

Economic Leadership, Social Justice and Ethics

A Paper presented at the Latin American Studies Association (LASA) Conference, March, 2000

José Cademartori

Introduction

Chile is the oldest neoliberal Economy in the World. Introduced soon after the coup d'état there is sufficient material to evaluate its effects after 16 years of military dictatorship, 9 years of civilian governments and various international events that have deeply affected the country. According to business circles and diehards like the US based Heritage Foundation, Chile is, among the emerging economies of the world, a shining example of the free market worthy of imitation. In spite of the GDP's growth (1987-1997), in the second half of the nineties Chileans have shown signs of social unrest. According to various surveys, they express high levels of personal insecurity, a lack of confidence in public institutions and in the economic and political direction of the country. These contradictions between the economic model and social discontent (that some consider inevitable calling them "paradoxes of modernity") are shown by objective facts such as the increase in delinquency, chronic high unemployment and growing economic inequalities between social classes and according to gender, ethnicity and geographic location. Chileans are fearful and insecure and openly declare their unhappiness (1). There is growing dissatisfaction among youth, badly paid workers and indigenous peoples with more intellectuals being openly critical of the market society and skeptical of the so-called successes. Groups commonly demand solutions to their pressing problems to the government and public powers in street protests.

Although it is maintained that the state has irreversibly lost its capacity to influence economic and societal events, certainly the exercise of power and the measures of the government and the options of political leaders continue being decisive. Whether their powers are increased or decreased in order to regulate or deregulate the market, to privatize or retain state enterprises, to introduce new taxes or lower existing ones, to increase, decrease or redistribute budget spending, to sign or not sign various international agreements, to collect tax or the contrary, such actions generate effects for the benefit of some and to the detriment of others. By action, inaction or by oversight, the level and quality of life of citizens and social harmony are all affected.

The Asian crisis has recently revealed the inherent vulnerabilities of the Chilean economy. The country has been plunged into the worst recession seen since the external debt crisis of the eighties. Government measures adopted in line with IMF¹ orthodoxy aggravated negative social consequences provoked by the crisis. All indicators show that the 'golden decade' ended in 1997 and a period of instability and uncertainty began. In this paper an emphasis is put on questioning the prevailing economic model. More than the necessary 'know-how' to pull the country out of recession what Chile needs to know is what for.

The most important conclusion of the last twenty five years is that neither growth for growth's sake nor the free market in itself can be the ultimate ends of Chile's economic policy. What

¹ International Monetary Fund

matters is the quality of this growth, who benefits from it and what are the environmental, social and human costs of it. The market is indifferent to injustices and discrimination as well as to damage to nature and to one's health, without regard for neither the future of humanity, the nation, nor for local culture or Chilean morale. Simply stated, a sustainable and equitable economy that embraces the material and spiritual well-being of all citizens and not just a few winners, these are the insistent demands of Chileans that must therefore be the primary objective of economic and social policies in the decade just begun. Using these principles as a base one can therefore define the type, content and the optimal magnitude of growth. Social justice implies a new relationship between what we want and what we will leave our descendants, between capital and employment, men and women, society and First Nations groups, the capital Santiago and the regions and between the natural environment and urbanization. This concerns reducing inequalities increased due to the prevailing neoliberal model, meaning that economic policy must be subordinate to political management which in turn has to be subject to ethical values sanctioned by society. Wealthy or technocratic oligarchies, both civilian or military, that establish themselves as protectors of the people are not necessary to achieve this goal. What is needed is the full exercise of popular sovereignty. It is possible not only via electoral representation but also via plebiscites and the increasing participation of the public in all decisions. Such is the democratic legitimization of State leadership which must guarantee both the respect and promotion of Human, Social and Political Rights, such as those that have been defined in international agreements and treaties.

