

# The Chilean Dilemma: Between Economic Development and the Deepening of Democracy

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## *Abstract*

*In the last three decades, Chile has suffered drastic changes in its economic, political, and social structure. Implantation of a neoliberal economic model, democratic recovery after defeating the armed forces in the ballot boxes (the plebiscite of 1988) and national reconciliation (amendment of the violation of human rights) make up the Chilean mosaic. As an applauded model by some and criticized by others, this article tries to reflect the advances and obstacles of Chilean development. It analyzes the democratic recovery and political stability, the economic growth, and the social perception about these changes. Chile continues to be a case of particular relevance for Latin America.*

## **Introduction**

During the 20th century, Chile has been a significant country within Latin America. This importance does not arise from its demographic weight in the region: according to the 2002 census, the population is just over 15 million inhabitants. Nor does Chile's geographical location seem to favor it; with the Andes form a veritable wall in relation to its neighboring countries. Yet, this situation has not detracted from the development of this country. From an early stage, Chile was involved in the international economic game through the exportation of minerals, and additionally through to the ruling class's interest in developing itself outside of its borders, thus creating a noteworthy intellectuality within Latin America.

Chile's external image is associated with the juxtaposition of different events. Economically, Chile is known as a mono-exporter of copper. Politically, Chile is known for the rise to power of a socialist in 1970, when Salvador Allende was elected democratically within an international context defined by the Cold War, giving greatly needed hope to a region characterized by economic and political instability. However, the optimism generated by the election of Allende was replaced by the notoriety of the Military Coup of 1973 and the subsequent long and unyielding dictatorship, which would last for seventeen years. In recent times, the country has become newly associated with the implementation of a neo-liberal economic model, the establishment of a democratic political system, and most recently, for the impunity of Pinochet regarding human rights violations during the military regime.

Democratic recovery, political stability, and economic growth seem to be the keys for the recent development of the nation. The objective of this article is to precisely elucidate these events during the last decade. The starting point we take is the restoration of democracy, a key to interpreting the current situation of Chile.

### **The Plebiscite of October 5th, 1988: Negotiation and Political Transition**

After the economic recession of 1982-1983, the country entered into a period of stability, undergoing a gradual and sustained recovery: economic growth reached 5% between 1986 and 1988, unemployment dropped as low as 12%, and inflation stayed at a moderate level. The military government felt secure for two reasons: firstly, due to the social calm in the country caused by economic growth and the absence of social mobilization; secondly, due to the positive experiences of the previous plebiscites. It was in this atmosphere that a popular vote was held to decide the election of the first president under the Constitution of 1980.

The political opposition joined to defeat the National Resolution, to which all of the left-center parties except the Communist Party had adhered. The union of the majority of the political opposition allowed for a mutually agreed transition between members of the political class and the military government. In the 1988 plebiscite, the citizens had to decide whether to accept or reject the candidate proposed by the governing Junta for a period of eight years. From this moment on, the Chilean political transition began, which was "articulated under characteristics very different from other Latin American cases, in the sense that the authoritarian legatee, being a permanent ballast in its development, impregnated the new democratic institutionality" (Alcántara, 1999:30).

The candidate proposed by the governing Junta was General Pinochet. The plebiscite, sanctioned for October 5th, 1988, opened the electoral campaign

between the continuity of Pinochet's supporters and their adversaries, creating two distinct positions around a response of "yes" or "no." The center and left-leaning political parties made up the Compromise of Parties for Democracy, the opposition to the regime that consisted of 16 political formations. Amongst the main parties are the Christian Democracy, the Socialist Party, the Radical Party, and the Party for Democracy (a new "instrumental" party), in addition to the support of the Communist Party, although it was not part of the coalition. Within this dichotomy, the right-wing parties decided in support of Pinochet. The Independent Democratic Union (UDI), a recently created party with its origins in *gremialismo* (guilds or unions) and consisting of notable collaborators of the regime, gave unconditional support. It received the support of the National Renovation (RN), even when a division at the heart of the party opened up between supporters of democratic restoration and supporters of the continuity of Pinochet.

The plebiscite was the first election in which Pinochet ran. The defeat of the military government was developed within free elections, in which the citizens massively participated. It is estimated that 93% of the eligible population signed up in the electoral registries. The result was that 57% voted "no" and 43% voted "yes" to defeat the military government. The Compromise of Parties for Democracy later affirmed that the Chilean dictatorship was defeated with pen and paper.

The support of the Catholic Church, and funds from the United States and Europe, for the opposition parties made it possible to have some amounts of propagandistic media and control of the voting. More than 1000 foreign observers directly monitored the process. The elements that help to explain this defeat also have some relation to the living conditions of Chileans: although there was economic recovery, there was also a great inequality in earnings, and according to different estimates, around 40% of the population lived in poverty. The reduction of public spending on education and health, in addition to the privatization of these spheres, were also motives for discontent. The status of human rights and the restriction of liberties counted massively against the military government, as was the general desire to recover competitive and democratic political life.

After the military government publicly recognized its defeat, the constitutional provisions were put into effect, establishing the continuity of Pinochet as President of the Republic until 1990, his continuity as Commander-in-Chief of the Army until 1998, and later, as senator for life. The presidential elections were scheduled for December of 1989.

