more than 80 percent of Chile’s industrial capital. It is the largest and most powerful employers’ organization and includes some 2,000 companies. Once connected with the liberal party, it is today unabashedly neoliberal. Mining interests are represented by the National Society of Mining, which includes most large and medium-sized national mining firms and controls a major radio network. Founded in 1883, it is linked to both liberalism and the emergence of the traditional radical party in the nineteenth century. Commerce finds organizational expression in the National Chamber of Commerce, formerly the Chilean Confederation of Chambers of Commerce, founded in 1857. Its 120 branches represent practically all of Chile’s large-scale commercial enterprises. Another relatively newer business group is the Chilean Chamber of Construction, founded in 1951, with 1,300 members from nearly all of Chile’s large-scale construction firms. It has been linked to the right wing of the Christian Democratic Party. The Association of Banks and Financial Institutions is a relatively new organization, associated with the “economic clans” and the “Chicago Boys” economic model of the Pinochet regime. Last among the constituent superbusiness organizations is the Santiago Stock Exchange, the main stock-trading organization that acts as a mouthpiece for all of Chile’s major stock-brokerage houses.

10. The security establishment, formally dependent on the Ministry of National Defense but free of civilian control, includes the army, some 50,000 strong, the navy (30,000), the air force (about 15,000), and the police (about 30,000). There is no civilian police as such. The figure for 1988–1989 includes 33,000 conscripts on two-year compulsory duty (the length of conscription having been increased from one to two years after the 1973 coup). By law, 9 percent of all proceeds from copper exports go directly to financing the armed forces (the estimate for 1988 was US\$200 million). In addition, Chile possesses a small but active “military-industrial complex” in the form of a number of dynamic enterprises such as the privately owned Cardoen, located in Iquique, and the army-owned FAMAE in Santiago. The military also has de facto control of numerous “military zones” under its exclusive jurisdiction and outside the effective control of the central government, including an operational nuclear research station in Lo Aguirre, on the outskirts of Santiago. This makes the defense establishment one of the major holders of real estate in the country (IISS, 1989: 186–188; Sivard, 1987: 46; USACDA, 1969; U.S. Department of the Army, 1982: 151).

11. Examples may be found in numerous public statements. See, for instance, the interview with the former DINA boss General Manuel Contreras (who was involved, among many others, in the assassination of Orlando Letelier in Washington) in *El Mercurio* (March 31, 1991) and General Augusto Pinochet’s response to the Rettig Report at the Military Academy in April 1991, in which he advanced the thesis that civilians were incompetent to pass moral judgment on the military’s behavior and therefore the report was invalid.

12. The report dealt only with unambiguous cases of death. It reported on 2,279 victims, 164 of whom were considered victims of “political violence” (confrontations) and 2,115 “victims of violations of human rights” (Rettig, 1991: 194).

13. See ITT (1972), U.S. Senate (1973; 1976). More discussion of U.S. involvement may be found in the works of Marchetti and Marks (1975: 38–43, 330–331), Sampson (1974), Freed and Landis (1980), and Uribe (1975).

14. Since 1992, the main insurgent organization, the Frente Patriótico Manuel Rodríguez (Manuel Rodríguez Patriotic Front—FPMR) has gone legal and abandoned its tactics of retaliation against figures associated with repression during the military regime. However, various small fractions, such as the Lautaro Youth Front, have continued very sporadic acts of “armed propaganda,” especially in the slums.

15. According to my estimates, a comparison between 1967 and 1990 shows that the police force declined from 31,000 to 27,000, a 13 percent drop. This amounts to a decline from a ratio of 3.4 policemen per thousand to a ratio of less than 2.1 per thousand, nearly a 40 percent reduction in service.

16. Until 1973, electoral participation, expressed in growing indexes of electoral registration and proportion of the total population voting, directly benefited both the Christian Democrats and the left. After the electoral decline of the Christian Democrats in the 1969 parliamentary elections, increased participation benefited the left.

17. Chiefly the all-powerful *El Mercurio* chain, the national governing council of the major TV stations, and the appointed members of the National Telecommunications Commission.