Inequalities and Labor Relations

Social inequalities are present in the most diverse social and geographical settings in Chile, however one of them is determinant in the exercise of social justice. This is the first phase of distribution, effected within companies due to the products manufactured and services rendered. The three principal actors in this process involving the entire working population are: capitalist business people that represent 5% of the working population, small manufacturers, independent intermediaries and peasants that compromise 30% of the total, and workers that constitute the remaining 65%. The latter are dependent workers with indefinite or fixed term contracts, or workers without contracts, working full-time, part-time or temporarily, employed either seasonally, on a fixed or floating wage, on commission or fees - this group of workers and their families constitute the large majority of the Chilean population. At the end of the seventies, the military regime in a climate of repression and terror established a new framework destined to labor relations.

The denominated 'Labor Plan' drastically transformed the gains that Chilean workers had achieved over fifty years of social struggles and democratic advances. Economic and social rights consecrated in international agreements were destroyed by force. Even though civilian governments in the nineties re-instated some of the previous achievements, the fundamental criteria and norms introduced by the dictatorship were retained.

The neo-liberal ideology that inspires the ruling institutions is hostile to unions which have been grotesquely qualified as a monopoly. Neoliberalism exacerbates individualism and denies solidarity between workers as well as suppressing the government's role as a mediator between capital and employment, leaving workers at the mercy of capital. With the deceiving constitutional term "the freedom of work", union and non-union labor are played off against each

other, the employed against the unemployed, with discriminatory conditions existing between permanent, casual or sub-contracted workers. The polarization or the division of the workers collective is sought, hindering the right to strike with non-recognition of union leader's authority and the weakening of the capacity of workers for collective negotiation (2). On the other hand, Chilean law favors the free formation of associations of employers and companies in order to defend their interests against workers, suppliers, consumers or even against the State. It also authorizes the owners of capital to realize all kinds of changes in legal ownership, in internal organization and in the work regime of companies, while at the same time their employees are prevented from airing their opinions and even less from having suitable working conditions. Being laid off or the threat of it "due to the needs of the company" (the infamous article 161) is the law that prevails over any rights of workers - such is the so-called flexibility of the labor market that has led to the massive precariousness of employment. In less than a year, at the height of the Asian crisis, unemployment was officially recognized as increasing from 300,000 to 700,000.

As a result of neoliberal regulations, capitalists have increased their power while simultaneously employees have lost their negotiation capacity, employment stability and participation in the management and profits of companies. Furthermore, the business anti-union and anti-labor strategy has to be considered. Among the most common methods used are bribes to obtain withdrawal from union membership; the formation of parallel unions or groups within companies that can access "collective agreements", in order to play these off against union collective contracts; with individual offers of promotions and other benefits to non-union employees. Another common way of weakening unions is the substitution of groups of personnel on indefinite contracts with replacement workers that are employed on fixed term contracts. Taking advantage of the low costs of sanctions imposed for infringements of the labor laws, business owners pay fines or redundancies as a cheap way to get rid of both workers who claim their rights and of those who try to form unions or participate in legal strikes. In turn, presenting a judicial complaint to labor tribunals is such an onerous process that the majority of workers refrain from doing so. The repression of unions and the defenselessness of workers allows many employers to increase their profits via the abuse of fundamental rights like a work contract, overtime pay, the legal length of the working day, regular breaks, lawful working conditions and health care, the minimum wage and compulsory health and pension contributions. Women's rights are constantly violated, for example, pregnancy tests on demand, the denial of maternity leave, the provision of day care centers, discrimination in salaries and promotions etc.

At the beginning of the first Concertation government, total union membership increased as well as the number of members per union and the number of participants in collective negotiations. A short while after such levels fell sharply with the number of legal strikes in the private sector also falling while at the same time illegal stoppages increased. Distorting the causes of these tendencies, business leaders qualify the labor panorama as one of "social calm" thanks to an irreversible trend of union decadence, thereby proclaiming the end of the class struggle. The cast-iron framework of the labor legislation combined with employers impunity and worker's fear of dismissal, effectively changed the setting. In addition - the years of economic boom and high labor demand weakened the spirit of struggle, acts of solidarity and fomented individualism. However, the economic recession (with the resulting increase in unemployment and the freezing or reduction of wages) increased inequalities as well as instability and general insecurity with associated effects in the politico-socio framework. Diverse sectors such as university students,

teachers, doctors and health workers, dock workers, Mapuche farm workers, miners, cultural workers and road transport operators, among others, have all staged massive protests.

