

Introduction

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The protracted period of military rule in Chile under General Augusto Pinochet Ugarte (1973–1990) has now been superseded by a long period of democratic governance under the Concertación de Partidos por la Democracia (Coalition of Parties for Democracy, or Concertación; 1990–present). The Concertación coalition drew together under its wide umbrella two major historical antagonists, the Socialist forces and Christian Democratic parties, along with a few smaller parties.¹ In the years since 1990 there have been attempts to critically evaluate the success of this coalition in terms of its major goals of achieving greater democratization and economic equity, especially after the euphoria in the immediate aftermath of the end of military rule died down. To date, however, there has not been any overall assessment of Concertación rule.

The focus of this volume is to provide such an assessment; individual chapters analyzing specific issue areas that the Concertación has had to tackle are united by a shared perspective on Chile under the Concertación. Our general conclusion is that the Concertación coalition, through shifting political and economic contexts since 1990, has done its best to reform the neoliberal political, economic, and social model that was implemented by the military government. Over the years, Concertación leaders have acted pragmatically, keeping in mind the critical issue of governability, which included the problems of civil-military relations and deeply felt divisions arising out of decades of human rights abuses, as well as questions about not only the fairness of the neoliberal model, but also the paucity of economic alternatives. In the end, Concertación leaders chose not to alter the basic free market organization of Chile's economy and society, even though this meant that the underlying unequal social relations the neoliberal model generated would remain in place and continue to be supported by Chilean institutions. Today, after three presidents and fifteen years of Concertación governance, the long-discussed transition is over, and a new political, social, and economic order is in place.

The essays in this book, which examine diverse aspects of this new order, each focus on one of two themes that arise from our general perspective. The first is that of the consequences of the penetration of the market model in society; the chapters that deal with public policy issues—including health care, pensions, trade and macroeconomic policy, and foreign policy—elucidate consequences

in these arenas. The second is that of the slow pace and piecemeal process of political reform, despite the Concertación's goal of achieving greater democratization. This theme is reflected in the chapters that deal with justice and human rights violations, reform of the political and party system, and church-state and civil-military relations. Taken together, these chapters provide an overall vision of what the Concertación both has attempted to do and has been able to achieve during three presidential terms.

We also give special attention to the third Concertación president, Ricardo Lagos (2000–2006), not only because his is the most recent administration, but also because as the first Socialist president of Chile since the 1970 election of Salvador Allende Gossens, Lagos raised expectations for reform. We believe that many of these expectations were unrealistic because in the intervening thirty-plus years since the Allende administration, Chile has become a different country; in addition, Lagos ran as the head of a broad political coalition of centrist and left parties that had a very different agenda from Allende's Chilean Road to Socialism. It is, however, fair to say that the Lagos administration policies, like those of the Concertación in general, represent a significant step in the very long process of democratic consolidation in Chile, if not of economic change. To the extent that Lagos himself played a significant role in the struggle against the Pinochet dictatorship, his election closes a thirty-year circle, from the election of Salvador Allende in 1970 through military rule, back to democracy, and to the election of a second socialist as president.

Our analysis of the Lagos administration, as well as of the administrations of his predecessors, takes into account the two themes that are threaded throughout the book: the slow political reform process and the maintenance of the free market model. The two previous Concertación presidents, Patricio Aylwin (1990–1994) and Eduardo Frei Ruiz-Tagle (1994–2000), both Christian Democrats, confronted a series of thorny issues as they attempted to reassert Chile's democratic tradition and create a somewhat more just and equitable society after seventeen years of military rule. Most important, they had to confront a legacy of authoritarianism and inequality resulting from the policies of the Pinochet regime, which increased the gap between rich and poor and between a small political elite and a large excluded majority. In essence, the Concertación coalition's core mission was to restore the rule of law, to strengthen democracy, and to bring a degree of equity to Chilean society. The process of democratic transition turned out to be much more protracted than the Concertación had imagined in 1990, however, leading the coalition to focus its efforts on political reform and ameliorating poverty without changing the fundamentals of the free market model.

