BOOK REVIEW ESSAY

Chilean Neoliberalism under Scrutiny: Class, Power, and Conflict Are Back in Town

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This essay reviews the following works:

**Neoliberalismo corregido y progresismo limitado: Los gobiernos de la Concertación en Chile, 1990–2010.** By Manuel Antonio Garretón. Santiago: Editorial ARCIS, CLACSO, 2013. ISBN: 9789568114961.

**Radiografía crítica al “modelo chileno”: Balance y propuestas.** Edited by Gonzalo Martner and Eugenio Rivera. Santiago: Lom, USACH, 2013. ISBN: 9789560004420.

**Economía política del fracaso: La falsa modernización del modelo neoliberal.** By Alberto Mayol and José Miguel Ahumada. Santiago: El Desconcierto, 2015. ISBN: 9789569370151.

**Los chilenos bajo el neoliberalismo: Clases y conflicto social.** By Carlos Ruiz and Giorgio Boccardo. Santiago: El Desconcierto, 2015. ISBN: 9789569370106.

**Chile and the Neoliberal Trap: The Post-Pinochet Era.** By Andrés Solimano. New York: Cambridge University Press, 2012. ISBN: 9781107003545. (Reprinted in Spanish as *Capitalismo a la chilena. Y la prosperidad de las élites*. Santiago: Catalonia, 2012. ISBN: 9789563241426.)

The major topics of interest for those studying Chile in the 1990s and 2000s—democratization and consolidation, growth, equity, regulation, governance—have lost their centrality among Chilean social scientists, who are now calling for a critical reexamination of the political and economic arrangements that have prevailed in the country since the end of its military dictatorship in 1989. Old topics such as class, power, and conflict have made a comeback. The five books discussed in this review essay are good examples of this renewed interest in a critical reexamination of the origins and trajectory of contemporary Chile. A close reading of these works reveals similar starting points, a number of analogies and broad complementarities among them, but also important limitations.

These books are not merely a response to developments in Chile; they are the local expression of a broader global phenomenon in which scholars are paying greater attention to the consequences of economic restructuring, neoliberalism, and inequality in the aftermath of the subprime and Euro crises (2008). That is, the works analyzed here are the product of historical events, not merely an intellectual fashion trend. Economic adversities, political crises, and large protest movements are often drivers of adjustment and even transformation in scholarly thinking, especially in the social sciences, and this is what we are witnessing among scholars in Chile today.

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1 One such limitation is the failure of some authors to recognize the intellectual debt they owe to previous research, notably the avenues opened in prior decades by authors such as Tomás Moulian, Hugo Fazio, and Felipe Portales, whose works did not enjoy broad resonance (except for Moulian) or reconfigure academic thinking but nonetheless constitute early efforts to change the focus of analysis. See Tomás Moulian, *Chile actual: Anatomía de un mito* (Santiago: Lom, 1997); Hugo Fazio, *El programa abandonado: Balance económico social del gobierno de Aylwin* (Santiago: Lom, 1996); Hugo Fazio, *Mapa actual de la extrema riqueza en Chile* (Santiago: Lom, 1997); Felipe Portales, *Chile, una democracia tutelada* (Santiago: Editorial Sudamericana, 2000).
In Alberto Mayol and José Miguel Ahumada’s *Economía política del fracaso: La falsa modernización del modelo neoliberal* (2015), the authors claim that three decades of neoliberalism have not resulted in modernization and that the political system has served to hide structural defects of the economic model. The authors reject the idea that there is something to be rescued from the liberalizing reforms made during the dictatorship, a core of fundamental changes that were deemed necessary for the country to “take off” economically. In their words, “Chile has not experienced a process of economic modernization (or material development, or productive transformation, or whatever it’s called), but a mere process of dependent economic growth, rentier and shortsighted, unable to offer material foundations for the increment of welfare in the long run” (30). The authors put forward a label that synthetically describes the economic order created by the dictatorship and continued under democracy, calling it dependent rentier accumulation.

