Technocrats and Politics in Chile: from the Chicago Boys to the CIEPLAN Monks

PATRICIO SILVA

Introduction

During the last 25 years Chilean society has experienced profound socio-economic, political and even cultural changes. From 1964 to 1970 there was a ‘revolution in liberty’ under Eduardo Frei, from 1970 a ‘Chilean road to socialism’ under Salvador Allende, and from 1973 to 1989 a ‘silent revolution’ under Augusto Pinochet.1

Most of the studies dealing with this period of Chilean political history have correctly stressed the marked differences existing between the policies applied by the governments of Eduardo Frei, Salvador Allende and Augusto Pinochet. However, despite their different and even antagonistic ideological and political orientations, a body of technocrats2 played an important role at the highest level of policy-making in all these governments.

Although a process of increasing technocratisation of decision-making was clearly underway during the Frei and even the Allende governments, it was officially ignored because of its negative, elitist implications. In a climate of strong ideological polarisation, the official discourse adopted a populist character, stressing the alleged popular nature and orientation of the power bloc.


2 ‘Individuals with a high level of specialized academic training which serves as a principal criterion on the basis of which they are selected to occupy key decision-making or advisory roles in large, complex organizations – both public and private.’ David Collier (ed.), The New Authoritarianism in Latin America (Princeton, 1979), p. 403. I include in this definition not only the traditional técnicos (economists, agronomists, financial experts, etc.) but also those social scientists (sociologists, political scientists, etc.) commonly catalogued as intellectuals.

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Under the military government, however, there was a radical revaluation of the technocrats’ role in the formulation and application of governmental policies. No longer neglected, the technocratisation of decision-making was now presented as the only guarantee of ‘rational and coherent’ policies. In stressing the need to ‘technify’ the entire society, the military government intended to convince the population of the inability of ‘politics’ (and, hence, of democracy) to solve the problems of the country.

This article has two main objectives. First, to identify the main political and economic factors which permitted the so-called ‘Chicago boys’ to play a strategic role during the military government. This group of young neoliberal technocrats became the designers and executors of the economic policy applied during the Pinochet period. They also decisively contributed to the formulation of the official ideological discourse.

Our second objective is to stress the fact that although the era of the Chicago boys is over, the ‘technocratisation of politics’ associated with them has become a permanent new feature in Chilean politics.

Paradoxically, the opposition to authoritarian rule also adopted an increasingly technocratic character. Several private research institutes were established, from which experts in different fields of the social sciences and economics undertook critical studies of government policies and formulated alternative programmes to be implemented after the restoration of democracy. This dissident technocracy played a key role in the creation of a broad opposition to the military government and in the achievement of the subsequent victory in the presidential elections of December 1989.

The new democratic government of Patricio Aylwin is also characterised by a marked technocratic orientation. Like the Chicago boys during the military government, a new group of technocrats, the so-called ‘CIEPLAN Monks’, has emerged as the most powerful strategic group inside the democratic government.

This article does not argue that the hegemonic role played by political parties and traditional politicos within the Chilean political system is coming to an end. But it does claim that their position today is much less monopolistic and all-embracing than it was in the past, and that technocrats have become very visible and legitimate actors within Chilean politics.

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3 As the members of the private research centre CIEPLAN have been dubbed by the Brazilian sociologist and Senator Fernando H. Cardoso. See ‘CIEPLAN monks take command in Chile’, Southern Cone Report, RS-90-03 (19 April 1990), p. 4.

4 On the role of political parties in the Chilean democratic transition see Manuel Antonio Garrerón, ‘Partidos políticos, transición y consolidación democrática’, Proposiciones, no. 8 (Jan. 1990), pp. 72–84.
**Technocracy and decision-making**

The process of the 'technocratisation' of decision-making in Chile has been stimulated by the administrative and overall modernisation experienced by the country during the last 25 years. The 'globalist' character of the developmental goals pursued by the Chilean governments since 1964 did serve to strengthen the technocratic orientation of public administration, in the context of a relatively complex society. The expansion of the state apparatus, the application of the land reform, the nationalisation of the copper mines, and the administration of the expropriated enterprises in the period 1964–73 set this process into motion. Together with this, the radical and ambitious neoliberal reforms implemented by the military government, together with the increasing complexity and urgency of macro-economic problems (such as the foreign debt) during that period, have contributed to the strengthening of the position of highly qualified individuals at top levels within governmental circles.

There are manifold reasons for the underestimation of the role played by technocrats in governmental decision-making in most of the studies on Chilean political development since 1964.

To begin with, most of the Chilean scholars who have written about social and political issues during this period came themselves from technocratic ranks. They commanded high academic positions within state and private universities. These technocrats also participated in decision-making at governmental level (as técnicos, advisers, etc.), and enjoyed considerable political power within the political parties (as intellectuals, ideologues or even as members of the central committees).

As a matter of fact, most scholars prefer to look at society 'as a whole', rather than to look at themselves in the mirror. Just as most painters prefer a landscape to a self-portrait, intellectuals are almost instinctively

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6 Most of the political parties in Chile before the coup d'etat were essentially elite parties in which intellectuals played a key role. This was certainly the case of the Christian Democratic Party and the Socialist Party. See James Petras, *Politics and Social Forces in Chilean Development* (Berkeley, 1970). See also Federico Gil, *The Political System of Chile* (Boston, 1966). Two universities, the Universidad de Chile and the Universidad Católica of Santiago, have historically constituted the main sources of recruitment of the intelligentsia who controlled the political parties. As Angel Flischsich has pointed out, the expression ‘los de la Católica’ versus ‘los de la Chile’ clearly reflects the main front-line dividing the Chilean intelligentsia. See Adolfo Aldunate et al., *Estudios sobre los sistemas de partidos en Chile* (Santiago, 1985), p. 159.
reluctant to analyse their own role in social and political processes. This reluctance is partly an expression of what Gramsci called a ‘social utopia’ by which intellectuals think of themselves as ‘independent’, autonomous, endowed with a character of their own.\(^7\) Hence, they prefer not to think that they might constitute a social actor comparable to other social actors such as the military, the entrepreneurs, the peasantry, etc. To recognise their political role in society would lead automatically to an acceptance of the existence of their own interests in both the institutional and the private spheres. It would also imply that they share (together with the other social actors) a portion of the responsibility for events occurring in civil society. As Hirschman has categorically pointed out,

[W]hen a series of disastrous events strikes the body politic, everyone's responsibility must be looked at, including that of the intellectuals ... They ought to be more fully aware of their responsibility, which is the greater because of the considerable authority they are apt to wield in their countries. Because of this authority, the process that in the realm of science and technology is known as the protracted sequence from invention to innovation often takes remarkably little time in Latin America with respect to economic, social and political ideas. With social thought turning so rapidly into attempted social engineering, a high incidence of failed experiments is the price that is often paid for the influence intellectuals wield.\(^8\)

Another factor which has impeded the analysis of the role played by technocrats in national decision-making has been the hyper-ideologisation which characterised Chilean politics during the period 1964–73. The Christian Democratic government stressed the notion of ‘popular participation’ in its efforts to organise new social actors such as the urban marginals and the peasantry. While the implementation of the ‘revolution in liberty’ led to an increasing participation of technocrats within the government,\(^9\) the attention of government officials was focused on the various socio-economic problems they had to deal with, and not on the technocratic nature of decision-making.