18. In the 1989 general election, 46.5 percent of the total were first-time voters.

19. In the words of former secretary of state for inter-American affairs during the Reagan administration Elliott Abrams, “We had great influence in Chile in a precise sense. Being a right-wing government ourselves, we discredited military governments. We said clearly, as only [President] Reagan could say it, that the greatest obstacle for communism is democracy and not military regimes. We said that there was no justification whatsoever for such regimes. As conservatives, we said that [the view] of ‘it’s either us or the flood, chaos and communism’ was not true.

Our greatest contribution was to de-legitimate and discredit military governments throughout Latin America." (*El Mercurio*, March 31, 1991).

20. "Chile security chief was CIA informer" BBC News, Internet service, September 19, 2000, 23:24 GMT, 00:24 UK.

21. Prior to the attacks against the twin towers, first in 1993 and subsequently on September 11, 2001, this had been the only international terrorist incident on U.S. soil and resulting in the death of an American citizen, yet no action, let alone retaliation, followed.

22. "Organic laws" in Chilean constitutional practice are the general pieces of legislation required to implement, operationalize, and institutionalize constitutional provisions. In the 1980 Constitution, they are considered part of the basic charter and are subject to similar amendment procedures and special quorums, such as two-thirds majorities.

23. As a result of negotiation with some of the right-wing parties, since 1993 mayors and councils have been elected.

24. Overlapping members of the top decision-making agencies of the government appointed by the military regime before handing down the reins of government to Patricio Aylwin in 1990 included the Military High Command (4 out of 5), the National Security Council (6 out of 8), the Supreme Court (13 out of 17), the Constitutional Tribunal, and the Comptroller General's Office. According to Article 77 of the 1980 Constitution, Supreme Court judges remain in their jobs until they reach age 75 and therefore remained in their jobs until long after the formal end of the dictatorship. The majority of the judges were hand-picked by Pinochet for their ideological compatibility with his regime. The Supreme Court played a crucial role in legitimating its de facto rule and systematically turning a blind eye to both the arbitrary and unconstitutional nature of Pinochet's reign and its persistent and gross violations of human rights. This ideological bias once again played a significant role in Pinochet's acquittal on technical grounds in 2001 and 2002. Under the 1980 charter, the Constitutional Tribunal is charged with interpreting the constitution, deciding on the constitutionality of both the executive's "colegislative" powers and the bills introduced in Congress, arbitrating conflicts among the legislature, the executive, and the judiciary. In turn, the Comptroller General's Office is a "watchdog" agency for determining the legality and constitutionality of executive orders. Its jurisdiction goes well beyond auditing accounts and approving financial matters (as in the United States), to include adjudicative functions similar to those of the French Council of State. In the legislature, the center-left coalition controlled 72 seats in the lower house (versus 48 for the right) while in the Senate, the right had a comfortable lead: 25 of 48, including the 9 senators appointed for life by Pinochet before leaving office.

25. In the 1990 Senate, 20 of the 25 elected right-wing opposition senators were longtime supporters of the old regime.

26. According to a 1993 World Bank report, Chile had the second-worst income distribution in Latin America (Brazil having the first). President Aylwin raised a critical voice in 1994: "The market . . . promotes consumerism, creativity, and creates wealth, but it is not just in the distribution of such wealth. The market has neither ethical nor social considerations. The market often is tremendously cruel and favors only the most powerful sectors, those who can compete under better conditions; it increases the misery of the poorest sectors and aggravates social inequalities" (*El Mercurio*, International Edition, January 13–19, 1994).

27. InterPress Service, December 11, 1993; Associated Press, December 12, 1993; Notimex, December 11–13, 1993; Spanish News Service EFE, December 9, 1993, August 12–November 15, 1993; Agence France-Presse, December 10, 12, 14, and 15, 1993; *El Mercurio*, *La Nación*, December 13, 16, 1993; *La Tercera*, November 12, 1993.

28. A comparison between 1985 and 1991 indicates a decline of 59 percent in expenditures (to .9 percent of GDP) and of 9.1 percent in forces' strength (IISS, 1987–1994).

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