The idea that the dictatorship, despite its brutal modes, left a positive economic legacy for successive democratic governments has been articulated by politicians and scholars from both the right and the left. Mayol and Ahumada view this apparent consensus as the result of an operation of legitimation enabled through politics. They argue that in analyzing the foundations of contemporary Chile, critiques of its political order have been far more common than critiques of its economic system. Accordingly, radical criticism of Chile’s development “model” (understood as the articulation of political arrangements and economic institutions) pursued in the last four decades has yet to come, and it is this lacuna that the authors seek to fill.

In seventeen chapters organized into four sections, Mayol and Ahumada analyze diverse aspects of Chilean society, including economic and political institutions, the ideological components of the model, the tensions between the public and private spheres, the emergence of forms of contestation in recent years and current trends in political thought related to the contradictions of the model—presented, for instance, in recent books such as *El otro modelo,* which is considered the ideological foundation of Michelle Bachelet’s second term.

Mayol and Ahumada’s book is an ambitious and provocative one that will certainly become a reference for future debates on development, political change, and domestic neoliberalism. However, the authors seem reluctant to recognize the continuities in and influences on their research. While the literature used to build the account of the country’s economic trajectory seems accurate, the same cannot be said for its treatment of politics, where their analysis of the processes driving the increase in contestation in recent years is somewhat sketchy and lacks theorization. The book ignores significant contributions in political sociology and the political economy of social protest. Works by scholars such as Charles Tilly, Pippa Norris, and Colin Crouch, to name just a few, are important references for researchers studying similar processes in other regions of the world, and they should be taken into consideration to understand Chile’s recent historical trajectory.

Mayol and Ahumada’s analysis of the economic evolution is largely consistent with other authors’ works, including the books by Ruiz and Boccardo and Martner and Rivera reviewed here, but the ways in which the contestation of neoliberalism is conceived are faulty (chapters 9, 10, and 15). The authors’ conception of movement politics (the emergence of various forms of contestation in recent years) as a field inherently separate from party and institutional politics is problematic. Just as political institutions are not a pure reflection of the economy, the “social” is not a terrain isolated from the party system and institutional politics. Research in political sociology is increasingly looking at the interactions between parties and movements (and the grey zones emerging from these interactions) to explain participation (both within and outside institutions) and its outcomes. Accordingly, drawing a drastic separation between these fields is heuristically counterproductive and empirically inaccurate. The changing nature of these interactions, their intensity and variability constitute a key area of research for scholars interested in providing empirical answers to the puzzle of mobilization, participation, and political change.

Andrés Solimano’s *Chile and the Neoliberal Trap: The Post-Pinochet Era* analyses the general trajectory of the country starting in the 1990s, thus focusing on the policies of the democratic period and their outcomes. As explained by the author, “Chile has been on the move both economically and democratically. This does not imply, however, that in that same time span, the country has made the reforms necessary to include all its people under the umbrella of economic progress” (2). The country ranks well according to some international indexes. Its economy has grown and authoritarianism has been left behind.

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2 Fernando Attila, Guillermo Larrain, José Miguel Benavente, Javier Couso, and Alfredo Jaignant, *El otro modelo: Del orden neoliberal al régimen de lo público* (Santiago: Mondadori, 2013).

3 See, for example, Charles Tilly, *Democracy* (New York: Cambridge University Press, 2007); Pippa Norris, *Democratic Deficit: Critical Citizens Revisited* (New York: Cambridge University Press, 2011); Colin Crouch, *Post Democracy* (Cambridge: Polity Press, 2004); and Colin Crouch, *The Strange Non-death of Neoliberalism* (Cambridge: Polity Press, 2011).
Nonetheless, many contradictions are still noticeable. Some are old problems not seriously tackled by any of the governments since the democratic restoration, notably the lack of a strategy for economic (industrial) development, as well as continued dependence on the export of commodities, especially copper. There are also contradictions engendered during the more recent period, such as Chile’s high levels of inequality and economic concentration.