The rhetorical populism of official discourse became even more accentuated during the Popular Unity government. The authorities defined themselves as the people’s government. The middle class origin and the intellectual and technico-professional backgrounds of most of the leading figures (Carlos Altamirano, Luís Maira, Jaime Gazmuri, etc.) were not seen as a governmental asset but rather as a handicap to efforts to

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\(^9\) This was made possible by the rapid expansion of existing state institutions and by the foundation of new ones. This resulted in the creation of thousands of new jobs for young professionals, militants of the Christian Democratic Party.
obtain the support required from the popular sectors and the organised mass movement. During the Allende years the term 'technocrat' acquired an extremely negative connotation, used sometimes as an insult to accuse someone of total social insensitivity and (revolutionary) incompetence.10

Since the military government a major novelty has been the great public visibility and positive evaluation the technocrats have acquired. Before 1973, most of the people occupying leading governmental positions were also technocrats and intellectuals, but they carefully avoided emphasising their professional–cultural backgrounds. In a period of strong political radicalisation and obrerismo, the holding of a university degree revealed petit-bourgeois origins, making the holders seem less reliable to the revolutionary process. Before the military takeover technocrats cautiously kept their diplomas in their desks, while since the era of the Chicago boys they have been hung proudly on the wall.

From the academic cloister back to civil society: waiting for a chance

The origins of the Chicago boys are directly related to the debate which took place in the late 1950s and 1960s between structuralists and monetarists on the causes (but especially on the possible solutions) of the developmental problems of Latin America.11

According to the structuralist approach, Latin American governments needed to play a very active role in promoting economic development by adopting a planned policy to generate import-substitution industrialisation. This policy had to be accompanied by protectionism for domestic industry, such as high tariffs for the import of consumer goods, the manipulation of exchange rates, and the adoption of a series of fiscal measures intended to expand the internal market. To back this up, the structuralist recipe stressed the need for land reforms and the redistribution of income to stimulate consumer demand.

The United Nations Economic Commission for Latin America (ECLA), led by the Argentine economist Raúl Prebisch, was the most important bastion of structuralist thought in the region.12 From its headquarters in Santiago de Chile, ECLA successfully propagated its theories on economic

10 A clear example of the anti-technocratic bias which dominated Chilean politics at that time was the dismissal of the Minister of Agriculture, Jacques Chonchol. He was severely criticised by radical sectors (from within and outside the Popular Unity coalition) for slow implementation of the land reform. He was finally accused by his political opponents in the government of being a 'technocrat', a label which provided his political 'death-sentence'. Soon afterwards he was replaced.


12 Prebisch later synthesised his criticism of the monetarist (neoliberal) school in his 'Diálogo acerca de Friedman y Hayek, desde el punto de vista de la periferia', Revista de la CEPAL, no. 15 (December 1981), pp. 161–82.
development throughout the continent, obtaining a clear intellectual hegemony in the early sixties among economists and technocrats, many of whom occupied government positions.

The monetarists, on the contrary, considered state intervention as one of the main sources of the existing problems. They stressed the need to adopt free market policies in which private initiative should lead the process of development according to principles of economic profit, without any state interference.13

During the 1950s and 1960s in Latin America, monetarist views were sustained only by a small group of economists who had to operate within a highly adverse climate, dominated by political sectors who favoured social reformism. In the mid-1950s the Department of Economics of the University of Chicago initiated a strong counter-attack against the spread of Keynesianism (and the ECLA-approach, which was seen as its Latin American version) in the new field of development economics.

In 1955 Professor Theodore W. Shultz, President of the Department of Economics at the University of Chicago, visited the Faculty of Economics of the Universidad Católica de Chile at Santiago in order to sign an agreement for academic cooperation. Under this agreement a select group of Chilean students were offered the opportunity to pursue post-graduate courses in economics in Chicago.14 Between 1955 and 1963 a total of 30 young economists from the Universidad Católica made use of the Chicago grants. Many of them later became well known academicians, industrialists, executives of financial conglomerates and, in particular, leading figures in the implementation after 1975 of the neoliberal model under the military government (see Table 1).

During their Chicago training most of these Chilean economists became unconditional disciples of Professor Milton Friedman.15 They were convinced that the full introduction of a totally competitive free market economy was the only solution to Chile’s developmental problems. After their post-graduate studies at Chicago most of them went back to the Department of Economics of the Universidad Católica, where they disseminated monetarist prescriptions to a new generation of students.

In 1968 these neoliberal economists established their own think tank, the CESEC. This centre drew up the economic programme of the right

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14 For a detailed study of the University of Chicago’s activities in Chile, see Juan Gabriel Valdés, *La Escuela de Chicago: Operación Chile* (Buenos Aires, 1989).
15 Considered the most influential exponent of the Chicago School. His book *Capitalism and Freedom* (Chicago, 1962) became a leading handbook among his Chilean followers. Friedman was awarded the Nobel Prize for Economics in 1976.
Table 1. *Chicago boys who occupied key positions during the military government*

<table>
<thead>
<tr>
<th>Name</th>
<th>Governmental Post</th>
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<tbody>
<tr>
<td>Sergio de Castro</td>
<td>Adviser to Ministry of Economic Affairs, Minister of Finance</td>
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<tr>
<td>Pablo Baraona</td>
<td>Adviser to Ministry of Agriculture, President of Central Bank, Minister of Economic Affairs, Minister of Mining</td>
</tr>
<tr>
<td>Alvaro Bardón</td>
<td>CORFO official, President of Central Bank, Deputy Minister of Economic Affairs, President of Banco del Estado</td>
</tr>
<tr>
<td>Rolf Lüders</td>
<td>Bi-Minister of Economic Affairs and Finance</td>
</tr>
<tr>
<td>Sergio de la Cuadra</td>
<td>President of Central Bank, Minister of Finance</td>
</tr>
<tr>
<td>Carlos Cáceres*</td>
<td>President of Central Bank, Minister of Finance, Minister of the Interior</td>
</tr>
<tr>
<td>Jorge Caúas*</td>
<td>Vice-president of Central Bank, Minister of Finance</td>
</tr>
<tr>
<td>Cristián Larroulet</td>
<td>Adviser to ODEPLAN, Chef de Cabinet at Ministry of Finance</td>
</tr>
<tr>
<td>Martín Costabal</td>
<td>Budget Director</td>
</tr>
<tr>
<td>Jorge Selume</td>
<td>Budget Director</td>
</tr>
<tr>
<td>Andrés Sanfuentes</td>
<td>Adviser to Central Bank, Adviser to Budget Agency</td>
</tr>
<tr>
<td>José Luís Zabala</td>
<td>Chief of Study Department, Central Bank</td>
</tr>
<tr>
<td>Juan Carlos Méndez</td>
<td>Budget Director</td>
</tr>
<tr>
<td>Alvaro Donoso</td>
<td>Minister Director of ODEPLAN</td>
</tr>
<tr>
<td>Alvaro Vial</td>
<td>Director of National Institute of Statistics (INE)</td>
</tr>
<tr>
<td>José Piñera</td>
<td>Minister of Labour, Minister of Mining</td>
</tr>
<tr>
<td>Felipe Lamarca</td>
<td>Director of Tax Agency (SII)</td>
</tr>
<tr>
<td>Hernán Buechi*</td>
<td>Banking Supervisor, Deputy Minister of Health, Minister Director of ODEPLAN, Minister of Finance</td>
</tr>
<tr>
<td>Alvaro Saieh</td>
<td>Adviser to Central Bank</td>
</tr>
<tr>
<td>Juan Villarzú</td>
<td>Budget Director</td>
</tr>
<tr>
<td>Joaquín Lavín</td>
<td>Adviser to ODEPLAN</td>
</tr>
<tr>
<td>Ricardo Silva</td>
<td>Chief of National Account, Central Bank</td>
</tr>
<tr>
<td>Juan Andrés Fontaine</td>
<td>Chief of Study Department, Central Bank</td>
</tr>
<tr>
<td>Julio Dittborn</td>
<td>Deputy Director of ODEPLAN</td>
</tr>
<tr>
<td>María Teresa Infante</td>
<td>Adviser to ODEPLAN, Deputy Minister of Social Security, Minister of Labour</td>
</tr>
<tr>
<td>Miguel Kast</td>
<td>Minister Director of ODEPLAN, Minister of Labour, Vice-president of Central Bank</td>
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* These did not study in Chicago, but they are catalogued as Chicago boys because of their total support for the Chicago approach and their active participation within the neoliberal economic team.


