Introduction

The economic transformation of the countries in Latin America is an ongoing process with success varying among the countries. The region has received much outside attention as it progresses politically, economically, and socially; and its countries often have been urged to look to Chile as a model due to the enormous success of her economic transformation. However, although the economy of Chile has undergone vast improvements, it has been largely at the expense of the social sector, causing the gap between the rich and the poor to widen.

This paper examines the transformation of the Chilean economy, highlighting the successes it has achieved as well as the problems that have occurred throughout the transition. The experiences of two other countries in Latin America have also been selected for comparison — Argentina and Brazil — to provide a broader perspective on the Latin American region.

An Economic Overview of the Latin American Region

Latin America includes countries in South America, Central America and the Caribbean. It was not until 1826 that all of the countries in the Latin American region achieved independence, and by this time the economic structure was outward-oriented. By this I mean that the region's growth depended on external forces and that the economy of Latin America fluctuated with changes in foreign economic conditions. The Great Depression that began in 1929 in the United States resulted in severe repercussions for the Latin American region, and it became necessary to implement an inward-looking strategy, based on economic diversification and import substitution industrialization (ISI). However, not enough attention was given to promoting exports, which would enable Latin America to achieve substantial growth. There was also a continued dependence
on the United States and Europe, both of which invested extensively in the Latin American market and acted as lenders to the region. At first, the increase in commodity prices of products such as petroleum caused Latin American exports to rise; however, the world recession that ensued caused a decrease in prices and a rise in interest rates as foreign countries attempted to gain control over inflation. This impeded Latin American exports and made it difficult for her to pay back the significant debt owed to foreign creditors. The extraordinary level of foreign debt and the slow economic growth of the region led governments to intervene as a means of regulating their economies. (Dietz, pp. 7-8)

It became apparent that a new economic model was imperative to generate sufficient capital to make the extensive debt payments that the Latin American region incurred. Therefore, in the late 1980s a new policy known as the Washington Consensus was formed, focusing on the market instead of on the state as the primary means for progress in Latin America. It is based on neo-liberal policies, mainly the creation of a trade surplus, trade liberalization, privatization and domestic capital reform. The implementation of these reforms continues today, with success varying among the countries throughout the region.

Both positive and negative results of this model have been seen throughout the Latin American region. For example, the overall annual inflation rate for the region has been cut from 196 percent in 1991 to 19 percent in 1995. (Wilson) Domestic reforms aimed at controlling capital accounts and guiding investment into capital-intensive activities have resulted in greater domestic savings, as well as increasing the flow of foreign money into the Latin American economy. Finally, the privatization of many businesses was achieved by reducing government expenditures and increasing revenue through the sale of assets. However, the detrimental effects that this model has had with respect to both poverty and income distribution cast a shadow over the economic progress of the region.

As the 20th century ends, little progress has been made in reducing the social inequalities that exist throughout Latin America. The previously discussed economic reforms that were implemented have frequently benefited only the upper and middle classes, thereby widening the gap between the rich and the poor. One of the key reasons for the considerable economic inequality is the large number of uneducated individuals in the lower classes who do not possess the skills needed in many areas. Due to the lack of opportunities to further their education, it is difficult for them to gain the necessary knowledge to advance in the work environment and in society. Educational reform, such as advanced training programs for teachers, is vital for the progress of Latin America. Many of the countries lack the funds that are necessary to implement such programs; however, an even bigger concern is that these funds are often used ineffectively.

**The Chilean Miracle**

Among all of the countries of Latin America, Chile has seen the most success in the implementation of the new economic policies mentioned above. The country has undergone such a remarkable economic transformation that its development is known worldwide as the “Chilean miracle.” Chile is considered to have the most stable economy in Latin America and has maintained steady economic growth for the last ten years. Also, democracy has been restored in a peaceful manner that is highly regarded by countries worldwide. In fact, Chile underwent a dual transition because the economy changed to a neo-liberal system as the government was transformed from a military dictatorship to a democracy.

