Beyond Neoliberalism in Latin America?
Societies and Politics at the Crossroads

Edited by
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Chapter 2
The Chilean Left: Socialist and Neoliberal

Patricio Navia

As Latin American countries increasingly show symptoms of discontent with neoliberal policies and support grows for leaders opposed to neoliberalism, the Concertación coalition that has governed Chile since 1990 constitutes an example of successful, popularly supported leftist commitment to neoliberalism. Its success has inhibited the emergence of a stronger popular challenge to neoliberalism in Chile. The Concertación’s implementation of neoliberalism with a human face—despite shortcomings—has reduced the appeal to Chilean voters of anti-neoliberalism. The presidential election of Michelle Bachelet in early 2006 and the overwhelming electoral victory for the Concertación in the legislative elections show that when neoliberalism is complemented by policies that promote social and economic inclusion, popular responses against neoliberalism lose appeal. Here, after examining the performance of both Ricardo Lagos and Bachelet as socialist presidents, I discuss the reasons for the Concertación’s success. I then discuss the lessons that can be drawn by other leftist leaders in the region.

The Concertación Leftist Governments

Between December 2005 and December 2006, eleven Latin American countries held presidential elections. Altogether, 80 percent of the Latin American population went to the polls—about 250 million voters. In addition to Brazil and Mexico, the two largest countries in the region, Colombia, Peru, Venezuela, Chile, Bolivia, Ecuador, Haiti, Costa Rica, and Nicaragua chose new leaders or reelected incumbents. With the election season over, some have suggested a tension between a “good” and a “bad” political left (Castañeda 2006; Corrales 2006b; Navia 2006b). Others have highlighted the prevalence of populism (Corrales 2006a; Schamis 2006; Shifter 2006; Shifter and Jawahar 2005), and some have pointed to the strained relations between the United States and Latin America in the aftermath of the events of September 11 (Valenzuela 2005). Still others have highlighted how
incumbency, run-off rules, and other institutional features have affected electoral results (Latinobarometro 2007). Despite different approaches, most analyses agree that 2006 showed signs of leftist growth and increasing levels of dissatisfaction with neoliberal economic policies in much of the region.

The socialist governments of President Ricardo Lagos (2000–2006) and Michelle Bachelet (2006–2010) are notable examples of popular leftist commitments to a social democratic adoption of neoliberalism in Latin America. As the leader of one of the countries with the strongest economic growth in the region, Lagos combined social democratic rhetoric and practice with strong fiscal discipline. After being elected on a platform of economic continuity and bottom-up democracy, Bachelet has moved forward with the policy of neoliberalism with a human face, the trademark of the Concertación, the center–left coalition in power in Chile since the end of the Pinochet dictatorship in 1990.

There can be no question that Latin America is in the process of democratic consolidation. But that process is not unfolding evenly across the region. Chile is undoubtedly one of the more successful cases. Figures 2.1 and 2.2 show the advance on civil and political liberties in Latin America since 1972, with lower scores indicating more liberties. The red line indicates the average level of liberties for the eighteen largest continental countries, plus Cuba, Haiti, and the Dominican Republic, and the blue line indicates those values for Chile. Comparing the lines reveals something striking: while Chile consistently had lower levels of civil and political liberties than the rest of the region during the 1970s and 1980s, after its transition to democracy in 1990, the country has performed substantially better than the Latin American average. Moreover, since Lagos became president in

![Figure 2.1 Civil liberties in Chile and Latin America, 1972–2006](image)

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Note: The data include the annual progress in the Woodbury Fa Cl St FA
2000, the country further advanced in securing civil and political liberties to what Freedom House defines as an optimal level.

These figures also reveal that Chile achieved the lowest level of restraints upon liberties during leftist administrations (i.e., after 2000). Whereas Chilean democracy undoubtedly has many flaws, just as most democracies do, it should go without saying that Chile is far more democratic today than when Pinochet left office in 1990. Moreover, even those who have outlined some of the challenges faced by Chile’s democracy acknowledge that Chile is a consolidated democracy (Valenzuela and Dammert 2006). Most of the authoritarian enclaves that were still in place in 2000, when the Lagos administration took power (Garretón 2000), have now been eliminated (Siavelis 2006). Because Chile consistently ranks best in terms of civil liberties and political rights, we safely conclude that Chile is a consolidated democracy and that it is even more democratic after the Lagos administration than when presidents Aylwin (1990–1994) and Frei (1994–2000) were in office.

Some might object to classifying the Lagos and Bachelet administrations as leftist. To be sure, the definition of leftist is a highly contested concept. Some authors have suggested that there are two lefts (Castañeda 2006; Castaned and Morales 2008; Petkoff 2006). Others have even claimed that there are three lefts (Walker 2006). In the case of Chile, some have passionately argued that the Lagos government was not leftist (Claude 2006; Fazio 2006; Fazio et al. 2006). Admittedly, their argument is based on a narrow definition of what “left” is. For them, neoliberalism is incompatible with left. Yet, others authors have identified the Lagos government as being leftist (Alcántara Sáez and Ruiz-Rodríguez 2006; Funk 2006; Ortnoe and Vergara 2006; Silvelis 2006; Squella 2005).