Compared with the democratic period prior to the military dictatorship, wage earners now have a notoriously inferior participation in the Added Value (AV) while the capital incomes (interests, rents and profits) have increased considerably. Independent workers and small business owners as a whole have maintained their participation in the AV in the 90s. Promoted by the Allende government from 1970-1972, the quota of workers reached more than 50% of the Added Value (3), being reduced drastically during the dictatorship to a little more than 30%. In 1993 it had increased to 35%. In subsequent years it fell again, being proven indirectly (in the absence of official figures) given that higher work productivity has fully outdone wage increases (4). On the other hand, 12 hour work days, 60 hour working weeks as well as afternoon and night shifts without extra pay are all now frequent as well as work on Sundays and public holidays. A high proportion of workers do not have the right to holiday leave with pay. According to the International Labor Organization (ILO) 1999 Report, the average number of hours worked yearly in Chile is 2,020, being the highest in Latin America and one of the highest in the world. Another indicator of the worsening situation of workers is the level of the minimum wage - until 1998 it was barely higher than that in 1981. However, it was increased for 1999-2000 yet is still lower than the cost of the basic shopping basket index. Family support payments have been reduced to half of their value in the 70s. Inequalities in salary scales have intensified in favor of top management and 'reliable' personnel to the detriment of the majority of non-qualified labor and similarly according to different levels of education, between trades and professions, between men and women, youth and adults (CASEN Survey, 1996).

Successive governments of the Concertation have recognized the unjustness in management-worker relations. For their part, the right wing parties in the Senate stiffly opposed the ratification of ILO Agreements 87 (concerning union freedom and protection) and 98 (concerning the right to union autonomy and collective negotiation). These agreements were eventually ratified but by a narrow majority - the right wing block (always with the support of the designated senators²) twice consecutively rejected a bill of modest reforms to the Labor Code. President Frei denounced the high proportion of confirmed violations of labor laws, but limited himself to empty calls to business men to respect workers and to right wing political parties to accept unionization and collective negotiation (Presidential Address, 1997, pg. LXIV). However, specifically what the Frei government was criticizing private enterprises for, the same government promotes with regard to workers in the public sector - attempting to weaken collective negotiation and deny the right to union membership, proposing to abolish the contracting power of the large state conglomerates (teachers, health, municipal and tax department workers) obligating them to negotiate in small groups establishment by establishment, and looking to put an end to employment stability. In addition, by increasing the intensity of work more than productivity and introducing a division between trustworthy and conflictive staff as well as offering performance bonuses and other one-off payments at the discretion of directors and managers (5).

² There are 9 non-elected designated senators out of a total of 48 senators. They are nominated by the Armed Forces, the Police Force, the Supreme Court and the President. In addition there are the 'life senators' who are ex-presidents (currently there is one life senator)

Inequalities in the second phase of distribution

The second phase of distribution concerns what happens outside of companies. Inequities could be diminished with an active policy of redistribution whose determining actors can only be the public powers. However, neoliberalism not only reproduces but increases inequalities as shown by an examination of state policies concerning retirement, health, education and housing. The government's hands are tied thus reducing its financial capacity due to privatization of essential public services.

An important part of the neo-liberal program was the privatization of the retirement system exempting employers and the State from contributing to pensions. This was imposed during the dictatorship and at a time of full repression, going against both the opinion of union organizations and against the recommended ILO norms. With the financing of pensions falling entirely back on the individual worker this produces greater inequality between pensioners (although their savings increase in the long term due to the profitability of the investment). A minority of high salary contributors have access to adequate pensions, but a high proportion of low salary workers do not accumulate sufficient funds to obtain even a minimum pension, whereby the State eventually will have to subsidize the difference. A high proportion of members have ceased to contribute regularly for various reasons: due to the temporary or transitory nature of their job; due to being self-employed; because their employers are behind in forwarding their workers corresponding monthly contributions; or simply because employers protect themselves by using the so-called 'fees contracts' where the payment of healthcare and pension contributions is not applicable. In the future such workers therefore will not have access to the minimum retirement pension. Thus, in a work force of 5.2 million people, 2 million workers will be left without pensions and another 2 million will not reach the necessary level of savings in order to receive the minimum pension (6). According to ex-President Aylwin "everything forces one to suppose that the State will definitely have to take charge of a high percentage of pensions" (Speech, August 22, 1996).

