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A new consensus is being built in Chile: The possibility of development

By Pedro Isern

Chile has been building growing and carefully-planned consensuses as of 1990. The institutional quality of these agreements allows us to look at the medium and long term from a different point of view. The solid foundations that have been laid throughout 15 years enable a reflection on some of the future Chile's characteristics beyond the short term. The consensus on the possibility of development brings the government and moderate opposition together, thus becoming a virtuous state policy.

How can we define the Chilean leaders' "realistic aspiration" to achieve development? In this case, the reference standard we will use is the bottom third developed countries' current standard of living. That is, considering the current real income (PPP) of Spain, Portugal, Cyprus, Korea, Taiwan, Greece, Singapore, New Zealand or Israel, it would be possible for Chile to achieve that level of development in 2020, growing at a realistic rate of 5.5% per year.

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Introduction

Chile has been building growing and carefully-planned consensuses as of 1990. The institutional quality of these agreements allows us to look at the medium and long term from a different point of view. The solid foundations that have been laid throughout 15 years enable a reflection on some of the future Chile's characteristics beyond the short term. The consensus on the possibility of development brings the government and moderate opposition together, thus becoming a virtuous state policy.

What is the political economy of this path to development based on? What political feasibility and macroeconomic performance is needed to make this aspiration a reality? A number of studies maintain that the political economy of development is based on concrete reference standards and realistic hypotheses, given that Chile has been capable of growing at similar rates over recent years[1].

How can we define the Chilean leaders' "realistic aspiration" to achieve development? In this case, the reference standard we will use is the bottom third developed countries' current standard of living. That is, considering the current real income (PPP) of Spain, Portugal, Cyprus, Korea, Taiwan, Greece, Singapore, New Zealand or Israel, it would be possible for Chile to achieve that level of development in 2020, growing at a realistic rate of 5.5% per year[2]. As stated in the World Economic Forum's 2004-2005 Global Competitiveness Report,

> *…In Latin America, we note that Chile improved its performance significantly, moving up from 28th to 22nd place in the overall rankings. Chile not only has the highest ranking in Latin America, but the gap with respect to its nearest rival (Mexico) is a full 26 places; there is no other continent in the world where we can observe this symbolic "migration" from the region, in terms of performance.*[3]

We will begin this paper by presenting a brief historical summary of Chile's economic-institutional performance. In second place, we will highlight the last 25 years. In third place, we will analyze forecast macroeconomic indicators and finally, study the close relation between development and consensus.

Part I: The Macroeconomics of the Path to Development

First, we will detail the available macroeconomic information that allows us to analyze Chile' comparative historical development vis-à-vis Latin America and the rest of the world. For this, our main source is statistics gathered by the Chilean Central Bank and Ministry of Economy.

Chile's per capita economic growth since 1820 is volatile. In this sense, the country is similar to other dynamic but peripheral economies such as Argentina, that also achieved important progress throughout a long period of the 19th century, moderated its growth during the first half of the 20th century and stagnated during the second half. As Rodrigo Fuentes and Verónica Mies point out,

> *During the 19th century, Chile tends to grow faster than other economies. Later, during the first half of the 20th century, Chile's GDP per capita follows the same trend as other economies it is compared with. However, after the Second World War, it shows a diverging tendency with respect to the rest of the world. This reverts at the end of the 20th century, showing higher growth rates over the last couple of decades than countries with similar income in Latin America and the rest of the world. Chile displays a better absolute and relative performance during 1986-1998 and an absolute (but not relative) decrease during 1999-2001.*[4]

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[1] For example, see Larroulet, Cristian. "Políticas Públicas para el Desarrollo" (Public Policies for Development) in Revista de Estudios Públicos 91 (Winter 2003), pp 153-179; Eyzaguirre, Nicolás. El Chile que Queremos. Quid Futurum Advenit. Lo que será (The Chile We Want. Quid Futurum Advenit. What Will Come). Lecture given during the Enade 2004 Conference in Santiago on December 2, 2004; Eyzaguirre, Nicolás, Mario Marcel, Jorge Rodríguez Cabello and Marcelo Tokman. "Hacia la Economía del Conocimiento: El camino para crecer con equidad en el largo plazo" (Towards the Economy of Knowledge: The Path to Grow with Equality in the Long Run) in Revista de Estudios Públicos 97 (Summer 2005) pp. 6-57.

[2] This reference standard is taken from Eyzaguirre, Nicolás. El Chile que Queremos. Quid Futurum Advenit. Lo que será (The Chile We Want. Quid Futurum Advenit. What Will Come). Lecture given during the Enade 2004 Conference in Santiago on December 2, 2004.

[3] World Economic Forum's Global Competitiveness Report 2004-2005. http://www.weforum.org/pdf/Gcr/Executive_Summary_GCR_04 p.4.

[4] Fuentes, Rodrigo and Verónica Mies. Mirando el desarrollo económico de Chile: Una comparación internacional (Looking at Chile's Economic Development: An International Comparison). Working Paper 308. Banco Central de Chile (2005) p. 5.

Chart 1: GDP per capita growth per decade (1810 – 2010)

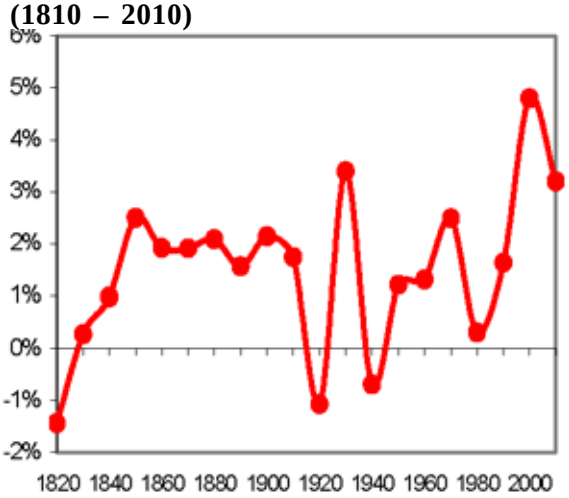
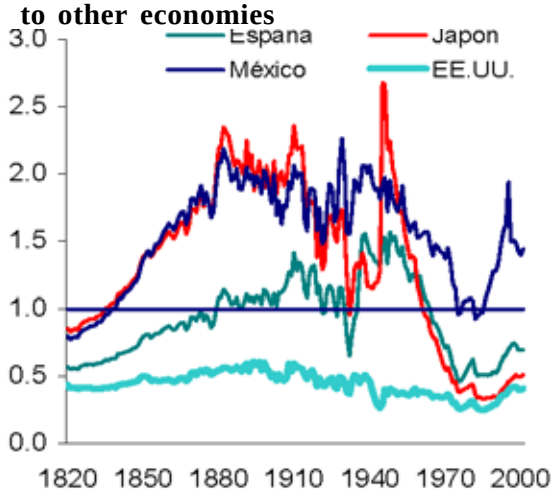


