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# WHAT REMAINS OF PINOCHET'S CHILE?

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## WHAT REMAINS OF PINOCHET'S CHILE?

September in Chile is normally a month of intense political activity. It is the month of the *Fiestas Patrias*, the days that celebrate, with military parades, the founding of the Republic. It is also the month that saw the anniversary of the coup that overthrew the Allende government in 1973. Appropriately, in 1992, the military was involved in two central political episodes in September. They were foreshadowed when General Pinochet, making one of his famous improvised speeches in the Club de la Unión, referred to the army as 'a sleeping lion' – a barely disguised threat of trouble with the army if human rights trials threatened that institution.<sup>1</sup> Then two episodes of intelligence surveillance dramatically high-lighted the continuing involvement of the military in domestic politics. September also saw the first Cabinet reshuffle of the government of President Aylwin, marking the start of the campaign for the Presidential elections to be held in December 1994.

This paper is an interim and provisional assessment of the Aylwin government, attempting to trace both the continuities with the previous Pinochet government, and the changes that have been introduced. It is necessary to emphasise that the Aylwin government is restrained by a Constitution which was designed by Pinochet, is very difficult to reform, and which, by appointing nine designated Senators effectively denies the Aylwin government a majority in the upper house of Congress. So the question of what remains of Pinochet's Chile really breaks down into two parts. The first is what did the Aylwin government have to accept of necessity? And the second is, what did it choose to retain when there were other alternative policies? Another, related question concerns the extent to which democracy has been consolidated in Chile. Is it really the case, as President Aylwin asserted in August 1991, that the transition is now over?

### **The economy**

Continuity is most clearly seen in the area of macro – economic policies. The Aylwin government has continued the broad lines of the Pinochet economic model, and with success. An ECLA report praised the successful management of the Chilean economy in 1991, principally by the Finance Minister, Alejandro Foxley. 'The Chilean economy registered another year of high growth, a slow down of inflation, a fiscal surplus, an upsurge in investment and solid external accounts . . . . Government expectations for an increase in output of more than 7%, an inflation rate of around 13% and rises in employment and real wages of more than 4% in 1992 are being met.'<sup>2</sup> Indeed, less than 5% of the workforce is unemployed, and this has led to

shortages of skilled labour in some sectors. On the external front, the current account of the balance of payments to September 1992 was better than the comparable period in 1991, in spite of a 7% revaluation of the peso. Exports grew by 12% in the first three-quarters of 1992, and non-copper exports by 17%. Net international reserves rose by US \$1.5bn in the same period, reflecting a large capital inflow to Chile.

Is this success a legacy of the Pinochet state? Is the new government simply administering a prolongation of the miracle? It is, of course, true that the new government is broadly following the free market policies of the former government. The parties opposed to the Pinochet government realised that an essential condition to achieve a pact with the military on any future democratic government was a firm commitment to continue with the free market economic model. But Chile is hardly alone in this respect. Free market policies are being applied almost everywhere, and it is doubtful if any Chilean government, given the importance of exports to the economy and the need for foreign investment would have any alternative other than to follow, broadly at least, such policies.

It is undeniable that there are positive aspects of the Pinochet legacy – notably the growth and diversification of the export sector, and the development of a new and more dynamic business class, more able to compete internationally and less inclined to seek state protection. But Pinochet's government left office in 1990 with the economy in a far from healthy condition. The short term legacy of that government was increasing macro-economic disequilibrium. In a burst of populist expenditures targeted at the plebiscite of 1988 and the elections of 1989, real demand rose by an unsustainable 22% in the period 1988-89; inflation for the period September 1989 to January 1990 on an annualised basis rose to 31.5%; and if exports rose by 20%, in the same period imports rose by an alarming 46%.<sup>3</sup>

The economic growth of 1988-89, therefore, rested on precarious foundations. The economy was reaching the limits of its capacity, for growth had been based upon using under-utilised capacity. But investment to increase capacity was inadequate. The growth of new investment in the economy was only 15.4% pa in the 1981-89 period compared with 20.2% pa in the period 1961-71. Growth between 1988-89 also rested on export prices that were abnormally high, and that could not be expected to be maintained. Even the prosperous export sector faces future problems of access to markets. Exports grew by 20% pa 1975-85 due to relatively easy markets, a favourable exchange rate, and cheap labour. But markets are increasingly difficult, the peso overvalued, and labour less abundant and more expensive. There is urgent need for more investment to increase productivity, and a sector that wishes to remain internationally competitive will have to accept quality control.<sup>4</sup>

The economic modernisation of the Pinochet government affected only a small part of the population. Average salaries were lower in 1989 than they were in 1970. GDP per capita had increased only at 1% pa since 1974. One legacy of Pinochet's economy was a dualism between a modern export economy, and an underfunded, and in many ways backward, internal economy. Another undeniable, though negative, legacy of the Pinochet area is the burden of international debt. In the period 1985-88 something like 6% pa of Chile's GDP was used to pay debt to international banks. According to the Budget Director, José Pablo Arellano, debt repayment accounts for 10% of the government's budget and will continue at that level until the year 2010.<sup>5</sup>

The Aylwin government, on assuming power, faced a series of economic dilemmas of both a short and long term nature. Its immediate task was to stabilise, and not to continue the dizzy expansion of the 1988-89 boom. It has to overcome the tendency to dramatic swings from boom to bust that characterised the Pinochet economy. It has to repay the social cost of those years, but it has to do so in the context of controlled macro-economic equilibrium and not of populist redistribution. And not long after assuming power, it also had to absorb the external costs of oil price rises with the Gulf war.

As the ECLA report cited earlier underlines, its achievement have been impressive. It stabilised successfully in 1990 without reducing the level of investment; indeed 1990 saw the highest rate of investment for the previous twenty years. It has contained inflation without sacrificing growth. There is little doubting the authority of the Finance Minister Foxley, and the coherence he has imposed on the whole economic team. The Socialist Minister of the Economy, Carlos Ominami, also played an important role in creating confidence amongst entrepreneurial sectors that the government was committed to preserving, and indeed expanding, a vigorous private sector.<sup>6</sup>

One striking feature of current political discussion in Chile is how little real debate there is about economic alternatives. Most of the economists whose criticisms of the Pinochet government's policies were so acute, are now in the government or advising it, and are hardly likely to voice public doubts. And the economists of the right, though they may criticise details, can have little complaint about the general direction of government policy. However, there are some areas of concern. One is that the government has concentrated too much on the export sector to the detriment of the internal sector. Exports now generate a very high proportion of GDP. It has been argued that there must now be a switch to developing the internal economy in order to maintain the high levels of economic growth, for the mismatch between the level of internal development and the export economy could, in fact, prejudice the further expansion of the export economy.<sup>7</sup> But there is, for example, no real industrial policy. There is also concern that there is too

much foreign investment in relation to domestic investment, leading to excessive foreign ownership of the Chilean economy.