If we are to accept that left is a contested concept, we cannot a priori disqualify certain leftist experiences. Instead, precisely because left is a contested concept, the appropriate way to approach it is by accepting a self-definition and the recognition of others within the country. Thus, provided that the Lagos administration and the political parties that comprised it defined themselves as leftist and that a large majority of the political actors in Chile accepted that definition, it is appropriate to consider the Lagos administration as leftist.

To disqualify the Lagos or Bachelet administration as leftist, it does not suffice that some authors, or even a political party, challenge that definition. It is always conceivable that there will be someone more to the left. Yet, left should not be equated with “the most leftist” but rather with “left-of-center.” Presumably, left might even mean different things in different countries, but in every country there will be parties that will advocate centrist policies and goals and there will be those who considered themselves and are recognized by others as to the left-of-center. Thus, rather than starting out with a priori definition of left and then classifying political parties and regimes accordingly, I start out by accepting self-definitions. This way, I can map out the left-leaning parties of the region, and analyze commonalities and variations among the parties.

The terms “socialist” and “leftist” tend to be used to refer to parties that advocate, defend, and promote ideals of social justice and equality, even when using the tools of moderate conservatives. Chilean socialists may thus be viewed as leftists. Indeed, although the Chilean Socialist Party (PS) has championed economic policies similar to those of moderate conservatives elsewhere in Latin America, it would be inaccurate to define it as a nonsocialist party. The PS defends ideals historically associated with the left in the hemisphere, and other leftist parties recognize Chilean socialists as their ideological partners. Thus, even if we can easily find a political party to the left of the socialists, both the administration of Ricardo Lagos and that of Michelle Bachelet can be safely regarded as leftist governments.


Since 1990, Chileans have voted to keep the same center–left multiparty coalition in power. The Concertación por la Democracia was formed in 1988 by Christian Democrats, Socialists, and other center and left-leaning parties to oppose the rightwing military dictatorship headed by General Augusto Pinochet (1973–1990). After the Concertación was formed, Pinochet was defeated in a plebiscite in 1988. In the democratic elections held a year later, Christian Democratic (PDC) Patricio Aylwin, the Concertación’s presidential candidate, easily won the election.

Because constitutional provisions created by the outgoing dictatorship gave the forces loyal to the military a majority control of the Senate, the Concertación was forced to bargain with conservative parties for all legislative initiatives and most of the policies it sought to implement. In addition, Pinochet’s success in remaining in charge of the Army slowed progress on issues such as bringing about justice to human rights violations, reducing existing high levels of inequality, and eliminating constitutional constraints
on the democratic system. Left-leaning parties, acutely aware of the limits of maneuver in this political environment, exercised restraint in pushing social and political demands (Boeninger 1997; Drake and Jaksic 1995).

The first Concertación government (1990–1994) helped produce economic growth, with significant reductions in inflation, unemployment, and—most importantly for left-leaning parties—poverty. The Concertación proved it could manage the economy better than the outgoing dictatorship. It also promoted democratic reform and reduced the scope of the “protected democracy” framework established by the 1980 Constitution. As the Aylwin government neared its end, the two main leftist parties, the PS and Party for Democracy (PPD), nominated socialist leader and PPD founder Ricardo Lagos as their presidential candidate. Lagos challenged the PDC’s candidate Eduardo Frei for the Concertación’s 1993 presidential nomination.

Although initially formed by seventeen center and left parties, by 1993 the Concertación was comprised of four parties that survived the merging and fusion process that took place during the transition to democracy, with the PDC remaining the only centrist party in the coalition. The other members were the left-leaning PS, PPD, and PRSD (Radical Social Democratic Party). The PPD was formed in 1987 when the PS was proscripted by the 1980 Constitution. Created as a mainly instrumentalist party, the PPD took on an ideological life of its own as many left-leaning voters showed uneasiness toward the PS. The PS had undergone ideological change in the 1980s, but continued to be the home of many Marxists.

Lagos had emerged as a natural leader of both parties during the Pinochet dictatorship, and, together with Aylwin, became the most visible Concertación leader. Having earlier withdrawn his presidential bid in favor of Aylwin, Lagos went on to an unexpected defeat for the Senate in the 1989 elections. Appointed minister of education, Lagos led an aggressive reform aimed at increasing government spending in education, regulating the private sector in education, and increasing funding for education for the poor. In 1993, he again sought the Concertación’s presidential nomination; but the overwhelming popularity of PDC candidate Eduardo Frei (son of the president of the same name) stood in his way. Primaries between Lagos and Frei were held in May of 1993, with party activists automatically eligible to vote and Concertación sympathizers eligible only if especially registered, allowing for an open contest within the Concertación between centrist PDC and left-leaning parties. Frei won handily, but leftist Concertación parties were strengthened by the fact that voters, rather than party leaders, chose the coalition candidate.

