

## THE POLICY-MAKING STYLE OF THE CHILEAN GOVERNMENT OF PRESIDENT FREI\*

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### I. INTRODUCTION

During the last decades many countries of the world have experienced the transition from authoritarian to democratic regimes. In South America also a number of countries have returned to democratic rule since the 1980s. One of these countries is Chile.

The case of Chile has captured the attention of social scientists for many reasons. Among the reasons are the characteristics of its democratic regime. Some scholars studying Latin American politics see the Chilean, and also the Uruguayan, present-day democracies as more consensual models of democratic rule that contrasts with the more "delegative" democracies existing in other Latin American countries today (O'Donnell, 1994:55-69).

Accordingly, this study is concerned with the functioning of the current Chilean democratic system. More specifically, it aims to ascertain the policy-making style adopted by the democratic government of President Frei. To fulfil this objective, I describe and analyze the "shaping" of the process making of a particular foreign trade policy decision adopted in Chile during that government: the signing of the Free Trade Agreement (FTA) with the Southern Cone Common Market (MERCOSUR).<sup>1</sup> Analyzing the shaping of the process of any policy decision means analyzing the policy configuration that emerges as a consequence of the relationships between the actors who are empowered to make the decisions and those who influence or want to influence the policy decision.

Furthermore, social sciences scholars have pointed out the significant presence of technocrats in the policy-making of the two governments of the coalition of parties, Concertación de Partidos por la Democracia (CPD), that has been governing Chile since the restoration of democratic rule in

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1989 (Silva, 1998). Therefore, a secondary objective of this paper is to detect whether the decision process mentioned above presents some technocratic characteristics and to assess the possible implications that technocratic elements in policy-making can have for the participation of political and social actors in that decision-making process.

## II. TOWARDS A CATEGORIZATION OF POLICY STYLES

In recent years, scholars writing about the issue of economic reforms in the newly restored democracies have emphasized the importance of the policy style adopted by the governments facing the policy reforms. According to them, the adopted policy style matters in relation to the consolidation of democratic institutions in those countries (Przeworski, 1995: 80-85; Bresser et al, 1993: 208-210).

What is it meant by "*policy style*"? Generally understood, policy style is a preferred way of making policy and it has to do with the question of how policy decisions are made. According to Bresser et al; "reforms – in fact policy in general – can be developed and implemented in four distinct styles:"

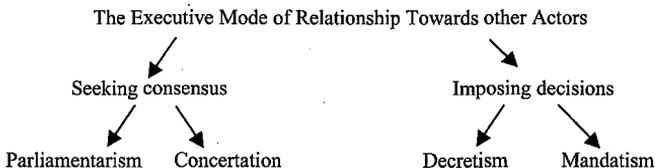
1. "Decretism": The executive, without any public consultation, imposes reform measures on society, persuaded of the correctness of the policy reforms. It does not need parliament support, but it rules by decree.
2. "Mandatism": The executive does not use decree powers. It enjoys a majority in the legislature that allows it to proceed by legislative fiat without any further discussion or consultation beyond the electoral campaign. It entails no consultation with opposing political forces in the parliament or with forces outside it, neither at the stage of policy formulation or at the implementation stage.
3. "Parliamentarism": In this policy style the executive makes the policy options public, consults and negotiates with the opposition in the legislature at various phases in the formulation and implementation of policies. This style can either result from a deliberate decision by the majority to consult and negotiate with the opposition in the legislature or, as often happens in systems of proportional representation, from the fact that the system fails to generate majorities. If no party has a majority, coalitions and compromises between parties are necessary to pursue any policy.
4. "Corporatism" – or perhaps better term is "concertation": The formulation and implementation of policies are the result of formal consultation and negotiation of the government, beyond the parliamentary arena, with extra parliamentary actors such as employers'

associations, trade unions and other interest groups (Bresser et al, 1993:9, 208).

Thus, according to these scholars, the prevalent policy style in a political regime can be determined by examining the identity of the actors allowed to participate in the decision-making process – i.e. the executive (decretism); the executive and the parliamentarians of the executive's party (mandatism); the executive, its party and opposition parties (parliamentarism) and lastly, the executive, its party, opposition parties and representative social actors (concertation). Moreover, the adopted policy style has also to do with the way of adopting decisions, with the manner in which the executive relates to other actors in order to reach policy decisions, that is by imposing decisions or by reaching consensus through bargaining or persuasion.<sup>2</sup>

Figure 1 illustrates the combination of the two aspects presented above (the identity of the actors allowed to participate in the decision-making process and the mode of relationship established between the government and other actors in that process). It can take the following composition:

**Figure 1 – Mode of Relationship between Government and Actors**



In addition, a study of the policy-making style of a Latin American government can not ignore one other aspect of policy-making, namely the influence and role of technocrats in the policy-making process. This dimension is often considered by political and social scientists concerned with the characteristics of the decision-making processes in the countries of the region. The issue has often been regarded as relevant to the determination of the degree of participation or exclusion of actors in the decision-making processes of policies (Centeno & Silva, 1998).