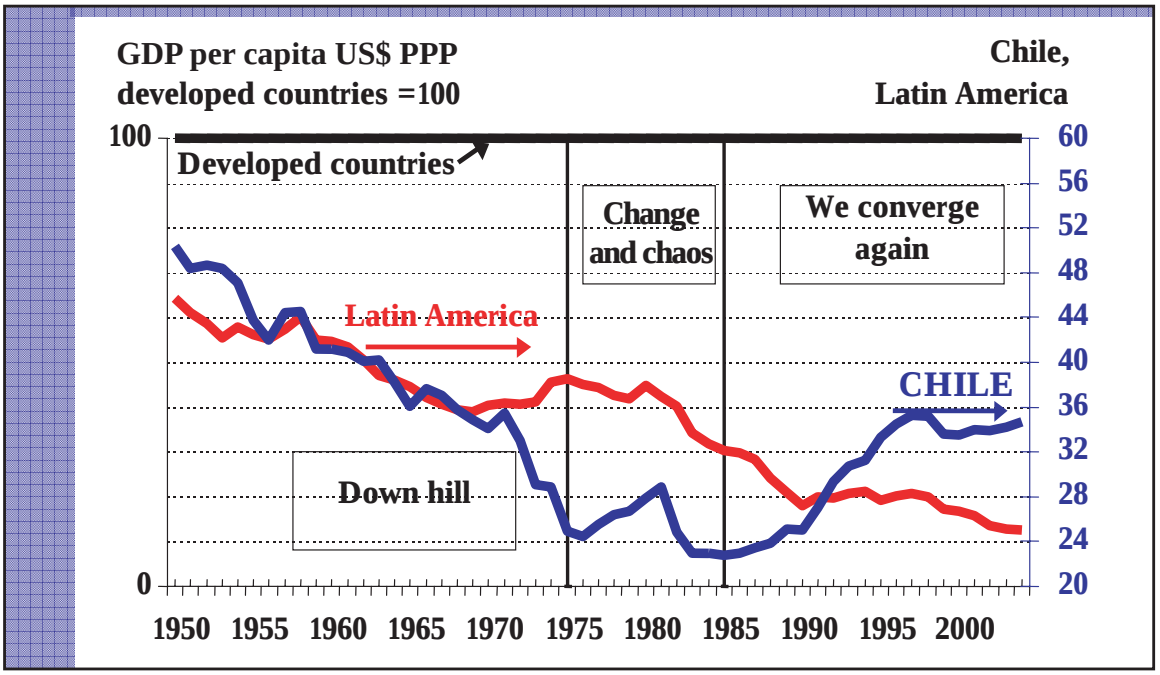
Chart 2: Chile's GDP per capita in relation to other economies



Source: Fuentes, Rodrigo and Verónica Mies. Mirando el desarrollo económico de Chile: Una comparación internacional (Looking at Chile's Economic Development: An International Comparison). Working Paper 308. Banco Central de Chile (2005) p. 5.

Chart 3 shows Chile's real per capita income as a percentage of developed countries' income. Also, it allows us to compare Chile's post-1950 performance vis-à-vis the region.

Chart 3: Chile and Latin America's real GDP per capita as a % of Developed Countries' GDP per capita



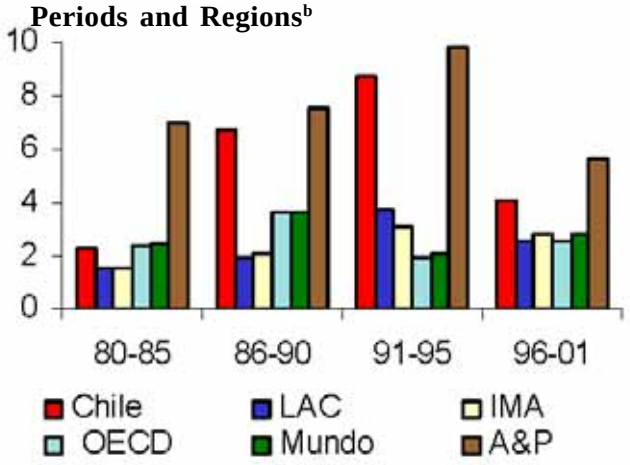
Source: Ministry of Economy of Chile (Dec. 2004).

Let us now concentrate on the last period. What time period corresponds to contemporary Chilean macroeconomics? From 1970 to date? Or from 1982 or 1990 to date? The following charts intend to provide comparisons that are as "deseasonalized" as possible. Due to political and economic instability, the base year varies by period so as to obtain the most representative situation framework. Again, an adequate perspective of Chile's performance is better obtained by comparing it to the region as well as to Asia and developed countries. We can see how, over the last 20 years, the Asian economies have quadrupled their income per capita, while Latin America shows an annual average growth rate of 2.65% over the same period.

Table 1: GDP per capita (PPC) - Various Regions and Countries[b]

	80-85	86-90	91-95	96-01
Chile	**2,795**	**4,254**	**6,232**	**8,498**
LAC	3,894	5,043	5,838	6,855
IMA	4,619	5,980	6,891	8,290
EAP	741	1,345	2,138	3,308
OECD	11,330	16,963	20,759	25,037
Mundo	3,364	4,806	5,694	6,850

Chart 4: Average GDP Growth - Various Periods and Regions[b]



Source: Fuentes and Mies, *op. cit*., p. 6.
[b] IMA: Medium-high income economies; LAC: Latin America and the Caribbean; EAP / A&P: Asian and Pacific economies; OECD: Developed economies; Mundo: World.