In order to understand the challenges that the Lagos and future Concert-

ación governments face, it is necessary to look briefly at the past. In 1970, Chile's long history of democracy appeared to be capped by the free election of a Marxist socialist as president, namely Salvador Allende Gossens. Allende had a long political history, having served as minister of health in the 1930s Popular Front government and for many years in the Chilean Congress, including a stint as president of the Senate. Allende was elected in 1970 as the head of the *Unidad Popular*, or Popular Unity, a coalition of Marxist and non-Marxist parties. The coalition's stated purpose was to begin a peaceful transition to socialism through the democratic system. Because Allende was elected during the Cold War, however, he faced not only domestic hostility, but also resistance from the United States, spearheaded by President Richard Nixon and National Security Advisor Henry Kissinger.

After three years the Chilean Road to Socialism, which was plagued by economic and political crises, ended in a bloody military coup, on September 11, 1973. What followed were seventeen long years of military dictatorship under General Augusto Pinochet Ugarte. Pinochet was determined to change the face of Chile. He persecuted so-called leftists, attempted to depoliticize the country, and instituted an economic strategy designed not only to undo the Popular Unity's attempted transition to socialism, but to implant the market in Chile. As a result, the regulatory and social welfare functions of the state that had been created over the course of the twentieth century were dismantled. In order to depoliticize the country, General Pinochet outlawed political parties and labor unions and destroyed many of the existing political institutions. Under his watchful eye a new authoritarian constitution was written and approved in 1980. The 1980 constitution created a "protected democracy" that concentrated power in the hands of the executive, included the military as a political player, and limited democratic practices. It also established an eight-year presidential term of office² and called for a plebiscite to be held by 1988, designed to renew Pinochet's presidential mandate.

Pinochet was disappointed and surprised when the Chilean people voted against his remaining in power in the now-famous October 1988 plebiscite. Following the rules he himself had set down, Pinochet was forced to allow open presidential and congressional elections in December of the following year. Thus, the political opponents of Pinochet were able to take office in March 1990 and to begin another chapter in Chilean history.

Winning the election was one thing, being able to rule effectively in the aftermath of a long military dictatorship was quite another. General Pinochet maintained that he had, in fact, fulfilled the goals that he had set for himself in the 1970s. In his own words, *misión cumplida*, or mission accomplished. Thus it was that President Patricio Aylwin, who won the first presidential election

held since 1970, faced, at least initially, an uncertain future. General Pinochet did not go quietly into the night. He kept his position as commandant of the armed forces and head of the army and, after retiring from the armed forces in 1998, served in the Senate, as stipulated in the 1980 constitution. Moreover, Pinochet and his followers maintained an unrepentant and unapologetic position about human rights abuses, and instead touted the military regime's success in transforming Chile's economy into a model of the free market. He declared the new economic system an unqualified success, even though levels of poverty and income inequalities had worsened markedly during his tenure. Pinochet had also created a new political system that contained a number of undemocratic features, which he attempted to cement in place by approving a series of last-minute laws designed to make them virtually impossible to change. These laws were later dubbed *leyes de amarre*, laws designed to tie one's hands. The hands to be tied were those of Pinochet's opposition, the Concertación coalition.

As a result, President Aylwin, the first civilian elected president in thirty years, faced a number of challenges. First, he had to deal with a truculent military, and he endured several instances of saber-rattling in his attempts to make the military subordinate once again to civilian rule. Second, his administration confronted the legacy of human rights abuses left by the Pinochet regime. Third, it sought to undo the many undemocratic features of the constitution. Finally, Aylwin worked diligently to restore Chile's international image after seventeen years of exclusion and international criticism.

The issue of human rights was controversial from the start, and one that made the military uneasy. Even so, Aylwin moved quickly on this front. He named a human rights commission, the Rettig Commission, to investigate cases of human rights violations that had ended in death. Aylwin accepted the conclusion of the Rettig Commission that almost three thousand people had been killed by the Pinochet regime. Although the commission did not have any authority to deal with torture, the most prevalent form of abuse, it estimated that thousands of others had been tortured by the regime. President Aylwin also challenged the military by rejecting their contention that there could not be any judicial investigation of these cases because the military had passed an amnesty law protecting it against prosecution for abuses committed during the 1973–1978 period. Aylwin proposed the interpretation, later accepted by many, that the amnesty law could only apply once there was a finding that a violation had taken place. Thus, an investigation was necessary in order to grant amnesty.