According to Miguel Angel Centeno, technocratic dominance in policy-making is not concerned with an ideology but with a way of justifying an ideology, appealing to scientific knowledge that guarantees efficiency and rationality. Technocrats appeal to scientific knowledge to legitimize their prominent position in policy-making and the superiority of their proposals. They share a cognitive framework, a common mentality

regarding the recognition of problems, the generation of alternative solutions and agenda placement. The technocratic element restricts the number of legitimate contenders by reducing the scope of political conflict and raising the level of expertise required for participating in debates (Centeno, 1993:307-335). Thus, Centeno's explanation of technocratic dominance implies that at a certain time and circumstance there can be a high level of consensus over a policy issue based on the application of rational techniques.

Accordingly, a technocratic policy-making style means that policy decisions are made fundamentally by experts on the basis of a legitimized technocratic paradigm. In this context, political and social actors need to have the pertinent technical knowledge and/or to propose policy directions inside the legitimized technocratic framework if they are going to participate in and/or influence the decision-making process.

Considering the elements of analysis presented above, it is theoretically possible that any of the mentioned policy style categories adopts a technocratic or a non-technocratic configuration. It is not illogical to think that an executive who rules by decree can do this either by mostly following the advice of experts or guided by other considerations than those of expert knowledge, for example by populist considerations or by private interests of the persons in government. In the last case, the policy style adopted by the executive can be characterized as decretism, but can not be considered technocratic. On the other hand, it is also possible to imagine a government that consults and invites other social and political actors to participate (concertation), but in which the role of expertise in policy-making is dominant. Consequently, the actors who do not share the language and perspective of the experts do not have the same opportunity to participate in or influence the decision-making process.

Therefore, the technocratic dimension is not a result of the number of actors that participate, or of the mode of relation between the executive and other political actors.<sup>3</sup> It has to do with the role of expert knowledge in policy-making and with the terms or conditions of participation for political and social actors in the decision-making process of policies, if any participation is accepted. It is an extra element that can affect every category of policy style. Thus, the inclusion of the technocratic dimension in the theoretical framework produces two different configurations of the preceding categories, the technocratic ones and the non-technocratic ones (See Table 1).

**Table 1- The Government's Mode of Relationship Towards Other Actors**

	<b>Seeking consensus</b>	<b>Imposing decisions</b>
<b>Technocratic dominance in policy-making</b>	Technocratic Parliamentarism	Technocratic Decretism
	Technocratic Concertation	Technocratic Mandatism
<b>Non technocratic dominance in policy making</b>	Non-technocratic Parliamentarism	Non-technocratic Decretism
	Non-technocratic Concertation	Non-technocratic Mandatism

### **III. THE DECISION-MAKING PROCESS OF THE ASSOCIATION AGREEMENT WITH MERCOSUR**

#### **Mercosur in the Chilean Agenda**

During the 1990s, a new wave of economic integration has swept across Latin America and the development of intra-regional trade is on the agenda once again. Following its own way, Chile has not become a member of any sub regional agreement. It has instead reduced the external tariff unilaterally (to 11 percent) and adopted a foreign trade policy strategy characterized fundamentally by the external openness of the economy and by the high diversification of the destiny of trade.

In relation to the Southern Common Market (Mercosur), Chile was invited to join this subregional bloc from its beginning. The government of Aylwin rejected the invitation to join Mercosur as a full member in 1991, arguing that the country prioritized its independence in determining its external tariff and also arguing that differences in macroeconomic policies exist between Chile and the Mercosur countries – especially Brazil (Fazio, 1996:83-88).

However, some scholars remark that the significance of the option of joining the North American Free Trade Agreement (NAFTA) was another important factor for the rejection to Mercosur's proposal (Ibid.). At the Summit of the Americas in Miami in 1994, Chile was officially invited to join NAFTA. The Chile has been very enthusiastic on the possibility of joining the NAFTA. Nevertheless, repeated delays from the USA's side in opening membership have transformed the issue into frustration for Chile.

Furthermore, the domestic opposition of the traditional agricultural subsector towards Mercosur was another important factor influencing Chile to distance itself from economic integration with the bloc. This sector

would have and still has the most to lose with the liberalization of trade between Chile and Mercosur because of the unfavorable differences in production costs of the Mercosur countries (especially, Argentina) and Chile. Moreover, the possibility of agricultural restructuring is doubtful in some regions and a geographical distribution of winners and losers has to be considered as a consequence of the agreement (Daher, 1996:41-64).

Nevertheless, the situation of non-incorporation into the Mercosur was not free of problems for the country. It entailed, among other things, the risk of losing the tariff preferences negotiated within the framework of the Latin American Integration Association (LAIA) and the access to a market of 200 million people, plus negative effects on investments, since Mercosur captured the 48 percent of the Chilean investment abroad.<sup>4</sup> Consequently, the signing of a free trade association agreement with this bloc represented a desirable outcome for the Chilean government since it allows Chile to maintain its autonomy in relation to the determining tariff with third countries, although Chile takes no risk isolate itself from the Mercosur market.

Therefore, in June 1994, the Chilean government proposed an association plan to Mercosur. In August of that year, both parties signed a joint declaration in Buenos Aires, initiating the negotiations for an economic complementation agreement between the parties inclined to the formation of a free trade area.