A notion that will be developed further on in this paper is that democracy is a necessary but not sufficient condition for welfare. This is reflected, for example, by comparing macroeconomic indicators pertaining to the period 1971-1975 (during which both the "Unidad Popular" and the dictatorship governed) with those of 1993-1997 (during which two administrations of the Concertación were in office).

Table 2: Main Annual Indicators, 1971-1975 versus 1993-1997

Period	GDP Growth (%)	Unemployment rate (%)	Inflation rate (%)	Fiscal Performance (% of GDP)
1971-75	-1,9	7,3	240	-11,1
1993-97	7,1	6,8	7,2	2,2

Source: Author's data, based on Corbo (1993); Larrain and Vergara. La Transformación Económica de Chile (The Economic Transformation of Chile). Santiago: Centro de Estudios Públicos, 2000.

On the path to development, it is important to note that the period 1970-1995 reflects a remarkable evolution of social indicators that took place world-wide, mainly in terms of life expectancy, infant mortality rates and illiteracy rates. Chile is obviously no exception and these conditions are vital when aspiring to take a qualitative leap forward. Some of the country's indicators (such as infant mortality rate, telephone lines and televisions per 1,000 people) show an outstanding positive evolution:

Table 3

Chile: Social Indicators	1970	1995
Life expectancy at birth (years)	64	74
Infant mortality rate (per 1000 people)	82.2	13.2
Illiteracy (% of population over 15 years old)	11	4,8
Urban drinking water supply coverage (%)	66	98
Telephone lines (per 1000 people)	37.2	177.8
Cars (per 1000 people)	18.5	82.3
Televisions (per 1000 people)	36.4	258.7
Gini (homes located in the Greater Santiago area)	0.434	0.468

Source: Larrain and Vergara. La Transformación Económica de Chile (The Economic Transformation of Chile). Santiago, Centro de Estudios Públicos, 2000; Central Bank of Chile. Economic and Social Indicators, 1960-2000.

The evolution of poverty is the principle indicator that tests the true quality of a development process and income distribution is the second most relevant indicator.

Chart 4: Poverty and Income Distribution – Various countries (1981 versus 2001) [c]

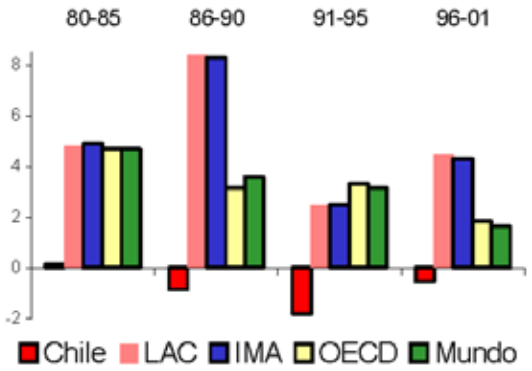
	1981				2001				
	Ing. Medio	P (%)	BP (%)	Gini (%)	Ing. medio	P (%)	BP (%)	Gini (%)	Pobl. (mills)
Argentina-U	544.7	1.3	0.4	44.5	334.8	14.0	4.5	52.2	37.5
Brasil	211.6	30.6	12.2	57.6	300.4	22.0	8.6	59.3	172.6
Chile	**290.9**	**17.6**	**5.2**	**56.4**	**411.3**	**8.9**	**2.3**	**57.6**	**15.4**
China-R	25.6	98.3	60.5	25.0	61.2	70.1	28.2	36.3	792.9
China-U	70.4	45.3	9.5	18.5	191.2	6.1	1.2	33.3	479.0
Colombia	310.8	19.8	8.3	59.1	267.1	21.9	8.5	57.9	43.0
Ecuador	424.9	5.5	1.9	43.9	124.7	44.1	19.6	53.4	12.9
Hungría	286.0	0.2	0.1	21.0	227.5	1.2	0.5	24.4	10.2
India R	34.3	93.1	50.3	30.1	42.3	87.9	40.1	28.1	744.0
India U	55.0	75.1	30.7	33.3	70.5	59.6	21.9	35.0	289.4
Indonesia	240.1	13.9	3.9	47.4	81.8	51.3	15.1	34.3	213.6
Malasia	135.6	34.0	12.4	46.3	153.6	31.5	11.1	49.2	23.8
México	142.3	19.4	5.1	39.2	208.3	25.8	10.7	54.9	99.4
Paraguay	216.4	1.1	0.3	25.2	216.4	28.3	13.7	56.9	5.6
Perú	329.4	0.5	0.3	23.3	125.3	37.2	18.3	49.8	26.1
Polonia	54.5	76.2	28.5	28.9	256.7	2.0	0.6	31.6	38.7
Sudáfrica	168.0	40.4	17.8	60.7	211.1	33.5	12.3	57.8	43.2
Tailandia	131.3	30.2	8.9	43.6	133.9	31.7	8.6	43.2	61.2
Turquía	377.7	0.2	0.1	23.3	193.9	12.3	3.0	40.0	66.2
Venezuela	71.0	67.5	41.0	60.1	147.1	32.2	15.3	49.5	24.6

Source: Fuentes and Mies, *op.cit*. p.9.
[c] P = Population BP = Poverty Gap U = Urban R = Rural

Before we prospectively consider Chile's indicators, let us analyze its fiscal and trade performance over the last 25 years. These are two key areas of the macroeconomics of the path to development and are sufficient to reflect the growing gap that separates Chile from the rest of the countries in the region. Although Mexico may show a combination of orderly fiscal policy and growing foreign trade over the past ten years, its political and geographical characteristics do not allow us to refer to Mexico as being on a secure path to development. Therefore, while the sturdiness of Mexico's macroeconomics is not far off from Chile's, the distance is remarkable when considering the quality of the consensus.

