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SOCIAL DEMOCRACY, NEOLIBERALISM AND IDEOLOGICAL CHANGE IN THE CHILEAN SOCIALIST MOVEMENT, 1973-1993

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"The Socialist Party reaffirms its class-based politics and stresses the need of the leadership of the working class in the battle of economic and social liberation, which the working masses and other exploited, oppressed sectors are now deploying against the bourgeoisie and the imperialism".

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"The Socialist Party ... represents a new way to be leftist (ser de izquierda): The Socialists are moderate, democratic, trust in the rules of the market,... no longer believe in statism and centralism, but rather in a state which has only a regulating function and in an increasingly privatised economy".

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Introduction

Since the mid-1960s Chilean left-wing forces have experienced an increasing radicalization, a phenomenon which has been particularly strong in the Chilean Socialist Party (PSCh). The process of social reforms initiated in 1964 by the Christian Democrat government led by Eduardo Frei met severe criticism from the left, which interpreted Frei's goals merely as a desperate bourgeois attempt to impede the establishment of Socialism in Chile. At their 1967 Party Congress at Chillán Chilean socialists openly stated the uselessness of

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electoral politics for the achievement of political power, and declared armed struggle to be the only way to achieve Socialism in Chile.³ After their candidate, Salvador Allende, had lost three presidential contests in a row (1952/1958/1964), their belief in an electoral victory had practically evaporated. So after 1967 Castrism and Guevarism became the party's main sources of inspiration and ideological orientation.

Viewed from this perspective, the electoral victory of Salvador Allende in the 1970 presidential elections was not only not expected by the left, but it was also anachronic in relation to the radical political course adopted only a few years before. Because of this, the project of the 'Chilean road to Socialism' — based on the principle of achieving Socialism through democratic means within the existing political system — was actually led by a Socialist party which, in essence, did not really believe in that possibility, hoping to destroy the Liberal Democratic system in order to establish a Socialist state.

The profound political and economic crisis of the years 1972-73 generated a strong radicalization and polarization in Chilean society. On the one hand, the adversaries of the Unidad Popular abandoned the idea of putting an end to the Allende government by parliamentary means, adopting a clearly putschist strategy directed towards its violent overthrow by the military. On the other hand, radicalized left-wing sectors prepared themselves for a 'decisive' confrontation with the opposition forces in order to establish a 'real' revolutionary government. In those days, there was no place in Chile for moderates supporting the consummation of a peaceful political solution and a global reconciliation among the main political actors in order to avoid the collapse of Chilean democracy.

Today, twenty years later, we see a PSCh presenting the consolidation of Liberal Democracy as its main objective, and supporting free-market economic policies and the principle of state subsidiarity. The current PSCh leadership also does stress the need for political stability and continuously asks social and political organizations to exercise restraint and moderation. How is such a radical change in ideological orientation within this political force to be explained? What exactly happened during the 17 years of authoritarianism in Chile that produced this radical ideological mutation?

Some among us might have a quick and easy answer to these questions, arguing that this ideological turn has mainly been the result of political opportunism and betrayal of Socialist principles. By reducing the origins of this reality to a simple break with a moral cause, no attempt is made to explain this phenomenon in political and sociological terms. For instance, by analysing the possible effects the radical socio-economic, political and even cultural changes taking place in the country during the last two decades have had on the ideological changes taking place within the Chilean socialist movement. Others, might argue that this phenomenon constitutes a mere reflex of the world crisis in the Socialist and Communist paradigms during the 1980s, which culminated in the collapse of the socialist regimes of the Eastern Bloc.

Both explanations do not help us very much in finding adequate answers for the questions posed above. The factors which led the PSCh to adopt a *de facto* social democratic strategy and to accept some economic postulates defended by the former 'Chicago Boys'²⁴ are complex and multidimensional, requiring a more careful analysis. I shall confine my analysis to the four major factors that in my opinion constituted the basis for the ideological change which took place within the Chilean socialist movement during the authoritarian period. Firstly, the critical reassessment of the Unidad Popular experience and the analysis of the causes of the coup, a process which slowly took place among the Chilean left after the coup. Secondly, the experience of exile of the Socialist leaders and the political consequences of this. Thirdly, the impact of Pinochet's authoritarianism on the revaluation of democracy under the Socialists. And last but not least, the consequences of the relative success of the economic policy of the military government in the economic thinking of the Chilean socialists.

1. Defeat or Failure: Assessing the Causes of the Coup

For the Socialist forces who supported the Unidad Popular government the military coup of September 11th, 1973 represented the day on which all previous certainties about the 'irreversibility' of the Socialist process were mercilessly destroyed at once in one fell swoop. Following the overthrow of the Unidad Popular government, the main task of the Chilean leftist political parties was to protect the lives of their militants, and to gradually set about the reconstruction of party structures according to the new repressive scenario.

After a while, a wide-ranging debate was initiated both within and between the left-wing parties and movements about the main causes responsible for the collapse of the Socialist experiment. The first essays about this theme (mainly internal party reports, produced abroad) were characterized by their over-ideologized and recriminatory character. This was a reflex to the strong sectarianism existing within the Chilean left, which became even stronger after the military coup.