For Solimano, several issues that have caught the attention of the media and the public (urban problems, education, and criminality, among others) are consequences of these contradictions. The author addresses issues not discussed in the other books reviewed here, such as the environmental balance of the democratic period—not really a good one. This book artfully combines historical description with fresh analysis. For example, it offers empirical evidence of the levels of economic concentration and shows how elites have been able to influence public policy in their favor.

While most of the books covered in this essay concentrate on the economy, Manuel Antonio Garretón focuses on politics. In *Neoliberalismo corregido y progresismo limitado*, the author revisits how the Concertación governments have dealt with the dictatorship’s neoliberal legacy. He assumes that the Chilean center-left is a response to the neoliberal turn, much as the so-called new Latin America left (also known as the “pink tide” in English-speaking contexts) was in the 1990s and the following decade in other countries. To assess the extent to which the center-left coalition tackled Pinochet’s legacy, and with what success, Garretón studies four major policy changes, one for each of the four Concertación governments prior to 2008: Aylwin’s tax reform, Frei Ruiz-Tagle’s public management reform, Lagos’s healthcare reform, and Bachelet’s pension reform. The author’s conclusion is that the Concertación didn’t have a proper neoliberal project of its own. Rather, its policies aimed at amending the neoliberal model inherited from the military regime. Even so, those policies produced the unintended effect of consolidating neoliberalism (170). The reforms selected for analysis were emblematic of the four presidencies, and although their inception was inspired by a framework manifesting social rights and an active state presence, they ended up ameliorating only the worst consequences of a highly privatized social protection system. Thus, these reforms—especially the health care and the pension system reforms—created a two-tier residual welfare state, which provides public services only to those who can’t afford access to the private system.

An interesting element of this book is the way in which Garretón confronts the allegation that the center-left had purposefully demobilized civil society in the early 1990s as part of a plan to consolidate Pinochet’s model. Garretón is correct that demobilization should not be seen as a conspiracy from above, but there is nonetheless broad evidence of retrenchment of the networks of militants and activist that had emerged to resist repression and poverty in the 1980s. Moreover, demobilization (paz social) was one of the key purposes of the great architects of the transitional pacts, as some have openly recognized in their writings about the 1990s. Yet other factors no doubt contributed to this demobilizing effect, as the literature on activism has observed in other cases of high mobilization (e.g., Spain and Italy in the 1970s, Northern Ireland in the 1970s and 1980s). Among them are exhaustion after high levels of activism under hazardous conditions; co-optation through appointment of militants to public administration posts at the local and national levels; and the improvement of the economy and the labor market. The result of these phenomena was the withdrawal of hundreds of activists from associations and leftist parties to return to their private lives.

In *Los chilenos bajo el neoliberalismo: Clases y conflicto social*, Carlos Ruiz and Giorgio Boccardo offer a detailed account of the transformations in Chile’s social structure over the last four decades. This book will undoubtedly become a landmark for those interested in the trajectory of classes and social groups. The authors deliver a comprehensive and exhaustive account of the major changes to Chile’s working, middle, and business classes from the 1980s to the present. In fact, this book is arguably the most complete attempt in recent years to describe and explain the changes in Chilean social structure.

Drawing on an extensive analysis of secondary data and previous studies, Ruiz and Boccardo analyze the effects that the Pinochet and Concertación governments’ liberalizing reforms had on class structure. The authors’ analytical strategy consists in contrasting trends and facts relating to different periods. They assert that the early 1970s represented the last stage of a national popular development strategy. Likewise, the 2010s are seen as the outcome of the neoliberal reforms of the 1970s, 1980s, and later decades. The so-called national popular model, prevailing from the 1930s to 1973, offered incentives for a development strategy

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1 For example, Patricia L. Hipsher, “Democratization and the Decline of Urban Social Movements in Chile and Spain,” *Comparative Politics* 28, no. 3 (1996): 273–297. See also Philip Oxhorn, “Where Did All the Protesters Go? Popular Mobilization and the Transition to Democracy in Chile,” *Latin American Perspectives* 21, no. 3 (1994): 49–68, DOI: https://doi.org/10.1177/0094582X9402100304.