There are two principal reasons for the successful incorporation of the reforms under the new economic model. The first is the fact that Chile implemented the reforms earlier than most other countries, beginning in 1973 after the Popular Unity government was overthrown by the military coup. Secondly, the military dictatorship pushed for the quick implementation of the reforms. (Bulmer-Thomas, p. 147)

The coup that ensued in 1973 not only transformed the previous socialist government to a military dictatorship, but also resulted in a dramatic shift in economic policies. When Pinochet took over the government, inflation was high and increasing rapidly, the deficit was
almost 25 percent of GDP, and foreign financing and international reserves were unavailable. (Bosworth, p. 34) Under the Pinochet regime, the economy was changed to a free market system with an open door policy that relied on diversified exports. This economic change came about principally through several reforms that took place beginning in 1973. The first reform, and the main focus of the military government, was the attempt to control inflation. This was achieved mainly by reducing the budget deficit from 25 percent of GDP in 1973 to 1 percent in 1975; and in each of the following 5 years, Chile experienced a budget surplus. One of the key reasons for this accomplishment was the mass privatization, which resulted in a decrease in publicly controlled enterprises from more than 500 in 1973 to only 43 in 1980. (Bulmer-Thomas, p. 148)

The next Chilean reform was the liberalization of trade. In the early 1970s, strict controls were placed on almost all prices in order to keep inflation down. However, through the liberalization of trade, these controls were lifted and prices were freed. Domestic trade reforms led to the adoption of a single exchange rate and a 10 percent tariff. Eliminating restrictions on credit, terminating preferential financing, and allowing non-bank financial institutions and foreign banks to conduct business liberalized the domestic financial market. A 20 percent value-added tax, imposed on all goods and services in place of a sales tax, became the principal revenue source for the government. (Meller, pp. 27-28)

These reforms were implemented with the help of a group known as the “Chicago Boys,” who had the complete support of Pinochet. This was a group of economists from the Catholic University in Chile who had participated in an exchange program through which they studied at the University of Chicago beginning in the 1950s. When they returned from their studies at Chicago, many of them assumed public positions in Chile, bringing with them their new ideologies. Over the years, the number of students who participated in the exchange increased and so the group known as the “Chicago Boys” grew. They were concerned about the government and its role with regard to economic policies. They disagreed with the ideas of Keynes, who believed that the government should take on a significant role in the economy, and instead they sought to preserve the orthodox neo-classical theory in which government plays a minimal role. (Diaz, p. 84)

The opening of the Chilean economy and the liberalization of trade caused growth at first, but in 1975 a recession occurred due to a fall in copper prices and an increase in oil prices. The negative effects on the Chilean economy were intensified as a result of strict tax reform, a reduction in public spending, and the increase in the price level due to the removal of controls. (Bosworth, p. 6)

The economy began to recover by the late 1970s; but the exchange rate that was adopted in 1979, which fixed the Chilean peso to the U.S. dollar, had a devastating impact on domestic industry. The resulting overvaluation of the peso induced consumers to buy overseas, making it impossible for local producers to compete with the low prices of imported goods. This was only one of a mixture of both domestic and foreign events that were responsible for the crisis of 1982 that occurred throughout Latin America. Some of the other events that initiated the crisis include the continued fall in the price of copper, the generation of a high foreign debt, and the increase in foreign interest rates. (Bulmer-Thomas, pp. 148-49)

All this resulted in the intervention of the government in 1982, which led to many large, private companies such as Bank of Chile and the Bank of Santiago being taken over by the state. The peso was devalued, enabling the exchange rate to settle at a reasonable level, which in turn allowed competitive exportation of Chilean goods. The nominal tariff rate was also increased, specific price controls were implemented as a means of protecting such domestic goods as wheat and sugar, and the state paid off the enormous external debt that Chile had accumulated through extensive foreign borrowing. (Bulmer-Thomas, p. 149)

In 1985 there occurred two principal events that were to spur economic growth. The first was the depreciation of the real exchange rate, which lowered inflation. While other Latin American countries faced high inflation rates throughout the 1980s and 1990s, Chile was able to maintain a relatively low annual rate that
declined steadily from 19.8 percent in the late 1980s to 6.6 percent in 1996. As indicated in Table 1, this 1996 inflation rate was the lowest of any country in the region.