During the Frei government (1994–2000), leftist parties grew stronger. Lagos used his post as minister of public works to launch a new presidential bid. He also carefully brought the private sector into the process of infrastructural developments. Through a Build-Operate-and-Transfer (BOT) scheme, the socialist leader helped raise billions of private investment dollars to develop new roads and other infrastructure projects. The model was that public projects would be built with private funds, and paid for with user fees.

The government could thus use its scarce resources to develop infrastructure in places private investors did not find it profitable. In this way, not only was much more infrastructure developed, but the government was able to target funds to those areas most in need, thereby promoting government spending in a way that reduced existing inequalities. At the same time, Lagos developed a platform that made it possible for the left to take a leadership role in the Concertación. The creation of the Chile 21 Foundation, a leftist thinktank, created a space where new ideas could be discussed in a setting related to, but independent of, the PS and PPD.

In mid-1998, Lagos resigned his cabinet post to pursue a new presidential bid. Concertación parties agreed to hold presidential primaries open to all voters—except those who were activists of non-Concertación parties. The expectations were that more people would participate and that preferences reported in polls would be more easily reflected in the results. Notwithstanding Lagos’s popularity, Andrés Zaldívar—who had narrowly defeated Lagos in 1989 in a senatorial race—was the PDC candidate. Lagos went on to win the May 1999 primaries by a 71.4 to 28.6 percent margin, with almost 1.4 million votes (about 18 percent of the registered voting national population). His victory led many to expect an easy win in the December 1999 presidential elections.

Chilean politics had become complicated, however, by the October of 1998 arrest of Augusto Pinochet during a trip to England, after a Spanish judge issued an international warrant for him for having committed crimes against humanity. Pinochet had given up presidential power in 1990, but had assumed a lifetime post in the Senate. Despite allegations of diplomatic immunity, the British government denied a request to release Pinochet. Inevitably, the 1999 presidential election was influenced by the arrest. Among other things, the conservative candidate Joaquín Lavín benefited indirectly from the arrest. As a member of the Independent Democratic Union (UDI), Lavín had been a supporter of the dictatorship during the 1980s, and had reinvented himself as a moderate conservative mayor of Santiago’s wealthiest district. The UDI was the strongest conservative party in the multiparty Alianza coalition. Pinochet’s arrest helped Lavín distance himself from the dictatorship and present himself in no uncertain terms as a moderate candidate. Because Lagos was the Concertación’s presidential candidate and, unlike previous elections, no PDC candidate was in the field, Lagos found in Lavín a direct competitor for moderate votes. Lavín captured more support from moderates than any previous conservative presidential candidate. In addition, in 1999 Chile was experiencing its first recession after fifteen years of continuous economic growth.

The 1999 presidential election was, as a result, hotly contested. Lagos, the early favorite, was forced into a run-off with Lavín, who proved to be a tough campaigner with an intelligently designed strategy that exploited the discontent produced by the recession. After narrowly edging Lavín by a 48 to 47.5 percent margin in the first round vote, Lagos won the run-off by a 51.3 to 48.7 percent margin. The tightness of the race had much to do
with the widespread discontent caused by recession. In September of 1999, 58 percent of Chileans believed the country was headed in the wrong direction, according to a poll conducted by the Centro de Estudios Públicos. Yet Lagos was also the first Concertación candidate who was not a member of the centrist PDC. As the left-wing presidential candidate since Salvador Allende, Lagos had a difficult challenge. Many observers expected that moderate Concertación sympathizers would be reticent to support a leftist candidate. Although moderates had overwhelmingly supported Aylwin and Frei, the presence of a leftist presidential candidate made it easier for Lautín to lure moderate voters away from the Concertación.

Lagos took office at a very difficult time in March of 2000. Unlike Aylwin and Frei, who started their terms with the country in good economic shape and with most people sensing the country was headed in the right direction, Lagos's presidency began with the country only slowly emerging from a recession (see table 2.1). To make matters more complicated, Lagos was inaugurated just one week after Pinochet returned to Chile from his house arrest in London (Eduardo Frei had lobbied the British to free Pinochet on humanitarian grounds and promised to try him in Chile). Among Lagos's immediate challenges, then, along with struggling to consolidate economic recovery, was what to do about Pinochet, and to prove wrong the idea that Chilean socialists could not govern effectively (Ottone and Vergara 2006).