Chile's fiscal and trade indicators are as follows:

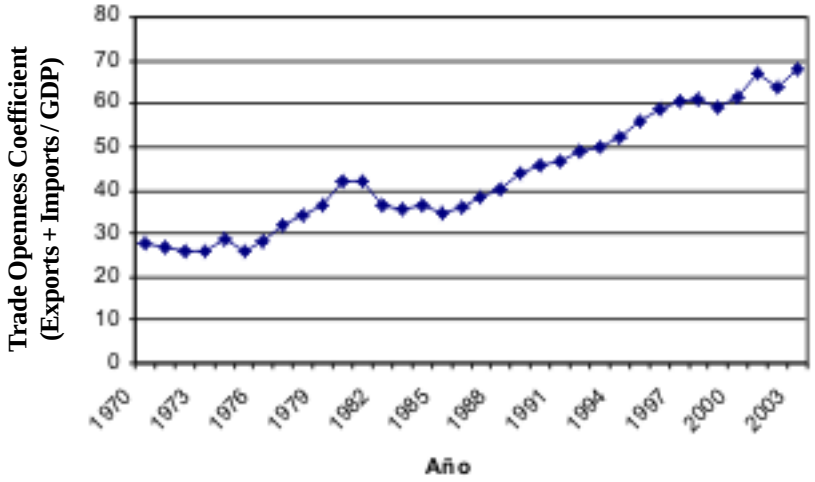
Chart 5: Government's Average Fiscal Debt [d]



Source: Fuentes and Mies, *op. cit*. p.16
[d] A negative indicator reflects fiscal surplus.
LAC: Latin America and the Caribbean; IMA: Middle-high income economies; OECD: Developed economies; Mundo: World.

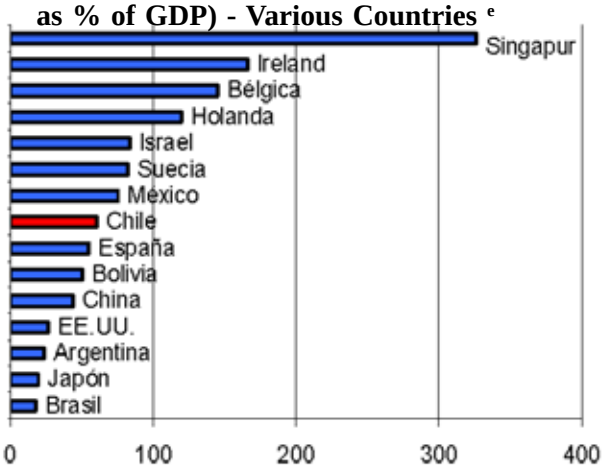
At present, foreign trade amounts to almost 70% of GDP, slightly less than that of relevant Asian countries and much greater than the majority of Latin American countries, not including Mexico and small Caribbean economies.

Chart 6: Chile's Trade Openness Coefficient (Exports + Imports / GDP) 1970-2003



Source: Penn World Tables 6.1.

Chart 7: Trade Openness (Exports + Imports as % of GDP) - Various Countries [e]



Source: Fuentes and Mies, *op. cit*. p.19.

[e] Singapore; Ireland; Belgium; Holland; Israel; Sweden; Mexico; Chile; Spain; Bolivia; China; U.S.A.; Argentina; Japan; Brazil.

Finally, it is necessary to compare the size of government as a percentage of GDP with the level of development, as well as the gross tax burden as a percentage of GDP with the level of development. The reason for doing so is important: when comparing the tax burden and the weight of government spending, it turns out that wealthier country governments have a larger share in the economy. Then, in countries such as Chile, this leads to demands to increase spending and taxes. However, when taking into account countries of similar per capita income, we note that the "public spending level – quality" relation is negative so prudence is called for when demanding higher spending.

Chart 8: Size of Government as % of GDP and Level of Development (2000)

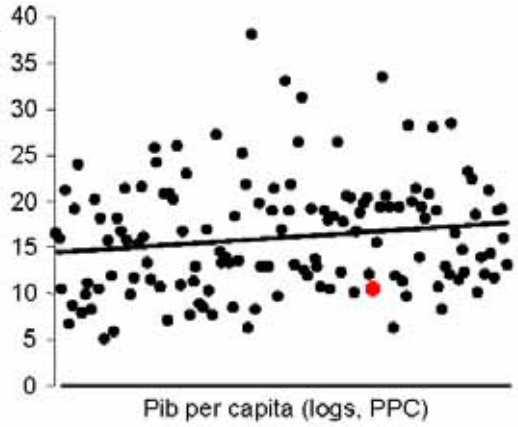
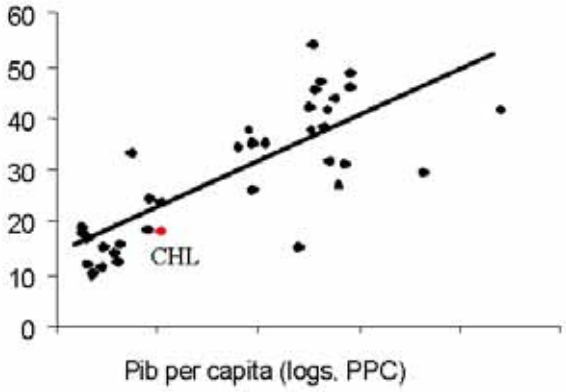


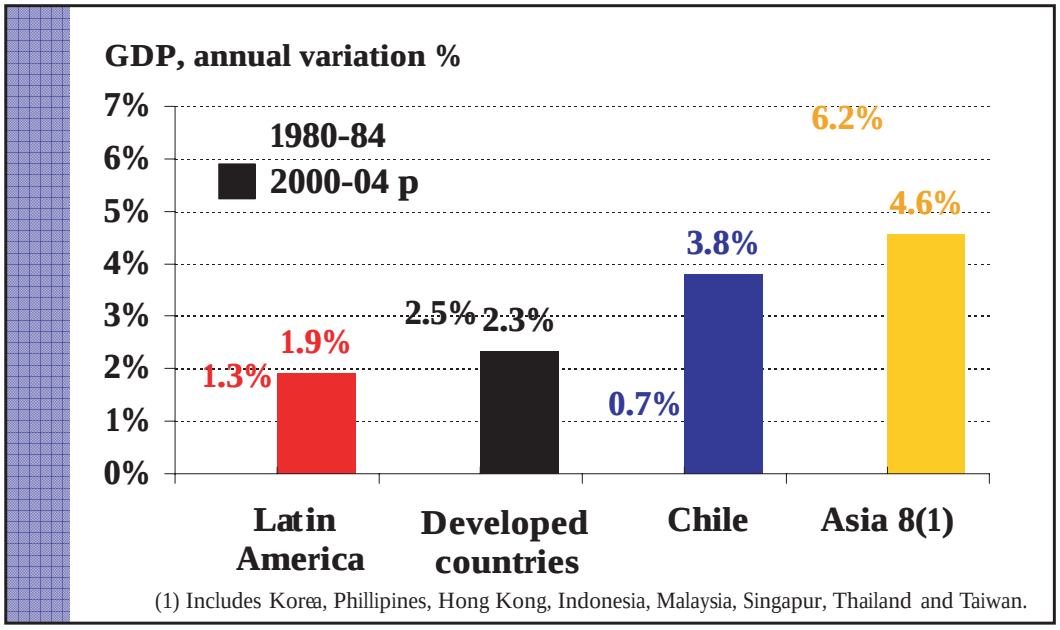
Chart 9: Tax Burden as % of GDP and Level of Development (2000)