The defeat of Pinochet at the polls opened a space for a negotiation of regime change. National Renovation, a right-wing party distanced from the regime and sheltering the disappeared National Party, participated alongside the Compromise of Parties for Democracy in the negotiation. It was in this way that a pact was established for the modification of the Constitution, in which

the Government Junta acted as National Congress. The pact was approved by 85% of the voters in the plebiscite of July 30, 1989.

### **The Bases of the New Institutionalism**

The approval of the 1988 plebiscite as the legal element for the continuity of Pinochet as head of government signified that democratic recovery was only possible under the acceptance of the Constitution of 1980, which necessarily demanded negotiation with the Armed Forces. Thus, a “moderate road” was established, especially after the failed experience of the popular mobilization of 1983. Furthermore, the economic state favored the military regime: high macroeconomic indices, the reduction of the deficit, and the diversification of exports. Economic growth continued to produce good results (10.2% in 1989). There was an acceptance of market economy in all of the declarations of the opposition; because of this, political order was first accepted, followed by the embrace of the new economic order, both of which were imposed by the military dictatorship.

The political negotiation amongst the winners of the plebiscite (the opposition of the regime) and the Armed Forces had a marked yielding character on the part of the market economy (Otano 1995; Boeninger 1997; Portales 2000). It had to do with accelerating democratic recovery. Moulian (1997) speaks of the “transformism” that operated in the country based upon this undemocratic style that the Compromise acquired, affirming that its total defeatism is expressed in human rights and the acceptance of the neo-liberal model.

### **Negotiation and the Reform of the Constitution of 1980**

The Constitution of 1980 is the most controversial Chilean constitutional document because of its origins of dubious legitimacy, and because it presents serious obstacles for its modification. It originated during difficult times in the context of a state of siege. Without this highly charged context and the different parties, the Chilean people, would have not agreed upon such radical Constitutional reforms. Nonetheless, in its origins, it was intended to initiate democratization of the nation in a moment of great political uncertainty. This document can only be altered with the approval of all of the political forces with parliamentary representation, which makes it difficult to reform. If we observe the precepts contained in this text and the procedures contemplated for its variation, we find ourselves before an extremely rigid Constitution that notably problematizes the democratic system that it attempts to implement.

The Constitution is a document created during an authoritarian period, composed by a military government, and thus, its content expresses the ideas of the Armed Forces regarding a democratic regime. Presently, it is considered that a reform of the Charter can be made not only by initiative of the President but also by initiative of the National Congress; it requires three-fifths of the Congress (Chamber of Representatives and Senate) to approve. Sixty days after being approved, it is ratified by Congress by another vote, and it then passes to the President for promulgation. The President can veto this decision, which would refer it back to Congress and then require a three-fourths majority, or he can refer it to a plebiscite and thus consult the citizens. The constitutional reform of 1989 succeeds in reducing the power of the President and grants greater powers to Congress, always maintaining the possibility of a plebiscite when and only when the President and two-thirds of the Congress concur.

The first constitutional reform occurred in 1989, following the logic of ratification by plebiscite elaborated in the Constitution. The second reform was undertaken in 1991 and was ratified by Congress. Its objective was the direct election of mayors and council members. All of the governments of the Compromise have presented legal projects to undertake changes that would permit democratic development in the country; these were rejected upon failing to obtain the required majority.

There is no doubt that the political rules contained in this 1991 document make for a restricted democratic game. This is seen in the recognition of the Armed Forces as a guarantor of institution, in the representation granted to the National Security Council, and in the presence of designated senators in the Senate. It is also seen in the document's independence, as it is not subject to civil power. Furthermore, executive power overrides legislative power. Legislators have limited fiscal power, and the quorum established for the modification of the Constitution is practically impossible to attain through the binominal system.

The constitutional reforms being negotiated with the Armed Forces do not fundamentally affect the constitutional charter. This charter deals with overcoming the impasse of the transition and leaving charter reforms for the future. Of 54 total modifications, the admission of a plurality of political parties is noteworthy. The charter increases the amount of senators elected by the citizens, even while maintaining nine designated senators; it partially varies the composition of the National Security Council, making an equal number of civil and military representatives. The first presidential period was approved, and set to begin the 11th of March of 1990 and last for four years, with subsequent terms to last for six years, and preventing immediate reelection. The norm that required the approval of successive Congresses for constitutional reform was replaced. These modifications are the most notorious reforms, even with the political concessions given to the Armed Forces.

In the negotiations of the transition to democracy, conditions imposed by the Armed Forces were accepted as is. These conditions included the continuity of

Pinochet as Commander in Chief of the Army until 1998 (at which point he would become senator for life); the preservation of the Amnesty Law of 1978; and, the creation of a National Security Council through which the Armed Forces became the watchdog of political life. Also noteworthy is the modification of articles 65 and 68, referring to the necessary quorum for the approval of ordinary laws. These articles initially required the majority of the Senate and one third of the Chamber of Representatives, designed under the assumption of Pinochet's victory. This quorum was raised to two thirds (Portales 2000:35).