### **The Negotiations Between Chile and Mercosur**

The international negotiations that ended with the signing of an association agreement between Chile and Mercosur took more than 18 months and spanned over 50 meetings held during the years 1995 and 1996. From the Chilean side, Carlos Mladinic, who was the director of the General Department of Economic International Relations, a section of the Foreign Office Ministry, led the team. The department has as its principal function to deepen the internationalization of the Chilean economy, generating agreements and alliances to assure an adequate insertion in the most significant markets. It is coordinated with the other ministries through the Interministerial Council of Economic International Negotiations and follows the directives of the Council.

The negotiations were long and difficult. The principal obstacle in the negotiations was the constitution of the exception lists of sensitive products that entailed the exclusion of those products from the general tariff reduction regime that was negotiated between the parties.<sup>5</sup> In order to ease up the negotiations, both parties accepted to establish an extra slow tariff reduction of sensitive products over 15 to 18 years as an alternative to

the permanent exception lists,<sup>6</sup> a decision that had immediate social and political repercussions in the country.

The main opposition within Chile came from the National Agriculture Society (SNA), the powerful farming association of the country. Objections were also voiced by the organization of peasants, Campocoop,<sup>7</sup> while the Unitarian Movement of Peasants of Chile (MUCECH) supported the realization of the agreement, if they received the necessary state aid for the restructuring of the sector.<sup>8</sup>

On the other hand, important business actors such as the Association of Exporters of Manufactured Products (ASEXMA), the Exporters Association of Chile, the Chamber of Commerce and the Industry Promotion Society (SOFOPA) and even some subsectors of the agriculture supported the association's agreement with Mercosur.<sup>9</sup> Nevertheless, the encompassing business organization (the Confederation of the Production and Commerce - CPC), that represents these sectorial organizations, also recognized the necessity of a new plan of development for the agricultural sector.<sup>10</sup>

Moreover, in the political arena, the positions of individual parliamentarians depended, in many cases, more on their closeness to the agricultural sector than on their political color. The opposition to the agreement crossed the national political arena transversally, that is to say, without political distinctions the sectors closer to the agriculture were those that strongly opposed the association agreement in the terms that this was negotiated (Gaspar & Verónica, 1997:113).

The executive faced the criticisms of the discontent actors by meeting and informing them (the SNA, the Deputy Chamber, business organizations) about the results of the negotiation.<sup>11</sup> Nevertheless, in spite of the protests and complaints the negotiations continued and the Economic Complementation Agreement between Chile and Mercosur was finally signed at the summit in San Luis Argentina on June 25 1996.<sup>12</sup>

### **Congress Ratification of the Association Agreement**

The question whether or not it is necessary to ratify the association trade agreement in the Congress aroused some controversy during the negotiation phase. The opposition argued that the agreement with Mercosur concerned some economic matters that had to be passed by law according to the Constitution and threatened the government to appeal before the Constitutional Court if the law was approved by decree.<sup>13</sup> However, this appeal was not necessary since President Frei sent the agreement to the Congress.

The agreement first came to the Deputy Chamber on July 17 1996 as a matter of simple urgency and was examined by two committees, namely the Special Committee of Mercosur and the Finance Committee. The Special Committee held six meetings, inviting public officials and representatives and private actors to express their position on and evaluation of the agreement.<sup>14</sup> This committee approved with split votes on the law concerning the agreement. On the other hand, the Finance Committee also decided to recommend the approval of the agreement to the lower Chamber. Both committees submitted their reports to the Deputy Chamber, which discussed and approved the association agreement with Mercosur and its complementary instruments on August 13 1996.<sup>15</sup>

Meanwhile, the SNA continued with its campaign to get support for the agricultural sector, but its demands now focused on the necessity of compensatory measures for the losses of the sector and not on the total rejection of the agreement.<sup>16</sup>

In the Senate, the law regarding the agreement was jointly examined and discussed by the foreign Office and the Agriculture, Economy and Finance Committees. The committees also heard the opinion of public officials and private organizations about the agreement and voted in favor of the law on the night of September 4. The opposition to the treaty came, as was the case in the Deputy Chamber, from the right parties, especially from parliamentarians related to agricultural zones and also from senators of the right who saw this agreement as a deviation from the trade policy of unilateral openness.<sup>17</sup> Accordingly, these parliamentarians made a request to the government for a general tariff reduction and for economic resources in order to promote the modernization of the traditional agricultural sector.<sup>18</sup>

The government was in no position to ignore the demands of the right since the Concertation did not have a majority in the Senate and it depended on the votes from the right in order to pass the agreement in the Congress.<sup>19</sup> Therefore, the Finance Minister Eduardo Aninat announced in the Senate the formal intention of the government to promote an important tariff reduction that would be implemented during the first half of 1997. Moreover, the Foreign Office and Economy Ministers pronounced similar and further promises, and the Agricultural Minister reiterated before the legislative body the already announced program to support the development of the agricultural sector. In total, the measures of the government entailed an additional allocation of resources of 350 million dollars to this sector.<sup>20</sup>

The announcements and pledges of the executive had positive effects on the Senators and finally on September 10, the Senate approved the

economic agreement between Chile and Mercosur. The agreement was submitted to the Latin American Integration Association (LAIA) as the Economic Complementation Accord No. 35 and came into force on October 1 1996.