Source: Fuentes and Mies, *op. cit*. p. 20.

In short, Chart 10 compares the evolution of Chile's GDP vis-à-vis that of the region, developed countries and eight relevant Asian countries over two periods, 1980-84 and 2000-2004.

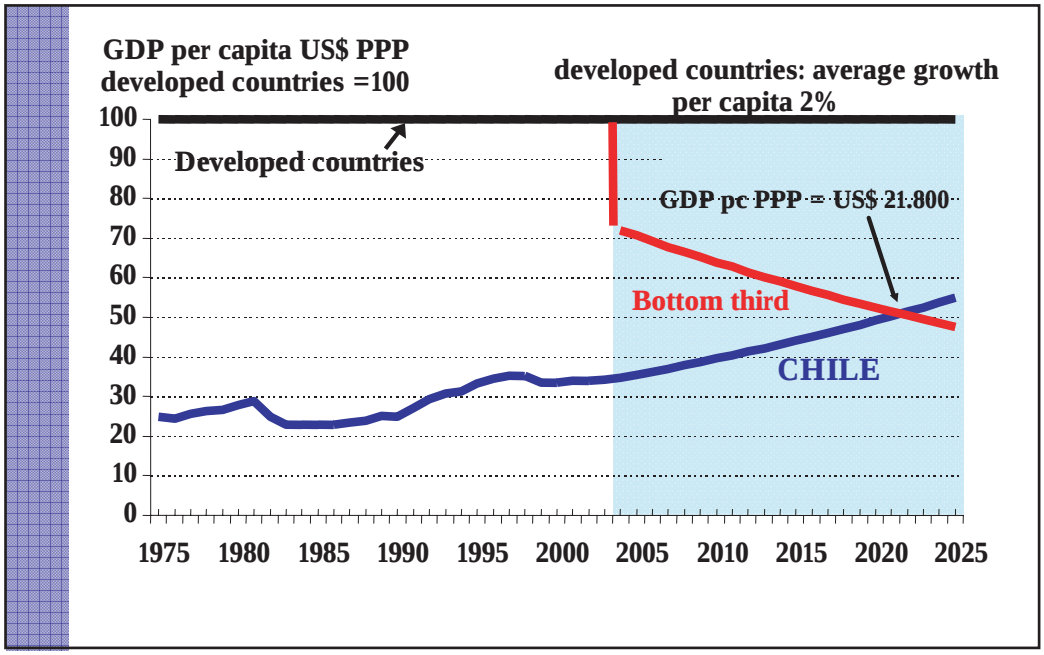
Chart 10: GDP Evolution by Region (1980-84 and 2000-04)



Source: Ministry of Economy of Chile (Dec. 2004)

At this point, it is necessary to incorporate relevant forecast economic information, on the path to development. The following chart shows the current gap that separates Chile's real income from that of the "bottom third", and emphasis is placed on the growth per capita that Chile needs in order to achieve, by 2020, the aforementioned economies' current real income level.

Chart 11: Real GDP per capita – Chile versus "Bottom Third" Developed Countries



Source: Ministry of Economy of Chile (Dec. 2004)

The following chart compares specific differences between Chile and the aforementioned "bottom third", reflecting both the quantitative and qualitative gap that still exists in terms of income distribution, access to higher education and investment in research and technology.

Chart 12: Chile and the "Bottom Third" Developed Countries

	GDP per capita U$S 2004	Wealthiest 20%/ Poorest 20%	Higher education coverage %	R&D as % of GDP
France	27075	5,6	53,6	2,2
Taiwan	24528	nd	nd	nd
Singapur	24407	9,7	43,8	1,9
Spain	23300	5,4	59,4	0,9
New Zealand	21662	6,8	69,2	1,1
Israel	21009	6,4	52,7	3,6
Cyprus	19755	nd	nd	nd
Greece	19689	6,2	50,5	0,7
Portugal	18428	8	50,2	0,7
Korea	18186	4,7	77,6	2,7
Average	21804	6,6	57,1	1,7
Chile	10512	18,7	37,5	0,6
		3 times more unequal	A little over half	3 times less

Source: Ministry of Economy of Chile (Dec. 2004)

Chart 13 compares Chile's performance vis-à-vis that of developed countries with abundant natural resources.

Chart 13: Chile and Developed Countries with Abundant Natural Resources

	Wealthiest 20%/ Poorest 20%	Higher education coverage %	R&D as % of GDP
Australia	7	63.3	1.5
Finland	3.8	73.9	3.4
Island		48.7	2.3
New Zealand	6.8	69.2	1.1
Norway	3.9	64.4	1.7
Sweden	4	70	3.8
Average	5.1	64.9	2.3
Chile	18.7	37.5	0.6
	Almost 4 times more unequal	Half	A quarter

Source: Ministry of Economy of Chile (Dec. 2004).

The macroeconomics of the path to development is thus laid out. The next step entails trying to analytically link these indicators to the role of consensus in order to consolidate this path.