Furthermore, between the plebiscite of 1988 and the presidential elections of 1989, the military government undertook a series of measures guaranteeing itself a privileged position within the political change it was operating. In this way, the government increased its patrimony upon transferring properties to the Armed Forces. This facilitated the privatization of state businesses, transferred Army intelligence functions to agents tied to the National Center for Intelligence (CNI), and destroyed decisive archives with the end of not compromising their future. Furthermore, the military government established about 200 laws (Cavallo 1998), amongst which a few stand out: the increase of earnings of the Armed Forces upon granting them 10% of the sales of Codelco (copper exportation); the National Education Law; the law regarding the administration of justice; the electoral law, among others. Also considerable is the permanence of the amnesty law of 1978, which granted impunity to members of the Armed Forces accused of human rights violations committed during the military period. In some way, they had to obtain their exit from government with sufficient assurances.

The Constitution definitely recognizes that Chile is a democratic Republic, with a unified State where sovereignty resides in the nation. However, it is notoriously presidentialist, and has a composition of legislative power that is improper for a democratic system (120 representatives are elected by a direct vote under the binominal system, and the Senate, where 38 members are directly voted in and nine are designated for life as ex-presidents of the Republic). Judicial power, represented by the Supreme Court, is composed of five members named by the President, selected from the list created by the very Court.

Amongst the institutions mentioned within the Constitution, the Constitutional Tribunal and the National Security Council are noteworthy for their ties to the political system. The former settles the facts presented and requires a dictum on their attachment to the norms found in the Constitutions. It consists of seven members (three named by the Supreme Court, one by the President, two by the National Security Council, and one by the Senate) that serve their terms for a period of eight years.

The National Security Council constitutes the space guaranteed by the Constitution for the presence of military power, in addition to constructing an advising body for the President regarding matters of national security. The

President summons it and it has been infrequently used. This Council constitutes one of the principal authoritarian enclaves. Independent of its summoning by the President, one of its functions is to select four members of the Senate amongst ex-commanders in chief of each of the branches of the armed forces, and one ex-carabineer general. The Council likewise selects two members of the Constitutional Tribunal and authorizes the President to establish states of constitutional exemption.

Other notable aspects of the Chilean political system refer to territorial organization. The Chilean territory is divided into regions, provinces, and townships. The government regime is strongly centralized. The president is the one that names the regional and provincial government heads. Township administration belongs to the Mayor and the Municipal Council, consisting of council members. Since the 1996 reform, the council member that obtains at least 30% of the votes is elected mayor. The Municipal Council is elected for four years by means of a closed and blocked list, and with a distribution of the rest by means of the D'Hont method. Recently, a law was approved establishing the separate election of mayors and council members, which will go into effect for the municipal elections of 2004.

### **The Electoral System**

One of the conditioners in the democratization process resides in the role of the political parties that participate in the political transition and in the first years of democratic experience. In Chile's case, the transition that began with the plebiscite of 1988 kept the opposition group united. They were also aided by the concurrence of the National Renovation, which was in favor of negotiation with the military. Therefore, we have before us an ample political consensus with the will to negotiate, which undoubtedly facilitated a quick negotiation, reduced the political uncertainty of the times, and affected future political development (Cavarozzi 1985; Nolte 1985).

Understanding the electoral system as a mechanism by which the voters express their political preferences (and in which these preferences transform into offices of institutionalized power), one can see how in Chile this system has a democratically limited reach. This constitutes one of the most notable obstacles in reaching full democratization. Furthermore, this constitutes an open theme of political debate that has yet to find a solution, especially because it favors the opposition or the parliamentary minority. This group finds itself overrepresented yet at the same time it tends to constrain a bipartisan system in a regime of multi-partisan parties.

The Chilean electoral system contains a distribution of 60 binominal districts that function as circumscriptions. For the Senate, two senators are elected per region, and in six regions, four are elected. A total of 38 senators is elected by

means of a relative majority, and to that amount nine senators, designated and for-life (ex-Presidents of the Republic) are added. In all, the High Chamber consists of 47 senators.

The voter has one vote for the Chamber of Representatives, limited to the candidates, which makes for a closed, but not blocked ticket. The judgment process is one of relative majority. In this way, the two tickets with the most votes receive the two seats, only when the party with the most votes does not obtain more than double the votes of the second party. In such a case, the majority ticket obtains the two seats. Within the ticket, the majority of votes is decided by means of a simple electoral quotient. Therefore, in the event that there are two tickets, the formula is such that for a party or a coalition to receive a seat, it is necessary that they obtain at least 33.4% of the votes received by the two greatest parties or coalitions. In order to obtain two seats, the majority party or coalition must have 66.7% of the votes received by the two greatest parties or coalitions, since the limit of the equation dictates that 66% of the vote is equal to 50% of the seats; 34% of the remaining vote is equal to another 50% of the seats.

This aforementioned system was designed and approved under the military regime. It favors the right-wing, which, with only one-third of the vote, ends up with half of the seats. Logically, when there are more than two tickets, the percentage of votes required by the first ticket to obtain two seats is lower, being that they only need to double the votes of the ticket that follows them in the results. The legal barrier is 5%; the parties that do not obtain this percentage lose their chance of having representation in the Chamber of Representatives. Perhaps the most notable of all these aspects of the electoral system is the characterization of Chile as an exception with respect to the context of the region.