Perhaps the most specific criticism has been of the copper policy of the government. The Christian Democratic politician, Juan Hamilton, as Minister of Mines, was heavily criticised for failing to modernise CODELCO, and indeed for treating it, as did the Pinochet government, as a source of easy revenue for the state. He was also accused, not least by Senator Laura Soto of the Party for Democracy (PPD) who defeated Hamilton in the Senatorial contest for Valparaíso, to be using his position in the interests of his own party and his own electoral campaign in his attempt to win the Senatorial contest in 1993. A new copper law was passed in August 1992 to allow for private capital to form joint ventures with CODELCO, but it disappointed the private sector.<sup>8</sup> The private sector, under the new law, is restricted to minority partnerships; CODELCO is not obliged to enter such arrangements nor to exploit all the mining concessions it possesses; and the present government is not seen as inclined to proceed very far in practice.<sup>9</sup> There is union opposition to any scheme which would weaken their power and present manning levels. Not least, there is reported to be opposition to change from the military, for it earns a fixed proportion of CODELCO's foreign earnings – in 1991 the military received US \$277 million.

The Socialist Party has advocated a policy more open to foreign capital in the state copper sector, in the form of joint ventures, though a corollary of that would be an increase in productivity by dealing with questions of over-manning, and also a process of decentralisation of the administrative structure. But the appointment by Aylwin of Alejandro Hales, Frei's former Minister of Mines, and a strong advocate of a powerful state presence in the mining sector, to the same position in his cabinet reshuffle in 1992, seems to indicate that the broad lines of Hamilton's policies will be continued.

The biggest debate, however, is in the area of income distribution. Is the government doing enough to alleviate poverty?

### **The social costs: are they being repaid?**

The economic achievements of the Pinochet government were made at a considerable social cost. Between 1970 and 1988 total social expenditures per capita fell by 8.8%, and health alone by almost 30%. The *asignación familiar* (family allowance) which had played an important role in reducing social inequality in the past fell by more than 70% in real terms in the same period. Income distribution worsened considerably: the 40% of poorest homes in Santiago saw their share in consumption fall from 19.4% in 1969 to a mere 12.6% in 1988. The proportion of families living in extreme poverty rose

from 8.4% in 1969 to 14.9% in 1989; and in poverty from 20.1% to 26.3%.<sup>10</sup>

Income distribution has improved under the Aylwin government, and it is as well to remember that the government assumed office only in March 1990, facing an over-heated economy that needed controlling. The share of the wealthiest 20% in national income fell from 59.9% in 1989 to 54.7% in 1991. At the same time the population estimated as living in poverty fell from 40.1% in 1990 to 37.6% in 1991. There has been a rise in the minimum salary, yet in 1991 the level of the effective real minimum salary (i.e. the minimum salary minus deductions) was still 29% below that of 1978, the highest year of the Pinochet government. There was a huge loss between 1981-87, which will take time to make good. The minimum salary is still low in absolute terms. In May 1992 it was less than half the level considered necessary to satisfy basic needs. Moreover 11% of the Santiago work force receive less than the minimum salary.

One of the first major achievements of the Aylwin government was a tax reform in 1990 which collected about 2% of the GNP, allocated to increase social expenditures. Social spending by the Aylwin government was 21% higher in real terms in 1991 compared with 1989, a trend that the right-wing newspaper *El Mercurio* called *la contra-revolución silenciosa*, adapting the theme of the economists of the Pinochet years that what they were doing was effecting a 'silent revolution'. Nevertheless, social spending in 1991 was still only 7% higher than in 1985, though unemployment was very high in that year and a substantial part of the labour force was directly employed by the government on low wage emergency employment schemes.<sup>11</sup> As part of a long term strategy to create local employment, the Aylwin government has set up an agency to stimulate local enterprises, the Fund for Solidarity and Social Investment (FOSIS), and this will have a budget of US \$6 million in 1990, rising to \$30 million in 1992.

The Aylwin government increased the health budget by 30% in real terms in the first two years of office, with preference given to primary health care and the poorest sectors. In the 1993 budget there is a real increase of 5.3% in government expenditures overall, but over 7% for social costs, including employing another 2000 functionaries in the health sector to staff the new hospitals.<sup>12</sup> But there is constant and unsatisfied demand for more rapid improvement in the health sector, and the Minister of Health was forced to resign in late 1992 following protests from the doctors. Even though substantial funds have gone to improve the pay of those working in the health sector, public sector doctors in October 1992 demanded a 100% increase in salaries against a 30% offer from the government. There appear to be two acute grievances of the doctors, and both are arguably another negative inheritance of the Pinochet government. In the first place, for all the vaunted modernisations of the Pinochet government, large sectors of central

government were neglected and underfunded, and the health sector is still characterised by 'a vast amount of unnecessary paperwork, antiquated procedures, under-paid civil servants and demoralised professionals'.<sup>13</sup> And, secondly, for all the recent improvements, health sector pay trails far behind that of the lucrative and growing private sector. Aylwin sacrificed his Health Minister, Jorge Jiménez, to the doctors, and a series of face saving negotiations restored peace. But the central point made by the unfortunate Jiménez was surely correct: that the combination of a badly neglected sector and a sharp increase in expectations following the election of the Aylwin government created the ingredients for a crisis in the health service.

Could the government have acted more rapidly to redress income inequalities? It is clear that there is concern at the popular level about the slow pace of change. In a public opinion survey amongst the poorest communes of Santiago, only 9.5% said that the government's performance was as good as they expected; 18% said that the people were '*conforme y apoya al gobierno*'; 46.3% said that the people were '*disconforme, pero igual apoya al gobierno*'. Asked about which social group most benefitted from the government, 8.5% said the poor, but 67.7% said the rich. Again, 21.6% said that social inequalities had lessened; 50.6% that they had stayed the same; and 21.6% that they were worse.<sup>14</sup> It would be unrealistic to expect any government inheriting the problems that faced Aylwin and his team in 1990 to have satisfied the pent up demands of the Chilean poor. It is clear that the government is, above all, concerned to maintain equilibrium as the only way to promote both growth and distribution in the long term.

Yet there may well be capacity to increase social expenditures more rapidly. Most Chileans are poor, and poorer than they were two decades ago, and a once relatively well organised welfare state much reduced. But social demands need to be organised, and another legacy of the Pinochet state is a drastically weakened popular movement, both at the level of trade unions and community associations. The parties of the left, are either, in the case of the Communist Party, much weakened, or, in the case of the Socialist Party, a central part of the government. In the absence of powerful political pressure from parties of the left, or from popular movements such as unions, it seems likely that the government will continue on its cautious path. It is interesting that the one major confrontation that the government has faced so far was organised by medical doctors, a group that, however poorly paid, is hardly representative of the mass of the Chilean people.