PART II: Consensus and Development

We have analyzed the macroeconomic indicators that uphold the possibility for development. We must now consider the evolution of the consensus among the relevant political players who have contributed in building the institutional quality that lets us contemplate this option seriously and generates a virtuous circle between possible consensuses, institutional quality and macroeconomic indicators.

Development is a concept and state that is achieved by countries that are able to fulfill a series of necessary but not sufficient conditions: in this way, we can state that a country is developed only when its leaders have shown signs of convergence, it views the rest of the world as an opportunity and not a threat, and when it is capable of constructing a virtuous circle of institutional quality and development. This last point is crucial and will be the focus of our analysis on Chile.

When certain institutional arrangements seem to work, relevant political players start to converge towards the center, that is, towards "the other". This makes them think about the possibility of development and search for institutions that are appropriate for achieving that objective. Also, this institutional possibility accelerates the path to development. This reinforces and consolidates the consensus and improves the institutional quality of the aforementioned arrangement, making growth yet more feasible, and so on.

It is important to point out that the institutional framework that is being built and reinforced in Chile since 1990 allows for the inclusion of groups and ideas that were outside the "consensus circle" in the past. That is, sectors of the Left that criticized and still criticize the moderate path chosen by the Concertación[5] now have the possibility of gradually entering the consensus-

building environment. Although this possibility does not necessarily mean it will occur, the situation should encourage the opposition to adopt a new discourse and understanding of the problem because if this "possibility of entrance" is viewed as a threat, a new way of helping to consolidate a successful model will be overlooked.
For example, in the article titled "Concertación: ¿un péndulo cargado?" (Concertación: A Loaded Pendulum?), the Temas Públicos publication states,

> *The Concertación is a political conglomerate that has managed to maintain internal harmony due to the effort its members have put into keeping the balance between its two constituent forces: Democracia Cristiana (DC - Christian Democratic Party) and the progressive bloc formed by Partido Socialista (PS - Socialist Party) and Partido por la Democracia (PPD – Party for Democracy). However, a gradual, subtle and thus almost imperceptible process has taken place over the past years: the growing influence of the Leftist forces, a situation which may increase tension inside the governing coalition in the long run…*
> *… This reality enables the agreement with the Communist Party that is being set forth by the PS-PPD bloc and the Minister of the Interior. The DC regards it as a pragmatic tool that could put an end to the binominal system. However, the conclusion is that the Concertación would definitely become a Leftist alliance with an increasingly marginal participation of Christian humanism. The growing influence of the Left within the Concertación has resulted in the gradual but continuous implementation of national public policies that are in accordance with this group's line of thought. That is, a larger State, more regulations and a loss of freedom for citizens.*
> *… On the other hand, if the Concertación keeps on moving towards the Left, their next administration's public policies will most likely increasingly inflate the State apparatus, intensify regulations and curtail citizens' freedom. …*[6]

This analysis seems incorrect: on the contrary, the Concertación's alleged move towards the Left should open the possibility to increasingly moderate an important sector of the Chilean population that, as we mentioned, criticizes what has happened in the country as of 1990. The virtuous circle of consensus gives way to the following possibility: that the potential inclusion in a coalition of a sector that was historically distanced from certain ideas and policies be regarded as an opportunity and not a threat of "public policies (that) increasingly inflate the State apparatus, intensify regulations and curtail citizens' freedom".

The Role of Consensus in the Path to Development

Chile can aspire to achieve development in 2020 because it has been capable of building a consensus-building environment as of 1990. This consensus-building environment is based on four pillars which are necessary but not sufficient conditions for seeking development: democracy, Rule of Law, market economy and growing consensus-building. The virtuous interaction of these four variables is the foundation of the possibility (but not necessarily the security) of development.
One of the four characteristics of the consensus-building environment is the **growing** process of consensus-building precisely because Chile's positive economic-institutional performance as of 1990 is based on the consolidated interaction of the first three variables due to the need for an ever-growing environment of agreements. In this way, in 1990 democracy in itself proved to be such an important qualitative leap forward that it improved the lives of the Chilean population (this was literally the case for thousands of people whose lives were no longer at stake). But democracy in itself can no longer improve the lives of people fifteen, twenty or thirty years later. Now, democracy is a necessary but not sufficient mechanism for creating consensus-building environments wherein policies that can in fact improve peoples' lives are drawn up, because today citizens demand more than respect for civic and political rights, and this greater demand is legitimate. Therefore, democracy (as well as Rule of Law and a market economy) must gradually improve its own quality and for this, an environment of growing consensuses is needed wherein consensuses that were reached are reinforced, developing consensuses are intensified and possible consensuses are carried out.