## **Transition and Consequences**

The transition process has been the result of a pact between the political elite and the Armed Forces. In this process, the maintenance of order and the goal of reaching political stability have dominated the entire process, taking in the traumatic experience of the institutional rupture of 1973. It imposes consensus before raw political debate, in order to establish constitutional order. The authoritarian regime controlled and defined the rules of the game. These pacts have meant the acceptance of an institutional order imposed by the authoritarian regime: all “organic” legislation had to be approved; the composition and naming of the Constitutional Tribunal, the Supreme Court, the Comptroller General, the Central Bank, the National Telecommunications Commission, amongst others, were accepted. Public officials were kept, the electoral law was established, and finally, designated senators were named. The senators and the binomial system gave the military government a last-minute legal arm to impede the elected government



from reaching the necessary quorum to change constitutional procedures. With this, the veto power of the political right was increased (Neff 1999: 116).

Several factors have frustrated the various attempts to implement substantial political reforms. These include the following: the unquestioned inheritance of the military regime; the overwhelming weight of the ministers assigned by Pinochet to the Supreme Court, the Constitutional Tribunal, and the Comptroller General; the two-thirds majority required in both chambers of Parliament for reform; the complex instrumental legislation; the autonomy of the Armed Forces; and lastly, the overrepresentation of the right under the binomial system. An authoritarian model persists, which ends up frustrating and inhibiting any initiative that attempts to develop democracy. After 14 years of democratic recovery, the nation is maintained under the same original conditioners, characterized by notable stability and poor democratic quality; there is a high amount of institutionalization before a growing discontent of civil society. The democratic future is far from certain because it is impossible to predict how major political reform could be undertaken.

The presidential elections of 1989 constituted the last act of the peculiar Chilean political transition, and they opened a period of slow, democratic normalization in the nation. The Compromise candidate, the Christian Democrat Patricio Aylwin, won these elections, inaugurating three Concertación governments (1994, Eduardo Frei Ruiz-Tagle, and in 2000, Ricardo Lagos).

### **Economic Growth with Social Inequality: Development with Equity?**

Chile today is proof of the imposition of the liberal model upon the economic and political (Moulian 1997). The characteristics of the transition create limited margins of political action, as well as institutional bonds with a reduced margin of maneuverability regarding the modification of the economic model. Since 1989, the nation has been governed by the Compromise, which administrated the inherited model thanks to the impossibility of approving reforms in the legislative area. If there are indeed divergences on democratic fulfillment, there is little dispute regarding economic fulfillment in the last decade. This evidence is presented in Table 1.

The Chilean economic model has been internationally recognized for its effectiveness, which was accelerated by the economic boom: growth, low inflation, high foreign investment, and a reduced foreign debt. This model for the international financial community came to be known as the “Latin American jaguar” or the Chilean miracle.

Chile lived its economic transition during the 1980’s, when the model of economic structuralism changed to monetarism, and a State that intervened in a mixed economy changed to a functional State, and to a policy of economic liberalization. Privatization, denationalization, and deindustrialization have been

**Table 1. Socioeconomic Statistics**

	1970	1980	1990	2002
Population (in millions)	9.4	11.1	12.9	15.1
% of the Population in Santiago	31.8	34.4	39.2	38.8
% of Urban Population	75.2	81.1	85.6	86.6
Illiteracy Rate	11.0	7.9	4.8	4.2
Urban Unemployment Rate	4.1	11.7	10.2	8.9
Inflation Rate	34.9	38.9	21.4	2.8
GDP per capita (in dollars)	2,120	2,342	2,376	4,461
Annual GDP Increase	1.4	6.5	9.0	2.1
Foreign Debt (in billions of dollars)	2.1	12.1	19.6	40.4

Table by the author. Sources: National Institute for Statistics and Central Bank of Chile (Balanza de Pagos de Chile, 2002) and Neff (1999)

the characteristics of the new order. This is the model that has been accepted and consolidated with the democratic regime, during which it not only survived, but expanded.

The Compromise governments have effected a more extensive liberalization of commerce. They have continued with the privatization of state businesses, and have maintained caution in matters of fiscal politics (Boylan 1996). Authoritarian restructuring had had a strong impact on the popular sectors, but had succeeded in improving Chile's international competitiveness and in satisfying the interests of the business sector. Because of this, the Compromise sought to calm the economic actors inside and outside the country. They maintained the liberalization of commerce, fiscal and monetary discipline, and attention to competitiveness, as indispensable elements of their political economy. They put more emphasis on social equity and on the improvement of labor relations: they increased the aid to low-income families by 61%; spending on health, education, and housing rose as high as 39%, alongside economic growth, a flow of foreign capital, and high levels of internal investment (Muñoz y Celedón 1993). With a notable labor flexibility and a reduced minimum wage (120,000 pesos, equal to \$200), a "social market economy" was put into effect, according to the term coined by Minister of the Treasury, A. Foxley.

The model has an outside face that does not leave anyone indifferent, but it also has an internal expression that directly affects the living conditions of Chileans. The success of Chile enters at a moment of high social inequality: economic growth is unevenly distributed, as shown by the levels of poverty. During the time of the dictatorship, poverty increased at a growth rate twice as high as the growth of income (Neff 1999: 93). During the democratic period, high levels of growth have been achieved and poverty reduced, but amidst imbalances of income and the increase of concentration of economic power.