Table 1
Inflation Rates in Latin America 1985-1996

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>468.6%</td>
<td>81.2%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>453.5%</td>
<td>765.0%</td>
<td>9.2%</td>
</tr>
<tr>
<td>Chile</td>
<td>19.8%</td>
<td>14.5%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Columbia</td>
<td>24.3%</td>
<td>24.8%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Ecuador</td>
<td>43.1%</td>
<td>39.0%</td>
<td>25.5%</td>
</tr>
<tr>
<td>Mexico</td>
<td>73.8%</td>
<td>20.3%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Peru</td>
<td>445.9%</td>
<td>183.1%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Venezuela</td>
<td>32.5%</td>
<td>44.8%</td>
<td>103.6%</td>
</tr>
</tbody>
</table>

*average annual rates

Table provided by Hernán Büchi during a presentation to the Martindale group given at University Adolfo Ibáñez on June 2, 1998.

The second factor spurring Chilean economic growth was the fiscal policy imposed to increase domestic savings, which changed the public sector trade deficit in 1984 into a trade surplus by 1989. Other growth-inducing factors included the re-privatization of banks and large corporations, the initial privatization of many other corporations, the restructuring of the financial system, and the diversification of exports. (Bosworth, p. 9)

According to Arturo Valenzuela, Chile's economic success has often been attributed to the military government and its ability to implement strict reforms. Although he does not attribute Chile's success solely to the government, he does believe that it played a crucial role in the country's economic transformation. The political autonomy that existed in Chile under Pinochet's dictatorship was greater than that of other countries throughout the region, thereby facilitating the implementation of reforms. The private sector in Chile was also not nearly as strong as the private sectors of other countries, due to businesses being adversely affected by the earlier reforms during the presidencies of Frei and Allende in Chile. It was therefore much easier for the military to carry out its programs without the interference of the business class. (Valenzuela, 1997)

Effects on Chilean Social Conditions

Many of the policies implemented during the 1980s had effects that led to the present inequalities within Chilean society. For example, the fiscal adjustment program that was implemented as a means to stabilize the economy led to an unequal distribution of government subsidies. Individuals who were in debt but who owned assets were given preferential treatment by the government. This resulted in fewer than 2,000 debtors receiving subsidies that totaled 3 percent of GDP while 600,000 unemployed workers were receiving unemployment subsidies that totaled only 1.5 percent of GDP. (Meller, p. 15)

The unequal income distribution has resulted in Chile being ranked 7th in the world with regard to the unevenness of her income distribution. (Cooper, p. 13) Table 2 provides information regarding the distribution of income with regard to urban households in Chile, along with similar information for Argentina and Brazil. It shows only a minor change in the Chilean distribution of income between 1987 (when the poorest 5th received 4.4 percent of total income, while the richest 5th received 56.1 percent) and 1994 (when the numbers were 4.7 percent and 55.6 percent, respectively). However, although this is only a slight improvement, it occurred over a relatively short seven-year time period, thereby demonstrating a change for the better in the distribution of income.
Table 2
Distribution of Income in Urban Households in Argentina, Brazil and Chile*

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Quintile 1 (poorest)</th>
<th>Quintile 2</th>
<th>Quintile 3</th>
<th>Quintile 4</th>
<th>Quintile 5 (richest)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>1980</td>
<td>6.8</td>
<td>10.6</td>
<td>15.7</td>
<td>21.7</td>
<td>45.1</td>
</tr>
<tr>
<td></td>
<td>1986</td>
<td>6.4</td>
<td>9.8</td>
<td>15.2</td>
<td>19.9</td>
<td>48.7</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>6.2</td>
<td>8.7</td>
<td>14.2</td>
<td>20.9</td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td>1992</td>
<td>5.9</td>
<td>9.3</td>
<td>15.1</td>
<td>22.3</td>
<td>47.5</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td>5.0</td>
<td>8.8</td>
<td>14.1</td>
<td>21.0</td>
<td>51.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>1979</td>
<td>3.9</td>
<td>7.9</td>
<td>12.2</td>
<td>20.0</td>
<td>56.0</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>3.0</td>
<td>6.8</td>
<td>10.9</td>
<td>18.6</td>
<td>60.8</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>3.1</td>
<td>6.6</td>
<td>11.1</td>
<td>19.7</td>
<td>60.5</td>
</tr>
<tr>
<td></td>
<td>1993</td>
<td>4.0</td>
<td>7.8</td>
<td>11.1</td>
<td>18.5</td>
<td>55.8</td>
</tr>
<tr>
<td>Chile</td>
<td>1987</td>
<td>4.4</td>
<td>8.3</td>
<td>12.8</td>
<td>19.4</td>
<td>56.1</td>
</tr>
<tr>
<td></td>
<td>1990</td>
<td>4.7</td>
<td>8.7</td>
<td>12.1</td>
<td>18.7</td>
<td>55.0</td>
</tr>
<tr>
<td></td>
<td>1992</td>
<td>4.9</td>
<td>8.7</td>
<td>12.8</td>
<td>18.9</td>
<td>55.2</td>
</tr>
<tr>
<td></td>
<td>1994</td>
<td>4.7</td>
<td>8.7</td>
<td>12.4</td>
<td>18.7</td>
<td>55.6</td>
</tr>
</tbody>
</table>