Aylwin also attempted, without much success, to democratize nondemocratic facets of the Pinochet political system, such as the binomial electoral system that gave undue weight to minority political coalitions or parties³ and the

presence of nonelected senators, which tilted the Senate toward the right. On the other hand, he was able to make headway in the area of local democracy by reinstating elections for local officials.

Aylwin also sought to restore Chile's image in the world community; under the Pinochet regime, Chile had become synonymous with human rights violations to many. In that area, Aylwin made much headway. His overall goal was to return Chile to its status as a democratic nation; that is, to make democracy and the rule of law a fact once again.

In terms of economic policy, neither Aylwin nor the presidents that followed him did much to change the basic economic strategy, which was based on the primacy of the free market and an economy open to foreign trade and investment. Aylwin and his successors tried to soften the worst consequences of the market model by creating a series of programs to protect the poorest sectors of the society, with the goal of diminishing the numbers of those living in poverty. These policies did have a significant effect on poverty rates, although they did not modify income distribution overall.

The second Concertación president, President Eduardo Frei Ruiz-Tagle, continued the general policy framework of his predecessor. During the Frei administration there were continuing attempts to bring to justice those responsible for gross violations of human rights. In this context, Aylwin's interpretation of the amnesty law was adopted by courageous judges, such as Judge Juan Guzmán Tapia, who began to prosecute dozens of military officers implicated in human rights abuses. Judge Guzmán also succeeded in imprisoning the former head of DINA (Pinochet's National Intelligence Directorate), General Manuel Contreras, after he had been convicted of involvement in the assassination of former Allende Minister Orlando Letelier in Washington, DC. Contreras' imprisonment was no easy feat given his close association with General Pinochet.⁴

President Frei continued to adhere to the free market approach, which, until 1998, generated high rates of economic growth. A major component of the economic strategy was to strengthen Chile's international economic relations through negotiating trade agreements, and under Frei efforts to sign bilateral, plurilateral, and multilateral trade agreements flourished.⁵ Frei also focused on what he called "modernization of the state," which involved attempts to reform aspects of the state, most notably the judicial system. Like his predecessor, Frei also attempted unsuccessfully to push the Concertación Party's political reform agenda, such as the elimination of appointed senators.

It is important to note that for the first decade of Concertación rule, the center-left coalition won elections with a strong majority, with percentages in the mid to high fifties. This solid majority began to erode by the latter half of the 1990s, however. The first indication of erosion occurred with the congres-

sional elections of December 1997, when the coalition's total dipped to just over 50 percent. The trend became evident in the 1999–2000 presidential contest, when Ricardo Lagos faced Joaquín Lavín. Lavín, who was mayor of Las Condes, the richest municipality at the time, belongs to UDI (Unión Demócrata Independiente, or Independent Democratic Union) the most right-wing and pro-Pinochet political party in Chile. Although Lagos won a runoff election against Lavín in January 2000, an easy Concertación victory could no longer be taken for granted.

The near defeat of the Concertación coalition in the 2000 election fueled a growing debate about its purpose, agenda, viability, and future. As a result, Ricardo Lagos, who wanted to project himself as the first president of the new millennium, faced old as well as new problems when he took office. Particularly during the first few years of his administration, Lagos had to deal with the consequences of erosion of support for the Concertación. Today, however, Lagos finds his own popularity at a record high, and support for the coalition hovers around 50 percent. The Concertación has struggled during the Lagos years to define its purpose, which is far less clear today than it was at the coalition's inception. In the early 1990s, when the internal military threat was palpable, many Chileans saw the Concertación, which had formed as a large coalition encompassing virtually all political parties opposed to military rule,⁶ as representing their desire for a change from the dark past. Today, the purpose of the coalition is less obvious, given that there is a new political order with a set of functioning political institutions, the rule of law has been reestablished, and the human rights abuses of the past have ended.

In terms of civil-military relations, Lagos has been the fortunate beneficiary both of the work of previous Concertación presidents and of changes within the military itself. The current commandant of the armed forces and head of the army, General Cheyre, has stated publicly that the armed forces should never again engage in politics, while Lagos' selection of Michelle Bachelet as minister of defense, an audacious choice given her background as a Socialist whose father had been assassinated for his opposition to the military government, improved relations between the executive and the military. In addition, Lagos confronted another major area of controversy related to the armed forces when he convened a human rights commission to investigate cases of torture during the Pinochet dictatorship. The commission's report, which confirmed 30,000 cases and included graphic details of torture techniques, sent shock waves through Chilean society. As a result, many on the political right could no longer refuse to believe that there had been an institutional policy of torture. Armed forces head General Cheyre issued a second significant statement, this time acknowledging the armed forces' role in systematic human rights abuses.