At the end of the day, despite being affected by a variety of economic woes and corruption scandals (Navia 2004), the Lagos government achieved numerous successful legislative and policy initiatives, including long-anticipated free trade agreements with the United States and the European Union. A comprehensive health care reform (scaled down to secure legislative approval), a far-reaching labor union reform (including an unemployment insurance scheme), a state modernization initiative (with the creation of politically independent civil service professionals), campaign finance reform (government financing for political parties), and a number of economic modernization initiatives, all contributed to widespread acknowledgment that his tenure significantly improved the Chilean polity. It also reconfigured widespread notions on the Chilean left that a commitment to social justice was inevitably tied to wholesale rejection of neoliberalism.

The Lagos administration combined neoliberal economic policies with democratic consolidation and distributive social justice policies. Political reforms that brought greater accountability and transparency in government were regarded as progressive by the left. For example, Lagos secured the direct election of municipal mayors and a comprehensive set of constitutional reforms that eliminated most pending authoritarian enclaves from the 1980 Constitution. These reforms were instituted alongside successful redistributive measures, such as a program aimed to combat poverty by targeting government resources to those most in need—the Chile Solidario program. Yet, the Lagos administration also championed some standard neoliberal economic reforms. Alongside free trade agreements, the government adopted a draconian 1 percent surplus rule to the fiscal budget. Highways and other infrastructure concessions attracted foreign investment. The percentage of children attending privately owned schools using a voucher-like program reached an all-time high. In addition, Lagos's aggressive commitment to the international rule of law, including his opposition in the U.S. request to the UN to use force to remove Saddam Hussein, burnished his reputation as an independent, democratically minded leader (Alcántara Sáez and Ruiz-Rodríguez 2006; Funk 2006).

It can be inferred from table 2.1 that the Chilean economy under Lagos performed better than average in the continent. While the 1999 downturn affected Chile more than other economies in Latin America, the national economy eventually outperformed the region. While Latin America grew at a 3.7 percent rate, Chile's economy expanded by 4.5 percent in 2000; in 2001 and 2002, while Latin America stagnated, Chile grew by 3.5 percent and 2 percent, respectively. And as other Latin American economies began to recover in 2003, Chile recovered with a stronger 3.3 percent rate. In 2004, as Latin America in general experienced its best year in almost a decade, Chile's economy expanded even more, by 5.8 percent. In 2005, Chile achieved a 6.3 percent growth rate, compared to the region's 4.5 percent average. True, Chile's growth has slowed down in 2006 and 2007. Latin American grew in average more than Chile did. But Chile's strong anti-cyclical economic policies will likely help the country better weather out a future downward trend in the economic cycle.

Of course Chile's economy was not problem-free. Unemployment continued to be a problem after 1999. Although the economy expanded at a decent rate, unemployment levels remained almost as high in Chile as in the rest of Latin America. Inflation, on the other hand, was kept under control. In 2003, the country experienced its lowest inflation on record and in 2004 the inflation rate was kept considerably low despite the upsurge of economic activity. In 2005, the last year of the Lagos administration, inflation increased slightly, but it was still below the Latin American average.

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Table 2.1  Selected economic indicators in Chile and Latin America, 2000–2007

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<td>GDP growth Latin American countries (average)</td>
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<td>4.5</td>
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<td>2.2</td>
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<td>Unemployment Chile</td>
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<td>Unemployment Latin America (average)</td>
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GDP: Gross domestic profit.
the Concertación lose seats in the Chamber of Deputies, but the center–left coalition still managed to get more votes than the rightwing opposition. But Lagos’s personal popularity was in the long run a boon to the governing coalition, contributing to a victory in the 2004 municipal election. And of course the results of the 2005 election constituted a clear popular endorsement for Lagos, giving the center–left coalition an unprecedented four consecutive victories in presidential elections. Indeed, the Concertación’s tenure will be the longest serving democratically elected party or coalition in the history of Latin America. The fact that such stability has occurred in a country led by a coalition comprised of socialists is notable, and reveals the capacity of Chilean socialists to realize effective economic policies and improvements in the quality of life.

The Lagos administration was not only successful—it was leftist. Although the PS has championed economic policies associated with moderate conservatives elsewhere in Latin America, it would be unfair to label it or Lagos as nonsocialists. There can be no doubt that many of Lagos’s policies were distinctively neoliberal in character (Claude 2006; Fazio 2006; Fazio et al. 2006; Winn 2004), yet he and his party unapologetically identify themselves as leftists. Numerous analysts agree (Alicantara Sáez and Ruiz-Rodríguez 2006; Angell and Reig 2006; Funk 2006; Winn 2004), and other parties in Chile do as well, though the Communist Party, not surprisingly, regards Lagos as more to the right than they are. Other leftist parties in Latin America recognize Chilean socialists as their ideological partners.