#### IV. DETERMINING THE POLICY-MAKING STYLE OF THE FREI GOVERNMENT

##### **Actors, Relationships and Participation in the Decision-Making Process of Contracting the Agreement with Mercosur**

At a first glance, the examination of the decision-making process described in the previous section makes it possible to see that the degree and the character of the participation of political (and to some extent social) actors in the process were not static. The relationships established by the executive towards these actors and the mechanisms of their participation and influence varied during the course of the different procedural phases of the decision process.

Since the creation of Mercosur, political and social actors who adopted a public position in relation to the existing alternatives discussed the possibility of any integration into the bloc within the framework of the different foreign trade policy options.

After the Chilean proposal for an integration agreement and during most of the negotiation phase, the participation of political and social actors was low, since the government did not want to disclose the strategies of negotiation, especially the conceivable changes in the country's initial position. Furthermore, despite the fact that not all the political and social actors agreed with the signing of an association trade agreement with Mercosur, there seems to have been a general acceptance of the negotiations of the government with the bloc before the negotiated reduction for agriculturally sensitive products was publicly made known. Until that point, the prominent actor in the decision-making process was the executive branch, represented by the Foreign Office Ministry and its technical department in coordination with the other ministries through the Interministerial Council.

The participation of the Concertation parties in the decision-making process was ensured, according to the Christian Democrat deputy Renán Fuentealba Vildósola, by a process of internal consultation in which the leadership and the international departments of the Concertation political parties heard about the agreements to be signed. Furthermore, the deputies of the Concertation periodically met with the ministers of the executive and were informed about the difficulties in the negotiations.<sup>21</sup> Also, the Interior Minister Carlos Figueroa assured, before the Christian Democratic

Enlarged Council, that deputies and senators were totally informed on all the points of the negotiations. However, the head of the Christian Democrat committee, Senator Carmen Frei, contradicted these statements<sup>22</sup> and the socialist deputy Jaime Naranjo asked the government for more information about the real scope or effects of the negotiations and also about the plans to aid the agricultural sector.<sup>23</sup>

Regarding the opposition parties, the Director of Bilateral Issues of the Foreign Office Ministry stated that information was given to the Congress about the objectives of the negotiation, its strategy, etc. even before the beginning of the negotiations, and later in relation to the signing of the agreement. During the negotiation phase, contacts were also made, but mostly through their research institutions. The government contacted all the institutions that gave technical advice to the parliament such as the institutes Freedom and Development, Freedom, XXI Century and PAL, a program of legislative assistance.<sup>24</sup>

Nevertheless, some parliamentarians of the right have asserted that their parties were not informed (and much less consulted) on the course of the negotiations. According to the deputy García Ruminot (RN), it was very difficult for them to get information about the issue. The negotiators argued that they could not risk information being leaked out to public opinion.<sup>25</sup> Also, the deputy Patricio Melero (UDI) stated that the participation of his party during the negotiation phase was marginal.<sup>26</sup>

However, the government began to intensify its contacts with political and social actors at the time of the last rounds of negotiations. Two facts seem to be relevant to explain the more consensual position adopted by the government at that point. Firstly, the protests staged by the agricultural sector and secondly, the prospect of submitting the agreement for the approval of the Congress. Thus, in order to convince opponents regarding the agreement, the ministers of the executive informed parliamentarians and social actors the advantages of this outcome (*persuasion*).

Once the association agreement was signed and sent to the Congress for its ratification, the relevant ministers intensified the contacts with the parliament, informing the deputies once again and attending the sessions of the Chamber, finally obtaining a successful result in this legislative body. On the other hand, in the Senate the government required the support of the right for the ratification of the agreement, being consequently obliged to negotiate with the opposition, in order to obtain the necessary consensus (*bargaining*). Therefore, the government accepted the conditions of the right and achieved, at last, the approval of the agreement in that legislative body.

Moreover, beyond the parliamentary arena, other political parties existed, such as the Communist party of Chile (PCCh), that had even fewer possibilities of taking an active role with regard to the decision-making process of the signing a trade agreement such as the agreement with Mercosur.<sup>27</sup> Another party, the rightist nationalist Party of the South, made inroads in the public opinion during the protests of the traditional agricultural producers.<sup>28</sup>

Regarding social actors, two formal devices allowed the participation of some of them in foreign policy issues: the Foreign Policy Council and the Committee for the Participation of the Private sector in International Relations. Governmental officials and representatives from the private sector, namely business and labor actors and even research institutions in the case of the Council, integrate both organs. They meet once a month and constitute a significant but very general approach of the more representative social actors on the issues of foreign policy.