Like his predecessors, Lagos also continued to push for political reform of the 1980 constitution. He scored a major victory in late 2004 when he reached agreement with the political right on a series of constitutional reforms designed to enhance civilian authority by eliminating a number of authoritarian enclaves in the constitution. These include restoring to the president the right to fire the military heads of the branches of Chile's armed forces and the elimination of all nonelected senators. The latter constitutional provision had for years thwarted the popular will by giving undue weight to the political right. A third change to the 1980 constitution limits the powers of the National Security Council, which in essence had provided the military with an avenue to intervene in political affairs. Another major undemocratic feature, the binomial electoral system, was not eliminated but was transformed from a constitutional provision to a law, which will make it easier to amend or eliminate in the future. Taken together, this set of political reforms is the most sweeping to be achieved by the Concertación to date and resolves most of the outstanding political reform issues.

In the area of economic policy, Lagos faced another challenge during his initial years in office. When he assumed office Chile was in the midst of an economic downturn that continued well into his term of office. From 1990 to 1998, the economy had grown dramatically, at a rate of about 7 percent a year. That rapid rate of growth had silenced the question of whether a center-left coalition could manage the economy well, a concern arising from the Allende government's disastrous economic policies. This period of rapid growth ended in 1998 as Chile experienced the repercussions of the Asian crisis. By 2002 there was increasing debate, both within the Concertación and outside of it, over how to reactivate the economy. Some argued that the free market model needed to be expanded, while others argued that the government needed to initiate some new spending policies. With the reactivation of the economy at the end of 2003, this debate died down. The underlying issues remain, however: Should the free market be extended? If so, how much, and are there modifications that need to be made? For instance, Lagos' call in early 2004 for a royalty fee on the mining industry raised questions among foreign investors about his adherence to the market model, while his government's expansion of free trade negotiations indicates maintenance of the basic free market and open economy approach.

Another set of relevant economic issues has to do with questions of equity. The economic model has succeeded in inserting Chile into the international economy, reducing the level of poverty, and improving living standards, but these economic advances have not improved the distribution of income. In reviewing economic data, we see that the absolute poverty rate has decreased from more than 40 percent of the population in 1990 to 18 percent by 2004, which is a substantial decline. However, economic growth has not decreased the

gap between the rich and the poor, which is still very large. Today, the poorest 10 percent of the population receives 1.3 percent of the wealth, in contrast to the richest 10 percent, which captures 41 percent.⁷ It appears that this unequal income distribution is an unavoidable consequence of the economic model, and there seems to be little the Concertación can do to improve income distribution without drastically transforming the economic model.

It is also interesting to note that Chile, which has been a major proponent of the free market and open economy model within the region under both Pinochet and the Concertación, finds itself more and more out of step with its neighbors in the region. Most have not reaped the same benefits as Chile from this approach. The elections of Luis Ignacio “Lula” da Silva in Brazil and Nestor Kirchner in Argentina, along with President Hugo Chávez’ continued rule in Venezuela, together signal change in the air. A more critical stance toward neoliberalism seems to be returning to the region. It is not clear what this will mean for Chile, which has held firm to its free market and pro-U.S. orientation despite signs of increasing Chilean isolation.

The question of the purpose of the Concertación remains perhaps the most crucial issue for the future. Over fifteen years of Concertación rule, there has been growing wear and tear on the coalition and, with it, an erosion of support. In addition, political maneuvering for party ballot slots in both the October 2004 municipal elections and December 2005 congressional elections, as well as competition for the presidential nomination, have created serious strains on intra-Concertación party relations.

It is not the Concertación alone that faces serious political issues. Within the opposition Alianza por Chile (Alliance for Chile) there are significant problems as well, given intra-coalition tensions between its constituent parties, the UDI and National Renovation (RN). These intra-coalition tensions raise concerns about the viability of both the large political coalitions extant in Chile today. On the other hand, the current binomial electoral system, which favors large electoral coalitions, creates incentives for the maintenance of the political status quo, for both the Concertación and the Alianza.

