



**“CIEPLAN: Thirty Years in Pursuit of Democracy and
Development in Latin America”**

by

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CIEPLAN (Corporación de Estudios para Latinoamérica) is a private, non-profit research center – increasingly adopting, following democratization, the characteristics of a “Think Tank”-, founded in Santiago, Chile, in 1976. Its aim is to influence policies by undertaking high-level social and economic research relevant to designing development policies for Latin American countries, with a focus on Chile.

Three different periods may be considered throughout its history:

1. Dictatorship (1976-1990). In this period, CIEPLAN can be described as having struggled for survival while trying to preserve its independence and high-quality standards in terms of its research work. It was critical of the neo-liberal economic reforms undertaken by the “Chicago Boys,” advocating a more balanced view that considered attaining, simultaneously, the goals of political democracy, economic growth and social equity. During this critical period, CIEPLAN developed the bulk of its research work, garnering significant international prestige. It basically adopted the mantle of an academic research center in the field of social sciences with a multidisciplinary approach.

International support became extremely helpful throughout this period, making it possible for it to survive, remain independent and uphold academic excellence. In such a hostile political context, foreign foundations played a key role in supporting independent research centers in Chile. This included funds for research and publications, as well as financing some of the infrastructure costs of the network of social science research

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centers that appeared in the years following the 1973 military coup⁴. Major donors included the Ford Foundation (USA), IDRC (Canada), SAREC (Sweden) and UNDP.

Foreign Foundations played a significant role in a variety of ways: first, by providing financial support, which made it possible to maintain more than a minimum critical mass of highly-qualified staff; second, by providing a much needed umbrella of protection, which was extremely important in a military dictatorship environment; third, foundations were key external channels for disseminating local activities internationally, thereby further increasing foreign contacts and connections; fourth, by providing much needed moral support, and fifth, by allowing CIEPLAN to maintain its political, intellectual and academic independence, while defining its own priorities and research programs⁵.

Throughout this period, CIEPLAN felt that its fundamental role was to help recover democracy. From a research point of view, its main goal was – and still is - to conduct policy-oriented research in economics and political economy, to clarify policy options, to stimulate informed public debate, and to influence and improve the quality of public policy.

2. Democracy (1990-2005). CIEPLAN made a major contribution in the period following the victory of the “NO vote” in the October, 1988 plebiscite that finally led to recovering democracy.

In the years 1988-1990, General Pinochet - still President and Commander in Chief of the Army-, tried to project the image that Chile’s real dilemma was one of “stability or chaos”. Moreover, after 17 years of a brutal military dictatorship and “trickle-down” economics, social tensions accumulated that were bound to generate an “explosion” – so it was thought - of social demands. According to different studies, 40 per cent of the

⁴ See Maria Teresa Lladser (1988), “The Emergence of Social Science Research Centers in Chile under Military Rule”, Occasional paper No. 59, Center for Studies in Higher Education, University of California Berkley.

⁵ On the role that was played by foreign donors under the military regime, see Jeffrey Puryear (1991), “Building Democracy: Foreign Donors and Chile”, Conference Paper No. 57, Columbia University, New York.

population remained under the poverty line by 1989, though the economy was systematically recovering in the late 1980s.

During that transition period, CIEPLAN contributed to the idea that the “Concertación” – the coalition of parties that has governed the country since the recovery of democracy in 1990 - should establish a serious and responsible economic platform, acknowledging that “you cannot recover in 1 year what you have lost in 17 years.” Additionally, it had to be demonstrated that democracy does not intrinsically generate economic chaos or unmanageable economic instability. All this occurred in the midst of a populist cycle, demagoguery and economic mismanagement that were so pervasive in many Latin American countries following the recovery of democracy in the 1980s (the “lost decade”) –which, by the way, had a tremendous impact among Chilean intellectual and political elites as part of a tortuous, but fruitful, learning process. Within that context, maintaining a “macroeconomic balance” was a top priority, which meant that the pressure for quick or overnight attainment of social benefits should be moderated, while gradualism had to be preserved (in a clearly and straightforward “Hirschmanian” understanding of “possibilism” and incremental change).

There was also the question of the “economic model,” which was seen by many as intrinsic of the Pinochet dictatorship. Within that context, the dilemma of “continuity or change” posed profound and problematic implications for the Concertación government. Additionally, researchers at CIEPLAN thought, along with many other intellectuals and politicians, that Chile was not prepared for a new “experiment” in a country that had gone through the “Revolution in Freedom” of Eduardo Frei, the Socialist Revolution of Salvador Allende, and the Neo-liberal Revolution of Pinochet and the “Chicago Boys”; all in under three decades. Uncertainty had to be avoided and a more balanced view had to be developed in terms of the three-fold objective of democracy, growth, and equity. This demanded an important intellectual, political and communicational effort in terms of dealing with the accumulated “social debt.” A new approach was adopted, which led to what came to be known as “growth with equity,” along with the broader agreements that were needed according to the logic of consensus democracy (“Democracia de los Acuerdos”). A serious academic and political attempt was made in order to demonstrate that no trade-off was necessary between growth and equity and that Latin America - as it

would appear to be the case later on, in the 1990s-, was not condemned to choose between “neo-liberalism” and its dogmatism, on the one hand, and “neo-populism” and demagoguery, on the other.