2 For a critical analysis of these works see César Guzmán-Concha, *El concepto de democracia en el pensamiento político de la Concertación* (Santiago: PREDES, Universidad de Chile, 2001).
which tended to favor the national industrial bourgeoisie and the urban working class. Consequently, a certain model of political alliances developed. According to Ruiz and Boccardo, neoliberalism dismantled the foundations of this model, modifying the mechanisms of reproduction of old groups and creating the conditions for the emergence of new ones. As a result, the orientations and preferences of social classes underwent a major change.

One problematic aspect is the authors’ attempt to infer collective behaviors from group positions in the socioeconomic structure. In their words, this book "attempts to determine the extent to which economic and institutional restructuring, propelled almost four decades ago, created conditions for the formation and action of classes and social forces capable of becoming effective opponents of this state of affairs" (46). But this purpose is not matched with a deeper theoretical reflection on the ways in which class determines collective interests and behavior. A section devoted to explaining their theoretical framework would have been appreciated. The reader is left with the impression that for any given class position only one possible true orientation is possible. This book could have benefited from direct reference to the extensive social science literature investigating the formation of political preferences over time, their differences across locations, and how group interests are embedded in historical processes. Recent approaches show that class interacts with other factors in diverse ways to shape patterned collective orientations. While I agree that class should be considered a necessary condition from which to infer collective political behavior, it is not a sufficient condition.

In Radiografía crítica al 'modelo chileno': Balance y propuestas, Gonzalo Martner and Eugenio Rivera have assembled research articles and essays from diverse authors ranging from renowned politicians to scholars to analysts from think tanks associated with center-left parties. Martner and Rivera share a critical stance toward Concertación policies. Thus, they affirm that a “model shift” is required. In the first section of the book, contributors offer an outline of Chilean socioeconomic performance from a developmental approach. In the second and third sections, specific policy areas are studied (including the tax regime and policies on healthcare, pensions, trade and foreign relations, finance and banking, agriculture, and industrial relations). The general tone is one conveying criticism, and several recommendations for what the authors see as a truly reformist government are proposed (it is worth remembering that this book was published amid the presidential race of 2013).

A particularly interesting chapter by José Gabriel Palma (“Desindustrialización, desindustrialización ‘prematura’ y un nuevo concepto del síndrome holandés”) adopts a global comparative perspective to understand the characteristics of deindustrialization in Chile. Drawing on a data set of 103 countries between 1960 and 2007, Palma shows that the pattern of deindustrialization followed by Latin American economies differs from that of most of the highly industrialized countries. In Latin America, deindustrialization has been especially severe due to the combination of two processes: first, it started in a very early stage, that is, when the income per capita was lower than that of other countries which had begun to deindustrialize in prior periods; and second, it was the deliberate result of economic reforms, which in the Chilean case were applied with special intensity. Thus, we observe what Palma characterizes as premature deindustrialization in the region, in the sense that “it hindered a transition of the industrialization processes towards a more mature industrialization, i.e., more self-sustained in a Kaldorian approach” (56). The Latin American region clearly differs from Asia, where economic reforms were induced to strengthen and accelerate ambitious industrialization plans, so that current trends of deindustrialization follow a sort of inevitable or difficult-to-avoid pattern. Similarly, Latin American countries differ from those that experienced deindustrialization combined with the so-called Dutch disease peculiar to countries such as the Netherlands or the United Kingdom, where the discovery of natural resources (gas, oil) altered the previous pattern of strong industrial development which was aimed at compensating for an adverse balance of trade (which, in turn, was the result of the lack of natural resources).