The financial consortiums that control the AFPs³ obtain fat profits and use the system like a springboard to widen their dealings in other areas. Public opinion perceives the difference between the private pension administration companies that together always profit compared with the contributors whose funds fluctuate and suffer losses of profitability, thereby increasing uncertainty about their day to day survival. The financial groups that control the AFPs have concentrated huge power in capital markets and in the management of the richest companies in Chile, administrating more than 30,000 million dollars or near to 50% of the GDP. Comparatively, their contributors lack the right to decide about the use of their own savings.

"Inequality constitutes the central element that characterizes the health care situation in our country," according to the Colegio Médico⁴ (7). The partial privatization of health services (to the detriment of the public sector) has deepened social differences with regard to access to medical attention, converting it into both a luxury item and a source of profit. Women of child-bearing age, workers with a history of insanity, those affected by psychiatric problems or senior

³ Administradoras de Fondos de Pensiones (private pension fund companies)

⁴ Chilean Medical Association

citizens are all rejected by the ISAPRES⁵ for not being “economically viable.” It has commonly occurred that middle class patients with catastrophic illnesses have been left bankrupt or have to resort to public campaigns to pay for their treatment. The free market has increased the price of healthcare, from general consultations to medical tests, prescriptions and over the counter medicines and surgery. This is shown by the higher weighting that this item has in the IPC⁶ in comparison to the eighties. Meanwhile, hospitals, emergency services and public healthcare centers are overcrowded, with operations being postponed and urgent special cases not being attended to immediately. What is obscured by the acceptable national averages in infant mortality and life expectancy are the negative indices in densely populated working class areas and vast agricultural regions that have a low number of medical professionals and a poor infrastructure, in stark contrast to indices in upper class areas. Work-induced illnesses due to toxic working conditions and excessively long working days are given minimal attention. The necessary investment, educational measures and controls needed to change unhealthy dietary habits, combat alcoholism, drug addiction and AIDS, and to help people with disabilities are all severely lacking.

The Chilean education system designed according to neoliberal criteria shows marked inequalities at all levels. More than two thirds of all children do not attend day-nurseries and kindergartens meaning serious handicaps in their subsequent education. The marked difference in quality between municipal and private primary and middle schools continues as shown by the SIMCE⁷ evaluation where notable differences exist according to the socio-economic level of the students. Rural families are the most excluded from access to secondary schools. La Prueba de Aptitud Académica (PAA)⁸ for university entrance invariably shows the differences between youth from well-off families and those from middle-lower class and poor families, and between those from public and private schools. Higher education excludes a very high percentage of young people from the middle and lower classes due to costly enrollment fees, few scholarships and expensive loans, in spite of the expansion in tertiary education. Work training is available for only a minimum of workers and is only according to employer willingness in an environment where management is incapable of assuring workers long term job stability. In most cases, university graduates have to face a shortage of positions for specialized jobs. The predominant neoliberal criteria generates a segregated education system that consolidates class differences – a high quality and costly system in order to train a ruling elite, and a comparatively mediocre one for those destined for manual work or repetitive administrative jobs. A CASEN survey in 1994 showed that 60% of the population had a level of education that was only half the level considered ‘compulsory’ and adequate.