wing candidate Jorge Alessandri in the 1970 presidential elections. However, it was clear that the political climate in Chile at that time was not favourable to their radical neoliberal recipes. They proposed the liberalisation of markets, the encouragement of private initiative, the diminution of the state by the reduction of bureaucracy and the sale of public enterprises, the opening of the economy to international
competition, and the end of government discretionality in economic decisions.\textsuperscript{16}

They did not have enough support, even among right-wing circles. As O’Brien has pointed out, ‘the Chicago model was opposed by many of Alessandri’s business supporters and had to be put into cold storage “as it was a programme difficult to implement within a democracy” as one leading businessman... put it. Nevertheless the campaign was useful in winning important adherents to the Chicago plan among key businessmen.’\textsuperscript{17}

Following the Popular Unity victory in the 1970 presidential elections, the neoliberal technocrats continued their efforts to formulate a general economic programme. They expected that sooner or later the Allende government would be overthrown by the army.\textsuperscript{18} After the military takeover, however, the new authorities chose to apply more moderate economic policies. The first economic team appointed by General Pinochet was mainly constituted by uniformed men and civil technocrats associated with the National Party and the Christian Democrats. The Chicago boys initially obtained only secondary positions as advisers in several ministries and state agencies. However, after a period of time they obtained control of the State Planning Agency, ODEPLAN, which became their operational base within the government. ODEPLAN was later used as a springboard to secure control of the rest of the state apparatus.

The relatively moderate economic policies adopted after the coup did not yield the expected results, while the international crisis (involving a strong increase in oil prices and a dramatic fall in Chilean export revenues) made the situation even worse. In this critical scenario, the harsh recipes proposed by the Chicago boys began to gain a broader audience and some support among the military leaders. By the end of 1974, the Chicago boys controlled most of the strategic centres of economic planning. In order to achieve full control of the formulation and implementation of economic policies, in March 1975 the neoliberal think tank the Fundación de Estudios Económicos organised a seminar on economic policy, which received a massive and orchestrated media coverage. The Chicago boys invited well known foreign economic experts (among them, their old

\textsuperscript{16} Manuel Délano and Hugo Translaviña, \textit{La herencia de los Chicago boys} (Santiago, 1989), pp. 23–7.


teachers Milton Friedman and Arnold Harberger) who expressed their total support for the application of a severe austerity programme to the Chilean economy, the so-called ‘shock-treatment’. A month later, the leader of the Chicago boys, Sergio de Castro, was appointed as Minister of Economic Affairs. Immediately afterwards he announced the application of the neoliberal prescription, marking the initiation of what later became known as the neoliberal revolution.

The Chicago boys: the organic intellectuals of the military regime

The new neoliberal economic team presented the technocratisation of decision-making as a guarantee that the government would pursue a rational economic model. From that moment on, government decisions were to be inspired by ‘technical and scientific’ principles and not by political and ideological postulates as in the past.

In the blunt words of Pablo Baraona, the pattern of development introduced by the neoliberal technocracy aimed to construct a so-called technified society:

meaning by this a society in which the most capable take the technical decisions they have been trained for ... Historically, in our country professional capacity has been overshadowed by political factors. The new democracy must be technified, so that the political system does not decide technical questions, but the technocracy has responsibility for utilizing logical procedures to solve problems and to offer alternative solutions.

This technocratisation of decision-making was strengthened by the process of selective capitalist modernisation which was put into motion by the neoliberals. This led to the acquisition by the middle and upper classes

19 Friedman’s address to the seminar was simultaneously published and distributed in the form of a small book by the Fundación de Estudios Económicos. See Milton Friedman en Chile: bases para un desarrollo económico (Santiago, 1975).

20 Tomás Moulian and Pilar Vergara, ‘Estado, ideología y políticas económicas en Chile, 1973–1978’, Colección Estudios CIEPLAN, no. 3 (June 1980). It must be said, however, that the leaders of the gremialista movement (an ultraconservative political current of Catholic origin) also played an important role concerning the political system promoted by the military regime (being the main authors of the junta’s Declaración de Principios of 1974 and the 1980 Constitution). Gremialistas such as Jaime Guzmán and Sergio Fernández were as much the architects of the new order as the Chicago boy Sergio de Castro. The fact that neoliberals and gremialistas came from totally different intellectual backgrounds (and held opposing positions on many issues), was no impediment to their cooperation with the military regime, nor to their joint activities in the formation of the right-wing party Unión Democrática Independiente (UDI). As Vergara has clearly shown, the convergence achieved between the Chicago boys and the gremialistas was primarily the result of the gradual ‘neoliberalisation’ of the latter. Pilar Vergara, Auge y caída del neoliberalismo en Chile (Santiago, 1985), pp. 168–75.

21 Dirección de Presupuesto (DIPRE), Somos realmente independientes gracias al esfuerzo de todos los chilenos: documento de política económica (Santiago, 1978), p. 305. Baraona is one of the leading figures of the Chicago boys, and he has twice been Minister of Economic Affairs during the military government.
of very sophisticated patterns of consumption vis-à-vis the modernisation of the banking system and the management of enterprises. At the same time, the entrepreneurial sectors became more integrated into the world economy and its technological standards. Also the service sector was modernised but it remained accessible only to privileged social groups. The majority of the Chilean population, however, did not participate in the benefits of this process of modernisation, because of the inegalitarian nature of the economic model and the unwillingness of the economic team to implement redistributive policies.

The Chicago boys presented themselves as the bearers of an absolute knowledge of modern economic science, thereby dismissing the existence of economic alternatives. All possible criticism of the economic model was rejected by portraying it as the product either of ignorance or the covert promotion of particular interests.