### **Has the labour movement regained its past power?**

If one of the other legacies of the Pinochet regime was a seriously weakened labour movement, what has labour gained from the first two years of the Aylwin government?<sup>15</sup>



There have been some overall gains. The proportion of the work force organised into unions reached 15.7%, or 700,000 workers, by the end of 1991: an increase of 35% over the last years of the Pinochet government. But the size of unions has continued to decline from an average membership of 97 workers in 1981 to 71 in 1991, and even the percentage of workers covered by collective bargaining has declined from 9.9% in 1981 to 9.7% in 1991.<sup>16</sup> There is a particular problem in the countryside where there are 650,000 wage workers in the countryside – but only 100,000 are permanent and the rest are temporary. Rural unions hardly exist. Only 10,000 peasants are organised into unions that can enter into real negotiations, and only 5,000 belong to peasant cooperatives.

There have been reforms of the labour code, but by no means a return to the past. There has been no restoration of compulsory membership in unions at the level of industrial plants, nor funding of unions through a share in company profits. Among the gains for labour were elimination of a clause that allowed dismissal without reason; an end to time limit on strikes; creation of an indemnification system for all levels of workers; recognition of smaller size unions; collective bargaining at levels above the plant, if there is agreement between unions and employers; non-unionised workers have to pay 75% of regular union dues if they benefit from negotiated collective agreements; and workers in temporary occupations can now engage in bargaining leading to agreements (*convenios*) if not contracts.

But other issues were unresolved. The state is largely absent from involvement in collective bargaining. There is no real unemployment insurance system, and 40% of the workforce lack health insurance at the workplace. State support for training facilities is inadequate. There are reports of continued persecution of union leaders and activists in certain industries. Unions were disappointed by the government's refusal to intervene in the negotiations to end the strikes in the Chuquicamata copper mines. Yet there is hardly widespread dissatisfaction with the government. A survey showed that of 294 plant level leaders, 39.5% thought that the new labour laws favour the unions, 49.7% say they leave them in the same situation, and 7.5% think they have been prejudicial.<sup>17</sup>

The number of strikes has been relatively small – more than in the Pinochet period but of lesser duration, and involving only some 6.6% of the work force – proportionately less than the strike rate in Britain or Japan. Most strikes have taken place in the public sector, and there were some well publicised ones in copper, steel, coal, public health and education. The motives for the strikes were pent up resentment of conditions imposed during the Pinochet regime, and the hope that a newly elected democratic government would be responsive. But relatively little was gained. The government was anxious that strikes in the public sector would not become the prelude to accelerating inflation caused by high wage increases.<sup>18</sup>

Labour has a long way to go before it recovers its former influence. There are structural reasons for this which will be difficult to overcome whatever the policy of the government. Areas of growth in the economy are not the ones favourable for union development. Growth has been concentrated in the financial sector, which is white collar employment and poorly organised; in the fruit export sector with temporary labour; and in the timber industry where workers are geographically separated. Amongst previously powerful groups the port workers saw their privileged position abolished by the Pinochet government, and now have precarious work conditions. The copper miners remain strong but with salaries that tend to separate them from other sectors of the union movement, and they lack the support that they used to receive almost automatically from parties of the left.

Chilean unions in the 1960s and 1970s organised a politically influential national confederation, the Central Unica de Trabajadores (CUT). This has been revived under a slightly different name, the Central Unitaria de Trabajadores. Over 75% of organised workers are in the CUT, but it is far weaker than it was in its heyday. Yet it still retains its divisions into party political groups, though the leading political force is now the Christian Democratic Party (PDC) and not the parties of the left. As in previous congresses, the first CUT congress of the restored democracy, held in 1992, faithfully reproduced the division of the union movement along party political lines. In the elections for the executive the PDC obtained 45% of the votes and 20 seats on the 45 member executive; the Socialist Party was second with 34% of the vote and 15 posts; the Communist Party was third with 20% of the vote and 9 posts; and a small left wing group took 2% of the vote and one post. The swing to the PDC reflects the greater weight in the CUT of the white collar workers, above all the school teachers.

The CUT has not really attained some new status as the national spokesman of the labour movement. It is organisationally too weak to confront the now much more powerful business groups. It is still bedeviled by internal tensions resulting from the different partisan affiliations of the union leaders. The President of the CUT, the Christian Democrat Manuel Bustos was jeered at, and then attacked, by left wing unionists when he spoke at a CUT rally on 6 November.

The government speaks of the need for *concertación social*, or social pacts, but this represents to some extent an aspiration rather than a reality. The government was unable, for example, to secure agreement with labour and with employers on the labour code reform, and had to negotiate its own version with the parties of the right that control the Senate. Still, there have been regular tripartite contacts, and the Labour Minister does meet CUT leaders weekly, and there is regular consultation with union leaders over wider matters. There is, at least, an embryonic neo-corporatist system of consultation which did not exist in the past. The problem is that the union

movement is still too weak to take full benefit from it. The major concern of the government is the support from the business sectors and not labour.

One of the major justifications for Pinochet's reform of the Labour Code, and indeed of most reforms which, in his view, interfered with the operation of the market, was that it would replace an inefficient, interventionist state with an efficient, non-interventionist one. There have undoubtedly been gains in some areas, but was the picture really as black and white as the Pinochet government maintained?

### **Did the Pinochet regime leave such an efficient state?**

There is a previous question, of course, which is was the pre-Pinochet state that inefficient anyway? The Chilean state apparatus compared favourably with that of other Latin American countries in certain areas, notably in those of health and education. If slow and often cumbersome, the system was at least relatively fair, and in contrast to the state sector in many other countries, not notably corrupt. Some state enterprises, such as CODELCO, the giant copper corporation, attained reasonable levels of productivity. This existing state apparatus helped the Pinochet regime to institutionalise itself. Moreover, it is important to note that reform of certain state sectors, and some, if limited, programmes of targeting the poorest sectors, would not have been possible without the state institutions and social welfare policies that predated the regime. The Pinochet regime's record in targeting the poor could not have been achieved without the pre-existing institutional structures of functioning municipalities and ministries, and a whole network of programmes in the health and education arenas.<sup>19</sup> The emphasis of the Pinochet government on reducing the state did not necessarily enhance its efficiency. The military government was hardly constrained by the institutional limits that face a democratically elected government. There was little incentive to reform areas, such as the judicial system, where reform was not necessary for the overall aims of the government.

One of the last acts of the Pinochet government was to pass a series of laws, known as the 'binding laws', or *leyes de amarre*, that would make public sector reform difficult for the incoming government. The motives for these laws included a desire to put as much as possible of the Pinochet-moulded institutions beyond the influence of the new government, and to make life as difficult as possible for that new government. One law, for example, gave public employees legal tenure of office, making it extremely difficult for the Aylwin government to change most posts in the public sector.<sup>20</sup> Some new programmes that are intended to produce rapid results and to be highly visible, such as the youth training programme and the quality of education programmes, have been set up as quasi-independent agencies precisely to avoid inefficiency in the central government structure.<sup>21</sup>

Another area of unreformed inefficiency in the democratic system is the Supreme Court and the judicial system. The Supreme Court did little, if anything, to impede the construction of an authoritarian system, and had a lamentable record in the area of human rights. Pinochet ensured that the Supreme Court at the time of his leaving the Presidency was both conservative and powerful. During the last 9 months of his government Pinochet appointed 9 of the 17 members of the Supreme Court through dubious mechanisms. The nucleus of the political power of the Supreme Court is in the Constitutional Tribunal. On this body, which has important constitutional powers, three of the seven members are named by the Supreme Court. Two more are nominated by the National Security Council, five of the eight members of which are either judges or military officers. Moreover, the Supreme Court nominates three of the nine designated senators. The government is committed to reforming the judicial system, and some progress has been made. Though it compares well with many other Latin American countries, it is, nevertheless, slow, inefficient and conservative. A modern state needs a modern and efficient judicial system, but the judiciary is far from keen on accepting any criticisms of its conduct, let alone participating in measures of reform. Once more the Aylwin government can proceed only slowly and with difficulty, and with patient negotiation with the parties of the right.

