

Presentation

Patricio Herrera González

Editor and Director PE

The last fifty years of Chilean reality have been characterized by structural transformations, which have even been labeled as revolutionary. In a short period of time, several generations have been witnesses and protagonists of political, economic and social crises, but also of the reconstruction of democratic life, an unprecedented economic growth in our republican life that substantially modified our social structure, marked by mobility and inequality.

The economy has undoubtedly been a backbone of these transformations. From the very moment of the military coup, an economic model was established, which had its first antecedents in the Klein-Saks Mission, and that authoritarianism and the absence of an opposition generated the conditions to dismantle the developmentalist economy, of Cepalian seal, which had been materializing with its ups and downs and different cycles between 1938-1973.

From the very moment of the military coup, there was a clear political action to minimize and displace the State from economic, public and social policies, transferring to the market the functions of providing services and distributing wealth, with results that to this day continue to mark the fiscal, economic, labor and social agenda.

The transition to democracy with strong authoritarian enclaves, protected by the 1980 Constitution, developed important institutional and international consensuses that opened opportunities to overcome the gaps and lags that Chile presented at the beginning of Patricio Aylwin's government. One of the urgent problems was to address poverty above 50%, the result of mediocre economic growth during the dictatorship, labor informality and unemployment, targeted social policy, privatization of education, health and pensions, some corrected with economic policies with strong social investment by the State and an economic globalization

that reaffirmed a productive matrix dynamized by natural resources and a foreign trade that for almost a decade increased productivity, encouraged financial investments, modified trade policies and strengthened a network of local market controllers that in the last decade has shown limited competition and recurrent cases of collusion and corruption.

After fifty years of economic transformations, some more profound, others just to correct market failures, it is important to be able to explain, analyze and project the virtues, opacities and challenges we face in the economic, social and political scenarios. That is why this issue of Economic Profiles has sought to present a broad view, where important academics and intellectuals of the economic sciences have joined, many of them have been protagonists from different functions -academic, political and decision makers- who with their reflections for this dossier invite us to go through some milestones of the changes and stagnations of the economy of the last half century, with retrospective as a balance and with prospective to face the challenges that Chile and its social fabric require in the short and medium term.

Patricio Meller, in his essay, demystifies the prevailing ideological visions on the economy since 1970, still in force today in extreme groups on both sides of the political arc. The article discusses two myths deeply rooted in Chilean society. First, the belief that the Pinochet dictatorship was economically prosperous. Second, that the success of the Concertación governments is a consequence of the structural reforms implemented by the Chicago Boys. In both cases it is explained with evidence that this is not effective. In addition, the author reflects on the lessons not yet fully assimilated about these processes in our society.

Leonidas Montes, discusses in detail Milton Friedman's two visits to Chile in March 1975 and November 1981, arguing that his influence on the civil-military government has been overestimated. His contribution alludes to unknown passages of both visits, such as his public lecture "The Fragility of Freedom" or the unpublished correspondence with José Rodríguez Elizondo where he refers to

the relationship between economic freedom and political freedom. Montes even raises a heterodox hypothesis, pointing out that M. Friedman could have been influenced by Chile and not the other way around.

Andras Uthoff, a renowned social security scholar, presents us with a contingent problem such as the difficulty of reconciling, in his opinion, the economic rationality of a neoliberal model with the ethical rationality of social security. For Uthoff, the AFPs ended up segmenting pensioners according to their individual savings capacity and the ISAPRES “skimming” members according to risk, income, age and gender. In the end, two highly lucrative industries were generated, far from achieving affordable universal access to decent benefits, as suggested by the function of Social Security.

For his part, Guillermo Larraín presents an essay that reinforces his latest research on the role of the social contract in the post-statist Chile of 2019. He recognizes that there is an exhaustion of our consensus of the nineties, subjected to a tension that has its maximum expression in the debate on the new constitution that has installed a scenario of uncertainty and polarization. In fact, Larraín points out, we have been discussing the formal rules of the game in a democratic society for a decade, with a significant impact on economic activity: lower economic growth, employment opportunities, tax collection and expansion of social rights.

In his article, Claudio Sapelli questions whether we should continue to think of social policy from the point of view of targeting and with an excessive bureaucracy that emphasizes compliance with conditions over the results of benefits. For Sapelli, the need for change is due, among other things, to the success in the improvement of social indicators (income distribution, social mobility, strong reduction of poverty). The direction of change, in his opinion, should be towards a major simplification of social policy around a few programs, with households selected only on the basis of income, and with aid channeled through cash and unconditional transfers.

Andrés Solimano presents a contribution that reviews the main changes that have taken place in our economy since 1973. For the

author, this is one of the most radical experiments in capitalist restoration. The neoliberal experiment, Solimano points out, structurally weakened the labor sector and strengthened big capital, generating a profound inequality in Chilean society. A fundamental component of this extreme capitalist transformation substantially restricted the role of the State as producer, regulator, redistributive agent, maintaining its role of macroeconomic stabilization by favoring shock policies to correct imbalances. Finally, the author explains the economic democracy approach as an alternative to face the challenges of the next decade.

Ricardo Ffrench-Davis, in a prospective approach, presents his concept of economic development and why it is still an unreachable goal for our country. As a scholar of the national economic reality, he exposes the contrasts in the degree of progress of Chile from 1973 to the present and outlines how it could be possible to move forward in order to achieve welfare and social cohesion with a sustainable economy. His reflection is accompanied by some proposals for public policy reforms to be prioritized and coordinated, in order to recover growth and reinforce inclusion. At the end, he explains how two beliefs spread in certain sectors are mere statements without real support: an alleged success of the dictatorship in achieving sustainable growth and development, and the claim that a unique model prevailed in the “30 or 50 years”.

Raphael Bergoeing and Cristián Romero in a suggestive article describe and analyze the system of permits for investment in Chile, a discussion that has taken the private and public agenda this year. These permits, the authors point out, which seek to safeguard such relevant matters as public health and safety, if poorly designed or implemented can become a barrier to development, even without fulfilling their primary public objective. Bergoeing and Romero emphatically point out that the permit system in our country is inefficient, uncertain and unstable; perfecting it, they say, would improve the functioning of both the State and the market. And this is key, because in a modern economy, if one of them fails, everything fails.

Raúl Eduardo Sáez presents a detailed account of how Chile's trade policy was constituted in the last half century. In particular, Sáez addresses the relationship between Chile and other Latin American integration institutions during the military regime and then analyzes the history of bilateral negotiations-agreements with countries both within and outside the Latin American region during the last 33 years. The author explains the factors that contributed to Chile's successful regional reinsertion in Latin America, without neglecting global insertion and simultaneously expanding the deepening of trade relations with economies in four continents with complex free trade agreements.

Luis Eduardo Escobar, in his current role as President of Empresa Portuaria Valparaíso, presents a first-person essay on the importance of the port of Valparaíso in the economic development of the region and the country since its first use by the colonizers, as well as its impact on the city from the 1970s to the present day. During this period, Escobar points out, the port has faced significant challenges and has undergone substantial transformations that have allowed it to accommodate much of the growth of foreign trade transferred in central Chile. Soon to celebrate its 500th anniversary in 2026, the Port of Valparaíso, in the author's opinion, should be integrated into the city, with a combination of services to foreign trade, tourism and its inhabitants.

Each article and essay in this issue is a generous contribution of the authors, outstanding academics and economists, several of them with a long career, who have joined the invitation of *Economic Profiles* to evaluate this half century of economic transformations. Surely in the future, the perspectives presented here will be a primary source material for the economic history of the 20th and 21st centuries.