The immediate explanations about what had happened restricted their focus to *external* factors (US role; CIA, ITT, Kennecott, etc.) and to events around the coup itself. Many neglected the *internal* dimension of the crisis, and made no attempt to analyse the experience of the Unidad Popular as a whole. Almost simultaneously, diverse political forces impugned each other for the full responsibility for Allende's fall. The Communist Party, for instance, argued that it was the role of the extreme left in particular, specially the MIR and sectors of the PSCh, who by radicalizing the urban and rural masses and by deepening the social conflict in the country created what O'Donnell called a strong sense of threat' among the bourgeoisie, the middle classes and the army, ultimately precipitating the coup (see Furci, 1984). The extreme left for its part, saw the coup as being mainly the result of the reformist and bureaucratic nature

of the Unidad Popular coalition (Sweezy and Magdorff, 1974). This would have impeded a real and direct participation of the masses in the running of the country (the so-called *poder popular*). In their view, this represented the government's neglect of the revolutionary power of the people which, according to them, constituted the sole force able to definitively crush the opposition bloc.⁵

During the first years after the coup, all the parties referred to the military takeover as a *derrota* (defeat), stressing implicitly by this the militaristic nature of Allende's fall, and hence the impossibility of the leftist forces being able to meet the organized military violence of the Army. The idea was to present the military as a *diabulus ex machina* who unexpectedly interrupted the consolidation of Socialism in Chile.

With the passing of time, however, a process of demystification and secularization of the Unidad Popular experience took place in which the UP government's own errors and deficiencies were put at the center of the analysis.⁶ An increasing number of political leaders began to talk about the *fracaso* (failure) of the UP experiment, stressing by this the coalition's own responsibility in this debacle (cf. Garretón, 1987: 252ff).

They were particularly critical of the economic policies followed by the Allende government which were, if not the sole factor, the main cause of the economic crisis (expressed in hyper-inflation, serious food and consumer goods shortages, huge fiscal deficit, etc.) which affected the country in the years 1972-73. The second major (self-) criticism was related to the inability of the Unidad Popular coalition to keep the support of the middle classes and to elaborate a political alliance with the Christian Democrats. In retrospect, it was realized and accepted that in order to implement such radical social and economic reforms as the UP government was attempting to do, it needed a *clear majority of the population* behind it; and this was not the case. This was an implicit acceptance of the idea of majority rule, a central element of liberal democracy.

Economic Policy

The economic strategy of the Allende government was directed towards the strengthening of the state control over all the strategic sectors of the economy. So in July 1971 the *Gran Minería* (copper mines owned by US companies) were nationalized, followed by the expropriation of hundreds of medium and large-scale industries, almost all the private banks, and the elimination of the *latifundia* in the countryside.

The UP government based its social policies mainly on the realization of a huge income redistribution, and the expansion of the government social programs and services. The government officials were aware of the financial risks of accelerated income distribution, but they needed clear political gains for the Unidad Popular government. Income redistribution was used as a tool to broaden the admittedly weak support Allende had received in his narrow electoral victory.⁷ As Valenzuela has pointed out:

..the policies followed by the Allende government in the crucial first year were not simply a response to uncontrolled popular pressure for a greater share of the finite goods of Chilean society but were the result of a deliberate policy with clear economic and political objectives. Certainly the Popular Unity government raised great expectations, and its policies would subsequently encourage ever-increasing pressures. The fact is, however, that income redistribution and price controls were set in motion as a concerted and calculated policy initiated from above" (Valenzuela, 1978: 51).

Shortly after taking charge of the government, the Unidad Popular raised the basic wage by 66 percent and the basic monthly salary by 35 percent. The government simultaneously instituted a massive program of public spending, especially in the areas of housing, education, and public health. By the end of 1971, fiscal expenditures had increased by 70 percent. Initially, the economic policies of the Allende government seemed successful. The rate of inflation fell from 34.9 percent in 1970 to 22.1 percent in 1971, unemployment declined and the GDP in the latter year by 8.6 percent. As a result of the accelerated income redistribution, however, production was unable to meet the popular sectors' increased demand for food and consumer goods. To cope with this problem, the government stepped up the imports. This, alongside the expansion of fiscal expenditures, led to the almost complete depletion of foreign reserves and to an increasing deficit in the fiscal budget and to a dramatic increase in the rate of inflation (De Vylder, 1976: 54ff).

The steady worsening of the economic situation and the exacerbation of the class conflict after 1971 produced what Hirschman (1979) has called a situation of *ideological inflation*. The radicalization experienced by the popular sectors engendered serious tensions which quickly took the form of a political and social crisis. This was particularly strong in the agricultural sector in which the acceleration of the agrarian reform went hand in hand with serious confrontations between landowners and the peasantry (see Kay and Silva, 1992).

The recognition that the UP economic policies were in fact a failure would have important consequences for the traditional economic thinking of the left. People learned that the adoption of a state-based economic strategy, the nationalization of enterprises and banks, the expropriation of farms, the control on prices, etc., did not *per se* constitute the answer to Chile's social and economic problems, as many had really believed in 1970: the economic policies did not have to be 'correct' according to some ideological and doctrinal point of view; they had to work, and in the Chilean case this was definitely not the case (cf. Bitar, 1979). So, in the early 1980s, when the PSCh tacitly accepted the convenience of continuing with free market policies after the expected replacement of military government, this was not the consequence of the abandoning of an *idea* or *ideal in abstracto*, but the result of the evaluation of both its own recent

experience (UP period) and of the results of the Neoliberal model. I shall refer to the Neoliberal period in the last section of this paper.