In theory, the Pinochet government reforms created a decentralised municipal government. The laws established a certain degree of financial and administrative independence for municipalities by allowing them to generate their own resources and hire additional technical staff; guaranteed certain fiscal transfers to the municipalities; and established a common municipal fund through which rich municipalities transferred funds to poorer ones. The municipalities were central to the military government's policies for the poor, such as the employment programmes. But real decentralisation never occurred. Authoritarian government structures were merely transmitted to the municipalities. Mayors were designated by the government. During 1988 a new law meant that the mayors of the 15 largest cities were directly appointed by the government till 1992, and the rest were appointed by the Community Development Council (CODEC), which consisted of designated members: half from private sector organisations and half from *Juntas Vecinales* and other neighbourhood associations.<sup>22</sup>

The measures taken by the Pinochet government, the *leyes de amarre*, were intended to create obstacles to any attempt to reform the Constitution. Before Pinochet left office, he had to accept a Constitutional Reform passed in a plebiscite in mid-1989 which removed some of the most objectionable features of that constitution, slightly reduced the control of the executive over congress, and made further reform marginally easier. Yet the essential structure of the Pinochet constitution remains intact.

### **What remains of the Pinochet Constitution?**

The answer, for the Government, would undoubtedly be, too much. There was one major change in the Constitution with the legislation to elect municipal governments, and to create, for the first time, regional governments. For the first time for 20 years, municipal governments were elected on 28 June 1992, and on 11 October, for the first time ever, by indirect election, regional governments were created. The parties of the governing *Concertación* won 53.5% of the vote and elected 1158 councillors, to the 29.67% for the party alliance of the right with its 727 councillors.<sup>23</sup>

The bulk of the government's constitutional reform proposals were contained in a bill sent to Congress in June 1992. The government proposal maintains certain features of the present constitution, not least that requiring a 60% majority in Congress for future reform of the constitution, and 66% for major institutional changes. The government wishes to stress that fundamental reform must be a matter of agreement involving the opposition.

Specifically the reform packet contains the following proposals:

- a. strengthening those sections that guarantee better individual rights, including that of equality of the sexes.
- b. increasing the power of congress, and simplifying legislative procedures.
- c. improving the system of constitutional and electoral law, and modifying the composition of the *Tribunal Constitucional*, and the *Tribunal Calificador de Elecciones* to ensure greater participation of executive and congress in those two bodies.
- d. giving the president the power to dismiss the Commanders-in-Chief of the armed forces.

There is a separate but related project to reform Congress to make it more representative, and the electoral system fairer. This involves the removal of the designated senators, an increase in the size of the senate to 54 members (at present there are 38 elected senators), and of the lower house to 164 (from 120), both distributed in a way to reduce the over-representation of the rural areas. A Proportional Representation electoral system is proposed, but with a limit of 5 deputies or 6 senators per electoral district (except 8 for Santiago) to prevent the proliferation of small parties. There is provision for electoral pacts and sub-pacts to facilitate a policy of electoral and political alliances.<sup>24</sup>

But this all depends on the agreement of the political right. The presence of nine designated Senators, and the over-representation of the right by the Pinochet electoral system blocks the government in Congress. The parties of the right benefit from the existing system, and will not surrender those benefits unless others are offered. Moreover, the right is not prepared to start

bargaining until all the presidential candidates are nominated, the campaign is firmly under way, and opinion polls give some indication of the strength of the various candidates and party alliances.

One of Pinochet's central political aims was to ensure that the military was protected from political interference, and that the military still had reserve political powers which could be used in case of social conflict. The transition was, after all, a pact between the military and the parties, and Pinochet ensured that his army did not surrender all the gains that they had made under his rule.<sup>25</sup>

### **What remains of the power of the military and of Pinochet?**

Constitutional provisions are no necessary guide to the actual power of particular institutions. Although the Constitution gives wide power to the military, in practice this has been exercised sparingly. All Constitutions develop conventions, and those developing in Chile tend to strengthen the civil authorities over the military. The reasons for this development include the high degree of internal unity of the governing coalition, and the relative lack of substantive disagreement with the opposition; the economic success of the Aylwin government; and the undoubtedly great tactical skill with which the President has handled difficult issues in the relationship with the military, such as the question of human rights abuses. But there are still areas where the military acts relatively uncontrolled by civil authorities. For example, President Aylwin in an interview came close to admitting that the intelligence forces were largely out of control, though he also claimed that this state of affairs was universally common. The problem in Chile is that the intelligence community is directly controlled by the army, not by civil authorities, and the army is controlled by Pinochet. There is reportedly some dissatisfaction with Pinochet at a professional level in the army, for his intense dislike of the USA leads to his refusal to rely heavily on the USA for arms supplies. The result is that there are multiple arms suppliers and obvious logistical inefficiencies. But how far this is significant it is difficult to say. There is no doubt that Pinochet enjoys firm command over the army, and is likely to do so as long as he wants, especially while human rights issues surface from time to time.<sup>26</sup>

Two incidents in late 1992 brought the issue of control over the intelligence forces to light. The first one involved the interception and taping of a car telephone conversation between the Senator of *Renovación Nacional*, Sebastián Piñera and a political colleague. The tape, played in Piñera's presence on a TV programme, consisted of abusive comments about another RN politician, and possible presidential candidate of the right, Deputy Evelyn Matthei. The incident, which occurred in August 1992, was still in the limelight in December. As a result of judicial investigations an army captain

from the telecommunications unit was placed under military arrest, and later, the General in charge of Santiago telecommunications unit, Ricardo Contreras, requested early retirement. It also emerged that the person who passed on the tape to the TV station was none other than the wronged Evelyn Matthei herself.<sup>27</sup>

What is the significance of the incident? It shows that there is surveillance of political activities by military units. It was a painful proof for the right of the extent of internal political division, because the obvious target of those who arranged the leak was to destroy the presidential chances of an attractive progressive right wing politician. In the end it destroyed the hopes of two such candidates. Who would want to undermine such candidates? It is clear that there is a powerful group on the right whose conception of politics is very different from those who want to promote a right based on modern political parties. The 'old right' want to retain a more traditional style of politics in which parties play a subordinate role. Some also want to promote an independent candidate of the right closer to the Pinochet regime than the possible candidates of the progressive right. If the military was responsible for the technical aspects of the 'Piñera affair', it is no less clear that the subsequent development involved elements of the civilian right.