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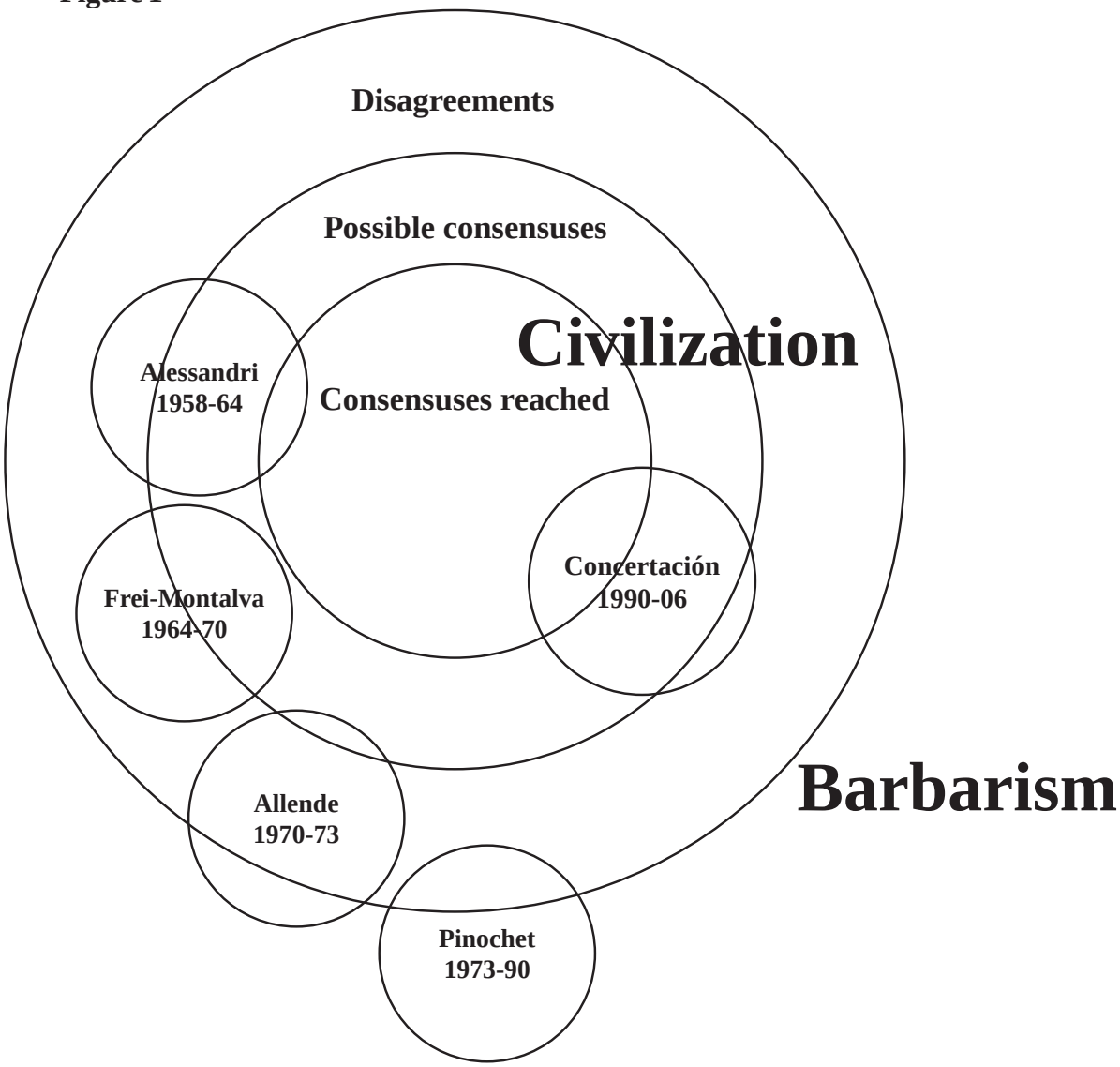
[5] The "Juntos Podemos" alliance is the current political expression of this position. They obtained almost 10% of the votes in the municipal elections of October 31, 2004.

[6] Instituto de Libertad y Desarrollo. "Concertación: Un péndulo cargado?"(Concertación: A Loaded Pendulum?) in Temas Públicos No. 715 (2005) pp 1-2. The book that is most representative of this line of thought is Moulian, Tomas. Chile: Anatomía de un Mito (Chile: Anatomy of a Myth). Santiago: LOM Editores, 1997. Moulian is an important political leader of the Left wing alliance called "Juntos Podemos" (Together we can) and its likely presidential candidate for the December 2005 elections.

The following two figures illustrate this growing consensus-building environment:

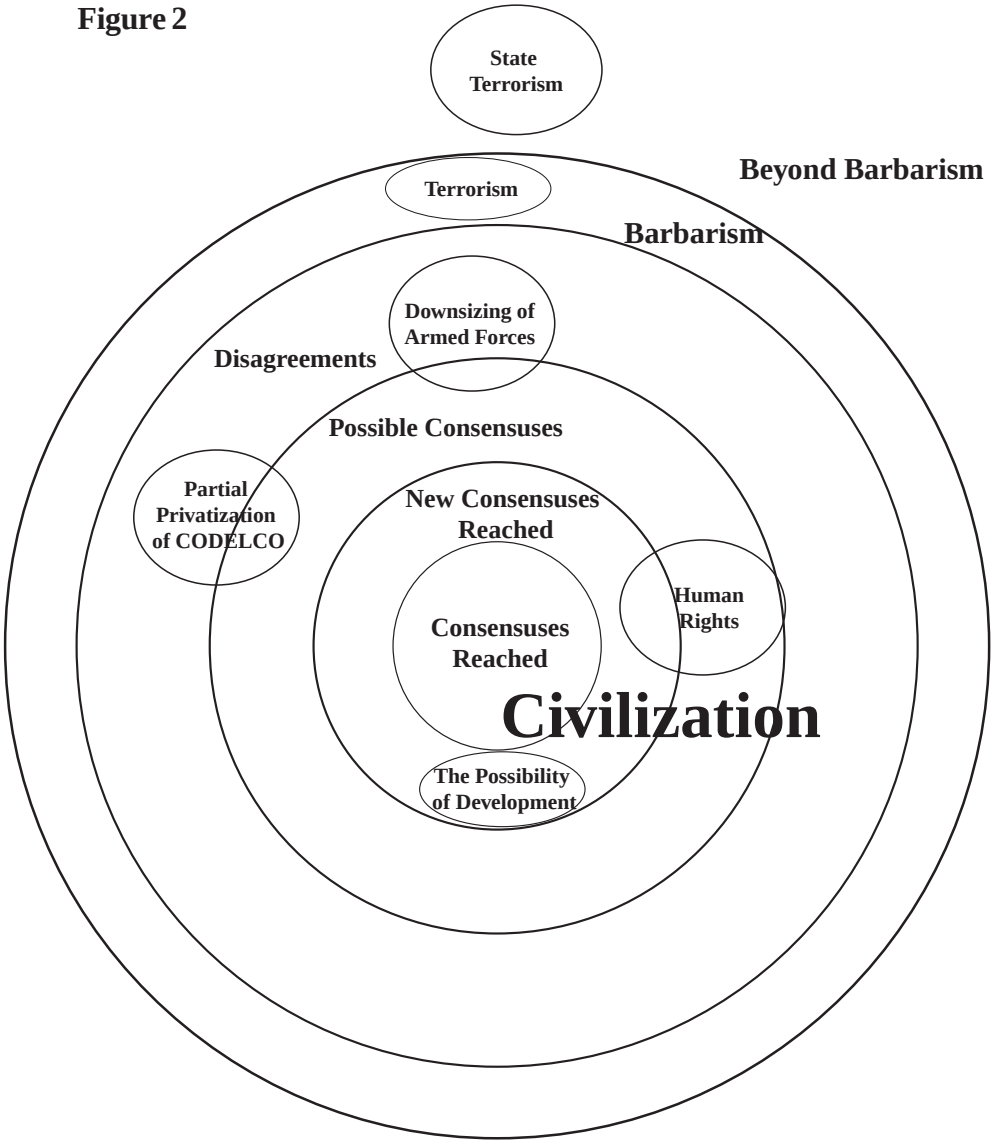
Figure 1



Source: Isern, Pedro. Las dos renovaciones de la izquierda chilena (The Two Renovations of the Chilean Left). CADAL Document No. 19. August 2004. p. 5. Available in English at: http://www.cadal.org/english/pdf/documento_19_english.pdf