As Table 2 shows, the Casen poll (2004) reveals there was a significant shrinkage

Table 2. Evolution of Poverty (1987-2003)

1987	1996	2000	2003
45.1	23.2	20.6	18.8

Casen poll

of poverty between 1987 and 2003, making clear that this shrinkage occurred at a lower speed than the rhythm of economic growth. Statistics of the National Institute for Statistics also reflect the concentration of income in the nation, showing the persistence of social inequality and the concentration of income: lower-middle and poor classes (58.1%) receive 21.5% of income; the middle class (27.2%) receives 24.9%; and the 14% constituted by the upper-middle and upper class take in 54.6% of national income. The World Bank (2001) places Chile amongst the countries with the worst distribution of income in the region, citing that a fifth of the population earns 62% of the national income.

The 1990's have been a time of economic growth (7% annually): economic exports increased by 90%, and foreign investment by 250%, while the distance between the richest and the poorest increased, even when there has been social mobility in intermediate classes. There is no doubt that the economic model has performed better under the democratic political system. It has produced significant changes of scenario including the expansion of residential areas of the peripheries of cities, and the concentration and expansion of commercial centers, where the mall has converted itself into a privileged social space with increase of family consumption. Social integration is obtained through levels of consumption.

The Chilean State manages 30% of the economy, and the government has the ability to design the distribution of public spending. Despite this, there are still elements of dubious competition under a free market paradigm: the Chilean business sector still maintains defensive behavior in the face of any type of inspection; it resists changes in fiscal policy, requests subsidies, and is reticent regarding environmental care and consumer protection. It requests more labor flexibility and maintains practices that are disadvantageous to women, such as discrimination in wages. Unemployment compensation does not exist.

In the economic sector, Chile continues to be very vulnerable to foreign fluctuations, as it is dependent on exports of a low aggregate level. Chile has been ambivalent regarding agreements within the region (MERCOSUR) and has initiated strategic treaties with Canada, Mexico, the European Union, and the United States. It has opted for a growing international aperture, with very low duties and strong incentives for the entry of foreign capital. Strategic areas of the economy (the energy industry) have been privatized, demonstrating significant concentrations of foreign conglomerates. The comparative benefits of Chilean

exports in fruits, wines, fishing, and mining, while increasing, have also found sustained international competition.

The private sector in Chile has become competitive because it is made up of both modernized elements of the old economic groups and wholly new actors. It has succeeded in reorienting the economy towards external markets, as well as maintained controls over areas of activity that were under state auspices before the dictatorship. The economic elite today behaves very differently than they did before the Compromise. They accept the importance of dynamism and business innovation, and consciously recognize the responsibility of private businesses in assuming leadership roles in the progress of the economy.

Today, Chileans face a complex and competitive economy: aggressive insertion into international business; diversification of markets and products; internalization of production processes through the association with transnational corporations; and, the holdings of Chilean firms abroad. "This preoccupation with international acceptance, as much as any other factor, can explain the absence of concerted efforts on the part of conservative parties and interest groups to undermine democracy or to question its suitability in the Chilean context" (Hershberg 1999:148).

One concern is the disproportionate weight of natural resources in the profile of exports. The Chilean economy suffers from concentration of resources in the industrial districts or other instances of territorial agglomeration, in addition to the scant effort that has been made by the Chilean industry to empower workers.

### **Political Stability and Democratic Development: Looking to the Future without Confronting the Past.**

The Compromise has maintained its parliamentary majority in the legislative elections, even though its electoral support has been diminishing progressively, thus benefiting the representation of the political right. Though they have obtained the majority in both houses, the conformation of the Senate has created an imbalance of powers, showing the peculiarity of a policy that impedes a reform of the Constitution. For this reason, all of the attempts since 1996 to reform the Constitution have been rejected. These reforms tried to finish with the designated senators, with the binomial system, with restructuring of the Constitutional Tribunal and the National Security Council, and giving more powers of control to Congress. It is in this way that "the veto of any attempted constitutional reform, in the sense of limiting institutional authoritarian enclaves on behalf of the Senate, became the principal piece of the motor of Chilean politics" (Alcántara 1999:153). The Compromise's political coalition has obtained a majority in all of its political representation charges (executive, legislative, and at the municipal level). It has benefited from the partisan political balance

in evading much of the (???)responsibility, and has avoided confrontation and political debate within the conglomerate. The right, on the other hand, has voted in the elections as a political bloc, an indirect requirement of the binomial system, thus generating bipartisan behavior in a plural party system. The right has gradually incremented its electoral support, with a peak of 48%, obtained by its leader Joaquín Lavín in the second round of the 2000 presidential elections.

## Human Rights

One of the legacies of the dictatorship that most endures in Chilean public opinion is related to the violation of human rights. It is the great unresolved matter after the democratic transition, and creates a deep social and political division. The three Compromise governments have presented different political initiatives, all of which failed or were insufficient, in an area which constitutes a moral compromise, and has always been present in its governmental proposal and electoral promises. The right maintains its loyalties with the authoritarian government and wants to forget the past (or supports political amnesia); the center-left, the governing group, has been without the possibility of reaching a political agreement and finding an institutional solution. The associations of family members of the detained, disappeared, and tortured maintain their effort in time for the recognition of their situation and for a judicial solution; they demand truth and justice. At this time, there are close to 400 open proceedings against members of the Armed Forces. In summary, there has not been a satisfactory solution from the political, judicial, or social points of view.