Then, in September 1992, a secret service agent indicated, in a TV interview, the existence of an intelligence operations centre, lightly disguised as a vehicle repair centre, where, he alleged, cellular phone calls (that image of modernity in Chile) were intercepted and taped. All calls made on these machines – even those of the President and the Cardinal, he claimed – could be, and in some cases, had been recorded. The effect was explosive, for if it was difficult to verify the accuracy of the statement, there was indeed an intelligence centre where the agent indicated.

The responses of the various actors were interesting. The army attacked the report for undermining the role of the military in its efforts to control subversion, and there are indeed still small terrorist groups operating in Chile. If the army adopted an offensive posture, that of the government was rather defensive. The government seemed more concerned not to upset the military than to protest against violations of privacy. The Minister of Defence was conveniently unable to attend a meeting of a congressional committee called to investigate the affair. The government did not use the affair to call into question the whole structure of intelligence operations in Chile. Indeed the strongest position taken in defence of democratic rights was that of the TV station involved, TV Nacional, confirming the point that a free media is absolutely necessary to defend democracy.

The affair was still not concluded by the end of 1992. The army's position became less belligerent as the judicial inquiries revealed the extent of military surveillance. Indeed, in a statement of unprecedented moderation the army

accepted that in the Piñera case the whole unit was in breach of military norms, and offered to cooperate with the civilian courts.<sup>28</sup> Nonetheless, this could be a tactical retreat in the face of difficult circumstances: it does not necessarily imply a capitulation to civilian authority. What both incidents seem to indicate is the existence of two parallel systems of power in Chile: one democratic, controlling the economy and most aspects of the political system; but another a secretive, and sometimes not so secretive, carry-over from an authoritarian past, controlling intelligence, responsible to the army, and posing a veiled threat to the civilian authorities – in Pinochet's words, a sleeping lion.

General Pinochet had wider ranging ambitions than the construction of a constitution that would endure simply because it was difficult to reform. He wanted to effect change not just in the institutions of the state, but also in the political culture of Chileans. There has undoubtedly been change in favour of giving priority to market forces over state control, and the left has abandoned almost all its former Marxist rhetoric and Leninist practice. But such changes have occurred in many other countries as well, responding to international changes in these two directions after the collapse of international communism. So it is clearly difficult to separate out the Pinochet effect from the international effect.

### **What remains of the Pinochet political project?**

General Pinochet made no secret of his dislike for parties as a whole and politicians as a species, and not just those on the left. He would dearly have liked a totally depoliticised society in which partisan differences had no place. Failing that, his intention was to secure dominance for the forces of the right. But the distribution of electoral support between the parties has remained remarkably stable over the long term. In 1992 the right won 29.9% of the vote (*Renovación Nacional*, the *Unión Democrática Independiente*, plus the votes given to independent candidates of the right and two small right wing parties); in the 1970 presidential election the candidate of the right won 34.9%; and the average of the congressional vote from 1937 to 1973, for the right, was 30.1%. In 1992 the centre won 29.4% (the PDC plus independents of the centre); in 1970 the PDC presidential candidate won 27.8%; and the average centre vote from 1937 to 1973 was 39.7%. In 1992 the left (the Communist Party, the Socialist Party, and the Party for Democracy) won 24.3%; in 1970 the presidential candidate of the left (supported by the centre Radical Party) won 36.2%; and the average congressional vote from 1937 to 1973 was 24.2%. This stability was even more notable considering that in 1992 half the voters had never voted before. An electorate of 4.5 million in 1973, became, in 1992, 7.8 million.<sup>29</sup>



If the distribution of the votes altered relatively little, on the other hand the parties themselves changed a great deal. It is certainly true that the parties are much less dogmatic and sectarian than they were. The very formation and, even more, the duration of the multi-party *Concertación* alliance is evidence of that. This is undoubtedly in part due to the presence of Pinochet himself. The very act of calling a plebiscite in 1988 in which there was only one choice, forced the parties together; and the continuation of Pinochet in the office of Commander-in-Chief of the army is another good reason for the alliance to continue. But one should be careful before assuming that formerly doctrinaire parties are now totally pragmatic. It could be argued that there is now a new ideology to substitute for those of the past: that of consensus.<sup>30</sup>

Another aim of the Pinochet government was to create a political right that would form a natural political majority. This particular project failed in its maximum goal, partly because the Pinochet government had so long despised the political parties that it could not at the last moment resurrect the parties as its new form of political expression. Moreover, the electoral system devised to put the right in power proved unable to deflect the voting pattern sufficiently in favour of the right. What it did do, in addition to the provisions of the constitution on majorities necessary for reform, plus designated senators, was to ensure that the right would have an effective veto power.

Confirming Pinochet's fears about political parties, even of those which supported him, the right was unable to maintain any degree of political unity and split into two separate parties. As the leader of *Renovación Nacional*, Andrés Allamand, remarked bitterly after the Piñera affair, 'si (la derecha) no tenemos cultura de partido, menos tenemos cultura de coalición'.<sup>31</sup> The major party of the right, RN, is itself internally divided, and a rightist populist Errázuriz takes a small but significant vote from those who continue to dislike political parties. But one of the Pinochet legacies is a powerful, programmatic right, with an electoral base that is the envy of other right wing parties in Latin America (though, to be historically accurate, it had solid electoral support except for unusual years such as the polarised 1964 presidential election).

The Pinochet government intended to tame the left with the crude and brutal instruments of repression and exile. The Chilean left is undoubtedly more moderate than in the past, but then so is the left in practically all other countries in the world. The one remaining more or less orthodox party of the left, the Communist Party obtained 5.6 % of the vote in the municipal elections in 1992 (compared with 18.9% in the congressional elections of 1973), and this was less than the 8.10% for the candidates of Errázuriz, the *Unión de Centro*. But it was more than expected, and seems to show that it is too early to write the obituary of the Chilean Communist Party. The

Socialist Party, in part through the experience of exile in the countries of Western Europe, is indeed much more moderate than before 1973. A major achievement of the Socialist Minister of Economy, Carlos Ominami, was to convince entrepreneurs that they had nothing to fear from the socialists, and that in terms of economic modernisation and flexibility they had less to fear from the Socialists than they did from the PDC. The new language of socialism in Chile speaks about internationalisation of the economy; technological modernisation; restructuring the state apparatus; changing assistential social expenditures for productive ones.<sup>32</sup> One of the first campaign platforms of Ricardo Lagos is a sharp reduction in the number of separate ministries from over twenty to five or six – namely, Interior, Foreign Affairs, Defence, Economic Development, Social Development, and Secretary to the Presidency. This is intended to reduce the level of bureaucratisation, and to aid overall coordination. It is indicative of the degree of consensus in Chilean politics that this is precisely what the right wing party *Renovación Nacional* is also proposing.<sup>33</sup>

