



Photo courtesy of Rubén Ignacio Arana and Manriquez.

CHILE

Lagos points at the camera and accuses Pinochet of torture, murder, and human rights violations before the 1988 Chilean plebiscite that deposed the dictator.

A Memoir About the Future

by Ernesto Muñoz-Lamartine

Chile must shift its emphasis from growth to equity if it is to develop successfully. So argued Chilean President Ricardo Lagos (2000-06) during his CLAS talk, which was based on his recently published political memoir: *The Southern Tiger, Chile's Fight for a Democratic and Prosperous Future*. However, Chile's historical trajectory has shaped its current policy choices and dilemmas, and the country must grapple with that history if it is to move forward.

After completing his mandate, Lagos remained at the forefront of the political discussion in Chile, as one of the handful of public intellectuals with enough stature to steer the agenda, especially within his own center-left Concertación coalition. He has done so by creating a series of initiatives through his Fundación Democracia and Desarrollo (Democracy and Development Foundation), such as the virtual community El Quinto Poder (The Fifth Power, www.elquintopoder.cl) and by collaborating with young scholars and policy makers in thinking about the new challenges facing Chile on its way to development.

An example of Lagos' engagement with the younger generation was the publication in 2011 of an edited volume titled *El Chile Que Se Viene: Ideas, miradas, perspectivas y sueños para el 2030* (The Chile That Will Be: Ideas, Views, Perspectives, and Dreams for 2030), in which he defined seven strategic goals, from education policy to tax reform, all of them articulated around a single principle: the need for increased equality. In this prescription, Lagos closely follows Wilkinson and Pickett's arguments in *The Spirit Level* (2009), about the correlation between inequality and negative social outcomes in advanced economies but adds a key corollary: according to Lagos, when countries like Chile achieve a certain level of income per capita, social indicators cease to be closely correlated with increased growth and begin to depend on income distribution. He therefore attributes phenomena such as Chile's student-led unrest to the natural progression of a society that gradually seeks equal treatment for all.

President Lagos' preoccupation with high levels of income and wealth inequality in Chile is not new. In his political platform for the 1999-2000 presidential elections,

he used the slogan “*Crecer con Igualdad*” (Growth With Equality) to represent his ideal set of policies: continuing to foster growth and productivity gains through trade liberalization, exports, and private investment, while conducting an expansive social policy in areas such as housing, education coverage, and healthcare reform.

Lagos’ focus on inequality is natural: although in the last 15 years Chile has continued to grow consistently, quickly rebounding from exogenous shocks such as the 2007-08 financial crisis through a combination of public spending and first-rate macroeconomic management, the country’s income-distribution indicators have improved only marginally since the end of the dictatorship in 1990. Chile’s Gini coefficient, a measure of inequality, remains among the worst in the world.

In his talk, Lagos provided a long-term, political-economic and historical view of the legacies and constraints that, in his opinion, have prevented Chile’s success in the crucial area of equality. He started with an analysis of the reasons for the democratic breakdown of 1973. In his view, ideological polarization in the context of the Cold War and under the threat of foreign intervention prevented Chileans from achieving what Lagos sees as essential in a democratic society: a common ground of mutual respect

in the public sphere. He tied this requirement to his own experience, not only in Chile, but also in the United States, where the institutional violence on display during the Civil Rights struggle marked his time as a young graduate student in the North Carolina of the early 1960s.

The main lesson that he and a whole generation of Chilean politicians learned in the aftermath of the 1973 coup was the need to build broad alliances based on consensus and compromise. He applied this lesson to his fight against the dictatorship, starting with his role as a deal broker within the Socialist Party. As he recounts in *The Southern Tiger*, his ascent to political prominence in Chile was due both to his academic credentials and his perceived neutrality and fairness, which allowed him to build bridges within his party and with the Christian Democrats, a crucial test. This bridge-building quality was recognized somewhat jokingly by his fellow Socialists, who called the non-aligned group led by Lagos, “los Suizos” (the Swiss).

Connecting that political experience to the current situation in Chile, Lagos situated the origin of his country’s particular political institutions to a choice, made during the early stages of the fight against Pinochet’s dictatorship, to follow a nonviolent, less-confrontational path to

>>

Guards protect Pinochet during a 1988 rally.



Photo by Marcelo Montecino.



Photo by Jim Block

Ricardo Lagos during a talk at UC Berkeley.

democracy. The price for defeating a dictator “with pencil and paper” as Lagos put it, was that many of the non-democratic rules written into Pinochet’s 1980 Constitution had to be accepted by the democratic opposition. This set of institutions, such as high quorums for economic and social legislation, a binomial electoral system, and the lack of democratic participation through referenda, gave the rightwing parties, a minority in 1990, effective veto power against any major change in the economic model. This veto power has proven to be one of the most enduring legacies of the dictatorship.

During the Lagos administration, a few of the more clearly authoritarian holdovers in the Constitution, such as the *senadores designados* (designated, or appointed,

senators), were eliminated. However, according to Lagos, these changes were not enough to give him or his successor, President Michelle Bachelet, the power necessary to push for more extensive reforms such as modifying Chile’s tax code.

In today’s Chile, Lagos sees the reflection of a political, economic, and social cycle that has run its course, opening new avenues for reform. In the political realm, the electoral system and the Constitution must be changed if Chilean democracy is to achieve its potential. Gross Domestic Product per capita has reached US\$14,000 (US\$17,311 at purchasing power parity), according to a 2011 World Bank report, and Chile is well on its way to achieving the US\$20,000 mark. However, without effective redistributive policies, Chile will remain one of the most unequal countries in the region. Culturally, Chile is a much more mature society that is now open to the world. Citizens have access to new technologies that also pose new challenges and opportunities for democratic inclusion.

In sum, Chile has progressed along the path to development but faces crucial challenges if it wants to achieve its goals while conserving its social and political stability. In drawing lessons from history, Lagos reminds us of the historically dependent path that Chile has followed and cautions against judging the current situation outside its institutional context. What is needed, as President Lagos recommended in his talk and recounted in his memoirs, is for political actors to realize their historic moment and

to lead with principled clarity in the face of uncertainty. Whoever achieves that, while representing the interests of disenchanted Chilean citizens, will help shape Chile’s future and its path to development.

Ricardo Lagos was president of Chile from 2000 to 2006 and is president of the Fundación Democracia y Desarrollo. He spoke for CLAS on September 13, 2012.

Ernesto Muñoz-Lamartine is a Ph.D. student at UC Berkeley’s Goldman School of Public Policy.

VIDEO AVAILABLE AT CLAS.BERKELEY.EDU