The framework in which housing and urbanization policies are debated is free market what feeds speculation as well as the high prices of available land. This consolidates differences between individuals, families, districts and social classes. State-subsidized housing (worth around US\$15,000) for hundreds of thousands of low income families contrasts with the mansions of the

⁵ Instituciones de Salud Previsional (private health insurance companies)

⁶ Índice de Precios al Consumidor (the Retail Price Index)

⁷ Sistema de Medición de la Calidad de la Educación (The quality evaluation system of Chilean Education): a Ministry of Education evaluation in specific subjects (that change from year to year) applied at national level throughout Chile and only at one level (that also changes yearly). The “test” is applied as a kind of quality control and the results do not affect an individual student’s progress.

⁸ University entrance exam

chosen few valued at 20 to 30 times more. While hundreds of thousands of couples dream of owning their own house, a small minority already have their second or third house for weekends or vacations. Candidates with a low savings ability and many families with more than two children can only opt for 'dwelling solutions' of 42 square meters of flimsy construction. The free market offers apartments whose defective construction by private companies was left plainly obvious during the storms of 1997. The absence of prior government checks was revealed by the defective design of gas installations that have caused numerous poisonings and deaths and high repair costs. The poor are relegated to the outskirts of the city, far away from centers of employment and from educational or healthcare institutions as well as lacking both green and recreational areas. One must add to these true ghettos an officially recognized 978 encampments or unhealthy shanty towns constructed beside railway lines, heavily contaminated waterways, on steep unstable hills or outside city limits. More than 500,000 people are packed in close together in such areas. Official plans for the eradication of these dwellings is over a twelve year period (which has now been postponed due to the recession). On the other hand, fertile agricultural land is destroyed to make way for lifestyle blocks as well as for the construction of luxury condominiums that include all kinds of community services as well as extensive security. Vast public beaches bordering lakes and the ocean are given over to resorts for private use. Also apartment buildings in perfectly good condition and inhabited by modest families are demolished to make way for apartment towers for the well-off. Santiago is now a city whose segregated character is accentuated by shocking contrasts between different municipalities.

Thus an economic policy founded on the premise that "the market is the best vehicle for resource allocation" and where the role of the State is reduced to creating better conditions for the profit of private capital and to focusing on unsatisfactory social programs to maintain an electoral base, this is a kind of State that contributes to the maintenance or the worsening of inequalities. The nineties demonstrated that in spite of having dedicated more public resources to individual or family subsidies, the objective of "growth with equity" has not been achieved. It is true that these subsidies have increased family incomes and contributed to allowing an appreciable percentage of the population to escape temporarily from extreme poverty. But it is equally certain that in the recession years poverty has grown again due to increased unemployment, the freezing or reduction of real salaries and other factors. One must also consider the existence and the amount of subsidies, tax exemptions and other benefits granted (due to bills passed in Congress) to bankers, transnationals etc., which seriously offset subsidies given to the poor. After a decade, the relation between the extreme deciles and quintiles of the social scale has definitely remained the same or has worsened.

Current budget resources as much per habitant as in relation to the GDP continue being notoriously lower than those that were dedicated to social ends in 1968 to 1973 - this is an undeniable fact that is generally obscured for ideological or political reasons. A policy of effective social justice is not possible in Chile unless the proportion of the public budget in the GDP (21% in the nineties) is increased to a figure at least closer to 30%, to be on a level with other developing countries that have better indicators of social justice. An active State role is therefore needed with power and resources that limit and subordinate the functioning of the market. This implies the need to foment solidarity in the place of individualism, of the collective over the individual, of the power of civilian society over private powers, with the participation of all citizens and not just a few in the construction of a common destiny.

Economic leadership and ethics

In the historical periods where free market systems have prevailed, the desire to prosper (institutionalized as the prize for virtue and even as a supreme value) has been the decisive cause in the corruption of dominant societal behavior and of forms of coexistence. In full Roman decadence, Pubilius Syrus used to proclaim “money moves the world” and the Christian Peter used to answer him one hundred years later “the love of money is the root of all evil.” The same contrast reappeared at the beginnings of industrial capitalism, praised by some and condemned by others. “*With an appropriate interest rate capital can be ‘daring’. A guaranteed rate of 20% will stimulate ardour; an interest rate of 100% will make it available to trample over all human laws; a 300% rate and there will not be a crime before which one should feel scrupulous,*” wrote Marx in *Capital*. After the supposed end of ideologies and history, profit as the central goal returns triumphantly. In the era of the global market, transnationals and monopolies look to build a world according to their measurements. A world where everything has a price and nothing is of value: from human beings and their body organs, to sex, beauty, love, science, art, sport, religion, loyalty and ideals.