It is, however, possible to exaggerate the degree of uniformity in the Socialist Party. In the elections for the Presidency of the Socialist Party in November 1992, a leading proponent of moderation, Germán Correa was elected with 38% of the vote: but not that far behind was the chief spokesman of a more traditional socialism, Camilo Escalona with 31% of the vote. And the Escalona and allied lists took 45% of the seats on the Central Committee, compared to 35% of those associated with Correa (the rest went to members of so far unaligned tendencies). The Escalona faction is pressing for representation in the running of the presidential campaign of the Socialist candidate Ricardo Lagos. Indicating the change of emphasis that he would like to see, Escalona said that, 'Creo que hay ahí una omisión relativamente seria y un problema global, que es la relación entre el Estado y el mercado, que en nuestra opinión no puede seguir siendo alterada en favor del mercado sin poner en peligro ni más ni menos que la estabilidad del proceso democrático'.<sup>34</sup>

If the somewhat precarious unity of the Socialist Party is one dilemma, another one is the still remaining problem of the relations between the Socialist Party and the party formed to allow socialists to contest Pinochet in the plebiscite in 1988, the *Partido por la Democracia* (PPD). The PPD does have a constituency that is different from that of the Socialist Party, among people who have never been active in politics, and it attracts members from other social democratic parties, like the Radicals, whose future is bleak. The strength of the PPD also derives from the presidential candidate of the socialists, Ricardo Lagos, who is, however, identified with the PPD rather than with the Socialist Party. The Socialist Party decided in 1992 that double membership of both parties was not permitted, and members had to opt for one or the other. Nonetheless, the alliance between the two persists in spite of a rather imprecise overall relationship, in part because of the even balance

of electoral support between the two parties. In the municipal elections of June 1992, the PS received 8.46 %, and the PPD 9.18% . If the two parties were to compete separately under the existing system for the congressional elections held at the same time as the presidential ones, then it would lose many of its congressional seats.

The PDC is clearly more popular than even the PS and PPD combined. In the 1992 municipal elections, the PDC received 28.97% of the vote. This minority electoral support for the PS and the PPD presents the left with another dilemma: how far can they go in the presidential contest of next year, without imperiling the future of the *Concertación*? The Socialist movement has to present a candidate and to compete strongly, otherwise it loses its sense of separate identity. But it knows it is a minority party compared with the PDC.<sup>35</sup> A public opinion poll held in September 1992 showed that if there was a single candidate of the *Concertación*, that candidate would gain 53.3%, to 29.9% of the right, 8% for the maverick independent Errázuriz, and 6.6% for the left wing *Movimiento Democrático de Izquierda Allendista* (MIDA). If there were two *Concertación* candidates then it would be 17.7% for Ricardo Lagos, 35.5% for the PDC candidate, and the same proportions as before for Errázuriz and the MIDA candidate.<sup>36</sup> However, Lagos is not that far behind in the polls, and is a strong campaigner. By contrast, the PDC candidate Eduardo Frei is a taciturn and rather unimpressive politician whose major political capital is his name – his father, Eduardo Frei, was the popular PDC President from 1964 to 1970. The Socialist Party is organisationally weaker than the PDC, but there still exists a sub-culture of socialism that provides a solid base for Lagos. There is also less fear of the socialists by other political groups. They have been relatively successful in persuading the larger entrepreneurs that they too share the project of economic modernisation – they encounter more ideological suspicion at the level of small and medium entrepreneurs.

The major party of the government, the PDC, has its own internal problems. The choice of Eduardo Frei to be the candidate was not popular with some of the powerful PDC politicians who had kept the party alive through the dark days of the dictatorship when Frei was not politically active. Yet one of the peculiarities of the PDC is the way that it can combine quite hostile and personal disagreements with an eventual fierce loyalty. The Chilean left over the years has been equally able to match the PDC in the intensity of internal conflict, but quite unable to resolve those differences and present a united front at the time of elections. Moreover, the PDC enjoys the benefit of having being seen as the major actor in the successful *Concertación* government, and from the fact that Aylwin, a president whose initially high popular standing has hardly faltered, is also a life-long and loyal Christian Democrat.

One of the peculiar features of Chilean party politics at present is that although it is known who will be the candidates of the left and centre, the formal mechanisms for nominating those candidates either do not yet exist, or were elaborated in order to accommodate the choice that had, in a sense, been imposed on the party by a small elite. The right is in such a state of confusion that by the end of 1992 it had neither candidate nor a mechanism for choosing the candidate. If, as is possible, the *Concertación* presents only one candidate, there is still no agreement on how that single candidate would be chosen. It is a comment on the extent to which politics in Chile is still elitist that the most important choice open to parties, that of candidate for the presidency, has in effect been made without consulting, at least formally, the rank and file.

### What is politics now about in Chile?

From September 1992 onwards politics will revolve around the campaign for the presidential and congressional elections. Indeed so dominant is this focus that a criticism of the present government is that it has run out of steam. It is argued that while it is true that the government has achieved its first major objective, that of reconciliation, it has made less progress on the second front, that of transformation, and that there is no real strategy for the period which ends with the elections of 1993. One commentator has written that the great mystery is why the government has favoured the 'democracy of the pacts and agreements' instead of 'an agreement or pact for democracy', in which there is significant advance towards a modernisation of the political system.<sup>37</sup>

There is little discussion of general political issues such as the obvious difficulty of combining indefinitely a strongly presidential system with coalition government. According to Ricardo Lagos, 'La esencia del tema es ¿cual es la naturaleza de un gobierno de coalición de largo plazo en régimen presidencial? ¿Como hacemos coalición de partidos distintos en un sistema presidencial? Y este es un desafío ¡muy difícil!'.<sup>38</sup> The question remains unresolved, though central to the future of the *Concertación*. A strongly presidential system like that of Chile can only work if the president commands a majority in Congress; but given the distribution of support between the parties, that means that the majority must be made by a party coalition. A central, and as yet unresolved question is how the candidate of the *Concertación* is to be chosen. This is more than usually important because the next presidential term, unless there is constitutional reform, is for eight years. The PDC appears to want the president to come from the majority party, which is, by far, the PDC itself, which implies the logic of electoral majorities, but at the same time resists the Socialist pressure to allow two candidates to compete for the presidency, arguing that this, in effect, is

incompatible with a party coalition. The Socialists argue, not without reason, that the PDC is applying a different logic according to circumstances that suit the PDC.<sup>39</sup>

The change of cabinet in September 1992 was not prompted by the need for policy changes nor the need to remove weak or unpopular ministers. It was caused by the need of the parties to begin the contest for the next presidency, and essentially by the resignation of Lagos to head the socialist campaign, of Ominami to run that campaign, of Germán Correa to seek election to the presidency of the Socialist Party, and of Juan Hamilton to campaign for the PDC for the senate seat of the Vth region. The cabinet changes symbolised the growing competition between and inside the parties, and may reduce the power of the government over the parties.