Consequently, with regard to the agreement with Mercosur, the executive used other ways to consult the most relevant social actors of the country. In the case of the business organizations, as it was difficult to interact with multiple interlocutors, the government requested the Confederation for Production and Commerce (CPC) to coordinate the representation of the different business sectors. Accordingly, the CPC created the Mercosur commission and designated a technical secretariat, which actually was the technical secretariat of SOFOFA (Industry Promotion Society) since the CPC did not have its own technical teams.<sup>29</sup>

The technical secretariat fulfilled the functions of coordinating the whole private sector and negotiation to bring about harmony in the case of any disagreement between the business sectors. The secretariat, after studying in workgroups the diverse aspects of the agreement, proposed different options to the branches. Subsequently, every sector sought after its own interests by itself.<sup>30</sup>

The interaction of the technical secretariat with the government was smooth. According to Hugo Baierlein, the trade manager and expert responsible for the Technical Secretariat of SOFOFA, the possibilities of information and participation were satisfactory and the contacts could also occur in an informal way, facilitated by his personal contacts.<sup>31</sup> Furthermore, the Deputy Chamber and the Senate became an extra arena of participation and influence for the CPC and its branches, inasmuch as they were invited to the Congress to express their positions on the agreement.

Nevertheless, the principal opponent of the agreement, the National Agricultural Society (SNA), criticized the government about deficiencies in participation and information. According to the technical manager of the

SNA, these deficiencies were, in part, a result of the acts of the SNA because it did not demand more participation and information from the government and accepted that the technical secretariat of the SOFOFA represented the agricultural interests in the negotiations.<sup>32</sup> In fact, once the agricultural traditional products were included in the tariff reduction regime, the SNA did not try to influence the terms of the agreement. It simply did not accept them at all. This position changed at the ratification phase when the SNA demanded compensations to the sector. Some parliamentarians, especially those representing agricultural zones, supported the demands of the SNA. Most of them were from the right parties, National Renovation and Independent Democratic Union, who in the Senate forced the government to a bargaining position. Thus, the SNA exerted indirect influence in the decision-making process, thanks to the nexus between some parliamentarians and the agricultural sector.

The Unitary Movement of Chilean Peasants (MUCECH) did not recognize the SNA's representation of the whole agricultural sector. The representatives of the organization met the Agricultural Minister to discuss the issue and were also invited to inform about their position in the commissions of the Congress during the ratification phase.<sup>33</sup> However, the small agricultural producers and workers did not have the same opportunities as the powerful business organizations to influence the formulation of policy and the dependence of MUCECH on state subsidies put it in a very vulnerable position in relation to the government.<sup>34</sup>

In addition, another significant social actor, the most representative labor organization of the country (the Worker's Unitary Union - CUT), was invited to the meetings with the government. But its contacts regarding the Mercosur agreement were fewer than those of the business organizations. This was partly because the labor organization was more concerned with other matters more typical of this organization and did not have the technical resources to participate in the affair – according to Manuel Valencia, Director of Bilateral Relations.<sup>35</sup>

The position of the CUT was to accept the signing of the agreement with Mercosur. According to Manuel Jiménez, who was responsible for the Labor and Social Development Committee, “even if the CUT would be against it, the government was going to act anyway”. Therefore, the objective of the CUT was to be heard by the government in order to achieve the inclusion of social clauses in free trade agreements.<sup>36</sup>

Manuel Jiménez considered that the participation of the CUT in policy-making during the government of Frei had been low in general, because of the style of the government. During the government of Aylwin, the CUT had a direct interaction with the executive, with direct access to

the President. During the Frei administration, the organization had access to the ministries, but not the President and its relations with the executive were more indirect in general. Thus, the principal channels of participation of the CUT during the Frei administration were the political parties (the Concertation parties), which acted as a link between this organization and the executive. The CUT met the political parties to express its position and demands and also attended the Congress to inform the Chamber and the Senate about its position on different issues (Ibid.).

### **Which Policy Style?**

The examination of the decision-making process of signing an association agreement with Mercosur shows that the policy style adopted by the Frei government in that process is not a case of *decretism*. Even, when some parliamentarians of the right accused the executive of not planning to ratify the agreement in the Congress, President Frei sent it to the Congress for its ratification.

Moreover, the policy-making style adopted is not a case of mandatism either. The Frei government did not enjoy a majority in the Congress that allowed it to proceed by legislative fiat. Furthermore, mandatism also implies the absence of further discussion and consultation beyond the electoral campaign and that was not the case regarding the studied decision policy.

So, the relevant question is now whether the adopted policy style is a case of parliamentarism or concertation. At first sight, the answer is not clear. Both the governments of Aylwin and Frei have been characterized for seeking consensus with the business peak associations. In the case studied, this feature can be observed too. The government consulted and informed the peak business organizations at the different phases of the policy-making process. Furthermore, even when the participation of the peak labor organization was low and its possibility of influencing the decision was virtually non-existent. This organization was recognized as a valid interlocutor by the government and was invited to participate in high-level organs that discuss the issue of international relations.

Nevertheless, the major difficulty to acknowledge the case studied as a concertation is that the system of interaction between the business actors and the government was not institutionalized, with the exceptions of the mentioned advisory organs in foreign policy issues. Secondly, the interaction of the government with business organizations, even when it happened quite regularly in practice, depended to a large extent on informal factors and mechanisms, on informal schedules and on the political will of the government. And lastly, despite the case of the business actors, other

actors did not have the same possibility of participating and/or influencing the decision-making process.

Consequently, it is now logical to ask if the policy style adopted in the case studied matches with the policy style category of parliamentarism. The answer is affirmative even though the match is not perfect, as is usual when empirical cases are categorized according to “ideal types” categories.