For many years the dismissal of criticism coming from individuals who were not qualified in economic science, together with the repression exercised by the military against traditional políticos and their organisations, left little room for opposition to the Pinochet government and its economic policy.

The increasing influence of the Chicago boys within the government and among rightist political organisations and entrepreneurial circles was directly related to their ability to manage the crisis and to produce economic growth. The supporters of the military government also realised that the neoliberals could count on the support of the international financial system. As Kaufman has pointed out, these technocrats, were more than simply the principal architects of economic policy: they were the intellectual brokers between their governments and international capital, and symbols of the government's determination to rationalize its rule primarily in terms of economic objectives... Cooperation with international business, a fuller integration into the world economy, and a strictly secular willingness to adopt the prevailing tenets of international economic orthodoxy, all formed a... set of intellectual parameters within which the technocrats could then 'pragmatically' pursue the requirements of stabilization and expansion.

22 For instance, between 1975 and 1981 the number of cars in Chile doubled. By 1984 42% of families in Santiago were paying back one or more consumer loans. Javier Martínez and Ernesto Tironi, Las clases sociales en Chile: cambio y estratificación 1970-1980 (Santiago, 1985).
23 Patricio Meller, 'Los Chicago boys y el modelo económico chileno, 1973-1983', Apuntes CIEPLAN, no. 43 (January 1984). See also Ernesto Tironi, El modelo neoliberal chileno y su implantación (Santiago, 1982).
After a severe economic recession in the years 1975–6 (produced by the application of the shock treatment), there followed years of economic improvement. In 1978 the rate of inflation reached a very low level, the fiscal deficit disappeared, the balance of payments displayed a growing surplus, and the economy in general (especially the export sector) showed a vigorous dynamism. In the period 1978–81 the Chilean economy continued to grow rapidly, and many economists in Chile and abroad began to talk about ‘the Chilean wirtschaftswunder’. The strongest supporter of the neoliberal plans inside the military junta was General Pinochet himself. He was well aware of the fact that for the definitive consolidation of his personal rule he needed the continuous achievement of successes on the ‘economic front’.

In a climate of total triumphalism, the Chicago boys developed and implemented what they called ‘the seven modernisations’ in order to establish the rules of neoliberalism in all spheres of society. These ‘modernisations’ involved the introduction of new labour legislation; the transformation of the social security system; the municipalisation of education; the privatisation of health care; the internationalisation of agriculture; the transformation of the judiciary, and the decentralisation and regionalisation of government administration.26

The Chicago boys also played a key role in the attempt to institutionalise the dictatorship. Acting as true organic intellectuals27 they elaborated a sophisticated discursive answer to the latent contradiction in the co-existence of economic liberalism and political authoritarianism.

Supporting themselves on the theoretical framework elaborated by Friedrich von Hayek28 they argued that the political system Chile had experienced in the past was a mere pseudo-democracy because only organised groups such as the political parties and the unions were able to push through their demands, to the detriment of the interests of the majority of the population. The laws legislated by Parliament and the policies implemented by the government were, in their view, the result of

26 Rodrigo Bafio et al., Las modernizaciones en Chile: un experimento neo-liberal (Rome, 1982).
27 Defined by Gramsci as the thinking and organising members of a particular fundamental social sector, who have the task of directing the ideas and aspirations of the group to which they organically belong. Gramsci, Prison Notebooks, p. 3.
28 Professor von Hayek (Nobel Prize for Economics, 1974) taught in the Faculty of Philosophy at the University of Chicago. His book The Road to Serfdom (London, 1944) gave the Chicago boys the required theoretical and doctrinal foundations to expand their neoliberal thought from economics to the social and political spheres. Professor von Hayek became intimately involved in the application of neoliberal precepts in Chilean society. He accepted the position of honorary president of the Centro de Estudios Publicos, established by the Chilean neoliberal intelligentsia in 1980. He also visited the country several times, expressing his total confidence in the policies implemented by his ex-pupils (see for example his interview in El Mercurio, 16 April 1981).
unacceptable pressure from these organised groups. They stressed the need for a strong government which was able to impose a system of general and impartial rules upon the entire society, without permitting the pressure of sectoral interests. Only the supposedly impersonal and non-arbitrary laws of the market would permit the achievement of equality of opportunities for all citizens. They stated that the achievement of (total) economic liberty constituted a key precondition for the very existence of genuine political liberty. The corollary is that only under the supervision of an authoritarian government was the establishment of the basis for liberty (i.e. the installation of a free market economy) possible. The very existence of the military government was also presented as a temporary phenomenon which would become unnecessary after the full consolidation of the new economic system. However, the Chicago boys pointed out that the future democracy would be ‘authoritarian’ (following again the constitutional recipe of von Hayek), in order to defend it from its enemies. This meant that in the plans for the future political system there was no room contemplated for leftist ideas.

A landmark in the attempt of the military-technocratic alliance to institutionalise the ‘new order’ was the adoption in September 1980 of a new constitution. This was officially named the ‘Constitution of Liberty’ in a clear act of acknowledgment of von Hayek’s philosophical thought.

The heritage of a technocratic style

The supremacy of the Chicago boys reached its highest point at the moment of the adoption of the 1980 Constitution, and almost nobody could imagine then that within a year the economic neoliberal model would be confronted with a severe crisis. One of the major weaknesses of this model was the fact that most of the economic development obtained during those years was financed by expensive short-term foreign loans, leading to a rapid increase in Chile’s indebtedness. Underlying this was the policy of state withdrawal from economic life which produced a lack of official control over the way in which private conglomerates (the so-called grupos económicos) utilised those foreign resources, making financial speculation an easy and very profitable business.

The collapse in March 1981 of a leading financial group resulted in a speculative wave which provoked, in its turn, a general panic among entrepreneurial circles. Many financial institutions (financieras) and

29 Vergara, Ange y caida, pp. 89–106.
31 See Ricardo Ffrench-Davis, ‘El experimento monetarista en Chile: una síntesis crítica’, Colección Estudios CIEPLAN, no. 9 (December 1981). See also Alejandro Foxley, Latin American Experiments in Neoliberal Economics (Berkeley, 1982).
enterprises went into bankruptcy, global production decreased dramatically and underemployment jumped to critical levels. At the end of that year the Global National Product declined by 14%.

Despite the intensity of the crisis, the Chicago boys continued to argue with a dogmatic confidence that the economic difficulties were only temporary, and that ‘market mechanisms’ would produce an ‘automatic adjustment’ to restore economic equilibrium. However, the economic situation became even worse, as a result of the international banks’ decision to cut down the stream of loans to Chile. The confidence of the population in the government and its economic policies began rapidly to dissolve and in April 1982 Pinochet found himself forced to reshuffle his cabinet. Sergio de Castro lost his post as Minister of Finance and his position as leader of the economic team, and the Ministry of Economic Affairs was placed under the command of an army general. The dismissal of de Castro, however, represented only a cosmetic move aimed to deflect the increasing unpopularity of the government. He was replaced by Sergio de la Cuadra, another Chicago boy who decided to continue the policies of his predecessor.