Politics in Chile in late 1992 is about electioneering. But what are the issues in the election campaign? The central one is about competence: who can best administer the prevailing consensus, not who can change it. The most divisive issues seem to be in the area of morality – divorce, abortion and the family. These give the right a distinct profile from the *Concertación*, and the church is also emphasising these moral issues, though in practice the difference between the government and opposition is hardly huge. Human rights is not now a central issue, though it could flare up if judicial processes proceed rather further than expected. General Contreras, the head of the former secret police agency, the DINA, and Colonel Espinoza have been indicted of complicity in the assassination of Orlando Letelier in Washington in 1976, and the Supreme Court has ordered a trial into the case. The ramifications could be explosive, though it is also possible that the case could be buried under the weight of legal proceedings.

A related issue is that of law and order. The right argues, aided by *El Mercurio*, that there has been a sharp increase in violent crimes since the return to democracy. It is difficult to get accurate figures. What does seem to the case is that crime has increased, but has been increasing since 1984 – another of Pinochet's legacies? Two guerrilla groups, the *Frente Patriótico Manuel Rodríguez*, and *Lautaro*, now operate as a series of loosely connected local groups, which sustain themselves through robbing banks. But the scale of their activities, although worrying, do not constitute any real threat to the political order.

There may be a change in the style of politics once the municipal councils move into action. They began to function only on October 11 1992, but their operation will lead to a rebirth of party activity at the local level, for it has until now been largely concentrated at the elite level. There was a burst of local independence when some local parties refused to accept the national agreements on the distribution of the post of mayor between the parties. In

about 10% of the municipalities there was a refusal to accept the agreement made between PDC and Socialists to elect mayors according to an agreed formula. Most of the agreements were broken by the PDC, and about 30 PDC councillors faced disciplinary measures. The resumption of local government and local politics will also lead to pressures on parliamentarians to resume the former clientelistic and patronage roles, which could in turn put more pressure on the government for measures of social expenditures.

## Conclusion

Chilean politics will be absorbed by the short term calculations of the candidates for the office of the presidency, and, later by those of candidates for Congress. There are, however, several crucial issues that will be shaped by the way that the campaign develops, and the way that campaigning affects the prevailing consensus. The first one, is the future of the *Concertación* alliance itself. Can it survive having two candidates for the presidency? The Socialists argue that, in theory, it can: the PDC position is that it cannot. But for the Socialists to withdraw there will have to be a deal that allocates them a considerable influence in the next government, and that may not be to the liking of those in the PDC who see their party as the natural majority party.

The issue of constitutional reform will probably wait until the next presidency, but then it will become more urgent, not least because there is strong opposition inside the *Concertación* to the next president being in office for eight years. But agreement to reform the constitution will still demand negotiations with the right: only part of the Senate is up for reelection, and the designated senators remain there till 1997.

Can the next government, which will take office in March 1994, maintain the same degree of economic equilibrium? There is no doubt that Finance Minister Foxley enjoys a particular authority, not least because he is supported by the exceptional authority that attaches to President Aylwin. Will the next President have Aylwin's authority? Will the next Finance Minister have Foxley's power? Will pressure from the parties for more expenditure increase, while the government is less able to resist such pressures? It is unlikely that the next government will enjoy the prestige and authority of this one, so the real question is what difference a more 'normal' government will make to the structure and operation of Chilean politics.

There is also the related question of how long will the poor wait? They have been very patient, but the rewards so far have not been over-whelming. A down-turn in the economy, an increase in party competitiveness, an increase in the support for anti-party candidates such as Errázuriz could lead to increased pressure for redistribution of a sharper kind than has been undertaken during the first two years of the Aylwin government.

And finally, how long will Pinochet remain Commander-in-Chief of the Army? No civilian government can feel entirely at ease while he still controls the army, and Pinochet will never want any government to feel at ease while he still exercises his role as guardian of his achievement. Yet one of the triumphs of the Aylwin government is how, in spite of all the obstacles, it has created its own legitimacy. Working within a very restricted Constitution it has nevertheless used to the maximum the flexibility and ambiguity that any Constitution undoubtedly contains. If it has not quite made Pinochet's Constitution its own Constitution, it has nonetheless achieved remarkable results with the tools at hand. So much depends upon the first transitional government that takes over after a prolonged period of military rule. The Aylwin government has, by most indicators, been a success so far. It has shown that a civilian government can be more restrained than a military one without, at the same time, becoming unpopular. It has achieved a remarkable degree of public consensus about its aims and methods. It has gone as far as it was politically possible in attempting to deliver some degree of justice to those who suffered from human rights abuses. It has restored a deep tradition of constitutional rule. It has handled the military question with tact and courage. It has shown that civilian government can work.<sup>40</sup>

## NOTES

1. General Pinochet's improvised speeches are a regular fixture of Chilean political life. It is sometimes difficult to know whether they cause more concern to his supporters or to his opponents. In one speech just before the plebiscite of 1988 he made a crude and frontal attack on several of his former supporters who had left him to support the NO vote in the plebiscite. In another not long after the Aylwin government assumed power, he insisted that the Chilean army should not follow the path of the German army that was now full of 'drug addicts, homosexuals and unionists'. His outbursts are usually followed by a less than gracious apology. But on this last occasion his apology was fuller than usual, perhaps reflecting his own assessment of the declining power of the army relative to that of the government.

2. See the ECLA report, *Economic Panorama of Latin America: 1992*, (Santiago) 1992, p. 40. The latest Central Banco estimate for the whole year is of growth in the order of 9%. *El Mercurio*, 8 December 1992.

3. This section draws heavily on the outstanding article by Ricardo French-Davis, 'Desarrollo Económico y Equidad en Chile: Herencias y Desafíos en el Retorno a la Democracia', *Colección Estudios Cieplan* (Santiago), no. 31, March 1991. For an article placing the Pinochet government in longer term economic perspective see Ricardo French-Davis and Oscar Muñoz, 'Desarrollo Económico, Inestabilidad, y Desequilibrios Políticos en Chile', *Colección Estudios Cieplan*, no. 28, June 1990.

4. See the report issued by the Centro de Estudios del Desarrollo, *La Agricultura Chilena a Comienzos de los Años 90: Fortalezas y Debilidades* (Santiago), Cuadernos del CED, no. 7, June 1991. Finance Minister Foxley underlined the need for producers to accept quality control in a speech to the fruit producers. *El Mercurio*, International Edition, 26 November/2 December 1992. It is now not fashionable to raise questions of ownership, but there is some concern about the increasing concentration of the export business in the hands of a few agro-industrial complexes, which are mostly foreign owned, and whose pricing policies discriminate against the domestic producers.

5. Reported in *La Nación* (Santiago), 17 September 1992

6. It is an index of how far the Socialist Party has changed in Chile, when a Socialist Minister plays this kind of role. And Ominami himself was not only on the left of the Socialist party, but during the Allende years was a militant in the ultra-left MIR (*Movimiento de Izquierda Revolucionaria*).

7. This is the argument of Gabriel Palma in his seminar at St Antony's College, Oxford, 10 November 1992.



8. Nonetheless, the CODELCO executive has announced the start of four joint ventures with private capital, though all at a very preliminary stage. *El Mercurio*, 3 December 1992.