In the first place, prior to the association proposal to Mercosur in June 1994, the government consulted and discussed the Mercosur policy option with the political parties in the Parliament.<sup>37</sup>

Later, during the negotiation phase, the contacts between the executive and the opposition political parties in relation to the issue infrequent and often indirect, through their research institutions. As a consequence, the congruence of the empirical case with the “parliamentarism” category is less perfect in this procedural phase. Nevertheless, the tactic of the government was consensual even at this stage since the executive faced the opposition of the sectors close to the agricultural sector by meeting and informing the discontented about the issue, in order to persuade them that the agreement will benefit the country.

Finally, during the ratification phase, the executive contacted and informed the opposition forces in the parliament. In the Senate, where the government did not have majority – that is, the “parliamentarism” situation described in the theoretical section – the executive had to negotiate with the right to achieve the necessary majority to obtain the approval of the agreement in this legislative body.

### **Technocratic or Non-Technocratic Policy Style?**

This section concerns the complex issue exploring whether technocratic features existed in the decision-making process studied and if these features entailed a requirement of technocratic competence, affecting – to some extent – the character and/or the possibilities of participation of political and social actors in the decision-making process. The objective is to determine if the policy-making style of the Frei government can be considered as a technocratic or as a non-technocratic one according to the technocratic characterization presented in the theoretical framework.

In the first place, both the governments of President Aylwin and President Frei have been characterized by some scholars as governments in which technocrats had a prominent role (Silva, 1998:89; Montecinos, 1998:134-139).

Secondly, it is possible to identify the existence of a legitimate technocratic framework in the Frei government. First, the administration of President Aylwin and later that of President Frei continued the neoliberal

policies in many areas initiated under the Pinochet dictatorship and political consensus existed in relation to these measures. Furthermore, the administration of Frei focused more on an agenda of economic issues, within the framework of free market policies and external openness of the economy.

Thirdly, the examination of the principal reasons of the government to associate with the Mercosur (to neither lose the existing tariff preferences with the members of the bloc nor the access to the Mercosur market) indicates that the policy outcome proposed by the executive fitted the existing legitimate "economic" framework. In addition, the arguments of social and political actors opposing the agreement also shared the same "technocratic approach" to a high degree, but not the same perspective on the situation.<sup>38</sup> For example, the position against the agreement by the UDI deputy Patricio Melero was fundamentally based on technical considerations on the effects of the entry of agricultural products from the Mercosur countries would produce on the Chilean traditional agricultural sector, and on the existing difficulties in the restructuring of that sector. Moreover, Melero defended the policy of unilateral openness arguing that it did not entail the risks of trade diversion brought about by the signing of bilateral agreements.<sup>39</sup>

Fourthly, the technocrats also had a prominent role in the decision-making process of the policy decision studied. The Foreign Office Minister, and specifically its technical department (the Department of International Economic Relations), conducted the negotiations in coordination with the technical experts of other relevant ministries (finance, economy and agriculture). The negotiators, top officials of the Foreign Office Ministry, were highly educated and experts in the specific field of their work. For instance, the head of the Department of International Economic Relations, Carlos Mladinic Alonso, was a business engineer with postgraduate degrees and a long career as technical adviser of the banks, also served as general manager of the CORFO (the Chilean Development Corporation) and as a government official.<sup>40</sup>

Consequently, technocratic features did exist in the Concertation governments and also in the decision-making process studied. Moreover, these features also seem to have affected to some degree the character and the possibilities of participation of political and social actors.

To begin with, political parties count on the technical support of research institutes, which in the case studied had a relevant role for the participation of the political opposition parties during the negotiation phase. This fact indicates the important role given to technocratic competence. In addition, the designation of the technical secretariat of

SOFOFA (Industry Promotion Society) as the technical organ of the Confederation for the Production and Commerce, had directly to do with the fact that SOFOFA was the organization with more experience in these issues. It also had better technical infrastructure in comparison with other branches.<sup>41</sup>

Moreover, the National Agricultural Society (SNA) interpreted its failure in channeling the demands of the traditional agricultural sector during the negotiation phase as a consequence of having delegated the representation of these interests to the SOFOFA, whose experts could not have known all the complex specific details regarding agricultural products. As a consequence of this, the SNA appointed an expert responsible for keeping track with these kinds of issues.<sup>42</sup> According to this expert, the administration of the new president of the SNA, Ricardo Ariztía, has prioritized participation on the basis of information, using strictly technical arguments.<sup>43</sup> So, the evaluation made by the SNA of the characteristics of its participation in the decision process led this organization to promote its own technocratization.