The Bachelet Government

Although Michelle Bachelet’s victory understandably made news around the world for the fact of her gender, the fact that she was elected as the candidate of longest ruling coalition in the country’s history is actually more revealing of recent political developments in Chile. Because Bachelet successfully combined a message of change (her being a woman) with a message of continuity (promising to retain the policies of her predecessor), she won the run-off election on January 15, 2006, defeating a moderate right-of-center candidate (Izquierdo and Navia 2007; Morales 2007; Sivvelis 2006). It is very likely that had she not been a candidate of the popular Concertación coalition, the fact that she was a woman would not have been sufficient to carry the day. At the same time, although a lifelong socialist, Bachelet’s election should not be seen as just one more in the recent wave of leftist victories in Latin America. As the fourth consecutive Concertación president, she represents much more continuity than change. Because she promised to maintain the economic policies that made Chile the most successful economy in Latin America, her election was as much an approval of the neoliberal model implemented by the Concertación than a call for change in favor of Bachelet’s promise of a more participatory democracy.

The first Concertación president, PDC Patricio Aylwin (1990–1994), announced a “free market social economy” while vowing to give neoliberalism
a human face. The remarkable thing is that in the following ten years, Chilean poverty was reduced from 40 to 20 percent, and the economy's rate of growth more than doubled. Yet the policies adopted by Aylwin and Frei were squarely in tune with those promoted by the Washington Consensus and international lending institutions. Lagos only deepened the Chilean state's commitment to neoliberalism. In addition to signing free trade agreements with the United States and the European Union, Lagos adopted a conservative fiscal policy, with a structural fiscal surplus of 1 percent of the GDP into the national budget. Even in 2005, an election year, and despite soaring copper prices (Chile's main export commodity), the Lagos administration showed remarkable fiscal restraint. The absence of lavish spending did not mean much on focus on social programs. Ambitious and well-designed programs to promote access to health and education, and infrastructural development, have transformed Chile.

Bachelet's rise to power is closely associated with the Lagos government. First appointed minister of health in 2000, Bachelet was one of five women to be appointed in Lagos's first cabinet. She received wide press attention soon after Lagos's inauguration when she was given a ninety-day limit to end lines in public health clinics. Because health reform had been a major component of his campaign, Lagos promised rapid solutions. When faced with the ninety-day impossible assignment, she offered to resign, an act of honesty that made her very popular. Although her accomplishments as minister of health for the two years of her portfolio were questioned by conservatives, she became one of the most popular ministers in Lagos's cabinet (Insunza and Ortega 2005).

In January of 2002—following a midterm parliamentary election—Lagos appointed Bachelet as minister of defense. Though trained as a pediatrician, her personal interests led her to develop a parallel career as a defense expert. The daughter of an Air Force general sympathetic to the socialists, and who served under Allende, Bachelet was arrested and tortured after the military coup of 1973. Her father died while held by the military and her mother was arrested and tortured. After her father's death, Bachelet and her mother left for exile in Australia and East Germany. She married and returned to Chile in the early 1980s, where she completed her medical education. When Pinochet left power in 1990, Bachelet was an activist in the Socialist Party. Her interests in defense issues led her to take classes in military academies, including a one-year stint at the Inter American Defense College in Washington D.C., and obtain a masters degree in military sciences in Chile (Insunza and Ortega 2005; Siavelis 2006).

As the first woman and the first socialist to serve as defense minister since 1973, as a woman, and as a victim of military repression, the symbolic and historic value of Bachelet's appointment cannot be overstated. The manner in which she conducted herself as defense minister and her ability to personify the national desire for reconciliation made her a very popular minister in the Lagos cabinet. Although the idea of having a woman as presidential candidate had been floated in the Concertación when Foreign Affairs Minister Soledad Alvear, a Christian Democrat, emerged as a leading presidential contender, to say that the idea of putting forward Bachelet—a divorcée, mother of three, socialist, agnostic, and former political exile—as the Concertación standard bearer was novel would be an understatement.

As Lagos's term came to an end, Bachelet's popularity continued to grow. By late 2003, she was the most popular Concertación presidential hopeful, more than Alvear, her ministerial colleague. In September of 2004, Lagos reorganized his cabinet and, given their presidential intentions, accepted Bachelet's and Alvear's resignations. They campaigned heavily for Concertación municipal candidates and contributed to a strong victory by the government coalition in October. Soon thereafter, Bachelet was proclaimed presidential candidate by the PS, PPD, and PRSD. Because Alvear was nominated by the PDC (the largest party in the Concertación) in January of 2005, presidential primaries within the Concertación were scheduled for July 31. In June, seeing Bachelet's poll numbers grow, Alvear decided to withdraw from the race and throw her support to Bachelet. For the first time in its history, the Concertación had a woman as its presidential candidate (Siavelis 2006).