*classified by per capita income

The information above is the percent of income distributed within society, divided into quintiles, highlighting the richest and poorest sectors.

Table is from p. 51 of *The Statistical Yearbook for Latin America and the Caribbean* (1996) and is published by the Economic Commission for Latin America and the Caribbean.

The decline in the educational system may be the worst repercussion that Chileans experienced under Pinochet's dictatorship. Before the military regime, almost 100 percent of school-age children were enrolled in school. However, under Pinochet all public schools were turned over to municipalities, and a new kind of school was created, called a "mixed school," which was privately subsidized. Money was given to schools based on enrollment; and due to the government's attempts to attract students to the mixed schools, proportionally more money was distributed to these schools. By 1982 allocations to public schools were cut off in an attempt to close them, and in 1988 the percent of GDP designated to federal education funding had fallen by over 50 percent from what it had been previous to Pinochet's policies. (Solowey, p. 23) This results in the economy being deprived of more highly educated workers. An education is crucial in order to advance in the work force and achieve greater social status within society.

Norbert Lechner has recently published a study on social development in Chile, in which he analyzes the degree of discontent in Chilean society. His findings indicate that insecurity, stemming from the following primary concerns, is the central source of uneasiness within the population. First, Chileans have a lack of confidence due to the history of the country. They sense that there is a "fragile order of life," resulting in their inability to rely on others. There is also a grave sense of distrust in the governmental system, especially when it comes to health and job opportunities. Even those who are currently employed are not certain of the stability of their jobs, and many are frightened that they may have to seek employment elsewhere in the near future. These fears are heightened because Chileans feel as though they have limited access to information and that what they hear is unreliable. (Lechner)

Having briefly described the economic and social conditions that currently exist in Chile, let us now examine some of the reforms undertaken to transform the economies of other...
countries in Latin America. Each country's progress is a result not only of the policies implemented, but also of the political and social structures as well as the historical factors that are unique to each country. By taking a brief glance at Argentina and Brazil, we can draw some interesting comparisons to Chile.

**Argentina and the Convertibility Plan**

Chile’s neighbor to the east, Argentina, also underwent the political change from a dictatorship to a democracy. Moreover, like Chile, the policies implemented aided Argentina in its quest for economic growth. However, Argentina's economic transition occurred much later than Chile's, and significant prosperity was not achieved until the 1990s.

Argentina experienced generally sluggish economic growth over the fifty-year period spanning 1940 to 1990. This was primarily due to extensive public sector deficits and high levels of inflation. After the country became a constitutional democracy in 1983, various political leaders attempted to create a system that would stabilize the economy, but each one failed. Although temporary success was achieved in decreasing the inflation rate, the increase in the public sector deficit caused the annual inflation rate to rebound. In 1988, the inflation rate reached a high of 386 percent. (Enderlyn and Dziggel, p. 4)