In a larger sense, the Concertación’s major challenge is to reinvent its agenda and purpose after a decade and a half in power. The Concertación faces a crisis of definition: No longer is its purpose to reawaken Chile as a democratic nation; no longer is it defined as the opposition to the Pinochet regime; what, then, is its *raison d’être*? Why should its representatives be elected to office? How will the Concertación define its course for the next decade? If its economic policy is not very different from that of the opposition—and there are Concertación economists who could easily be mistaken for economists of the political opposition—what is its purpose and agenda? As the younger generation outnumbers

the generation that is defined by the Allende and Pinochet experiences, how will the Concertación reach out to them? These are major challenges for the Concertación in the future.

We hope that this book will provide a clear image of Chile between 1990 and 2004. In our analysis of Chile under the Concertación, we focused on two central, interlocking themes: the nature and consequences of the Chilean free market model and the different dimensions of a slow and protracted process of political reform. Our analysis sketches a political coalition that has maintained the fundamentals of a free market model, one that would not likely change dramatically under an opposition, right-wing government. Concertación governments have adopted policies that base continued economic prosperity on the growth of the export sector of the economy, fueled by private capital and the continuous process of privatization of public goods. Because this model generated enormous social inequalities during the Pinochet regime, the Concertación designed programs to soften its impact, resulting in a dramatic decline in rates of poverty. At the same time, Pinochet's changes to health-care and pension plans, which resulted in wholesale privatization of the former and partial privatization of the latter, have not been altered. What has been done is to continue the process of privatization while increasing the regulatory capacity of the state in some areas.

On the political front, instead of attempting to overturn the political institutions created by Pinochet in the 1980 constitution, the Concertación worked to slowly reform the most antidemocratic aspects of the political system. It began by democratizing municipal government through the election of city councils and direct election of mayors. Judicial reforms wrought other changes, including modifying the composition of the Supreme Court, and the recent reform package will undo some of the more obnoxious features of Pinochet's constitution by eliminating appointed senators and restoring the president's authority to remove heads of the armed forces branches. Civil-military relations have also evolved over the course of the three Concertación presidencies, from tension and saber-rattling during the Aylwin years to an explicit recognition of the subordination of military to civilian authority during Lagos' administration. After years of struggle for some measure of justice, hundreds of cases against military officials are underway, and two human rights reports, one dealing with those who died at the hands of the military and the other documenting the tens of thousands who were brutally tortured by the military, have been made public. Thus, there is a new institutional order that retains features of the military period but has been modified and recast under the Concertación. In sum, the two interlocking themes of piecemeal political change and deepening of the market model are central to both the political and economic transformation of Chile

between 1990 and 2005 and the organization of the different chapters in this volume.

The Structure of This Volume

The book had its genesis as a panel at the March 2003 Latin American Studies Association conference. The panel looked at diverse aspects of the Concertación government of Ricardo Lagos. As the panel project evolved into a book, however, the focus became broader.

The book is organized around the two themes we have identified as central for understanding Chile today: the continuation and consolidation of market economic policies on the one hand, and the incompleteness of the process of democratic consolidation on the other. The initial chapters analyze those areas where as of 2004 there has been a piecemeal transformation and where Chilean democracy still needs to make progress; following chapters analyze the ongoing consolidation of market policies and their effects on the society and its future. The first part includes chapters on human rights, civil-military relations, the role of the Catholic Church, and the political party system. The chapters in the second part deal with economic and foreign policy, and social security and health-care policies.

Human rights issues have occupied a preeminent place in Chilean politics since the end of the Pinochet regime. A central concern of this book is the extent to which Chile's transition to democracy has been consolidated. It is our belief that Chile will not become a full democracy unless there is a full reckoning with the legacy of death and torture left by the military. Elizabeth Lira's chapter, "Human Rights in Chile: The Long Road to Truth, Justice, and Reparations," covers the evolution of the human rights problem since 1990 and the policies pursued by the Aylwin, Frei, and Lagos administrations to deal with the legacy of human rights abuses. The chapter provides an in-depth analysis of the impact of these policies, as well as the attitudes and responses of the military to accusations, trials, and incarceration of military leaders. According to Lira, although Chile has come a long way since 1990, the country is far from having resolved the issue of human rights. The chapter demonstrates that thirty years after the coup, there is still no common narrative and perhaps there never will be a national interpretation of the abuses of the past. However, recent policies and the changed attitude of a new generation of military leaders have at least allowed Chileans to deal with some of the more damaging consequences of the abuses committed in the past. The chapter discusses the tensions and contradictions that have existed during this protracted transition period between the search for truth, the need to repair the damage caused by the Pinochet regime, and the

legal and judicial constraints that were set in place by the Pinochet regime. As Lira argues in her chapter, “The contradictions have been not only political, but also moral and philosophical.”