In addition, the significance of technocratic competence for participation can even be deduced from the words of the negotiator Manuel Valencia. He explained the low participation of the labor organization (CUT) in the decision-process studied by referring to the lack of a technical infrastructure of that organization – which made it difficult for the CUT to participate in these kinds of issues.<sup>44</sup>

Furthermore, the existence of a legitimate technocratic framework taken into account by top officials to make policy decisions can produce other effects than the ones that have been mentioned until now. It can restrict the participation of non-governmental actors. Not because they do not have the relevant technocratic competence, but because they do not share the “legitimate technocratic framework”, as could be the case of a political party proposing policy measures such as the nationalization of the economy which does not fit with the legitimate neoliberal framework. Maybe, in this sense, the words of Manuel Jiménez of CUT have to be interpreted; “the CUT has to adapt to the current circumstances. The government signs bilateral agreements, [...], contracts treaties, accordingly, we can not stay *on the margin*” (to be out of something).<sup>45</sup>

To sum up, the presence of technocratic features in the decision-making process did not entail the exclusion of the actors from that process, but it affected the intensity and the mode of their participation. Moreover, the examination of this case also indicates that important political and social actors consider that having technical competence is significant to guarantee their participation in policy making and promote their own

technocratization, by incorporating technical teams into their organizational structure. Hence, according to the results of this section, the policy-making style adopted by the Frei government in the case studied can be labeled as “technocratic-parliamentarism”.

## V. CONCLUDING REMARKS

The conclusion of the previous section was that the policy-making style adopted by the Frei government in the process of deciding to contract an association agreement with Mercosur could be characterized as “technocratic parliamentarism”.

These results have to be understood in the context of the intricate institutional system inherited from the authoritarian regime and established in the Constitution of 1980. Thus, the composition of the Senate makes it necessary for the executive to have the support of the right (or to negotiate with it) if a law is to be passed by that body. The electoral system favors the existence of party coalitions and finally, the wide range of presidential powers give the President extended powers to control the legislative process and to set the legislative agenda through the use of declared executive urgencies (Siavelis, 1997:321-362). Accordingly, the executive’s search for consensus with opposing forces in the Parliament (the policy style of parliamentarism) has to be understood against the framework of a very strong presidential power with constitutional non-democratic constraints, and therefore it would be better portrayed by renaming it “quasi-parliamentarian policy style”.

In addition, the conclusion was also reached that the adopted policy style presented technocratic features that affected the character and the degree of the participation of political and social actors in the decision-making process studied. Moreover, in an even more general perspective, it seems that the increasing importance given to technocratic competence pervades the policy-making of the government in any area and promotes the technocratization of social and political actors.

Nevertheless, the increase of technocratization in policy-making can not be assessed as positive or negative without looking at the effects it has on democratic participation. Thus, it can not be considered negative in itself that the government adopts policy decisions on the basis of specialized knowledge nor can it be considered negative that political and social actors obtain the relevant competence to understand the contents of policy, cooperate in its formulation and to influence it. However, the prominent role of expertise in policy-making also entails some risks. It entails the risk that legitimate technocratic issues are prioritized over other kinds of issues regarding political or ethical considerations. It also entails

the risk of exclusion or restriction of the participation of the actors who do not have the adequate technical competence, or of the actors who do not share the legitimate technocratic framework – that is to say, the risk of competent citizens making decisions behind closed doors and consequently a risk for democratic participation.<sup>46</sup>

## Notes

- 1 At present, the Common Market of the Southern Cone (MERCOSUR) constitutes, in fact, a customs union in the formation. The common external tariff, in force since January 1 1995, includes 85% of the items. However, temporary exceptions and national regulations still pose or create new obstacles to the consolidation of the free trade system in the area. Moreover, major challenges have to be faced up in the future such as the harmonization of macroeconomic and sectoral policies and the improvement of the physical infrastructure.
- 2 About these categories of policy style see: Richardson et al (1982: 10-14). See also Anderson (1979: 78-82).
- 3 In the work of Przeworski, Bresser Pereira and Maravall, decretism and mandatism are characterized as technocratic policy styles and parliamentarism and concertation as non-technocratic ones. However, some criticism can be expressed about this characterization. Technocratic policy-making usually refers to an exclusionary style of policy making that is a result of the prominent role that experts and technical knowledge have in policy-making. Thus, the reduction of participation of social actors and political actors is an effect of technocratic features and not the aspect that determines if the adopted policy-making style is technocratic or not.
- 4 Records of the Deputy Chamber, Session 26, legislature 333rd regular, 13 August 1996, p. 13. *La Epoca*, 22-03-1996 and 30-03-1996.
- 5 Ercilla 3023, 01-01-1996, p.52.
- 6 *La Epoca*, 14-03-1996, p. 5B and 15-03-1996, p. 1B.
- 7 *La Epoca*, 14-03-1996, p. 5B; 19-03-1996, p. 3B and 16-03-1996, p. 6B. The discontent of the agricultural sector adopted its maximal expression in the “funeral march of the agriculture” which took place on 29 mars 1996 and spanned from Rancagua to Puerto Montt. *Clarín*, 07-04-1996, reproduced in *Spiegel der Lateinamerikanischen Presse-Hamburg*, N4-96. Ercilla No 3030, 08-04-1996, pp. 52-55.
- 8 *La Epoca*, 20-03-1996, p. 3B.
- 9 *El Mercurio* ed. int., 27-09-1995, reproduced by *Spiegel der Lateinamerikanischen Presse, Hamburg*, No 9-95, p. 84. *La Epoca*, 08-03-1996, p. 5B; 22-03-1996, p. 2B; 17-03-1996, p. 3B and 20-03-1996, p. 3B.
- 10 *La Epoca*, 20-03-1996, p. 3B.
- 11 *La Epoca*, 20-03-1996, p. 1B; 21-03-1996, p. 5B; 29-03-1996, p. 2B and 30-03-1996, p. 1B.
- 12 The main objectives of the Economic Complementation Agreement are: to create a free trade area between Chile and Mercosur in a period of 10 years, to promote the

development and the utilization of the physical infrastructure with special emphasis in the establishment of bioceanic interconnections, to boost reciprocal investments between the economic agents of the State Parties and to promote economic, scientific, technical and energy complementation and co-operation. Acuerdo de Complementación Económica Chile-Mercosur.