Because of the economic success and political stability of the Concertación sixty-year old government, because conservative parties were too closely identified with Pinochet's authoritarian legacy, and because of Lagos's superb performance, the Concertación ended up winning the presidency in 2005. With more than 51 percent of the vote, the center-left coalition secured not only its fourth consecutive electoral victory, but a majority in the Chamber of Deputies and the Senate as well. Bachelet obtained 46 percent in the first round, and went on to obtain 53.5 percent in the run-off.

A significant feature of this victory was the fact that Bachelet attracted voters who had historically been reluctant to support leftist candidates. Men have traditionally supported candidates of the center—left more strongly than have women. In all elections since 1990, conservative parties captured a larger share of the female vote than has the Concertación. In 1999, Lagos became president with a 54.3 percent among men and 48.7 percent among women voters. In 2005, Bachelet captured 53.3 percent among women and 53.7 percent among men. This trend promised good things for the Concertación's electoral future.

Bachelet's Bottom-Up Approach to Politics

Although the central focus of her campaign was the strengthening of a social safety net to complement Chile's buoyant economy, Bachelet also made participatory democracy a priority. In addition, she promised that her government would bring about gender parity in top governmental posts, and promised new faces. Yet implementing those promises from the La Moneda palace has proven difficult.

Bachelet's central message during the campaign was the strengthening of the social safety net. After sixteen years of successful economic policies, Bachelet shifted the focus to building a net to help those who fall behind and
those who, having left poverty, fear falling back into it if and when they lose
their jobs, become ill, or grow old. Fortunately, other candidates also placed
a strong emphasis on issues of inequality and lack of opportunities in Chile.
UDI candidate Joaquín Lavín campaigned on a platform that promised to
reduce inequality.

Because Bachelet centered her campaign on building a strong safety net,
some criticized her for not focusing enough attention on economic growth.
Moderate rightwing candidate Sebastián Piñera, seeking to court centrist
collectors, made economic growth central to his campaign. But because the
country’s economy was expanding rapidly in 2005 and unemployment was
decreasing, Bachelet's and Lavín successfully shifted the focus away from
economic growth into building an adequate safety net of educational, housing,
infrastructures, pensions, and health services. More than any other propo-
sal, Bachelet best-known social sector promises were a profound reform to
the private pension system and the expansion of preschool education to
low-income families.

The low 4.4 percent economic growth that Chile experienced in 2006—
the lowest in Latin America—forced Bachelet to shift her focus back to the
economy. Although she promised to introduce legislation in 2007 to over-
haul the pension system and moved forward with comprehensive educational
reform, her government was overwhelmed with calls to bolster economic
growth. The downturn of 2006 made it harder to focus on the safety net.
Then, in 2007, the government was negatively affected by the disastrous
implementation of a major overhaul of the public transportation system in
Santiago. Designed under the Lagos administration but implemented under
Bachelet, the Transantiago proved to be a major embarrassment for her gov-
ernment. Everything that could go wrong with the new system did. Long
lines of people waiting for late and overcrowded buses came to symbolize the
worst public policy failure in the history of Concertación governments.
President Bachelet was forced to reshuffle her cabinet in March of 2007. But
the lingering legacy of discontent with Transantiago dissuaded the govern-
ment from implementing other major new policies and reforms.

By the end of 2007, as problems with Transantiago continued to haunt
the government, the economic situation had again deteriorated. Inflation
had increased and growth had slowed down. Unforced errors and the
difficulties of carrying out government initiatives led Bachelet to reshuffle
her cabinet for a third time in less than two years in power. The new cabinet,
sworn in early 2008, was charged by Bachelet to carry out her agenda more
successfully in the “second half” of her government. The government had
 tacitly admitted to a discrete performance during the first two years, the first
half, in power.

Nonetheless, after the disastrous implementation of Transantiago, the
government did pass a couple of path-breaking reforms to strengthen the
safety net. After fierce negotiation with Congress, Bachelet signed an educa-
tional reform that created a stronger regulatory framework over privately
run—and publicly funded—voucher schools. The reform also introduced
additional subsidies for private schools that serve low-income students. A
major pension reform was passed in late 2007. The reform will modernize
the privately run pension fund system and introduce more competition
among private operators and better government oversight. In addition, a
“solidarity” component was introduced to subsidize mothers who take time
off their working careers to care for their families and low-income younger
workers who have recently joined the labor force. The pension reform also
introduced a minimum guaranteed pension to those whose mandatory
contributions to the private pension funds will not produce enough savings
for a minimum pension. The guaranteed minimum pension constitutes an
effective safety net provision to help the elderly who are overrepre-
seed among the poor.

During her campaign Bachelet began to move the center of political
debate in Chile beyond the classical narrow argument between right and left
about being “for” or “against” neoliberalism. The political goals need to be
recognized as entering a new political territory for Chile—and for Latin
America. In a variety of ways Bachelet moved the agenda of Chilean politics
“beyond neoliberalism.” She effectively introduced noneconomic issues into
mainstream political conversation, repeatedly speaking of “a different way of
doing politics.”