**Chile’s Exceptionalism Revisited**

A widespread belief in local academic milieus is the idea of Chilean exceptionalism in regards to the adoption, trajectory, and outcomes of neoliberalism. This country adopted the neoliberal doctrine under political authoritarianism (i.e., facing little or no popular resistance), well before its neighbors in South America and even earlier than the United Kingdom under Margaret Thatcher and the United States of America under Ronald Reagan. In Chile, the military took harder and more radical measures to enforce the
new economic doctrine. The idea of Chilean exceptionalism has been reinforced both by right-wing and left-wing analysts. The five books discussed in this essay also endorse this idea, which in fact plays a crucial role in the explanation of the particular outcomes analyzed.

While there is consensus that Chile is an outstanding case of earliness and radicalism, significant aspects of the Chilean path to neoliberalism remain insufficiently investigated. In the first place, the very idea of exceptionalism can only stem from a contrast; an exercise of comparison is required to distinguish the exceptional from the regular. However, most of the authors analyzed here take the distinctiveness of Chile for granted. Moreover, there is a need for finer-grained understanding of the mechanisms and processes that pushed Pinochet’s regime to back up the Chicago boys' economic recommendations, and to give them such wide latitude to pursue an experiment that was highly uncertain and destabilizing. Unanswered questions spring to mind: Why did they exhibit such a disposition to take high-risk policy decisions that had not been proven effective anywhere else? Didn’t the military want to secure power and avoid uncertainty in the first place? The military regime’s policy options in that historical moment were broader, but in retrospect it has been easy to attribute a dubious logic of necessity to their decisions. The dynamic of the decision process configured in the long run a distinct set of policies; however, that process has yet to be described in analytical terms.

Moreover, analysts have contested the notion that a pure free market recipe would explain the high growth rates Chile has had since the mid-1980s. The period of pure monetarism that started in 1975 and ended up with a social crisis in 1982–1983 forced the military to introduce a less radical approach and divided the regime, thus creating opportunities to protest. So while it is true that Chile pioneered economic restructuring worldwide, less orthodox measures taken by the military, such as maintaining state ownership of the copper company CODELCO, played a crucial role in explaining economic recovery in the late 1980s. This observation suggests that a comparative approach could be useful to describe the peculiarities of the Chilean case. The early inception of neoliberalism in 1975 does not explain the radicalism of policy makers, the further rectifications during the debt crisis of the early 1980s, or the preferences of the center-left policy makers that occupied state institutions in the 1990s and 2000s.

To explain the neoliberal imprint of the center-left governments, we should look at the local political process that ultimately led to the appointment of business-friendly officials (instead of social democrats) to key government posts. Simultaneously, we should consider the local effects of the regional (Washington Consensus) and global contexts (collapse of the socialist bloc, transformation of social democracy into social liberalism under the auspices of Tony Blair’s “third way” and Gerhard Schroeder’s “agenda 2010”). Chile has to be systematically compared in order to fully understand the triggers, mechanisms, and consequences of the domestic combination of economic restructuring and transition to democracy. A lack of comparative perspective can be misleading and might invite scholars to overplay certain factors and overlook others. With few exceptions, the books reviewed here would benefit by locating Chile within a systematic comparative framework.

One of the consequences of the problem described above is that these books do not engage much with larger debates in comparative political economy. Garretón discusses the left turn in Latin American politics (and, in my view, wrongly argues that Chile's Concertación governments, at least in the 1990s, can be considered a case of the left turn). Similarly, Palma, in Martner and Rivera, puts Chile's developmental pattern in global perspective. However, these are exceptions. Significant theoretical approaches dealing with similar issues are not mentioned by most of the authors. One example is the varieties of capitalism theory, which attempts to explain differences in the types of capitalism across countries and regions. Although this theory has been mostly applied to advanced economies, a recent strand is looking at Latin America.
example is power resources theory, which looks at the organizational, political, and economic resources of social classes to explain different outcomes in terms of welfare state institutions.12

**Missing Issues in the Great Chilean Transformation**

While the books under review contribute to a renewed impulse to examine development, conflict, and power, they leave out significant related matters. Three issue areas that come to mind as extremely relevant are the Mapuches, women, and migration. These are expressions of the structural imbalances of Chile’s current development strategy, and at least the first two have deep roots as fields of contention in Chilean society. Similarly, women and migration represent areas of rapid social change over the last few decades. It is surprising that none of the books consider these issues given their salience in the configuration of contemporary inequalities in Chilean society.