The economic crisis produced the rise of an active political opposition to the government, which now had to deal with a major political challenge coming from both the centre and the left. The outlawed political parties began to operate almost openly, while the military government, showing clear signs of weakness, searched for some formula to tackle the new situation in the country. Pinochet appointed Sergio Onofre Jarpa as Minister of the Interior, and he initiated a ‘dialogue’ with the opposition. This was intended to win time and to create divisions among its different political currents. Jarpa, a leading representative of the traditional right wing, had never sympathised with the ‘new right’, symbolised by the Chicago boys. He convinced Pinochet of the need to expel the remaining Chicago boys from leading positions within the government. In his view, they had to be replaced by an economic team who could implement a more pragmatic policy to tackle the economic crisis. This led to a new cabinet reshuffle in April 1984 in which Pinochet appointed two of Jarpa’s associates, Modesto Collados and Luis Escobar, as Ministers of Finance and Economic Affairs, respectively.

After the adoption of a series of unorthodox measures, the economy began to show clear signs of recovery. However, the expansionist nature of the new economic approach clashed with financial restrictions imposed by the IMF which exercised strong pressure on the Chilean government to re-adopt a stricter financial policy.

On the political level, the government recovered its control of the situation. The opposition recognised the limitations of staging ‘days of
national protest’ when these did not lead to the fall of the military government. The political momentum of mid-1983 gradually declined. At that point, the military government estimated that the political situation was sufficiently safe to revert to a neoliberal economic position. Accordingly, in February 1985 Pinochet appointed Hernán Büchi as Minister of Finance. Despite the fact that he was not a Chicago Boy in the strict sense (in fact he studied at Columbia University) he had collaborated with the neoliberals since 1975 and fulfilled several minor functions within the neoliberal economic team. He had the advantage of being relatively unknown to the general public, who were unaware of Büchi's close connection with the Chicago boys.

Büchi continued to implement neoliberal reforms and in a relatively short time he was able to restore the confidence of the international financial agencies in the Chilean economy. By the end of 1985 the last signs of the economic crisis had disappeared and the country’s overall economic performance returned to very satisfactory levels. The strong recovery experienced by the Chilean economy ever since led to the increasing popularity of Minister Büchi. Even economists from the opposition recognised Büchi's sophisticated technical ability as a manager of the economy. The prestige obtained by Büchi contributed to the restoration of the technocrats’ popular image, which had become seriously damaged as a result of the economic crisis initiated in 1981.

In clear contrast to the other countries in the region, where Ministers of Finance have very short-lived careers and are often the most unpopular members of the government (owing to the bad shape of most Latin American economies), the nomination of Hernán Büchi in Chile as the government’s candidate for the presidential elections of December 1989 did not surprise anyone. During his campaign, he proudly stressed the alleged advantages of his technocratic approach toward developmental issues and repeatedly insisted he was not a político. Although he came second to the opposition’s candidate, Patricio Aylwin, he obtained, together with the other right wing candidate, Francisco Javier Errázuriz, a respectable 42% of the vote (against 56% for Aylwin). Most political commentators agree that Büchi’s major handicap was not his technocratic background, but his connection with the Pinochet regime. Hence, he became indirectly linked to the human rights abuses committed by the military government, which constituted a major issue during the elections.

Despite Büchi's electoral defeat, it is likely that most of the structural reforms introduced by the neoliberal technocracy in the period 1975–90

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will remain almost unaltered under the new democratic government. Even in the hypothetical case that the current authorities wish to do so, it is almost impossible to reverse the new pattern of capitalist development established by the Chicago boys. But what it is more important to emphasise here is that within the democratic political forces this desire has been absent.\footnote{Delano and Translawifia, La herencia, pp. 179–83.}

After all, the Chicago boys succeeded in their efforts to expand public support for their free market ideas. Even among leftist circles, one can observe a growing acceptance of many economic postulates defended by the Chicago Boys under the military government such as (a) the need to relegate the state to a subsidiary role in economic matters; (b) a revaluation of the role played by 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.\footnote{\textquoteleft The democratic government neither envisages nor desires a return to a state-based pattern of development. On the contrary, the government will stimulate private initiative, interfering as little as possible with market decisions \ldots \textquoteleft \text{. President Patricio Aylwin, in a speech to a seminar on foreign investment (El Mercurio, international edition, 17–23 May 1990, pp. 1–2). Minister of Economic Affairs Carlos Ominami (a member of the Socialist Party), explained the economic philosophy of the new Chilean government in similar terms to a group of leading industrialists and investors in Tokyo (see El Mercurio, international edition, 31 May–6 June 1990, p. 4).\textquoteleft One must not minimise the impact of exile in East European countries on many Chilean left wing political leaders. Their negative personal experiences of the socialist economies finally convinced them that this was not the kind of economic system they wanted for Chile after the restoration of democracy.}

This radical shift in the traditional economic thinking of the left is, in my view, the result of three major factors. Firstly, the Chilean left has already had the experience (during the Popular Unity government) of implementing a socialist-oriented economic policy which was clearly unsuccessful. With that experience in mind, there is almost no one in Chile today who would dare to recommend the application of such an approach to the current Chilean economy.\footnote{One must not minimise the impact of exile in East European countries on many Chilean left wing political leaders. Their negative personal experiences of the socialist economies finally convinced them that this was not the kind of economic system they wanted for Chile after the restoration of democracy.} Secondly, despite the general criticism of the negative social aspects of the neoliberal model, many people within the leftwing political parties admit (openly or tacitly) that at present the Chilean economy functions well and that it is now in better shape than at any other point during the last 25 years. And thirdly, the current process of political and economic transformation in Eastern Europe in which the system of centralised economy is being eliminated almost everywhere, has
constituted the *coup de grâce* for those who dogmatically and ideologically still insist on the advantages of such an economic system.

Most Chilean leftist sectors also accept today the idea that the achievement of economic growth and the maintainance of financial equilibrium constitute a precondition for improving the living standards of the less favoured segments of the population. This implies a recognition of the importance of maintaining an efficient administration of the economy.

*The rise of a technocratised opposition*

The increasing political role played by technocrats after 1973 is by no means a phenomenon confined exclusively to government circles. This trend can also be observed in opposition quarters, where an increasing technocratisation of the formulation and implementation of strategy has taken place. Since 1973, a large number of (oppositional) research institutes and non-governmental organisations (NGO’s) have been established, playing a key role in the struggle against the authoritarian regime.\(^{37}\) In 1985, for instance, there existed around 40 private research institutes in the social sciences employing 543 researchers (not including research assistants and grant holders), of whom 30% are holders of MA or PhD degrees obtained abroad. Around 65% of these researchers work on a full-time basis. The impact on national academic ‘production’ of these institutes is enormous. With the exception of economics, the majority of social science articles and books written by Chilean scholars and published in Chile and abroad have been produced by researchers associated with these private institutes. So, for example, in the period 1980–4 a total of 101 books were published by the 13 private research institutes which have a regular plan of publications.\(^{38}\)

This process of professionalisation of the political opposition is, in my view, the result of several interrelated social dynamics which came into operation after the breakdown of democracy in 1973.