To begin with, campaigning as a noncareer politician, as a physician who
had not spent her life working her way up through the political party struc-
ture, she could credibly make participatory democracy a central theme of her
campaign. Running a “citizen’s campaign,” it turned out, was one of her
strong selling points. She claimed that her good standing in polls, not favor
with party elites, was the reason for her candidacy. When she was appointed
minister, she said, she had not intended to end up Concertación candidate.
Her campaign sought to promote a bottom-up, non-technocratic approach.
“Just as medical treatments will not work if you fail to engage patients, the
policies Concertación governments implement will work better if you promote
participation, inclusion and diversity,” she once said during the campaign.

Yet Bachelet did not have a clear plan to introduce bottom-up democratic
mechanisms. Although she did express a preference for mechanisms such as
referenda and plebiscites, her government did follow through on such ideas
because they require constitutional reforms. Moreover, when Bachelet sug-
gested, in mid-2006, that there should be a plebiscite to decide the fate
of the electoral law left in place by the authoritarian government, she was widely
criticized from all sides for undermining ongoing negotiations to introduce
electoral law changes.

During the campaign as well, Bachelet spoke in favor of popular legislative
initiatives, that is, that citizens should be allowed to introduce legislation.
Although many liked the idea, the Constitution gives the president sole power
to introduce legislation that implies government spending (Siavelis 2000). The
Constitution also allows the executive to control the legislative agenda. Thus,
introducing mechanisms for popular legislative initiative would empower citi-
zens while sidestepping Congress, a measure no one is likely to support.
Bachelet did push the idea of participatory and citizens’ democracy during her first months in office; but she found her commitment to the idea seriously challenged when students took to the streets in May and June of 2006. They demanded improvements in the educational system and an end to unequal access to education. With many students from well-to-do schools joining the protest movement, it began to assume the character of a nationwide movement for educational reform. The government was slow to react and lost control of the situation. Streets were filled for days with students, and others, protesting against inequality in education but eventually also complaining, ironically, against the government’s slow response. Because Bachelet represented a coalition that had been in power since 1990, her government could not easily blame previous administrations for the shortcomings in education. Eventually, Bachelet was forced to fire several ministers, including the minister of the interior, the most important post in Chile’s cabinet. Her first cabinet reshuffle, occurring only four months after she took office, pretty much buried the idea of participatory democracy.

Indeed, as figure 2.4 shows, Bachelet’s approval ratings suffered as a result of the protests. After she fired her cabinet, her approval ratings increased again over 50 percent in late 2006. When she abandoned the idea of participatory democracy and adopted a more traditional Concertación top–down approach to government, her approval increased. Partially, this was because the Concertación parties felt uneasy about Bachelet’s initiative to bring about more popular participation. When Bachelet abandoned that initiative, the Concertación parties also began to collaborate more with her government.

The implementation of Transantiago negatively affected Bachelet’s approval ratings. In fact, her disapproval increased constantly after the new transportation system was implemented in February of 2007 and surpassed her approval ratings by mid-2007. Transantiago also undermined the perception that Bachelet was in fact in favor of bottom–up democracy. Because the major overhaul to the Santiago public transportation system was adopted without extensive consultation with the population, the perception that the government continued to rely heavily on a top–down approach to new public policies weakened Bachelet’s image as a president who promoted a bottom–up approach to democracy. True, Transantiago was designed under Lagos, but it was implemented after Bachelet had completed eleven months in office. The absence of popular participation in the implementation of Transantiago hindered Bachelet’s ability to continue pushing for more bottom–up mechanisms of democracy.

Another promise related to a more participatory and inclusive democracy that was eventually abandoned was her commitment to gender parity and new faces (ten of the twenty cabinet ministers she first appointed were women). Initially, she actively embraced the idea of gender parity. In part, that initiative was championed by President Lagos when he appointed five women to his first sixteen-member cabinet. Bachelet was among those women appointed. She was the first woman to head the ministry of health in Chile’s history. Yet, as president, Bachelet went further in adopting initiatives to promote gender parity, and promised to introduce legislation to provide for gender quotas in Congress.

Despite her strong commitment to gender parity, Bachelet was forced to abandon this principle when she reshuffled her cabinet for a second time in early 2007. In that new twenty-two-member cabinet, there were only nine women. In her third cabinet reshuffle, men again outnumbered women. Yet, Bachelet successfully introduced the issue of gender equality as a permanent item in the public agenda. Although the cabinet was no longer evenly divided among men and women, it will be impossible for Chile to go back to those early 1990s years when there was only one woman in a twenty-two-member cabinet. Lagos had incorporated more women to higher posts, but Bachelet’s commitment to gender equity will undoubtedly give women a greater role in future Chilean politics.