Carlos Menem was elected president in 1989, and he proceeded to implement the so-called Convertibility Plan, whose main purpose was to tackle Argentina's problem of high inflation. Mass privatization of businesses took place, as well as the implementation of a variety of other reforms, including the fixing of the exchange rate. The exchange rate was permanently fixed at one Argentine peso to one U.S. dollar; and according to the regulations of the Plan, the peso cannot be devalued or revalued. (Azpiazu) The result was a decline in the Argentine inflation rate to 10 percent in 1996, the third lowest rate in Latin America after Chile and Brazil. (See Table 1)

As in Chile, vast income inequalities exist within Argentine society. In 1986 the poorest 5th received 6.4 percent of the country's income, while the richest 5th received 48.7 percent. This gap has continued to widen since the Convertibility Plan, and by 1994 these numbers were 6 percent and 60.1 percent, respectively. (See Table 2)

According to Daniel Azpiazu, the social disparities that exist within Argentina may have been significantly less if it had not been for the neo-liberal economic policies of Menem's Convertibility Plan, which he refers to as the "neo-liberal sock package." One of these reforms was the freeing of capital flows, which has led to an influx of short-term capital and increased Argentina's foreign debt and economic instability. Price deregulation and privatization have also had negative effects on the economy. Although they were aimed at increasing the volume of foreign investment, most capital invested have been speculative, not long-term, and was withdrawn if trouble loomed on the horizon, thereby adding to the economic instability of Argentina. Azpiazu believes that if these "reforms" had been excluded from the Plan, the increase in foreign debt would have been avoided and with it the growing inequality of income.

**The Brazilian Experience**

Due to the size of its economy, Brazil's experience has differed greatly from those of both Chile and Argentina. Brazil was slower to accept the policies laid out by the Washington Consensus discussed earlier, and was one of the last countries in the Latin American region to implement them. Although the Brazilian government recognized the need to take action and various reforms were deliberated, no adjustment policies were formulated, and a successful stabilization plan was not achieved until the 1990s.

During the 1960s and 1970s, Brazil had the fastest growing economy in Latin America, and was one of the largest borrowers of foreign currency. This resulted in severe consequences for the Brazilian economy when the previously mentioned debt crisis occurred in 1982. Not only was the country unable to recover from the crisis, but the inefficient management of public finances and extensive state intervention led to a budget deficit that increased steadily throughout the 1980s, reaching a high of 24.9 percent of GDP in 1989. (Bulmer-Thomas, p. 251)

In 1990 several structural reforms were
finally implemented, including trade liberalization, deregulation of prices, and privatization. Trade reforms eliminated import restrictions on close to 2,000 goods, and nominal tariffs were reduced. The deregulation program abolished such economic restrictions as quotas on domestic production and distribution of products such as wheat, fuel, and coal. Finally, as a result of privatization, sales reached $9.7 billion in 1991, the majority of which was generated by domestic investment due to the legal restrictions on foreign investment. (World Bank Group: Brazil, 1999)

In 1994 Brazil initiated its first truly successful stabilization plan, called the Real Plan, which is based upon a strict monetary policy. Brazil's new currency, the Real, provided the name for the Plan, and it entailed fixing the Brazilian currency to the U.S. dollar. The Plan had the effect of slashing the annual inflation rate in Brazil from an unbelievable 2,500 percent in 1990 to only 9.2 percent by 1996. The result was that most everyone received a salary "increase," including the poorest workers who experienced significant growth in income throughout the 1990s. (Weinberger, p. 37) (See Table 1) In 1987, only 3 percent of national income was received by the poorest 5th in Brazil while the richest 5th received 60.8 percent. However, between 1994 and 1995, the poorest workers experienced a rise in per capita income. Their income increased by 30 percent while the highest income workers saw an increase of only 10 percent. (Clements) Also, the non-financial industry, which employs a large percent of unskilled workers, flourished within this time period, increasing the income of low-income workers. The effect of this income growth has been a sharp decline in the percentage of the Brazilian population living in poverty.

Although Brazil has experienced some improvement with regard to income distribution and poverty, it still has the largest gap between the rich and the poor in the world. (Clements) Income inequality in Brazil is the direct effect of the lack of educational opportunities. According to the 1997 report released by the United Nations Children's Fund, 5 million Brazilian children between ages 5 and 14 are working, even though the legal working age is

15. (Luis) Instead of enrolling in schools, many of these children are working 12-hour days, if not more. It is nearly impossible for children within the poor classes to advance in society because they are not given the necessary tools and information provided by proper schooling that will aid them in obtaining higher positions within society. (Aguilera) It is imperative that all children have educational opportunities in order for Brazil to achieve any improvement in the gap between the rich and the poor.