The Need for a Majority Support

The 'Chilean road to Socialism', designed to initiate the transition to Socialism while preserving democratic procedures, needed almost per definition the support of the majority of the population, and hence of the members of the Congress, to be fully implemented. To achieve an electoral majority, the UP had to win the support of at least important segments of the middle classes. This social sector constituted a strategic target for the UP as the middle classes were expected to constitute an important actor in a broad alliance against *latifundistas*, industrialists and foreign interests. Chile possesses a relatively large middle class and in the past, its political support has been critical in the elevation of a person to power, but also later in his downfall. Allied to this, since the late 1930s, the political center – which traditionally represented the interests of the middle classes – has been extremely important in the functioning of the Chilean political system by balancing and moderating the demands of the various social and political sectors in society (see Scully, 1992).

During his first year in government, Allende had a real chance to achieve important agreements with the main representative of the center and the middle classes, the Christian Democratic Party (PDC), in order to obtain its support at Congress, or at least to avoid its open opposition to Executive's proposals.⁸ But, at the end of 1971, the disenchantment of the middle classes with the UP government was already evident and the distance between the PDC and the left-wing parties had almost reached a point of no return. Although the middle classes were favored by many of the economic measures adopted by the government during its first year (salary rises, expansion of public jobs, etc.), the increasingly *obrerista* and revolutionary tone adopted by the official discourse alienated an important sector which had initially given its support to Allende. They also became afraid of the militant and radical attitude adopted by the urban poor in the shantytowns and the peasants in the rural areas. This disenchantment changed into a clear opposition attitude when the first effects of the economic crisis became palpable (inflation, food shortages, black market, etc.), which hit the middle class traditional patterns of consumption dramatically.

The chances of an eventual agreement between the UP and the PDC were drastically reduced by the mechanisms adopted by the Allende administration to implement its reform program. The most important reforms (the creation of the so-called Social Property Area (expropriation of enterprises), the nationalization of the banks, etc. were made through the adoption of administrative resolutions, in an attempt to avoid a parliamentary debate (and hence negotiation) with the PDC and the rest of the opposition, who possessed a majority in the Congress. This constituted in fact an historic break with the traditional form of

political negotiation which had been one of the main pillars of the State of Compromise, as the Chilean democratic political system had been called. The negation of the Congress as the key arena for political negotiations convinced the PDC that the Unidad Popular government did not really intend to reach a compromise with the legislative power (Moulian, 1983). Another important problem was the attitude adopted by the majority sector of the PSCh to any compromise with the Christian Democrats. The Socialists' slogan was 'avanzar sin trazar' (advance without compromise), declaring any agreement with the PDC as a 'betrayal' of the working people (Oppenheim, 1990).

The a *posteriori* recognition that the leftist parties had made a serious mistake when they had not resolutely supported Allende's attempts to find a solution to the crisis with the PDC, had important political implications for the position later adopted by the Socialists towards the Christian Democrats. Many Socialist leaders began to see the creation of a center-left alliance as the only way to form a strong and stable government which could count on the support of the majority of the population in the future. On the other hand, the socialist leaders realized that such an alliance could only be possible if the political objectives were limited to the restoration of democracy (the main common goals of the Socialist movement and the PDC), avoiding the addition of Socialist demands which could jeopardize the sealing of this alliance.

2. Exile and the 'Renovation Process' among Chilean Socialists

The analysis described in the previous section was the product of a long and uneasy debate within the Chilean left, having important repercussions for the ideological transformation of the Chilean socialist movement. This debate mainly took place in countries of Western and Eastern Europe, where most of the UP leaders lived as political exiles (see Kay, 1987).⁹ The European exile would prove to be decisive for the initiation since the mid-1970s of the so-called *proceso de renovación* within the Chilean Socialist movement which led to a definitive break with Leninism and towards a reevaluation of democracy.

Real Socialism

Many political exiles consciously took refuge in Eastern European countries, specially in the Soviet Union, DDR and Rumania, which traditionally have enjoyed great prestige among the Chilean left. So Moscow became the headquarters of the Chilean Communist party, while the top of the PSCh chose East Berlin. With the passing of the years, however, the Socialist leaders were directly confronted with the dark side of 'real Socialism' they had not experienced in previous (short) visits to these countries following an official invitation, a congress visit or a political meeting in the pre-coup period. An increas-

ing number of Socialists who lived there and visited partisans in Western European countries openly expressed their discontent with the lack of political freedom, state repression, and the bad shape of the economy which characterized the Eastern Bloc. For many Socialist leaders their exile in Eastern European countries was fairly traumatic. So most of them decided to move definitively to Western European countries. This is, for instance, the case of political figures such as Jorge Arrate (a key figure of the PSCh) who, after an initial exile in Rome moved to East Berlin. However, after difficult years in the former East Germany he moved to the Netherlands, from where he initiated a profound theoretical and programmatic discussion within the Chilean Socialist movement (see Arrate, 1983, 1985).

