

The Chilean Economic Reality and the Renewal of Socialist Thinking

by Sergio Bitar

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At this time we are beginning a profound review of socialist ideas. To us Chileans the changes that had taken place in the Chilean society have come on too with force which we did not see in their full magnitude, as we were essentially preoccupied with the end of dictatorship.

During those long years we were also ignoring the spectacular changes that were taking place worldwide. The dictatorship comes to a close and when the horizon begins to be opened up, we see almost at one stroke the magnitude of the national and international changes that are superimposed.

The speedy change mankind is undergoing demands an open attitude on our part. Under these circumstances, the attempts at rationalisation are beaten by the confusion. We must look with flexibility so that we may discover the new possibilities.

We may look at the reality from two perspectives. The first is the criticism of the economic model imposed by the dictatorship and the reforms which we urge on the transitional government of which we socialists are a part. The other, the longer one, is asking ourselves what socialism means at the end of the 20th

century. We shall take some considerations on both themes.

The inherited model and its insufficiencies

As for the Chilean model, there exist three great insufficiencies which the democratic government is trying to correct. The first is inequality. The economic policy unleashed a growth with great inequities. The challenge is to integrate and incorporate economically and socially the majority of the Chileans. We must introduce the thesis of equality of opportunities.

The measures of the government of Reconciliation aim at overcoming this imbalance. We must create a system of social protection together with adopting measures that would preserve the incentive to innovate and change and that would facilitate the adaptation of the workers to the new activities.

Another outstanding factor in the attack on inequality is the method of centralisation of the measures. The measures must go directly to the required sectors, avoiding their use by persons who do not require them. Thus, costs are reduced and reversing the situation more speedily is achieved.

A second insufficiency is the weak potential of growth. Although this economy has grown rapidly between 1985 and 1989, it is evident that we confront a more structural problem. The rate of investment has been low and it does not permit sustaining a growth exceeding 4% or 5%. There has been a great deal of lagging in the field of technology as well as that of information, education, training and recycling of man-power. The spirit of collaboration among enterprise owners, workers and State is insignificant, contrary to what is happening in the advanced economies and democracies. Here, between workers and enterprise owners, there has been a great imbalance.

The logic of privatisation has inspired an attitude that considers the State to be an enemy. Therefore there's very little collaboration with the State enterprises.

The structure of our exports has changed very little. The majority of our exports are raw materials; there are very few manufactured products among our exports. The need of maintaining competitiveness is therefore urgent. We also have to change the structure of our exports.

A primary consequence of these changes are the new forms generating economic growth and the new relations between the market and socialism. The State is changing its character with regard to its functions; it becomes more selective, more specific in its undertakings. Some contemporary analysts even speak about the privatisation of the welfare State. What would be at issue is not so much the function of the State, but the form of implementing its objectives. The market is changing into a useful instrument for generating and promoting growth and innovation.

The concept of planning has been modified radically. Under conditions of uncertainty and high speed of change, one cannot plan what is not known. At the end of the Second World War, one could have planned to produce more electricity and more steel, because people knew that they needed more electricity and more steel. But how can we know today what exactly is needed, when new processes and products flood the market? This then opens the debate on 'socialism and market' which leads some to talk of a 'market socialism'. Planning must evolve to include the uncertainty.

Another major drawback of the Chilean growth model was the destructive effects it had on nature and environment. It is not a theme which today occupies the first place, but, obviously, the ultraliberal scheme caused greater imbalance in relation of men to nature. We have polluted and destroyed our water, fishing and forest resources, rivers and even the air which we breathe.

Today we have to balance off these insufficiencies with corrective measures. But that in itself will not be sufficient. We must look beyond that.

If we accept the challenge of the 90's and beyond, if we observe the evolution of the great world powers and the failure of the so-called genuine socialism due to its bureaucracy and its productive rigidity (not counting the deviations in the political field), we will be able to reconsider our action in a new context.

The new world context

Today we are at the beginning of a new stage in the development of humanity. This is a time of historic changes. In the '70's (the decade in which we started the fight against the dictatorship in Chile, which absorbed most of our energies) there was a massive change at the global level. The pace and magnitude of the changes occurred from 1970 mark a change of era. I want to emphasise some new elements for the future debate on socialism.

A second principal theme is enterprise as a fundamental factor of creativity and

dynamism at the end of this century and next century. The enterprise is a centre of creativity, innovation and international integration. It may also be looked at as a space for participation in a way we have not seen it before. This means a revaluation of the role of the enterprise as a joint unit of creativity of men and not only as an organisation where exploitation takes place.

A third new element is the disappearance of what we could call the two areas of the global economy-socialist and capitalist — and the establishment of a single world economy. Therefore we have to become a part of this economic system which is spreading globally at a substantial pace. A small country like ours is confronted with this challenge in a dramatic way.

Phenomena like that of the regionalisation of world economy acquire great significance. The establishment of blocs may be one of the characteristics of the turn of this century. The agreements between the United States and Canada and their extension to Mexico form a market in North America with preferences among themselves. The same happens with the European Community (with the possibility of absorption of Eastern Europe), as also in the Pacific zone.

We are witnessing a regionalisation of the world economy. We must look at this from our own perspective not forgetting the small size of our economy and the dispersal that exists in Latin America. The challenge of looking at Latin America in a way different from what we were thinking in the past, is also an element of this new conception of economy.

Return to the fundamental values of socialism: from ideologism to the ideals

In the presence of uncertainty and the change, it is necessary to be guided by the great values of socialism. There are three values we must restore as the axis of our thinking and give them a new content, taking into account the economic, social and political realities of our time.

The first is that of freedom. What does freedom signify at the end of this century? It is not freedom with hunger; it is not freedom with exploitation; it is not freedom with marginalisation and exclusion; it is not freedom without good levels of education and without health. Then how should we regard freedom at the end of this century?

The second is equality. Equality nowadays acquires new dimensions. We are neither partisans, nor the cupolas, nor closed elites. So we will have to restore the participation. But how do we achieve it at the national level, at the level of the productive enterprise? Inequality at the cultural level, of access to the different occupations, equality of opportunities, equality for women, decentralisation to surmount regional and local inequalities, are the great challenges. The theme of international inequality and the conflict of the poor countries with the rich countries is surely going to be accentuated and to acquire another form at this time.

Finally, solidarity possesses a new dimension in a globalised context. What does solidarity signify as we translate it to concrete operational terms, valid for the end of this century and the beginning of the next century.

Although this focus at the level of the values may seem abstract, I believe that it is our basic reference. We must try to give substance and meaning to these values that are permanent in view of the realities present at the end of this century and of the projections regarding the next century.