Gregory Weeks’ chapter, “Inching toward Democracy: President Lagos and the Chilean Armed Forces,” deals with the issue of civilian supremacy over the armed forces. Weeks argues that although there have been only partial institutional changes geared at restructuring relations between civilian leaders and the armed forces, Lagos has made significant strides in the normalization of civil-military relations. His success is due in large part to the actions of Michelle Bachelet, Lagos’ defense minister until late 2004. A critical element in the transformation of civil-military relations has been the erosion of General Pinochet’s power over the military and society, as well as the appointment of a new commander in chief of the armed forces, General Juan Emilio Cheyre. The chapter provides a comprehensive analysis of the evolution of civil-military relations since 1990 and argues that democratizing Chile is a massive undertaking requiring changes not only in the constitutional and legal structures, but also in the attitudes of Chilean society. Weeks concludes that despite the lack of major constitutional reforms, Lagos has been successful in fostering greater trust between civilians and the military, has made the Ministry of Defense more relevant, and has been able to negotiate some reforms. In brief, despite the fact that substantial reforms are still needed, the Lagos administration has been able to move the military toward acceptance of democracy and democratic institutions.

Patricio Navia’s chapter, “Three’s Company: Old and New Alignments in Chile’s Party System,” examines the evolution of Chile’s political cleavages since 1989. Navia argues that the pre-1970 system characterized by a three-way political and ideological division (leftist, centrist, conservative) was replaced after the transition to democracy by two coalitions. The first is a conservative coalition consisting of the parties associated with the Pinochet regime. The other is the Concertación, a coalition of centrist and leftist parties that emerged out of the opposition to the Pinochet regime and is led by the Christian Democratic and Socialist parties. Navia examines to what extent this political alignment is likely to survive the oscillations of Chilean politics, and what the chances are of a reemergence of the three-way division of the past. He also questions how firm the structure of the existing alignment is. Using electoral and polling data, Navia highlights the push and pull of these two tendencies in the current political environment. The larger issues here are the binomial electoral system and its effect on the transition to democracy, as well as the role that the leadership of the Christian Democratic Party may have in the preservation of the current

political party system. With the third Concertación government entering the end of its term, with political maneuvering gearing up for the 2005 presidential and congressional elections, and with strains and tensions visible in both coalitions, Navia's questions are not only pertinent, but also critical to the evolution of Chile's democracy.

William M. Lies' chapter, "A Clash of Values: Church-State Relations in Democratic Chile," represents a unique contribution to analyses of the complex and critical relationship between the very powerful Catholic Church and Chilean politics. Lies outlines the transformations the church in Chile has experienced since the beginning of the transition to democracy and pays special attention to the interfaces between church doctrine and the public policy process. The very active role that the Chilean bishops played during the Pinochet regime has continued, but their agenda has changed dramatically. Whereas during the Pinochet years the church adopted a very critical stance against the regime and openly supported the opposition movement and the formation of the Concertación, the conservative leadership of the church in the 1990s developed a very different political agenda. This comprehensive political agenda ranges from divorce to environmental issues and from the right to life to workers' rights. Lies argues that Chilean Catholics are increasingly dissenting from their own bishops, raising questions about the effectiveness of the church and pushing the bishops toward very open intervention in the policy process. In his comprehensive analysis of the church's process of adapting to democracy, Lies concludes that while the church was successful in organizing the opposition to the Pinochet regime, it has been much less successful in the legislative realm.