The military dictatorship introduced a legal and ethical double standard in Chile; on the one hand the denial of human rights to opponents and turning a blind eye to abuses against the weakest members of society; on the other hand, the use of power without limitations and license to commit offenses all granted to supporters of the dictatorship. Kidnappings and disappearances of people, summary executions, organized assassinations, systematic torture, arbitrary imprisonment and forced exile are all considered by an influential political sector as if they weren't crimes or as isolated excesses – this sector even sometimes denies the existence of such crimes. Material and intellectual authors, accomplices and concealors of politically connected crimes are protected by an amnesty (Decree Law 2191) passed by the Military Junta in 1978 (which was the group responsible for ordering such excesses). Cases of enormous damage to the national wealth (due to privatization, appropriations of public funds, embezzlement, arbitrary confiscation of property and possessions belonging to individuals and institutions) were all denounced in the 90s but were not investigated nor penalized due to a prohibition established in yet another decree of the dictatorship. The extremes were reached of halting legal investigations concerning the so-called “*pinocheques*” due to President Frei citing “reasons of the State.” Serious suspicions of illicit enrichment linked to the abuse of power were not investigated, with impunity being justified and demands for truth and justice denied under the pretext of reconciliation, social calm and the need for economic stability. Public opinion polls confirm that such demands continue to have wide support, while at the same time revealing a persistent lack of confidence in organs of the state such as the judiciary, the Armed Forces and police institutions.

In the nineties, cases of corruption under the civilian governments flourished. According to a specialized organization in Berlin, Chile was ranked at 6.68, with a maximum rating of 10 assigned to the most corrupt countries. The trial of Juan Pablo Dávila, a futures market operator for CODELCO (the Chilean State Copper Corporation) showed a surprising negligence on the part of the highest Chilean economic authorities, without those responsible being sanctioned or even recognizing their failure to exercise the necessary care. Dávila was bribed by powerful European and North American brokers with a resulting loss of 180 million US dollars to the Chilean State. Something similar occurred with the control of safety standards in the

construction of state housing, revealing collusion between government representatives and business people. There are currently legal proceedings against members of the Chilean Armed Forces for contraband and illegal commissions paid and other offenses committed within military barracks. In judicial investigations of drug trafficking, a “respectable” shipping company, stockbrokers, lawyers and even an high level official of the judiciary appear to be involved. On the other hand, the permissive norms for the entry of merchandise and capital has converted Chile into an attractive destination for the laundering of illegal money. The 1998 Report of the Comisión Andina de Juristas⁹ accused Chile of having laundered drug trafficking funds to the tune of 2,000 million dollars via banks, casinos, property investments and via various other methods.

Tax evasion in 1997 was calculated to be 3,400 million dollars annually (according to official sources). This is equivalent to 26% of the net fiscal income showing the enormous magnitude of fraud in Chile and just how much the system needs to be improved to make tax collection more efficient. Significantly, more than half the cases of tax evasion are concentrated in a minority of contributors arising from tax on capital and personal income (8). In Chile, unlike other countries, personal income’s declaration is considered confidential information (a legal norm was recently abolished that used to permit access to such declarations). Bank accounts, living expenses, the property and belongings or foreign investments of direct family members can not be investigated unless a legal trial is in process.

