

Economic Reforms in Chile

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From Dictatorship
to Democracy

Ricardo Ffrench-Davis

Ann Arbor

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Preface

In this book, I attempt to put forward my views on several crucial developments in the Chilean economy since the 1970s. I have tried to organize it chronologically, in three subperiods: the first half of the Pinochet dictatorship, the second half of that regime, and the return to democratically elected presidents in the 1990s. In my view, under a restrictive definition they correspond to three different approaches to building a market economy, progressing from an extremely orthodox neoliberalism in 1973–82 to some significant deviations (pragmatism with a regressive bias) in 1982–89 and then to some meaningful trials intended to achieve growth with equity (pragmatism with a progressive bias).

Forty essays written since 1976 were initially selected as candidates for inclusion. Eight have been chosen. I wrote a new essay on income distribution and poverty for this book as well as a miscellaneous chapter on exports and growth and a brief conclusion that poses some issues and challenges for this new decade. I added several new sections, too, mostly on the 1990s. Here and there a line of thought has been expanded by incorporating sections or paragraphs from essays not included here. Naturally, duplications among chapters have been reduced as deemed convenient, and I have deleted what I judged to be details not relevant today.

I have made a serious effort to harmonize statistical series; for instance, the national accounts have experienced sizable jumps in successive official revisions, misleading many researchers and commentators on economic events. When relevant, data have been updated to year 2000. I have added several bibliographical references in cases in which significant work has appeared since the original publication.

The original tone and emphasis have been retained, as intellectual honesty demands. Happily, I continue to feel comfortable with them today. Although the knowledge informing them has improved and deepened (I hope), there is no discontinuity of approach, and I feel that the various pieces are consistent. But the reader is to be the judge. I have always attempted to deal with each issue and period in a way that combines pragmatism with a solid analytical base and to consistently take into account the objectives of growth with equity, while trying to keep my distance from fashion, myths, and extremes.

Most of the articles were written while I was working at the Center for Economic Research on Latin America (CIEPLAN) between 1976 and 1990, no doubt the most inspiring period of my professional life. The unnumbered note in each chapter includes references to comments contributed by research associates and valued assistants of the time. Four chapters were written while I was at the Economic Commission for Latin America and the Caribbean (ECLAC), one of which was coauthored in a highly fruitful association with Manuel Agosin and with valuable input from workshops held there. The first half of another chapter (the one opening the book) is based on a text written with Oscar Muñoz in one of our joint forays into economic history.

Eight years of activity at the Central Bank are reflected throughout the book. The support of former colleagues at the bank, their contribution in supplying statistics, and their collaboration in interpreting them are much appreciated.

I appreciate the authorization of Johns Hopkins University Press, Macmillan, the World Institute for Development Economics Research (Wider), and Oxford University Press, M. E. Sharpe, the *Cambridge Journal of Economics*, the Inter-American Development Bank, World Development, and Elsevier Science to make use of material published originally by them.

In selecting the essays, generous and invaluable help was provided by Sebastián Sáez (then in the Chilean Ministry of Foreign Affairs), from the initial stages all the way to the final polishing of the texts in Spanish. In the final stage, in which statistical series were updated and harmonized, figures checked, duplications eliminated, sections of other writings incorporated, and language improved, I enjoyed the excellent collaboration and efficiency of my research assistant Heriberto Tapia. I appreciate the fine work of Lenka Arriagada in preparing the typescript. It was Juan Carlos Sáez (general manager of Dolmen Ediciones, the publisher of this book in Spanish), years ago, whose prodding initiated this collection. Finally, I would like to express my thanks to CIEPLAN for its valuable support of this publication.

To all those mentioned, and to the many who contributed but have been unjustly omitted here, my deepest appreciation. All responsibility for the content of this collection and any errors it may contain is, of course, solely mine.

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