The Rettig Report, commissioned by Patricio Aylwin for the Commission of Truth and Reconciliation, contains an approximation to the magnitude of human rights violations during the military government. Within the report, there are accounts of violations of human rights committed by agents of the State or members of the Armed Forces between 1973 and 1990. The only registered cases are those of sufficiently documented death or disappearance; there is no mention of the criminal responsibility of individuals, nor does the report deal with cases of torture, mistreatment, or deprivation of liberty. The report is the first official recognition of the victims. The report officially recognizes the deaths of 2,279 people (164 of whom were considered victims of political violence/confrontations and 2,115 were considered “victims of human rights violations”), 957 disappeared persons, and 1,068 persons who were tortured and executed. This report was rejected by the right (UDI) and by the Armed Forces. Also, the Association of Family Members of Disappeared Detainees (AFDD) considered the report to be insufficient.

The Amnesty Law, approved by the military government, continues to operate within the country in order to protect the officials of the Armed Forces accused of these violations. The proceedings have gone forward timidly, most notably

the sentence of generals Contreras and Espinoza (1995) for the assassination of Orlando Letelier, committed in the United States. Another important factor has been the October 1998 arrest of General Pinochet in London, his return to Chile, and the subsequent proceeding. Even when the proceeding was rejected for health reasons, the accusations against him remained open, he lost his parliamentary immunity as senator for life, and has also had his privileges as ex-president of the Republic stripped.

It has been the violation of human rights that has created the most difficulties for the democratic consolidation of the nation, especially due to the civic-military friction that it has caused. All of the moments of tension lived in the nation have been centered on Pinochet, who had tried to tie his own destiny to that of the institutional destiny of the Armed Forces, especially the Army. Recently, the US Senate investigated Pinochet's bank account with Riggs Bank, estimated at some \$15 million, which has caused the opening of new proceedings against him. The right has defended him as a necessary evil. Having believed that corruption did not exist during the military government, now they must await the ruling of the courts of the nation. The Pinochet case is always an open case. His prosecutions create a rupture that is sensed both in the attitude of the political right as well as in the statements of the very Armed Forces (Cheyre 2004).

Although the Armed Forces continue to enjoy independence and autonomy that are improper for a democratic system, relations between military and civil power have improved. Now, no longer present is the authority gap that was evident in acts of insubordination when democracy was first established. The threats that civil government is impossible and that the country will return to dictatorship have been overcome, which leads us to affirm that Chile has been gradually consolidating democracy.

## **Democratic Stability**

Upon studying regime change from a variety of viewpoints, it is evident that the transition to democracy in Chile has resulted in considerable literary production. Some attribute the success of the transition (Hershberg 1999, Garretón 1996) to the capacity of civil leaders in practicing growing levels of authority, establishing negotiation strategies that have permitted the lessening of conflict, and the consolidation of democracy. Even when the rules of the game inherited from the dictatorship are criticized, it is noteworthy that the rules have been attacked. This has allowed for the strengthening of political institutions, which despite their limitations contain democratic elements. After the democratic transition, the country has not had any moments during which the stability of the regime has been affected, not even with the arrest of Pinochet in London or with the global financial crisis of 1997.

Other analysts maintain that the Chilean political system is profoundly truncated (Moulian 1997; Menéndez-Carrión and Joignant 1999), which leads them to question the transition. This is fundamentally due to the origin of the Constitution and the autonomy of the Armed Forces. Furthermore, it is argued that democratic accountability continues to be unresolved, and that the distortions of representation have served to reinforce existing patterns of economic and political inequality (Petras and Leyva 1994). Skepticism evidently exists, there have not been sufficient advances in union rights, salaries are low, social spending is limited, education and health improve slowly, and levels of quality do not reach the population on the whole. All of this contributes to the discontent evident in the increase of electoral abstention and the disarticulation of social organizations.

Different authors have referred to the consensus discourse as an indicator of the fictitious harmonious atmosphere supposedly created by economic and political order since 1989 (Epstein 1993; Moulian 1997). They consider that Chilean society maintains a dynamic of exclusion, that political action is based on the negotiations of the economic and political elite who ignore the demands of civil society, and that a discourse is maintained that inhibits social mobilization. Collective actors are handicapped, there is a lack of leaders with reformist proposals, and there is a permanent attending to the maintenance of conservative interests. The most pessimistic writers catalogue the emerging political system in Chile using adjectives that characterize the new system as being “limited,” “tutelary,” (Collier and Levitsky 1998, Portales 2000) or “low-intensity citizenship democracies (Hershberg 1999).

If it is true that Chilean democracy has notorious limitations, it is also true that it has been possible to avoid these obstacles and that there has been a reasonably democratic political movement. Initially, the objective was to reach stability as an essential requirement. Once this was achieved, consolidation was obtained via institutional strengthening. Once these requirements were reached, they seemed on their own insufficient, or at least that is one of the conclusions that can be taken from the different opinion polls (CEP 2002), keeping in mind that the sustenance of any democratic regime resides in civil society (Linz and Stepan, 1996).

Several factors will allow for the return of the republican order always prevalent within the country: overcoming the split resulting from the adherence to or rejection of the dictatorship; obtaining a political class that is committed to full democracy; breaking ideological convergence before the neo-liberal project that has the double fetish of modernization and governability; facilitating different political options; inviting full social and political participation. Dealing in depth with political democracy and achieving social democracy are the challenges that the nation must face in the future. This will necessarily require that the necessary political agreements involve all of the different political forces, which will allow the country to assume full democratization.