Figure 1 reflects that necessary conditions for the possibility of development are consensuses that have been reached and possible consensuses, and its (temporarily) sufficient condition is the transformation of disagreements into possible consensuses. But, the unavoidable existence of disagreements (ever-present in human issues) must be dealt with in a new environment, this time very far away from barbarism. We can see from Figure 1 that the environment of barbarism in Chile's recent history has been expressed by means of the systematic violation of human rights during the military dictatorship. The path to development that is shown in Figure 2 states that new disagreements **can not** coexist with this form of barbarism. The "new forms of barbarism" will be conveyed by means of new asocial expressions such as religious, racial and ethnic intolerance. In this way, the systematic violation of human rights will belong to the sphere that is "beyond barbarism".

Figure 2



Later, as the spiral of consensuses grows and is consolidated, the "possible consensuses" in T will become "new consensuses reached" in T+1; "disagreements" in T will become "possible consensuses" in T+1. As mentioned above, the logical antithesis of this enlargement of possibilities of consensuses is that the violation of human rights will no longer be a form of barbarism that can adjoin civilized disagreements. Rather, violations of human rights adjoin institutionalized intolerance (terrorism) as a new form of barbarism.

Chile's historically relevant Right plays an important role in this permanent need for creating growing consensus-building environments in order to achieve development. Along the path to development, an open and much-needed renouncement of all that is related to Pinochet and 'pinochetism' is a necessary but not sufficient condition that will turn the Right into a political expression that can qualitatively contribute to building consensuses.

In this way, an significant sector of the Right still has to take important steps in order to genuinely contribute to the path to development: it must, for once and for all, convince itself that democracy is not merely a necessary evil, that the market economy is consubstantiated with Rule of Law and that Rule of Law (and thus the market economy) can not be genuinely consolidated outside democracy.

Also, given that the Concertación has contributed to consolidate the market economy (and that the market economy has contributed to consolidate the Concertación), it is possible to foresee a setting where both the institutional quality achieved by the Concertación and the strength of the market economy - Rule of Law contribute to consolidate a new Right.[7] This new Right will be the Concertación's true political alternative to achieve power when it acknowledges and accepts all the political-institutional virtues the governing coalition has accomplished as of 1990. What virtues are we referring to? The stalwart institutional and moral rejection of the military regime, the construction of a market economy - Rule of Law identity, the belief in democracy as a value in itself, and the true acceptance of 'the other' not as second-rate expression but as a necessary expression of indispensable plurality.

[7] The announcement of Sebastián Piniera as the "Renovación Nacional" presidential candidate is an example of this.

An environment that has developed a virtuous circle of consensus-building allows players to genuinely take on as their own policies that others have implemented. This strengthens the opposition by turning it into a trustworthy alternative, instead of diluting it as a possible alternative. A sector of the "Alianza por Chile"[8] has understood this logic of consensus. As mentioned above, this problem will turn into an opportunity as soon as another important sector of the Right acknowledges, for once and for all, that a market economy in a non-Rule of Law framework is simply not a market economy.
The distinctive characteristics of spontaneous orders are, by definition, particular to every situation. However, since every "successful" spontaneous order has been capable of creating some sort of virtuous circle (at least temporarily), we can see that it is created when certain discovery processes are understood, assimilated and interpreted by the parties involved. This is precisely what has happened in Chile over the last 15 years. The opposition has had to (spontaneously) acknowledge the Concertación administrations' successes and must now tackle a process of assimilation and theorization. Acknowledging the successes of 'the other' may strengthen 'the other' in the short and medium term but it will also strengthen the system in the medium and long term and, as pointed out in the previous paragraph, will strengthen whoever has been capable of acknowledging the successes.

Final Remarks

As of 1990, Chile has been able to set itself apart from the disappointing economic and institutional history of Latin America, both circumstantially as well as structurally. This has been possible due to a virtuous chain of characteristics that would have been impossible to foresee ex ante. An important part of this impossibility is explained by the influence that chance has on human affairs. That is, certain historic situations that occur in parallel converge at a specific place and moment only by chance. This enables the construction of a rather predictable path simply because the relevant parties involved have been capable of internalizing this fortuitous circumstance and not because they were able to plan this chain of opportunities ex ante.
So, the joint appearance of the four mentioned variables (democracy, Rule of Law, market economy and growing consensus-building) as of 1990 contains its necessary quota of chance (which is exogenous, by definition) plus a -growing- quota of responsibility on behalf of the country's leaders and civil society. It seems clear that, beyond external and internal favorable circumstances, the consolidation of democracy and Rule of Law are processes wherein chance can help, but merely as a necessary condition.
Chile's path to development contains this chain of necessary conditions that, once consolidated, will become a solid platform from which to aspire to take that qualitative leap. Moreover, understanding the chain of conditions, that although they are linked they are essentially hard to grasp (because no one could foresee or control their evolution), is a lesson for the region. And the lesson involves a certain degree of pessimism because no country in Latin America has been capable of strengthening the minimum necessary conditions to surmise the possibility of development in the medium or long term. In this sense, the main lesson from the Chilean experience is that the slow and winding path to welfare (a path that is still far away for Chile) must be designed taking into account the necessary but not sufficient condition of having acknowledged and understood not only the value of consensus but also of the role of growing consensus-building.

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[8] Center-right coalition formed by the Unión Demócrata Independiente (UDI - Independent Democratic Union) and Renovación Nacional (RN – National Renovation).