- 13 La Epoca, 18-03-1996, p.1B; 27-03-1996, p. 1B; 23-03-1996, p.3B and 29-03-1996, p.2B.
- 14 Thus, from the public sector, the committee listened to representatives and experts from the Central Bank and several ministries, to political representatives of the regions of the south and to officials of state entities and companies. From the private side, the special committee received opinions from representatives of: business organizations, agricultural organizations, the Workers' Unitary Union (CUT), transport organizations, financial institutions and academic institutions. Records of the Deputy Chamber, Session 26th, 13 August, pp. 10-11.
- 15 Records of the Deputy Chamber, Session 26th and 27, legislature 333rd regular, 13 August 1996.
- 16 La Epoca, 08-08-1996, pp. 7B and 3B.
- 17 Records of the Senate, session 38th special, 333rd Legislature, 09 -09-1996; published in La Epoca, 20-09-1996.
- 18 La Epoca, 04-09-1996, p 3B and 10-09-1996, p. 6B.
- 19 The Senate consists of 38 directly elected members and eight designated senators, plus 1 ex officio. By 1996, the Concertation had only 21 (out of 46) seats in the Senate, which ensured that it remained in the minority.
- 20 La Epoca, 10-09-1996, p. 6B-7B and 11-09-1996, p. 6B-7B.
- 21 Interview with Renán Fuentealba Vildósola, deputy of the Christian Democratic party Santiago, 11-08-1997.
- 22 La Epoca, 31-03-1996, p. 1B.
- 23 The case of the socialist deputy, Jaime Naranjo. La Epoca, 29-03-1996, p. 3B.
- 24 Interview with Manuel Valencia, Director of Bilateral Relations of the Foreign Office Ministry, 07-08-1997.
- 25 Interview with Jorge García Ruminot, deputy of the National Renovation party (RN), Valparaíso, 06-08-1997.
- 26 Interview with Patricio Melero, deputy of the Democratic Independent party (UDI), Santiago, 26-08-1997.
- 27 Interview with José Cademartori, Member of the Central Board of the PCCh, Santiago, 21-08-1997.
- 28 Clarín, 07-04-1996, p.9, reproduced in Spiegel der Lateinamerikanischen Presse-Hamburg, No 4-96.
- 29 Interview with Manuel Valencia, Director of Bilateral Relations of the Foreign Office Ministry, 07-08-1997. Interview with Hugo Baierlein Hermida, Foreign Trade manager of SOFOFA and expert responsible for the Technical Secretariat of SOFOFA, Santiago, 25-08-1997.
- 30 Interview with Hugo Baierlein Hermida, SOFOFA, 25-08-1997.

- 31 Baierlein had been an official of the Foreign Office ministry approximately 10 years ago and therefore, he knew many of the officials who worked there at the time of the negotiation with Mercosur. Interview with Hugo Baierlein Hermida, SOFOFA, 25-08-1997.
- 32 Interview with Gustavo Rojas LeBert, Technical Manager of the SNA, 31-07-1997.
- 33 La Epoca, 20-03-1996, p. 3B. Ercilla 3030, 08-04-1996, pp. 52-54.
- 34 Interview with Manuel Baquedano Muñoz, President of the Political Ecology Institute (IEP), 14-08-1997.
- 35 Interview with Manuel Valencia, Director of Bilateral Relations of the Foreign Office Ministry, 07-08-1997.
- 36 Interview with Manuel Jiménez, CUT, 25-07-1997.
- 37 Interview with Manuel Valencia, Director of Bilateral Relations of the Foreign Office Ministry, 07-08-1997.
- 38 To share the same legitimate technocratic framework does not mean the total exclusion of disagreement. In this case, the legitimate technocratic framework had to do with the acceptance of free market policies and external openness of the economy, but it does not mean that there was consensus in every policy aspect.
- 39 Interview with Patricio Melero, deputy of the Democratic Independent party, Santiago, 26-08-1997.
- 40 Desayuno Icare, Julio 1996. The high competence of the Chilean negotiators was even remarked by Jorge Campbell, the Argentinean Secretary of International Economic Relations. La Nación Line, 30-09-1996.
- 41 Interview with Hugo Baierlein Hermida, SOFOFA, 25-08-1997.
- 42 Interview with Gustavo Rojas LeBert, Technical Manager of the SNA, 31-07-1997
- 43 Interview with William Djaz Roman, responsible of the Studies Department of the National Agricultural Society, Santiago, 31-07-1997.
- 44 Interview with Manuel Valencia, Director of Bilateral Relations of the Foreign Office Ministry, 07-08-1997
- 45 Interview with Manuel Jiménez, CUT, 25-07-1997.
- 46 About the risk for democratic participation in the case of “consensus democracy”, see: Lewin (1998:119-125).

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