Social Democracy and Euro-communism

Chilean exile in Western European countries did not take place in a vacuum. In one way or other Chilean refugees integrated into the countries which received them and followed the internal social and political debates taking place in those societies. In Italy and France particularly the Chilean experiment and its failure led to a broad debate among the Socialist and Communist parties, in which Chilean political leaders actively participated. As Angell and Carstairs indicated:

”In both these countries the debate on the ‘lessons of Chile’ led to a rethinking of political strategies on the left, and the Chilean exiles were deeply affected by the political discussion around them. The debate over eurocommunism seemed to result in the victory of a more moderate and pragmatic Left which gave great weight to the maintainance of a democratic system, even at the cost of abandoning goals of state control over the economy and greater equality. The European Left developed ideas on planning, the desirability of the mixed economy and the need for cooperation between capital, labour and the government that had profoundly affected the Chilean exiles, especially those in the Socialist parties” (1987: 160).

This was a totally new phenomenon for Chilean Socialists who, before the coup, had practically never paid any attention to the European Socialism, except to criticize it and to label Social Democrats as the ‘administrators of capitalism in Europe’. Among the Chilean Socialists, the term ‘Social Democrat’ has always had (and in my opinion it still has) a very negative connotation, used sometimes in the past as an insult to accuse someone of ‘centrist deviations’ or even of treason towards the ‘true postulates of socialism’.

For many Socialist leaders their Italian experience was decisive in the reformulation of their political ideas. Walker gives many testimonies of Social-

ist figures in which they recognized the great influence Italian Marxism (specially from Berlinguer's PCI) exercised on them. They discovered Gramsci and finally assimilated many theses produced by the Eurocommunist movement criticizing the real Socialisms and stressing the intrinsic value of democracy (Walker, 1988: 12-17).

The same can be said of the European Social Democracy which supported the Chilean cause from the very first moment after the military coup. Thousands of Chilean refugees were warmly received by Western European countries, Holland which in those days were governed by Social Democrats or by coalitions in which the Social Democrats were an important partner. The experience of living for a relatively long period of time in countries like Great Britain, Sweden, the Netherlands, and Austria, were of crucial importance in finally convincing many Chilean Socialists of the great contribution Social Democracy had made to the improvement of the living conditions of the working population of these countries. They were also influenced by the Socialist governments in France and, particularly, in Spain. Ricardo Núñez, a former secretary general of the PSCh who moved from East Berlin to Madrid, declared in an interview in June 1986 that "we must be able to create a Socialism with all the best of what has been achieved by European Socialism, and combine it with the best Chile can achieve from Socialism according to its reality" (quoted by Walker, 1988: 16).

What has not been sufficiently stressed up to now, is the fact that the influence of Western Europe on the Chilean Socialist leaders was not limited to ideological discussions among the left or certain streams within it. What has perhaps had the greatest impact on them have been the Western European societies as a whole, their people, their social and political systems, and their ability to solve problems by consensus. No less important have been the many daily *personal* micro-experiences they have had in all aspects of their lives, the new friends they have made and, last but not least, the *cariño* they felt for those countries which became an important part of their lives. Many Chilean Socialists have made public their recognition of, even admiration for, the way governments and oppositions in Western Europe have been able to achieve agreements with a high degree of responsibility. Contrary to their previous experience in Chile, they discovered that it was possible to conduct a loyal opposition to the government and that there is definitely such a thing as the *general interest of the Nation*; something that in the past had been labelled as a manipulative weapon of the bourgeoisie to distract the working classes from the defence of their real class interests.

Another important side-effect of the long exile of Chilean political leaders was the emergence of a particular kind of *nationalism* (or rather patriotism) mainly as a result of their deeply felt nostalgia for Chile, the land and its people. From such a distance they began to look at Chile in its totality, from Arica to Punta Arenas, abandoning the narrow Santiago-based vision of the past. This phenomenon also strengthened the sense of seeing Chilean society as a whole,

no longer just in terms of several conflicting classes, but as a single Nation. In today's Chile most of the politicians who have lived in exile talk almost exclusively about 'Chile', 'our Nation', 'the Chileans', avoiding time and again any reference to specific segments of society. I think this attitude is intimately related to the abovementioned phenomenon.

Although during the last decade the PSCh has increasingly evolved into a clearcut Social Democratic party in the Western European style, it is striking to see how its leaders still public resist to acceptance of their new identity. Almost all the Chilean Socialist leaders declare that they do not believe in the 'social democratization' of their party as the result of the Western European influences. Walker reproduces several declarations by top figures in the party in which they ignore this possibility (1988: 24). Curiously, all of them use one and the same argument ('Chile is not Europe') which in my view is far from convincing. Namely, they indicate that Social Democracy is an historical product of Europe and thus it corresponds to Europe's specific social and political reality. In contrast to this, Chilean Socialism possesses other roots and traditions and it is circumscribed by the Latin American context. This argument suggests the existence of a certain ideological isolationism, purity and impermeability to European influences which *particularly in the case of Chile* do not match reality. As Angell has pointed out, from its very beginning as a nation, Chile has been extremely permeable to foreign models and examples and its political parties have constantly sought doctrinal solutions from models developed abroad (1988: 95). All major European doctrines such as Liberalism, Conservatism, Marxism, Communism, Anarchism, Socialism, Fascism, Nazism, Christian Democracy, etc. have found a fertile ground in Chile. It is true that historically Social Democracy, as such, has been a very weak stream in the Chilean political spectrum. However, this does not mean that Social Democratic ideas and principles have not been present in Chilean politics. One can state that since the 1930s several political parties (from the Radicals, through the Christian Democrats, to sections of the PSCh) have in one way or another defended (at certain points in history and on specific issues) postulates which could be defined as Social Democratic. But what is more important, Chilean social and political reality has changed dramatically in comparison with the pre-coup period, and by asserting that Social Democracy has never been popular *in the past*, we cannot conclude that it cannot now become an important political stream in Chile.