## **Social Change and Redefinition of Identities.**

Democratic normalization became possible in Chile under the governments of the Compromise. The new style of Chilean politics, based on negotiation or the decisions of the elite, creates two important break-offs, one in the interior of the parties, and another in relation to the citizens. The transformation is reflected in the way that electoral candidates and political representatives are selected. This situation is promoted by the search for political balance within the governmental alliance the different forces negotiate public offices (ministers, intendants, governors, members of regional government, presidents, and members of public councils) as well as negotiate the so-called electoral “parts” by localities and regions.

The parties of the right, in opposition, have won ground, due more to the weakening of the government coalition than to being an interesting political option to the public. The right has benefited from institutional entanglement, capitalizing on the weakening of electoral support for the Compromise. Its defense of the military government is more moderate, as well as its proposals. After different attempts to create a political block, it strengthened the so-called “Alliance for Chile” (UDI-RN). The difficulties in creating a common coalition derived from a lack of leadership that could represent these two political forces. Joaquín Lavín, mayor of Las Condes, was presented as a presidential candidate in 1999, receiving 48% of the vote in the second round. This result made him the unquestionable leader of the Alliance, which was maintained in posterior electoral disputes.

The institutional rupture of 1973 and the form taken by the redemocratization of the nation permit an interpretation of the feeling of pain of Chile for a past still not overcome. We find its expression in silence as a way of repressing the past that to this day is still found in the behavior of Chileans. Forgetting the past and looking to the future without a referent seems to be the slogan (Lechner and Güell 1999).

Chilean society is more secular every day, but the majority of Chileans claim to be Catholic. The Catholic Church has a central role in Chilean society and has important coverage in the media. It is a nation that moves between liberal social behaviors and restrictive norms that impose a socially conservative model. It is a nation that does not maintain a standard pattern of behavior in terms of family life, but where divorce was just legalized in 2004, and marital annulment was an instituted fact. The narrow-minded defense of the nuclear family model has no relation to a reality in which 50% all births were considered illegitimate until 2000 (Approval of the Paternity Law) for being born out of wedlock. This indicates a high percentage of single-parent families, maintaining the traditional pattern of the absent father. The lack of debate regarding abortion in a country where it is done secretly and where the “morning-after pill” is distributed, the scandal over programs for sex-ed in public schools, and the limited AIDS



prevention campaigns reflect the contradictions of a society that claims to be modern and liberal.

The government coalition maintains a pro-government discourse full of triumphalism. It embraces a range of political tendencies in favor of the center-left that reaffirms its action as government, and invites a demobilization of civil society. The directive juntas of professional schools, residents' associations, and labor unions are made up of members that belong to said coalition. In public universities, student organizations mobilize for fiscal credibility, for quality of education, and for the improvement of infrastructure. Public universities with reduced fiscal budgets (the Universidad de Chile, the most important in the nation, receives financial support of 30%), especially in the face of the proliferation of private universities with low academic quality and the scant repercussion of student demands, have enabled new forms of collective action. An example is the so-called "Surda" organization of university students from all over the nation, which is disputing with the political parties, thus constituting one critical voice on the part of university youth.

There has been a general decline in attendance at protests and engagement in other forms of political activity; yet large public rallies have recently become the exception. They have been triggered by environmental problems in Santiago, by secondary school students upset over the cost of transportation, and by sporting victories. To a lesser extent and recurrence, they have been held for the closing of mines and the firing of port workers. Public services are intermittently and constantly paralyzed, most notably by health care workers, teachers, and civil servants, who demand salary improvements and better resources. In other areas, protests are scarce, although complaints over firings and labor discrimination are noteworthy. There is an evident progressive weakening of social organizations, amongst which the unions are seriously affected (1 out of every 10 workers is unionized). The NGO's, which were abundant and notable during the military regime, have disappeared, along with alternative academic centers and critical publications, such as newspapers and magazines. Recently, we can see the appearance of new publications (*Rocinante*, *The Clinic*) that have come to fill that void of critical analysis. Of the three major social movements from the opposition to the military regime (the women's, the workers', and the students' movements), only the students' movement has been reactivated.

Despite declining political participation, indigenous groups have become somewhat more politically active. Ten percent of the population claims to belong to indigenous groups, amongst which the Mapuches are most noteworthy. Recently, there is more mobilization and demands for the defense of their culture and lands, due to the construction of a hydroelectric plant.

Political participation, as a notable fact within Chile until 1973, has not recovered its prominence. The social "depoliticization" driven during the dictatorship, the forms of struggle against it, the low democratic profile of

the Parliament, and the behavior of the political class have come to reinforce this behavior. Civil society is called upon to participate in elections. Voting is mandatory for persons who are registered, even when there is a legal project to obtain voluntary voting. It can be commonly affirmed that political participation is shrinking, not only in political membership but also in voter participation, especially affecting youths who reject their voter registration. In recent studies by the Institute for Youth, 80% of young people claim to not be a part of any kind of social organization.

The presence of strong oligopolies, influenced by the Church, the Armed Forces, and business groups, is affirmed in the media, thus showing a corporatist power tendency. From the media a consensus is promoted that avoids the plurality of points of view. It is an official discourse distant from social behaviors, a discourse of distinctly conservative nature. Public debate is reduced. There is even cinematographic (for example, Carmen Castillo's *La flaca Alejandra*, among others) and literary censorship (as in the case of Alejandra Matus, who, after publishing *The Black Book of Chilean Justice*, was prosecuted and had to seek exile in the US). Limitations of liberty of expression demonstrate authoritarian inklings: bans on information and the prosecution of journalists. After these events, Human Rights in 2001 stated that Chile is the Latin American nation with the most restrictions on liberty of expression, surpassed only by Cuba.