Finally, Bachelet also promised to bring about a renewal in the Concertación leadership. She promised during her campaign that nobody would have seconds ("nadie se repite el plato"). When she appointed her first cabinet, only two among the twenty ministers had served as ministers in previous governments. Her first and second cabinet reshuffles forced her to bring back to power some of the old Concertación leaders. In mid-2007, six of the twenty-two ministers occupied important posts in previous Concertación governments. The number of old faces increased again after Bachelet’s third cabinet reshuffle in January of 2008. Yet, Bachelet has successfully forged ahead with the promotion of new faces in government, although she has relied more heavily on old faces than when she first took office.

At the time of this writing, in early 2008, it was still too early to know whether Bachelet would succeed in implementing all of her new goals—all of which would move her government to a political space beyond that of being for or against neoliberalism. Although some reforms have been implemented.

![Graph showing Michelle Bachelet approval ratings, 2006-2008](image)

**Figure 2.4** Michelle Bachelet approval ratings, 2006–2008

*Source: Compiled by author with data from Adimark polls.*
that will help build a stronger safety net—including the pensions reform and the educational reform—the economic performance in the coming years will determine the extent to which a stronger and more comprehensive safety net for all Chileans can be sustained over time. If the economy grows fast, a stronger safety net will be built, and this will in no way be regarded as a rejection of neoliberalism. Participatory democracy seems to have a tougher road ahead. Because the government is not clear as to what it means when it calls for more participatory democracy, it is unlikely that institutional changes that promote participatory democracy will be introduced. Gender parity will probably not come back to the forefront in the remaining of Bachelet’s term, but the position of women in society will be significantly stronger after Bachelet completes her four-year term. Finally, the fate of the renewal within the Concertación will depend on the success of her government. If Bachelet improves her approval rating and the government has more successes than failures, the “renewal of faces” may become a permanent feature of Chilean politics.

Beyond Neoliberalism?

The circumstances that helped Lagos and Bachelet retain their leftist identity, while also allowing them to move the political center beyond the argument of being for or against neoliberalism, are not easy to reproduce in other countries. Economic fundamentals in Chile are strong; the Concertación has produced especially capable leaders; and the parties that make up the coalition enjoy clear and robust political structure. Without these factors, it is more difficult for leftist presidents in other countries to move the political debate beyond neoliberalism.

The absence of large, stable, professional leftist parties in other Latin American countries makes it difficult for leftist presidents to build personal support without falling into the trap of being labeled as populists. The government that could perhaps draw a lesson from the Lagos experience is that of Uruguay, where Tabaré Vázquez was inaugurated in March of 2005 as that country’s first leftist president. Facing harder economic challenges than those faced by Lagos when he first came into office, Vázquez now seems about to adopt Lagos-type policies. Vázquez enjoys majority control of the legislature. His Frente Amplio Encuentro Progresista Nueva Mayoría controls fifty-two of the ninety-nine-seat Chamber of Deputies and seventeen seats in the thirty-one-seat Senate. If he can successfully lead his leftist multiparty coalition to support his legislative initiatives and fund his public policy programs, he will consolidate, as have Lagos and Bachelet, a new leftist politics of moving beyond the denunciation of neoliberalism.

Lagos’s and Bachelet’s success in moving beyond neoliberalism is partially attributable to the strength of the Concertación coalition, and partially due to the basic strength of the Chilean economy. The absence of strong leftist parties in Peru and the lack of stable multiparty coalitions in Brazil make it difficult for those leftist presidents to do likewise. Lula’s ability to begin moving in this direction is mainly due to the strength of the Brazilian economy. In the cases of Argentina, Bolivia, and Mexico, leftist presidents have either remained locked in the old anti-neoliberal discourse or have been forced to dilute or abandon their leftist social democratic principles. The main factor at work in these three countries is the weakness of their economies.

The two Concertación administrations of Ricardo Lagos and Michelle Bachelet stand out as successful cases of “neoliberalism with a human face” in Latin America. Because the Concertación led a period of unprecedented economic growth and democratic consolidation, there has been very little political room for reaction against neoliberalism. In the 2005 election, the only candidate openly opposed to neoliberal policies, Tomas Hirsch of the Communist–Humanist coalition, barely received 5.4 percent of the vote. In the 2004 municipal election, the Juntos Podemos coalition (communists, humanists, and other leftists critical of the Concertación) received only 9.7 percent of the vote. The anti-neoliberal left that has grown strong in other Latin American countries has failed to grow in Chile precisely because the leftist version of neoliberal policies has proven to be successful in terms of consolidating democracy, generating economic growth and reducing poverty. The major frontier for this coalition, in terms of classic issues for the left, is how to reduce inequality. This will remain one of the great challenges for the Bachelet administration. Yet judging from the political process of the last seventeen years, the Chilean left’s approach to reducing inequality will unlikely find its ideological footing in a renunciation of neoliberalism.