In my view, the explanation for this systematic denial by the Socialist leaders of the social democratization experienced by their party can be found in the growing alienation which is occurring between the exiled party leadership and the traditional Socialist rank-and-file who remained in Chile during the authoritarian period. To wit, many of the factors which finally produced the ideological renovation of the PSCh were directly related to the experiences undergone by Socialist leaders during their European exile (real Socialism, Social Democracy, Eurocommunism, Walesa, Afghanistan, etc.); factors that, in Chile, did not have the same impact on the ordinary militants. During the authoritarian

period an important section of the Socialist rank-and-file, who did not leave the country (excepting a group of intellectuals who kept close contact with the European section of the party), remained attached (and some still are) to pre-coup political and ideological postulates. These were markedly more radical than those the political leadership brought back home after its return to Chile in the mid-1980s. One of the (new) ideas which has still proved to be extremely difficult for the Socialist rank-and-file still to accept and digest (both politically and emotionally) is the social democratization of their party. The Socialist leadership is afraid that through public recognition the Social Democratic nature of their policies, a traditional mass of Socialists will abandon the party in search of a more radical alternative. The problem is that this lack of definition has already cost the PSCh the support of a large group of moderate voters who, as the recent local government elections have shown, preferred the Partido por la Democracia (PPD), which has adopted a more clearly Social Democratic line. However, it seems to me that it is only a matter of time before the PSCh leadership does officially recognize the new ideological and doctrinal nature of the party.¹⁰

3. Authoritarianism, Anti-authoritarianism and Democracy

The brutality of the military coup and the innumerable atrocities perpetrated by the military government have deeply marked the conscience of the left-wing parties and their followers. The first spontaneous reaction of many Chileans was one of complete astonishment: How could Chile produce such a bloody and cruel regime? Why so much unnecessary violence and repression? And indeed, from having been a oasis of democracy in Latin America, Chile had abruptly become one of the world's most dramatic cases of systematic human rights violations. It was the latter which produced a world-wide solidarity movement with the Chilean people. The full restoration of respect for human rights in Chile was also the first and most important mobilizing demand among the groups of Chilean exiles. The strong dictatorial and authoritarian nature of the Chilean regime led many Chileans, at home and abroad, to adopt a firm anti-authoritarian stance. Although initially it was a direct reaction to the Pinochet regime, it generated a veritable reformulation of attitudes towards themes such as liberty, democracy, dictatorship, pluralism, and tolerance.

Authoritarianism: Theory and Practice

For Chileans, until September 11th, 1973 the existence of liberty and democracy represented a given fact, immutable as winters and summers. So, while in the rest of Latin America many left-wing parties struggled against oligarchical tyrannies to achieve fundamental freedoms, during the 1960s and

early 1970s Chilean left-wing parties concentrated their criticism against the 'formal and bourgeois' democracy, which was considered to be a major obstacle to Socialism in Chile. After the coup many realized that the liberties they had enjoyed before were not 'formal' but 'real', and that it was that same democracy which had permitted the Chilean labor movement and the left to assume power in 1970.

The non-existence of fundamental rights was a situation which practically no Chilean had ever experienced before. When many left-wing militants declared that their main goal was the achievement of a dictatorship of the proletariat in Chile, certainly only a very few of them had ever really thought about the real content and practical implications of the term 'dictatorship'. The military coup showed Chileans in a cruel and traumatic manner what it really means to live under a dictatorship. This is the reason why the great Peruvian thinker Víctor Raúl Haya de la Torre once said about the Chilean left: "they despise democracy because it has cost them nothing to achieve it. If they only would have known the real face of tyranny" (quoted in Walker, 1988: 6). Implicitly recognizing this criticism made many years previously, José Antonio Viera-Gallo, a key figure in the process of renovation of the PSCh and current president of the Chamber of Deputies, recalled the Socialist position adopted in those days:

"we claimed that it was necessary and possible to overcome the formal nature of democracy. (...) This criticism of so-called formal democracy did not aim to destroy it, but to advance it further. (...) In fact, by emphasizing only the objectives, and making them out to be absolutes, we helped to waken the democratic system. (...) We had not yet lived through the experience of authoritarianism" (Viera-Gallo, 1986: 46-7).¹¹

The anti-authoritarianism within the Socialist movement produced a strong self-criticism about the traditional authoritarian features within Chilean Socialism. As Garretón (1987: 253ff) asked himself and the rest of the Socialists who actively participated in the Unidad Popular experience: what kind of Socialism did we want to establish in Chile?; was it really so different to the real Socialisms which already existed in the world? Why did we react so angrily when Allende stressed time and again that Socialism in Chile should be achieved within a democracy and without a dictatorship of the proletariat? Why were there doubts and ambiguities among the left-wing sectors when one talked about the 1976 elections? What Garretón, like other Socialists, tried to establish was that the problems faced by the project of the 'Chilean road to Socialism' not only arose from the specific way it was implemented, but also from the project itself, particularly because of its inherent authoritarian bias. Chilean Socialists also came to the conclusion that the dilemma proposed by the left in the late 1960s, 'Fascism or Socialism' proved to be a false one. The breakdown of the Allende government showed that the real dilemma for Chile, in fact, had been 'military dictatorship or political democracy'.