9. So sensitive is the issue that the PDC expelled from the party a prominent economist, Pedro Calvo, who publicly advocated the privatisation of Codelco.

10. Much of this data has been taken from the unpublished paper of Manuel Barrera, *Política Económica y Democratización en Chile: Sus Efectos sobre los Trabajadores*, Centro de Estudios Sociales, Santiago, September 1992. See also Roberto Urmeneta, '¿Mejora la Calidad de Vida de los Pobladores?', *Mensaje* (Santiago), no. 412, September 1992, pp. 405-7.

11. The Pinochet government did devise some effective programmes to target extreme poverty. For an excellent account see Carol Graham, *From Emergency Employment to Social Investment: Alleviating Poverty in Chile*, Brookings Occasional Papers, The Brookings Institution (Washington DC), 1991. As Graham points out, however, the Pinochet government's 'narrow vision of social welfare policy, in conjunction with its disdain for participatory institutions, resulted in a safety net that also stigmatised the poorest. Those who participated in government programs became an underclass of sorts, dependent on government subsidies without improving their capacity to meet their own basic needs.' p. 33.

12. See the report in *El Mercurio*, 1 October 1992.

13. From *The Latin American Regional Reports: Southern Cone*, 19 November 1992.

14. The survey was conducted by the research institute SUR, *Evaluación Políticas Sociales: Encuesta Julio 1991* (Santiago), 1991.

15. This section draws upon Manuel Barrera, op cit; Edward Epstein, 'Labor and Political Stability in the New Chilean Democracy: Three Illusions', unpublished paper presented at the LASA Conference, Los Angeles 1992; and J Samuel Valenzuela and Volker Frank, 'The Labor Movement and the Return to Democratic Government in Chile', in *Labor News*, no. 5, 1992, pp. 9-11.

16. See Carol Graham, 'Democracy, Economic Reform and Civil Society in Chile: the Merging of Democratic and Authoritarian Traditions', unpublished paper presented to the Hoover Institution/AID Project on Economy, Society and Democracy. 1992.

17. Valenzuela and Frank, op cit, p. 10.

18. Epstein, op cit.

19. This point is strongly made in Graham, op cit.

20. On the *leyes de amarre* see Alan Angell and Benny Pollack, 'The Chilean Elections of 1989 and the Politics of the Transition to Democracy', *Bulletin of Latin American Research*, vol. 9, no. 1, 1990, pp. 1-23.

21. Genaro Arriagada and Carol Graham, 'Chile: the Maintenance of Adjustment and Macroeconomic Stability During Democratic Transition', unpublished paper, 1992, p. 46.

22. Arriagada and Graham, op cit.

23. The functions of municipal governments are similar to those exercised before 1973, though there is an increase in resources and there are measures to increase local participation. One of those measures is to create a *Consejo Económico y Social Comunal* (CESC), with a consultative role. The CESC's are to be constituted by territorial organisations such as *Juntas de Vecinos*, and these make up 40% of the CESC; another 30% are made up of sectional groups such as mothers' centres, unions and so on: and the remaining 30% are constituted by local producer groups. The CESC is not a decision making body, but it is supposed to be consulted over a wide range of issues. If they work, and that remains to be seen, they could increase local participation in municipal government. See the article by Carlos Fabian Pressacco, 'La Democratización del Municipio y el Consejo Económico y Social', *Mensaje* (Santiago), no. 413, October 1992.

24. See Ignacio Walker, 'La Reforma Constitucional', *Mensaje*, no. 410, July 1992, pp. 213-215.

25. For an excellent analysis of the power of the military see Brian Loveman, '¿Misión Cumplida? Civil Military Relations and the Chilean Political Transition', *Journal of InterAmerican Studies and World Affairs*, vol. 33, no. 3, 1991.

26. The human rights issue is still relevant while the prosecution of the former head of the secret police for complicity in the assassination of the Socialist politician, Orlando Letelier, in Washington in 1976, is still under way. And families of those who 'disappeared' are still attempting to charge officers and former officers for the torture and murder of their relatives.

27. See the report in *El Mercurio*, 11 November 1992.

28. See the report in *Latin America Weekly Report*, no. 48, 10 December 1992, p. 3.

29. These data comes from the unpublished paper by Timothy Scully and J Samuel Valenzuela, 'From Democracy to Democracy: Continuities and Changes of Electoral Choices and the Party System in Chile'. I am very grateful to Samuel Valenzuela for permission to use the data from the paper.

30. I have taken this idea from a talk by Gabriel Palma at St Antony's College, Oxford on November 10 1992. Referring specifically to economic policy his argument was that what was originally a tactical agreement amongst the parties of the then opposition about the free market model, soon became a strategy but has now become a dominant ideology. This process could be applied equally to the political sphere about the need for consensus and unity. It is difficult to find detailed public criticism of the government, for most of those who produced those sharp critiques of the Pinochet years are now in the government itself and disinclined to be too critical. It is, after all, their government. And critics of the right can find relatively little to criticise about the economy. It is, after all, their economic policy.

31. From the report in *Hoy* (Santiago), no. 791, 14 September 1992.

32. See the approving article in the right wing journal, *¿Que Pasa?*, 28 September 1992.

33. See the report in *El Mercurio*, 27 October 1992.

34. From the report in *El Mercurio*, 25 November 1992.

35. Lagos expressed his irritation at the meeting called to launch the Presidential campaign of Eduardo Frei, arguing that Frei presented himself as a candidate for the Presidency instead of presenting himself as a pre-candidate to secure the nomination of the *Concertación* as the candidate. *El Mercurio*, 15 December 1992.

36. There will be innumerable polls until the election day of 14 December 1993. Most taken so far reinforce the leading position of the *Concertación* if it presents one candidate. A poll published by *Instituto Libertad*, affiliated to RN, shows that if the previous alliances were maintained intact then the *Concertación* would increase its number of lower house deputies from 71 to 80, while the opposition would decrease from 48 to 39. The poll also shows that the PDC has more options than the left. If it contested the elections alone it would still be far and away the leading force, and it also has an option not open to the left, that is to say an alliance with the movement led by Errázuriz.

If the left allies with the Communist party, it would still be in a minority position. *El Mercurio*, 6 December 1992.

37. See the article by Jorge Heine in *La Epoca*, 4 September 1991. Among the examples of modernisation that Heine suggests are the moving of Congress from Valparaiso to Santiago, the direct election of mayors rather than the indirect choice made by councillors, and a serious reform of the state structure.

38. From the interview with Raquel Correa in *El Mercurio*, 4 October 1992.

39. See the interesting article by Carlos Vergara, 'Cómo ser candidato y no morir en el intento', *Mensaje*, no. 413, October 1992, pp. 453-5.

40. An opinion poll published in December registered 56% of the respondents as being satisfied with the government. For the forthcoming elections, 60% said that they would vote for a candidate of the *Concertación*, but only 12% said that they would vote for a candidate of the existing opposition parties. *El Mercurio*, 13 December 1992.

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