Lois Hecht Oppenheim's chapter entitled "Chilean Economic Policy under the Concertación: The Triumph of the Market?" discusses the manner and extent to which the Concertación governments have continued applying the market model and the modifications made to the model since 1989. Oppenheim begins by discussing the economic legacy of the Pinochet regime and the constraints faced by Concertación policy makers as they assumed responsibility for overseeing the economy. The focus of the chapter is on the salience of trade policy and the efforts to ensure the growth of the export economy, which, she argues, is the most important engine of economic growth for Concertación policy makers. The success of the strategy is clearly seen in the diversification of Chile's economic partners and the signing of trade agreements with the European Union, the United States, South Korea, and other nations. Oppenheim also raises questions about the viability of the model, given that it is based on the exportation of nonrenewable resources and that it generates economic inequalities. She concludes by examining the extent to which the free market approach

under the Concertación matches the military's neoliberal model as well as by evaluating the sustainability of the model and its effect on Chile's economic future. Oppenheim's analysis of trade policy reveals the extent to which market economic principles have penetrated the entire society.

"Peace at Home, Turbulence Abroad: The Foreign Policy of the Lagos Administration," by Joaquín Fernandois, provides an insightful analysis of the unique international situation of Chile since 1990, with a special focus on the policies of the Lagos administration. Many of the administration's efforts in the foreign policy area have centered around economic issues, specifically the signing of free trade agreements with the United States and the European Union. This chapter complements Oppenheim's analysis of free trade policy. However, while the former chapter focuses on the economic importance of these agreements, the latter focuses on the centrality of these agreements for Chile's foreign policy. Fernandois also elaborates on the contradictions posed by the success of Chile's foreign economic policy. Namely, while Chile stands as a success story in the international economic system, the country's relations with its Latin American neighbors have experienced numerous crises.

Silvia Borzutzky's chapter, "Cooperation or Confrontation between the State and the Market? Social Security and Health Policies" summarizes the major reforms enacted by General Pinochet and examines the policies that the Lagos administration has pursued in both the social security and the health-care sectors. The central issue under examination here is the tension between market policies and the need to deal with persistent socioeconomic problems. Are the policies of the Lagos administration strengthening the market? What is the role of the state in the provision of social benefits? Ultimately these policies appear to have deepened the process of privatization and reflect the Lagos administration's commitment to market-oriented policies. Borzutzky also examines societal reactions to these policies, arguing that while the process of marketization of social security is widely accepted, the same processes in the health-care area have encountered major opposition. She concludes that whereas in the social security area the market has been strengthened, the situation in the health sector is quite complex and unclear. No doubt the success of the health-care policies will depend on the impact of the Plan AUGE, an initiative designed to reduce inequities in health care, and the willingness of the public sector to finance the plan. The chapter, as well as this volume, concludes that the Lagos administration seems to be driven more often than not by a market logic, and within this logic the central issues tend to be competitiveness and efficiency rather than distribution issues.

Together, these chapters provide a coherent and comprehensive view of how

Chile has traversed the road toward democracy and the market. The road has undoubtedly been long, and the interlocking processes that Chileans have had to deal with have been complex and challenging.

Notes

We wish to thank the two anonymous reviewers for their very insightful and helpful comments on the chapters in this volume.

1. Since December 1989, the Concertación coalition has won both presidential and congressional elections, including the elections of presidents Patricio Aylwin (1990–1994), Eduardo Frei Ruiz-Tagle (1994–2000), and Ricardo Lagos (2000–2006).

2. This term was shortened to six years at the beginning of civilian rule and further reduced to four years in 2004.

3. The binomial system is based on two-member districts where, in order to win both seats, a two-candidate slate must gain two-thirds of the popular vote. Thus, a minority coalition could win the second seat with only slightly more than one-third of the vote. Assuming that this outcome occurs in multiple districts, it results in an overrepresentation of the minority.

4. Contreras hid out in the south of Chile, aided by military colleagues, and later claimed he was too ill to serve time, a claim supported by military doctors.

5. *Bilateral* refers to agreements between two countries, *plurilateral* to regional agreements, and *multilateral* to global agreements, such as those coming out of the General Agreement on Trade and Tariffs (GATT) that created the World Trade Organization (WTO).

6. The coalition does not include the Communist Party, whose exclusion the Christian Democrats had required.

7. Gonzalo de la Maza, "Modernization a la Chilena: Integration and Exclusion," *ReVista: Harvard Review of Latin America* 3, no. 3 (2004): 25–30.