Socialism and Democracy

After the military coup, the restoration of democracy became the natural demand of Chilean left-wing sectors. But the question was: democracy for what? Only just to eliminate the military regime? Because of its *instrumental* value (again)? or to accept it definitively, as the system in which one wants to live? In the latter case, Chilean Socialism had to abandon its traditional position of considering democracy merely as an *instrument* to achieve power rather than an end in itself. As result of the renovation process, Chilean Socialists began to look at democracy, as Arrate put it, as "*space and limit of political action*" (1985: 234ff; my emphasis). Democracy is now also no longer seen as a mere 'concession' by the bourgeoisie, but as a historic victory achieved by the popular sectors and the middle classes, representing the arena in which the struggle for Socialism must be carried on. As a group of Socialist intellectuals expressed in a declaration in 1986:

" We believe that Socialism in our country has no other political frame than democracy, and that the struggle for democracy and its conservation is an clear Socialist objective. We are, therefore, supporters of political democracy and of all what that implies: the rule of law, political pluralism, alternation in power, public liberties, and respect for majorities and minorities" (quoted in Walker, 1988: 12).

The revaluation of democracy and the refutation of authoritarian rule (whatever its ideological background and legitimation) meant the definitive abandonment of the Leninist political doctrine and the idea of the revolution seen as a violent act to capture political power; as a *conditio sine qua non* for the achievement of Socialism. Thus the Leninist interpretation of Marxism is declared to be incompatible with political democracy, and hence with the goals pursued by the PSCh. The Socialist defence of democracy as the political system which had to replace the military authoritarianism, meant the acceptance of the principle of majority rule, the need for broadly-based arrangements, and of a government based on consensus. Socialism is not seen as a revolutionary 'act', but as a process in which the socio-economic and cultural conditions of the less favored groups in society are improved, always according to the democratic procedures. Finally, the majority nature of democratic rule implies the elaboration of policies directed towards all the population, the nation, and no longer only to a segment of it.

4. Economic Growth, Efficiency and Social Justice

Although the authoritarian government of Pinochet is slowly beginning to become a part of Chile's recent history, the 'neoliberal revolution' it implemented has left very clear traces not only in the economy but also in the nature

of the new democratic political system, and specially in the thinking of the members of the political class.

Neoliberalism

During the first years of the military government, there was an almost general agreement among the left-wing parties that the neoliberal economic strategy adopted by the military was not viable and, hence, it could not last for very long. People predicted a rapid collapse of the economy, and with this, the end of the military government. Contrary to this, the neoliberal model not only survived the crises of 1975 and 1981, but even outlived the end of the authoritarian government. To wit, in many aspects the current economic policies constitute a continuation of the liberal policies initiated in 1975 by the so-called 'Chicago Boys', the team of economists in charge of the junta's economic policy.

In the late 1970s, however, it became clear that the new economic system had become consolidated and that Chile had broken radically with the old system of state interventionism in the economy. The neoliberal model came under severe stress during the 1981 crisis, but by the end of 1983 the economy began to show clear signs of recovery, restoring the confidence of the international financial agencies in the Chilean economy. From 1983 up to today, the Chilean economy has shown one of the best performances within Latin America.

In the late 1970s, many Socialist economists had already begun to recognize the viability of the economic strategy followed by the military regime: the rate of inflation was severely reduced as was the fiscal deficit, while the economy in general and exports in particular experienced continuous growth. Although many correctly stressed the enormous social costs of these economic achievements, they also realized that the achievement of economic growth and the maintainance of financial equilibrium constitute a precondition for improving the living standards of the less favored segments of the population. This implies a recognition of the importance of maintaining an efficient administration of the economy.

For instance, the former Minister of Economic Affairs, Carlos Ominami, an influential member of the PSCh, has identified Chile's economic challenges for the future, in a way which shows a clear continuity with the neoliberal policies of the former regime:

"Chile will face three challenges in the next decade. First, macro-economic stability must be maintained. Second, Chile must keep a solid competitive position in the demanding international markets. The consolidation of our export development requires a qualitative jump in the organization and magnitude of our presence abroad. Third, we must take advantage of the transition to democracy to attain greater social harmony, both in the country as a whole and within enterprises. The first point refers to the elimination of poverty and exclusion; the second poses the need to modernize labor relations, recognizing that the country has an enormous

gap that the democratic system will help to close" (Ominami, 1991: 21-2).

Ominami also makes clear that the Chilean economy has definitively adopted a new shape and that there will be no return to the past.