The first historical fact one must take into consideration is the severe persecution of intellectuals which took place directly after the coup. Many of them were imprisoned or killed by the military, while a larger group were dispersed all over the world as political exiles.\(^{39}\) Many Chilean

\(^{37}\) For a list of private research centres in social sciences established in Chile after 1973 see María Teresa Lladser, *Centros Privados de Investigación en Ciencias Sociales en Chile* (Santiago, 1986). On the role played by the NGOs opposing the military regime see Taller de Cooperación al Desarrollo, *Una puerta que se abre: los Organismos no Gubernamentales en la Cooperación al Desarrollo* (Santiago, 1989).


academics exiled abroad found a new life teaching, pursuing research or following post-graduate courses in their new countries of residence. Others, with the support of local authorities and political organisations created their own research centres, dedicated to the analysis of Chilean reality.40

What is important to stress here is the fact that many political leaders (the professional políticos, who in Chile had lived from party resources) were often obliged by circumstances to become incorporated into academic circles. Although most of them were academically trained (mainly in law, sociology or economics), they had not worked as academics before, or for only a very short time. In many cases, the new academic experiences influenced their political outlook or, at least, changed their 'political style'. They became more scholarly and technocratic, and more involved with new theoretical debates taking place in the world. Many of these political figures learned for the very first time to work (and to achieve common goals) together with people who did not start from the same philosophical and political visions as they did. This was after years of having inhabited semi-ghettos within the narrow margins of their own political organisations.41

Those politicians and intellectuals who were able to remain in Chile were expelled from the universities and the public institutions where they had worked. For the first time, Chilean intellectuals were radically cut off from their traditional source of income: the state. Their second source of subsistence, the political parties (who in turn also lived from state resources) was also attacked by the security forces. The repression of the intellectuals produced a marked dispersal with each individual fighting

40 That is the case of centres such as ASER-Chile (Paris), Casa Chile (Antwerp), Casa de Chile (Mexico), Centro de Estudios y Documentación Chile-América (Roma), Centro Salvador Allende (Mexico), CETRAL (Paris), CIPIE (Madrid), and the Institute for the New Chile (Rotterdam).

41 See Alan Angell and Susan Carstairs, ‘The Exile Question in Chilean Politics’, Third World Quarterly, vol. 9, no. 1 (1987), pp. 148–67. The so-called 'proceso de renovación' experienced by several Chilean left-wing political parties since the late 1970s (which led to a definitive break with Leninism and towards a revaluation of democracy) is also directly related to the exile question. The exile of many Chilean political leaders in Eastern European countries was rather traumatic. There they directly confronted the dark side of ‘real socialism’. This is for instance the case of political figures such as Jorge Arrate (current leader of the Socialist Party) who moved after difficult years in former East Germany to the Netherlands, from where he initiated a profound theoretical and programmatic discussion within the Chilean socialist movement. See his El socialismo chileno: rescate y renovación (Rotterdam, 1983), and La fuerza democrática de la idea socialista (Barcelona and Santiago, 1985). For an analysis of the significance of the socialist renovation for Chile’s process of democratisation see Manuel Antonio Garretón, Reconstruir la Política: transición y consolidación democrática en Chile (Santiago, 1987), pp. 243–92.
literally for his or her own life. After a couple of very repressive years, however, a difficult process of regrouping and reorganisation started. Intellectuals from similar academic disciplines and with congenial political outlooks began to establish research institutes as a means of surviving (economically). They were mainly financed by Western European and North American organisations for international cooperation, as a way of keeping alive an intelligentsia opposed to military totalitarianism. Some of these institutes also received funds obtained from time to time by Chilean political parties in exile.

The academic status of these institutes and the scholarly content of their activities initially constituted their only 'right of existence' within an extremely repressive environment. Any criticism of the military government had to be carefully formulated in academic terms and presented in an abstract manner. This led to the almost complete disappearance of the slogans and rhetoric which had characterised partly politics before the coup.

In 1975 the Catholic Church founded the Academia de Humanismo Cristiano (AHC), to ensure the legal status of several research centres (which became associated to it) and to protect them from direct state repression. In addition new research centres were created under the AHC umbrella to shelter persecuted academics and to monitor the policies applied by the military government in different fields (labour legislation, agrarian policy, education, human rights, etc.).

Many of the research institutes initially tolerated by the military had a Christian Democratic orientation and were basically specialised in macro-economic and financial themes. From mid-1974 the Christian Democratic Party, (which initially had supported the coup and offered technical assistance to the military government) began to move into opposition. Those Christian Democratic academics who still taught at the universities were pressured by gremialista and neoliberal forces to abandon their posts. That was the case of the members of the Centro de Estudios y Planificación Nacional (CEPLAN), an institute associated to the Faculty of Economics of the Catholic University. This Centre was formed in 1970 as an alternative to the Chicago boys as they began to acquire a dominant position within the University. In 1976 the academics associated with

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42 Thus, in an evaluation made by the Swedish Agency for Research Cooperation with Developing Countries (SAREC) it is stated '[We] succeeded in preserving research capacity under conditions of repression and political crisis. Support for private national centres has enabled people to continue research projects after military intervention in the universities. These centres also house researchers expelled from academic or government agencies because of political persecution.' H. Spanding et al., *SAREC's Latin American Programme: An Evaluation* (Stockholm, 1985), p. 1. See also José Joaquín Brunner, 'La intelligentsia: escenarios institucionales y universos ideológicos', *Proposiciones*, no. 18 (Jan. 1990), pp. 180–91.
CEPLAN decided to break their links with the Catholic University and to establish themselves as a private institute under the new name of Corporación de Investigaciones Económicas para América Latina (CIEPLAN).

This research institute concentrated on monitoring the economic policy of the Chicago boys. Paradoxically, the first open (tolerated) activities opposing the military government and the neoliberal technocracy came from this group of technocrats, experts in financial and macro-economic matters. This team of highly qualified academics accepted the neoliberal challenge ('the theme of economic policy can only be treated by specialists'), and began to elaborate very sophisticated technical studies, in which they expressed their criticism of the economic policy of the military government. The scholarly tone utilised by many opposition research institutes in their criticism of neoliberalism made possible the dissemination of their ideas (although in a limited way) through the publication of working papers and the organisation of academic symposia on specific matters. For many years this constituted the only authorised way of diffusing ideas other than the official ones.

After a couple of years, CIEPLAN became a true think tank of the Christian Democratic Party. It expanded its activities from monitoring economic policies, to the elaboration of proposals for an alternative socio-economic model and for a new political system to be adopted after the expected departure of the military. The CIEPLAN Monks also began to occupy the few spaces left open to the independent press to expand their ideas and criticism to a broader public, by publishing articles and comments in Mensaje (property of the Catholic Church), and later in Hoy, the first authorised oppositional weekly (of Christian Democratic orientation). During the last years of the military government Alejandro Foxley, director of CIEPLAN, became a well known public figure who, behind his economic expertise, successfully ventured into the field of political science and in particular the study of political consensus.

Democratic transition and technocratisation in Chile

After the beginning of relative political liberalisation in 1983, new mechanisms of cooperation and consultation were created between academics and intellectuals associated with the different research institutes.