Chilean society presents itself as being more plural and complex than before the Compromise. It has lived a fast process of modernizations, without any chance of integrating all of its social sectors, demonstrating strong social and cultural disconnects and contradictory situations. In this way, a debate is created regarding computerized society when in fact it has a precarious educational system. It is a nation interconnected at a global level, whereas much of its population lacks basic services, affecting more than 20% of the population. Chile undoubtedly reflects the inherent contradictions of a country on a path of development aggravated by the modernization process.

The era of consensualism that the country is living generates public skepticism. Criticisms of the political system, the legate of the dictatorship, unresolved human rights problems, political and economic accommodation of the Compromise, and social problems tied to the economic model progressively increase. This is reflected in a general feeling of unrest, aggravated by a society that is increasingly fragmented, individualist, and consumerist. There is a certain unrest that operates as dissatisfaction. Liberty is recovered, but expression is limited in favor of values such as order, security, stability, and progress. There is a lack of equity, justice, and a need for more tolerance (UNDP 2002).

Changes have been noteworthy: social mobility with growth of the middle class; the improvement of women's social position (greater presence in universities, the economically active female population is greater, a higher number of professionals and women in positions of responsibility); advances in

areas such as health care and education; reduction of poverty; some of the lowest rates of infant mortality and illiteracy in the region; there is economic growth, low inflation, and low unemployment. Nevertheless, one can note dissatisfaction and frustration. It could possibly be due to a redefinition of Chilean identity following rapid modernization, which amongst other changes implicates the substitution of collective expression for individual expression. There has yet to be any recognition of the other; there has been an inability to recognize one's self in the difference. Social differences, social discrimination, and sociospatial segregation continue to be valid in a nation that tries to overcome its past (Santa Cruz 2004), where liberty, equality, and tolerance seem to be new challenges. There is a "disintegrated diversity" in Chile, that is to say, a multiplicity of images and social and political directions that do not seem to be sufficiently articulated. This goes beyond the ambivalence between "democratic citizens" and "unsympathetic citizens." As a result, the integration of this multiplicity, of these distant visions that affect national identity, is the major unresolved problem of Chilean society (UNDP 2002).

Dissatisfaction and frustration lead inevitably from the growing gap between the political system and the expectations of the population. In the National Poll organized by the UNDP, 87% of those polled maintain that the changes within the nation have no destiny and that "everything continues to be the same." If policy is to be understood as an action with a direction oriented towards the construction of social order, it is indubitable that this situation is not seen by the citizenship, which expresses an opinion contrary to political action. This appears to be inefficient and seems to have few chances of fulfilling the wishes of the population.

The triumphalist discourse of the political class supports itself upon favorable macroeconomic indices. While a desire to overcome social problems is evident, the discourse avoids looking at poverty, social discrimination, low wages, environmental deterioration, etc. In some way, official discourse avoids the debate by making an effort to declare the end of the political transition, based on there being no risk of regression and emphasizing that political and economic stability rest upon solid foundations. Also detectable within this official discourse is Chile's distancing with respect to its neighboring countries, as if national identity were based on difference with the rest of the countries in the region (Subercaseaux 1993).

Another noteworthy fact that has not gone unnoticed by public opinion is the scant mobility of the political class, causing some to speak about the "transformism of those that govern the nation today" (Moulian 1997). The old political class has incorporated itself and is in charge of re-democratization of the nation. A significant number of the political leaders of the center-left were notable members of the government of the Popular Unity, and the leaders of the right were designated by the military government to occupy offices. If the scant renovation of the political class is a fact that affects modern democratic systems,

then the Chilean case is most disappointing, for how much it accommodates the new rules of the game.

Different polls (CEP) estimate that about 70% of Chileans consider that the democratic system is weak, and a similar percentage claims to live in a divided country, where national reconciliation has not been reached. Democracy rests upon unfulfilled expectations. It is necessary to take over those unresolved matters that necessarily put up with political will. The symptoms of Chilean unrest show up in the high indices of skepticism, in apathy, in lack of compromise, and in mistrust, according to different polls.

## Conclusions

Despite 15 years of rapid economic growth and a considerable reduction of absolute poverty, Chile continues to be an unequal society in an unequal region. There are small efforts to promote the redistribution of earnings that continue to find strong resistance from conservative political sectors and big business. Divergence from the fulfillment of the political system, little dispute regarding economic functioning, social dissatisfaction, and a nation that needs to peacefully recover its past, seem to be the pieces that make up the mosaic of Chilean society. This is within a context of stability that slowly takes advantages of chinks within its framework in order to settle its limitations in the political field and make possible the exercise of democracy. Undeniably, it is a process that is complex and not closed.

Between a neo-liberal economy (first transition) and a formal democracy (second transition), Chile has lived a serious social, economic, political, and cultural transformation, which has made it once again a case of particular relevance for Latin America. The specificity of these changes and the necessary social reconfigurations they demand constitute a starting point for reflection upon the prospects of democracy and collective well being in the coming decades.

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