"The transition to democracy in Chile puts an end not only to an authoritarian regime, but also to several decades of political and social experiments whose result was the polarization of society and the predominance of rigid approaches in government management. The restoration of the past and the mere maintenance of existing policies are no longer valid options for guaranteeing a stable growth in our country. The conditions exist for conducting a major transition to democracy, capable of combining political stability with economic efficiency and social justice" (Ominami, 1991: 27).

This is the reason why the Socialists who participate in the current administration of President Patricio Aylwin have from the very beginning showed no intention at all of reversing the new pattern of capitalist development established by the 'Chicago Boys' under the military government. In other words, the lessons of the economic failure of the UP period, combined with the relative success achieved in the economic field by the neoliberals, have convinced many Socialists that any eventual change in the economic policies would not benefit anyone. What we see now is a growing acceptance among leftist circles of many economic postulates defended by the 'Chicago Boys' such as (a) the need to relegate the state to a subsidiary role in economic matters; (b) a reevaluation of the role laid on both foreign investment and the local private sector in achieving economic development; (c) acknowledgement of the importance of using market mechanisms and efficiency criteria to allocate and to support certain economic activities; and (d) the need to keep public finances healthy and to consolidate macro-economic stability (Silva, 1991).

One can state that not only the Socialists but perhaps the entire nation has assimilated the discourse of modernity and efficacy introduced by the 'Chicago Boys'. Not rhetoric but real socio-economic and financial *achievements* have become the **only** measures to evaluate the *quality* of the government performances. President Aylwin and his ministers continuously stress the need to be more efficient, to modernize society in all its aspects. Chilean Socialists realize that the population will measure their viability as a political force and their performances in the Aylwin government *mainly* by looking at the level of inflation, unemployment, the growth of exports, increase of foreign investments, the stability of the markets and of the price of the dollar, and the general growth of the economy. In Chile today, whether we like it or not, *these* are the matters which count. After many decades of over-ideologized discourses, Chilean soci-

ety – from left to right, from poor to rich – has become extremely wary to demagogy and 'politiquería barata'.

Christian Democrats and Socialists alike are thus well aware of the fact that the continuation of their current governmental coalition will depend mainly on their ability to keep the abovementioned variables in balance. This, however, does not mean that the current government constitutes a mere continuation of the previous economic policies. Socialists and Christian Democrats have found a common social goal which gives the current governmental coalition a strong social dimension; the goal of achieving social justice in Chile.

Social Justice as a New Moral Guide

In its electoral program the *Concertación de Partidos por la Democracia*, dedicated an extensive chapter entitled 'la Justicia Social' to the onerous social problems Chile is facing and describes a series of measures the new democratic authorities is intending to adopt in order to deal with them. In this document the *Concertación* names poverty as Chile's main problem, but it stresses the fact that in order to deal with it successfully, a collective consensus among all social forces in Chile is required. This consensus must express the willingness of all sectors to make available sufficient financial resources for the satisfaction of the basic needs of the poor and to permit them access to public health, social housing, education and to social security systems.

These objectives were stressed again after the installation of the Aylwin government in March 1990. The new government has created the *Fondo de Solidaridad e Inversión Social*, through which the state should canalize financial resources to finance several social programs. What is important to emphasize here is the fact that the current authorities have intentionally not re-politized the social question in the country. Firstly, extreme poverty is presented as a *national* problem, a problem which must be resolved by *all* Chileans, while the authorities blame no particular social actor for it. Secondly, extreme social inequalities, in contrast to the period 1964-1973, are not approached in moralistic and ideologized terms, but from the perspective of modernisation. The idea is that a country such as Chile, which is undergoing a rapid process of modernization and expects to 'abandon' the group of underdeveloped countries by the end of this century, simply can not afford to have large segments of its population in a situation of dire poverty. Thus, extreme poverty is not only ethically deplorable, but also technically unacceptable in an emergent modern developed nation.

The Aylwin government has broken with a harmful tradition in Chilean politics. Until now, each government has neglected the positive elements of the previous administrations, and attempted almost automatically to formulate its *own* economic policy, which most of the time has constituted a real antithesis of the previous one. So until now, alongside the struggle against poverty and the

question of human rights, one of the major concerns of the Aylwin administration has been the maintenance of financial and economic stability in the country. The democratic government is well aware of the fact that it will be almost impossible to consolidate the democratic system in a climate of economic instability (see Silva, 1991).

In the new Chilean reality, there is a broad consensus among the political forces, both government and opposition, about the fact that the state efforts directed to the obtaining of social justice must, on no account, endanger the *political stability* achieved and the *sane economic development* of the country. In other words, social justice expressed in social improvement of the living conditions of the less favored segments of the population must be *sustainable* over a period of time, and thus be based on the presence of *real* financial resources. This is one of the many lessons learned by Chilean politicians from the period 1970-1973.

Since March 1990, the government has increased the public social expenditures directed to the poor dramatically, as a method of dealing with the problem of the extreme poverty. This measure, however, was adopted only after a general agreement was reached between the government and the opposition about the main priorities, and especially, about the ways to finance it. For this purpose, the government introduced a tax reform by which the state will be able to obtain the extra resources needed for its social programs. Combined with this, the minimum income has also been increased to improve the social conditions of the poorest sectors of Chilean society. The adoption of these and other measures has also been made possible by the very good performance of Chilean economy, through which the authorities have been able to expand the level of social expenditure without affecting the overall development of the economy negatively. As the Minister of Finance, Alejandro Foxley, has pointed out several times, there will be no public expenditure in the social sector without having *previously* found the resources needed for financing it.