43 José Pablo Arellano et al., Modelo económico chileno: trayectoria de una crítica (Santiago, 1982). This is a selection of these articles published between 1977 and 1981. This book became very controversial at that time, because it showed that since 1977 the researchers at CIEPLAN had constantly been predicting the eventual collapse of the neoliberal economic model, which finally occurred in 1981.

44 Alejandro Foxley, Para una democracia estable (Santiago, 1986). See also his 'Economic and Political Transitions in South America', in Benno Galjart and Patricio Silva (eds.), Democratization and the State in the Southern Cone (Amsterdam, 1989), pp. 75-101.
They were initiated by experts on a specific subject who held similar political views (mostly members of the same political party). Through the organisation of regular meetings and workshops, these professional collectives (the so-called equipos técnicos) worked out a common diagnosis of the existing situation in a specific field, and formulated proposals to be implemented after the expected restoration of democratic rule. Thus, a group of socialist-oriented economists worked together for many years in an attempt to formulate a new economic policy, which was later adopted by the Socialist Party as its official economic programme. The same was done by the other political parties and in other areas such as housing, social security, health care, defence, agriculture, education, foreign policy, etc. This technocratisation of party policy-making was facilitated by the fact that, at that time, open consultation with the party rank and file through a congress was unthinkable for security reasons.

In 1984 the Christian Democrats, together with the moderate wing of the Socialist Party and other minor centre-left political organisations, formed the Alianza Democrática (AD), an opposition coalition which aimed to defeat the military regime by political means. According to the 1980 constitution, a national referendum was to be held before the end of 1988. The people had to choose between the prolongation of Pinochet's rule till 1997 (the yes-option) or the holding of free elections, within a year after the referendum (the no-option).

The AD campaign for the no-option led to very productive cooperation among the different equipos técnicos of the political parties joined in this coalition. For the first time in modern Chilean politics, technocrats from the centre and from the left worked together to formulate a common political programme and to elaborate sectoral policies for a future democratic government. This exercise was especially fruitful for two reasons. Firstly, it reduced if not eliminated the historical fears and prejudices existing between them. This was eased by the fact that they shared similar technical and professional approaches and in many cases had studied at the same academic centres both in Chile and abroad. This cooperation at the technocratic top strongly contributed to the initiation of the rapprochement among supporters of different parties at the bottom, who for many decades had inhabited separate and even antagonistic political sub-cultures. Secondly, the existence of these multi-party technical teams greatly facilitated the formulation of a coherent governmental programme for the presidential elections held in December 1989, and the subsequent constitution of multi-party equipos técnicos to occupy positions in ministries and state agencies upon achieving electoral victory. In this way many technocrats from the different political parties who were appointed to official positions after the installation of the
government of Patricio Aylwin in March 1990 had already worked together for more than seven years.

The new Chilean democratic government has a marked technocratic outlook. Most of the holders of top governmental positions are experts in the specific field to which they were appointed. The technocratic nature of the Aylwin government was stimulated by three major factors. Firstly, due to the coalitional nature of the government, Aylwin needed some modus operandi for government appointments. He announced from the very beginning that he did not intend to distribute posts on the basis of party quotas. The distribution of functions according to party membership rather than the professional skills of the candidates, constituted one of the most (self-)criticised features of the Allende government, and one which everyone (including the parties which participated in the Popular Unity coalition) now wanted to avoid. Accordingly, Aylwin stated that governmental posts would be awarded to ‘the most capable’ in their specific technical field. In fact, the democratic government accepted the principle introduced by the neoliberal technocracy that technical and not political skills must be the main criterion of selection. This goes to show that the technocratic nature of decision-making in the country has lost the taboo character it had within Chilean politics prior to the coup, becoming an accepted reality. Secondly, the phenomenon of exile contributed amongst other things to the overall academic up-grading of the dissident intelligentsia and the political class in general. Many of the figures who now hold government positions lived in exile where they obtained specialised academic training. In addition, those who remained in Chile during the Pinochet government gained access to post-graduate courses in developed countries as a result of the institutional links developed between many dissident research institutes and foreign university centres. So, for example, in 1983 there were 3,185 Chileans studying at foreign universities, one of the largest groups of Latin Americans studying abroad (in relation to its total population). This high degree of technocratisation of governmental decision-making has been made possible by the large number of individuals with a high level of specialised academic training among the leading figures of the political forces which make up the government. Finally, 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.

Owing to the very complex nature of the economic process, the

technocratisation of decision-making and the relative importance of financial and economic expertise above other professional skills have been accentuated. Moreover, during recent years the Chilean political system has become strongly internationalised. External institutions such as the IMF and the World Bank are important actors which the Chilean government now has to take into account in the formulation and implementation of its social, economic and financial policies.

The composition of the equipo económico of the new democratic government has three main features. First, almost all the officials appointed to high level positions have undertaken post-graduate studies abroad (see Table 2). Never before has a democratic government in Chile had so many highly specialised technocrats at ministerial level. Secondly, almost all the high ranking officials worked during the military regime in the oppositional private research institutes, such as CIEPLAN, AHC, ILADES, CED, CES, and CLEPI. The same trend can be observed in other ministries and state institutions. So, for example, members of FLACSO and PIIE perform key roles at the Ministry of Education, as do PET researchers at ODEPLAN. Last but not least, one can observe that the ex-members of CIEPLAN occupy many of the most strategic positions within the economic team.

The current Finance Minister, Alejandro Foxley, together with his CIEPLAN colleagues has been able to assemble a cohesive team with a strong esprit de corps which shows many resemblances to the Chicago boys. From the very beginning, Foxley displayed a 'relative autonomy' within the cabinet, demanding the right personally to choose his nearest collaborators in the equipo económico. He argued that this was the only way to achieve the needed coherence in the formulation and application of his financial policies. He also managed to influence the appointment of another CIEPLAN monk, René Cortazar, as Labour Minister. Cortazar plays a very strategic role in the search for consensus between workers and entrepreneurs over moderating socio-economic demands in order to avoid labour unrest and the increase of social tensions, which could lead to economic instability. Foxley is already being seen within certain political circles as the 'natural successor' to Patricio Aylwin at the next presidential elections. His eventual nomination as the official presidential candidate would be another sign of the increasing technocratisation of Chilean politics. If this happens, for the second time in a row a Finance

46 The democratic government has given ODEPLAN a ministerial status, and changed its name to MIDEPLAN.
47 For instance, the CIEPLAN technocrats are sometime referred to by the press as the 'CIEPLAN boys', to stress the similarities with their predecessors (see, e.g., El Mercurio, 11 May 1990).
48 See, for instance, 'Foxley, el hombre fuerte', Hoy, no. 664, 9-15 April 1990, pp. 3-5.
Table 2. Members of the economic team of the Aylwin government: foreign university affiliation