**Chile's Comparative Success**

This brief examination of the policies undertaken in Argentina and Brazil allows for a comparison of Chile's relative success within Latin America. Chile's success can be partly attributed to the fact that Pinochet used his role as a dictator to take immediate action in order to enforce his reforms quickly and effectively. He not only had the support of the "Chicago Boys" and the military, but the lack of a strong private sector in Chile also resulted in little outside interference with his programs. Although Argentina's form of government was also a dictatorship, it had experienced years of political incompetence before Menem came to power. This resulted in a much slower adoption of sound economic policies, as well as public weariness with regard to both Menem and his Plan due to the incompetence of prior governmental officials. The government of Brazil differed from that of Chile and Argentina in that there was not a dictator ruling during its period of economic reform. As with Argentina, it took many years to create an effective stabilization plan, and by that point economic conditions were such that improvement, however slight, was inevitable.

Of the three countries, Argentina has the smallest income gap between the richest and poorest sectors of the population. However, as Table 2 shows, this gap has actually widened between 1980 and 1994. The degree of income inequality in Brazil has fluctuated over this time period, while Chile has experienced a narrowing of the rich-poor gap. In none of the three countries, however, have the changes been pronounced.
Additional Perspectives on Latin America's Progress

MORI is an organization in Chile that publishes an annual press release entitled "Latinobarómetro," which is a public opinion survey in which 17 Latin American countries and Spain participate. Its purpose is to obtain information regarding citizens' perspectives on political, economic, and social issues. There are three primary focuses of the survey: international relations and trade agreements, democracy and its evaluation, and perceptions about the economy. In the 1996 survey 21,198 interviews were conducted and the following information is based on those responses. (MORI, 1996)

Graph 1:
Society's Preferences with Regard to the Governmental System

There is an important distinction between support for a democratic government and satisfaction with the democratic system. As Graph 2 shows, the average satisfaction level with democratic systems within the Latin American region is only 27 percent, and Uruguay is the only country with a satisfaction level above 50 percent. Much of the dissatisfaction stems from the popular belief that, although democratic systems are in place, there is a lot that still needs to be done to achieve full democracy. This belief is extremely high in Brazil and Colombia where democracy is supported, but where many are dissatisfied with their country's democratic system. However, even with the high level of dissatisfaction, it can be seen in Graph 3 that the majority of Latin Americans still defend democracy and realize the importance it holds in maintaining order. Chile is somewhat unique, however. Although its economic performance is the best in Latin America, only 54 percent of those Chileans polled would defend democracy, which is the lowest percentage of those countries polled.

Finally, information was also obtained from the MORI poll as to what citizens believe to be their country's biggest problem. Many citizens' perceptions of economic and social conditions differ from reality. For example, although the inflation rate has declined and Latin America has
experienced overall economic growth, these improvements have gone unnoticed by many. However, the statistics and popular belief are in accordance with regard to unemployment and education, both of which remain critical problems among Latin Americans.

Conclusions

Latin America has recently undergone significant reforms in transforming itself to a more open economic system that is becoming competitive with the rest of the world. Significant progress has been achieved with regard to reducing the inflation rate. And although each country is unique in its experiences due to varying political structures and differences in the methods used to implement reforms, as a whole the region has experienced considerable economic growth. However, despite the region’s economic successes, serious social problems remain. Widespread income inequality contin-
ues to exist, and the educational systems need to be improved.

By comparing the relative experiences of Argentina and Brazil under economic reform, readers can evaluate Chile's achievements. Her inflation rate, which is the lowest in Latin America, and her GNP growth rate are both evidence of Chile's successful transformation. However, since some of this progress has occurred at the expense of the social sector, Chile should not necessarily be used as a model for other countries to follow.

REFERENCES


Buchi, Hernan, Chilean Economist, Former Minister of Finance in Chile. Interview with Martindale Center Group, June 2, 1998.