President Aylwin has stressed the fact that although there has been some criticism of his social policies, "the existing discrepancies in it have nothing to do with the polarisation which produced the theme of social justice in the past". Indeed, all the political sectors agreed with this appreciation made by Aylwin, stressing the fact that the differences existing between the government and the opposition have been reduced to a *technical discussion* about the policies and instruments to be used in order to achieve social justice in Chile.¹²

This high degree of mutual understanding and consensus between the government and the opposition about the need to combat extreme poverty and to reduce the marked social inequalities in the country, can only be intelligible to the foreign observer if he places this situation within the more general context of the specific nature the political transition from authoritarian rule to democracy as adopted in Chile.

In retrospect, the country's major political actors now do agree on the fact that one of the main causes of the breakdown of Chilean democracy in

1973 was, to be precise, the absence of a *general* societal consensus about extremely important and essential themes such as what economic strategy to follow and about the establishment of clear and workable 'rules of the game' to solve political differences. Moreover, they now agree on the fact that the 'ideological inflation', not only during the Allende government but also during the military regime (with its fervent anti-communism), made the establishment of a real *national strategy* for the welfare of *all* Chileans impossible. One can state that the Chilean population is really 'traumatized' after the dramatic experiences (ideological confrontation, exile, repression, lack of communication, etc.) they have lived during the last two decades. Many political leaders now realize that the achievement of social justice in Chile is not per se going to benefit any one political tendency or any one social class: they realize that in the long run this also constitutes a solid basis for the achievement of the desired national reconciliation among Chileans.

In the achievement of social justice through economic growth and global modernization of the country, Chilean Socialists, as well as the Christian Democrats, have found a new programmatic idea on which they expect to continue the current governmental coalition in the future. And they are extremely confident about this, as Minister Correa's words shows: "we have made many concessions, but it is thanks to these concessions that we have built the democracy we have today. The success of this government is trascendental, historic. We have constructed a political and economic order which will be very stable. And the contributions of the Socialists will remain related to that success, in the same way we remain related to the failure of the early 1970s. The Socialists of the future shall be the inheritors of that success, and not of the failure of the past".¹³

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Notes

1. Extract of one of the resolutions of the 23th General Congress of the Chilean Socialist Party, held in La Serena in January 28-31, 1971 (quoted in Jobet, 1987: 351)
2. Minister secretary general of the government, Enrique Correa, a key figure within the Chilean Socialist party in an interview. *El Mercurio*, February 2, 1992.
3. In its final resolution, the party stated that "the Socialist Party, as a Marxist-Leninist organization, considers the seizure of power by the present generation as a strategic objective in order to establish a revolutionary state (...). The revolutionary violence is legitimate and inevitable. It is the necessary result of the repressive and armed nature of the class state. It constitutes the only way which leads to the seizure of the political and economic power (...). Only by destructing the bureaucratic and military bourgeois apparatus the socialist revolution can be consolidated." (quoted in Jobet, 1987: 313-314).
4. A group of young Chilean technocrats, trained at the University of Chicago, who conducted the economic policy of the military regime.
5. See for a discussion of the different interpretations of the coup among the Chilean leftist political parties; Cancino (1988).
6. Good examples of this change in approaching the debacle of the Allende experiment are the works of De Vylder (1976), Sigmund (1977), and Valenzuela (1978).
7. Salvador Allende won the elections by obtaining only 36.2 percent of the votes, followed by the right wing candidate, Jorge Alessandri, and the Christian Democrat, Radomiro Tomic, who received respectively 34.9 and 27.8 percent of the casts.

8. In fact the Unidad Popular coalition had already achieved an important agreement with the PDC, when the latter supported Allende at the Congress (because he had not obtained the absolute majority during the elections), ratifying him as the new president of Chile. In exchange for the PDC support, Allende signed the so-called 'Statute for Institutional Guarantees', in which he promised to respect the democratic rules and to pursue no other political and economic goals than those explicitly announced in his government program.
9. Angell and Carstairs estimate, at the very least, in 200.000 the number of Chileans who abandoned the country after the military coup (1987: 159).
10. There are already clear signals in that direction. Minister Correa, for instance, stated that, "what shall definitively renew Chilean politics will be the moment when the socialists cut their umbilical cord with the past. (...) For this purpose, they must accept themselves as a social democratic force. Equivalent to what Social Democracy represents in Europe today; the only viable Left after the downfall of the Eastern European walls". Interview, *El Mercurio*, February 2, 1992.
11. As Sartori pointed out, "Whatever our normative ideas may be on what should constitute a democracy, what it effectively becomes is as 'protective system' of individual liberty. This may not be an inspiring ideal, ... but it is the ideal that is being rediscovered by those unfortunate enough to have lived at the mercy of despots" (1984: 326).
12. 'Cuenta presidencial', 21 May 1991. *El Mercurio*, International edition, 23-29 May 1991, p. 3.
13. Minister secretary general of the government, Enrique Correa, a key figure within the Chilean Socialist party in an interview. *El Mercurio*, February 2, 1992.