Secrecy, the lack of government supervision, controls and severe penalties all facilitate tax evasion as well as the illicit concentration of wealth, corruption and injustices. Domestic economic crimes are protected by “tax havens”, with money being sent to offshore enclaves protected by the major world powers. The widespread extent of corruption and the consequent irritation of world public opinion made the Anti-corruption Agreement of the OECD¹⁰ necessary (with 29 signatory countries including Chile) – importantly, even executives of companies could be sentenced up to 10 years in prison for such criminal activity. This international agreement is a first step even though it has serious flaws. Similarly the Convención Interamericana contra la Corrupción¹¹ which was adopted within the framework of the OEA¹². It establishes as new crimes illicit enrichment and international bribery, abolishing bank secrecy, ordering the extradition of politicians accused of crimes and sanctioning them with the confiscation of their property and wealth. The Chilean Congress has refused to ratify both agreements, yet even if it did the possibility would exist that the Constitutional Court (as the highest public power) don’t accept them. This is what has happened with international agreements on human rights that are not applicable in Chile under the pretext that they are opposed to the ‘*pinochetista*’ Constitution.

Politics and political reform

An economic and social leadership inspired by ethical principles and values is not possible today in Chile given the absence of wide reaching reforms to the prevailing neoliberal model, which would also have to include reforms to the Chilean Constitution. Some of these reforms were part

⁹ Andean Lawyers Commission

¹⁰ Organization for Economic Cooperation and Development

¹¹ Interamerican Agreement against Corruption

¹² Organization of American States

of the first program of the Concertation in 1989. The electoral triumph of the coalition showed that the reforms had wide support in the community. In spite of the decline of the Concertation in popularity, opinion polls show that the reforms continue receiving widespread support. In a CERC opinion poll in 1995, 78% of those surveyed supported the labor reforms. In 1997, a CERC poll showed that 86% believed that business people should be obligated by law to look after the needs of workers. In addition, 75% were of the opinion that large foreign companies should pay more taxes, with 57% extending this belief to people on high incomes. Deep and radical reforms in the judiciary were supported by 69% of those surveyed in a 1997 ADIMARK poll.

The concealment of crimes, the denial of justice and the impunity of the guilty all corrode the general morale of the Chilean public, weakening respect for the law, and discrediting the system and politicians. This was revealed by the high rate of abstentions in both congressional and municipal elections in 1993, 1996 and 1997, also as reflected by the lack of interest of youth to enroll. This creates suitable conditions for the appearance of demagogues and/or new dictatorial adventures - in short, a vicious circle which is difficult to break. Moral repudiation disguised as passiveness and indifference does not contribute to political change which is not possible without the active participation of the electoral majority that support it. However, passivity and indifference to political parties do not signify that the majority don't have a certain opinion concerning political reform. In the same way as for social and economic reforms, the opinions of the majority have been expressed with respect to the elimination of the designated senators and life senators – in addition the subordination of the Armed Forces to civilian power, and a change in the electoral system, a more proportional one, among others. Although the majority support these democratic changes, such reforms are not possible within the current institutional setting due to the political power of those that oppose them. Either negotiations between political and social actors will give way to a new democratic institutional structure without tutelage, or, change will arise due to an institutional rupture more or less violent and destructive. Perhaps the last democratic and peaceable resort is the Plebiscite whose use is also blocked by the enemies of reform. Such is the Chilean dilemma at the beginning of the new century.

References

- (1) PNUD, UN (the United Nations Development Program), 1998. *Desarrollo Humano en Chile*.
- (2) Sapag, R. (1993). *Tareas pendientes con el mundo del trabajo*. Ediciones Copygraph.
- (3) Martner, G. (1988) *El Gobierno del Presidente Salvador Allende*, p. 150. Ediciones LAR.
- (4) Cademartori, J. (1998). *Chile, el Modelo Neoliberal*, p. 52. Ediciones CESOC.
- (5) Aravena, P. (1998). Los Trabajadores del Estado y la Modernización Neoliberal. In *Alternativa* No. 8, April June 1998, Instituto de Ciencias Alejandro Lipshutz.
- (6) PNUD, UN. Op. Cit., p. 169.
- (7) Colegio Médico. (1998). *Política de Salud para Chile: Nuestra Visión*, p.7.
- (8) Lavandero, J. (1996). *El Dilema de Chile, Crecimiento sin Equidad*, p.6. Alegría y Asociados, Editores.