The erasure from public consciousness of the situation of the Mapuches and other native populations reflects a bias that is oddly common among progressive intellectuals. Despite demographic change, acculturation, and state repression, Mapuche communities still fight for recognition, land restitution, and autonomy. The conflict between the Mapuches and the state dates back to the second half of the nineteenth century (the pacification of the Araucanía). However, for many scholars this is an issue to be subsumed along class, urban-rural, and development lines, thus denying the specificity of the postcolonial cleavage in Chile. The persistence of this struggle represents a serious and sustained challenge to the ideological foundations of the Chilean state, with a potential for radicalization that is still not recognized by political elites.

Women’s movements have been a force for change in most countries. Their incorporation into politics and the economy is both a reflection of and a trigger for larger transformations. In Chile, female participation in the labor force has been consistently growing since the 1970s, reaching 48.3 percent in 2015, but the country still falls short of gender equality. That is the sixth lowest female participation rate in the OECD, below the average for this group (54 percent) and below other Latin American countries such as Argentina, Brazil, Peru, Colombia, Uruguay, and Mexico.13 Similarly, the wage gap remains high and affects the full range of occupations, all age groups, and every educational attainment level. Moreover, women’s associations are at the forefront of struggles for civil rights, as demonstrated by their role in the campaigns for divorce laws and currently for abortion rights. These changes occurred against the backdrop of a very conservative country where the power of the Catholic Church has been exceptionally high (but is now declining). Discrimination against women represents a deep and durable source of inequalities in the economy, social life, and politics.

Finally, the country doubled its migrant population from 1.0 percent to 2.1 percent between 2006 and 2013, according to a recent report of the Ministerio de Desarrollo Social (2015). Although these figures are still small, they are increasing at a rapid rate. The presence of foreign populations is far more visible in a few larger cities in Chile’s northern and central regions. There are indications that Chile will consolidate its profile as a receiving country. As has been observed in other countries, migration is a demographic trend that can generate socioeconomic transformation. Over the long term, it modifies the sociodemographic characteristics (and not only the skin color) of the popular sectors, as well as urban geographies in cities, all of which has several implications and challenges for local and national administrations, civil society organizations, and politicians. Where policies of integration are absent or ill-conceived, some local groups might embrace nativist reactions or support extremest political platforms.

**Conclusions**

The appearance of these new works that critically examine neoliberalism in Chile has stimulated debate about issues that have been too-long neglected by the local academic community, especially issues related to class, power, and conflict. To further advance our knowledge of the peculiarities of the Chilean socioeconomic and political trajectory of the last few decades, I strongly urge the development of comparative perspectives, because some of the weaknesses of these books stem from their focus on a single country. In a similar vein, I advocate engagement with contemporary discussions within relevant theoretical literatures in comparative political economy and contentious politics. I have mentioned two such theories (varieties of capitalism, and power resources theory) that might provide leverage to explain the Chilean case, but other approaches

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12 See Walter Korpi and Joakim Palme, “New Politics and Class Politics in the Context of Austerity and Globalization: Welfare State Regress in 18 Countries, 1975–95,” *American Political Science Review* 97, no. 3 (2003): 425–446, DOI: https://doi.org/10.1017/S0003055403000789.

13 Instituto Nacional de Estadística, *Mujeres en Chile y mercado del trabajo: Participación laboral femenina y brechas salariales* (Santiago: INE, 2015).
may be even more fruitful for understanding Chile in the context of current trends in the development of capitalism and democracy. Finally, I have introduced three issues that these authors omit from their analyses (Mapuches, women, migration) and which are sources of persistent, deep inequalities with consequences in politics, the economy, and social life. These issues merit closer consideration in future analyses of social change in Chile.

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