<table>
<thead>
<tr>
<th>Name</th>
<th>Ministry of Finance</th>
<th>Ministry of Economic Affairs</th>
<th>Other institutions</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alejandro Foxleya</td>
<td>Finance Minister</td>
<td>Minister of Economic Affairs</td>
<td>President of Banco de</td>
<td>University of</td>
</tr>
<tr>
<td>Pablo Piñera</td>
<td>Deputy Finance Minister</td>
<td>Deputy Minister of Economic</td>
<td>Estado</td>
<td>Chicago</td>
</tr>
<tr>
<td>Andrés Velasco</td>
<td>Chef de Cabinet</td>
<td>Affairs</td>
<td>General Manager of CORFO</td>
<td>Harvard University</td>
</tr>
<tr>
<td>José Pablo Arellano</td>
<td>Budget Director</td>
<td>Coordinator of Sectorial</td>
<td>Supervisor of Stock</td>
<td>University of</td>
</tr>
<tr>
<td>Javier Etcheverry</td>
<td>Tax Director</td>
<td>Policies</td>
<td>Markets</td>
<td>Boston</td>
</tr>
<tr>
<td>Manuel Marfán</td>
<td>Policy Coordinator</td>
<td>Secretary of Foreign</td>
<td>Adviser to Central Bank</td>
<td>University of</td>
</tr>
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<td>Investments</td>
<td>Bank</td>
<td>Chicago</td>
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Minister with a marked technocratic approach would reach a position that in the past was reserved only for all-round politicos.\(^49\)

The CIEPLAN case shows the strategic role that a private research institute can play as a think tank, but especially as a kind of ‘fitness centre’

\(^49\) Despite their relative autonomy from the traditional party structures, one must still keep in mind that Chilean technocrats continue working inside political parties. Their current prominence has perhaps been strengthened by the fact that since March 1990 political parties are still defining their role after many years of inactivity. But even if in the near future (as a result of the normalisation of party activity and competition) more traditional politicians come to the fore, I do not expect a restoration of their old pivotal position within the Chilean political system. They can perhaps find a redoubt in the Parliament, but not in leading positions at ministerial levels, as was the case before September 1973.
and ‘waiting room’ for a group of technocrats ready to take command of specific governmental tasks, when the time is right.\(^{50}\) In the past, when political abilities were more in demand than technical skills, in times of opposition the political class sought refuge in their own party structures. Since the military government it seems that political party headquarters have been replaced by private research institutes.

This new reality should also apply to the neoliberal technocratic elite who have had to leave their governmental positions. Indeed, Hernán Büchi and his closest associates established a new private research centre, the Instituto Libertad y Desarrollo, only three weeks after the installation of the Aylwin government. As his executive director, Cristián Larroulet, has pointed out, ‘recent Chilean experience has shown that this kind of centre – such as CIEPLAN – is very important in the production of ideas’.\(^{51}\) This institute has clearly adopted the ‘CIEPLAN-formula’: it seeks to monitor government policies in fields such as education, justice, transport, economy and investments. But at the same time, it intends to formulate alternatives which could be implemented by a future government.

Conclusion

In this article I have tried to show the increasing political role played by technocrats since the 1960s at the highest level of policy-making in Chile. Although already underway, this phenomenon was officially neglected by the democratic authorities before the coup d’etat because its elitist connotations contradicted the allegedly popular orientations of the Frei and Allende governments. The military government, however, not only recognised the growing technocratisation of decision-making but presented it as a guarantee of the adoption of sectoral policies which

\(^{50}\) It must be said that a similar process of technocratisation of politics (although less extreme) can be seen in Argentina, Brazil and Uruguay, where many technocrats who worked at private research institutes have occupied high positions at governmental levels after the reestablishment of democratic rule. See José Joaquín Brunner and Alicia Barrios, *Inquisición, mercado y filantropía: ciencias sociales y autoritarismo en Argentina, Brasil, Chile y Uruguay* (Santiago, 1987). In the Argentine case a group of prominent intellectuals has stated, ‘We do not recall in the history of our country any other government with a greater participation of public servants coming from the intellectual field, and not necessarily from political militants, than the government presided over by Alfonsín. (...) One of the most singular aspects of Alfonsín is his continuous attempts to attract technocrats and intellectuals into government and into the sphere of politics.’ Adolfo Canitrot, Marcelo Cavarozzi, Roberto Frenkel and Oscar Landi, ‘Intelectuales y política en Argentina’, *Debates, no. 4*, Oct.–Nov. 1985, pp. 4–8. Actually, the same can be said for the Mexican case since the government of de la Madrid, and especially during the current government of Carlos Salinas de Gortari. See Roderic Camp, *Mexico’s Leaders: their Education and Recruitment* (Tucson, 1980).

\(^{51}\) ‘Instituto Libertad y Desarrollo: para producir ideas’, *El Mercurio*, 1 April 1990, p. 11.
Technocrats and Politics in Chile

would be based not on political but on ‘technical and rational’ considerations.

The Chicago boys played a central role in this technocratisation of decision-making. With a strong esprit de corps, this group of young economists conducted a kind of revolution ‘from above’, transforming the social, economic, political and even cultural bases of Chilean society. Because they achieved an economic success, the neoliberal technocracy became legitimised among important sectors of the population. The alliance between the military and the civil technocracy represented for years a workable formula, permitting the military government to count on considerable political support from the population until the beginning of the 1980s.

In addition, the opposition to the military regime became increasingly technocratised. The dissident intelligentsia organised its opposition from a series of private research institutes which conducted academic studies on the nature of the authoritarian regime and on the results of its policies. For years, scholarly criticisms made by these experts were the only voices tolerated against the military dictatorship. Furthermore, during exile abroad many opposition political leaders became connected to the academic world, acquiring expertise in specific subjects.

The revival of political activities after the economic crisis of 1981 did not lead to a massification of politics but to the search for consensus at the top between different oppositional currents in order to establish a broad coalition against Pinochet. The political forces united by the opposition formulated common goals through the establishment of equipos técnicos, constituted by technocrats from different political parties, who were experts in specific fields such as education, health, economics, etc.

After the establishment of democratic rule in March 1990 the new authorities did not re-adopt populist policies and rhetoric as had been the case before the 1973 coup. The technocratic character of decision-making, which became firmly fortified during the military regime, has been maintained. For the appointment of most of the government’s leading figures special attention has been paid to technical skills. As has been shown, ministerial posts and other important positions in the state agencies are now occupied by highly specialised technocrats. The key role played by the technocrats of CIEPLAN in the new government also shows the increasing importance that research institutes have attained within Chilean politics, to the detriment of political parties, as reservoirs

\[52\] President Aylwin’s government will preserve Chile’s macro-economic stability and avoid the adoption of populist measures which has brought other nations in the region to a situation of hyper-inflation.’ Minister Alejandro Foxley in his ‘Estado de la hacienda pública’ speech to the Parliament, Valparaíso, 24 Oct. 1990.
of an alternative techno-political class. The Chicago boys have also received the message, establishing a CIEPLAN-like think tank in order to monitor the performance of the Aylwin government and to wait for political change in the future for the deployment of their policies.

The struggle for political power between competing technocratic groups entrenched in their respective think tanks has become a new feature of Chilean politics. The strong populist and demagogic discourse used in the past by the political parties and the traditional políticos seems definitively to have been replaced by a technocratic approach, in which the search for ‘rational’ solutions for the social and economic problems of the country is stressed.