CIEPLAN played a major role in clarifying and debating the main economic issues in the transition to democracy in Chile, while its economists played a major role in the first economic program and the transition government of the *Concertación* under the Aylwin administration. Posts included the Minister of Finance (Foxley), Minister of Labor (Cortazar), Central Bank Chief Research Director (Ffrench-Davis) and Budget Director (Arellano), among others⁶.

The case of CIEPLAN, according to an academic study, could be considered as a further demonstration of “the increasing role played by technocrats since the 1960s at the highest level of policy-making in Chile.”⁷ According to the author, the increasing technocracy within Chilean politics was a reflection of modernization itself, and the search for a rational, coherent and technified way of dealing with policy and decision-making. Following the “hyper-ideologisation” of the period between 1964 and 1973 (Frei and Allende), a new modern, technical way of doing politics would have emerged, first, under the “Chicago Boys” during Pinochet’s military regime, but also, and increasingly so, with the rise of an opposition to Pinochet which expressed a new professional and modern component, “more scholarly and technocratic”. Among the research institutions that grew up in that period, CIEPLAN, consisting of “highly qualified academics”, would have performed a leading role within the “technical teams” of the *Concertación*: “one can observe that former members of CIEPLAN occupy many of the most strategic positions within the economic team,” while stating that “the CIEPLAN case shows the strategic role that a private research institute can play as a think tank.”⁸ Although it is arguable how “technocratic” CIEPLAN’s role was -and thus the accuracy of this portrait - in the transition period and under the four administrations of the “*Concertación*,” there is no

⁶ In addition to these, Pablo Piñera, Andrés Velasco, Manuel Marfán, Ernesto Tironi, Nicolas Flaño and Ignacio Walker were some of the researchers from CIEPLAN, who were recruited by the Aylwin administration.

⁷ Patricio Silva, “Technocrats and Politics in Chile: From the Chicago Boys to the CIEPLAN Monks”, *Journal of Latin American Studies*, Vol. 23, No. 2 (May, 1991), p. 408.

⁸ *Idem*, P. 406 and 407.

doubt that it has played a leading intellectual and political role over the last two decades – which is perfectly consistent with its role as a Think Tank.

To cut the story short, in the last two decades, following democratization, four out of five Ministers of Finance have been formed as researchers in CIEPLAN (Foxley, Aninat, Marfán and Velasco); three out of the four Budget Directors have belonged to CIEPLAN (Arellano, Vial and Marcel), while several others have occupied different positions as Ministers of Finance, Economy, Foreign Relations, Labor, Education, Transport and Telecommunications, members of the Board of the Central Bank and Parliament, and several independent state enterprises, among others.

The dark side of this story, however, was twofold: on the one hand, as most of its research fellows (senior and junior) were called and recruited by the new administrations in order to occupy high-level positions, there developed a big vacuum in terms of normal research activities. In fact, this has also meant that a less important role is now being played by several academic centers that had been very active and productive in Chile's recent history (especially under the dictatorship, let it be said). Research centers in the field of social sciences have had to reconsider their role in the new reality of Chilean society. Thus the paradox that arises out of this history is that “social sciences flourished during the long years of military dictatorship (1973-1990),”⁹ a situation that has been partially reversed since the recovery of democracy in 1990.

The second dark side, and quite of a paradox with far-reaching implications (as we shall see), is to be found at a financial level: Chile's success and that of institutions like CIEPLAN led to the indisputability (and the perception) that there was no longer any need for financing its research activities. On the one hand, democratic administrations had centralized all foreign aid and external funding support, with the creation of institutions such as FOSIS (Fondo de Solidaridad e Inversión Social) and AGCI (Agencia de Cooperación Internacional). On the other hand, foreign foundations and external donors felt that Chile was doing quite well, and so they implemented a drastic reduction in social research funding. All this resulted in a very contradictory situation: under the

⁹ Richard Feinberg (August, 1991). “Think Tanks in democratic Chile and the future of CIEPLAN”. Report Prepared for the Ford Foundation.

dictatorship, public funding of CIEPLAN was completely out of the question: “one does not finance one’s enemy.” Under democratic governments, given the fact that many former CIEPLAN researchers were in top positions, providing public funding to CIEPLAN would have been an embarrassment. The fact remains that, throughout its 30-year history, CIEPLAN has never received a single cent from the State: during 14 years, for obvious reasons, and during the last 17 years, also for obvious reasons. However, we must say that we consider this predicament to be more of an asset rather than a problem or a deficit, both in terms of transparency and independence.

This dark side of the story, in the two ways it has been presented poses, however, a big challenge in terms of the future: how to adapt CIEPLAN to the new circumstances, and re-engage in high-quality research work aimed at influencing policy. Moreover, the challenge relates, in very significant ways, to the mission that has always been present throughout the history of the institution: the need to adopt a Latin American perspective, looking at the region as a whole, not only Chile.

3. CIEPLAN in the new era (2005 and thereafter). That is exactly where we are now, envisioning new ways of committing ourselves to the challenges that lie ahead of us, in Chile and elsewhere in Latin America.

Currently, CIEPLAN is involved in three projects: “New Social and Economic Agenda for Latin America,” which is being undertaken as a joint project with the Instituto Fernando H. Cardoso (IFHC), of Brazil, with financial support from IADB, UNDP and AECI (Agencia de Cooperación Española). It is a three-year project (2005-2008) that tries to anticipate the ideas and processes that are more likely to be present in the region in the future, in four basic areas: macro-economic stability, democratic governance, innovation and competitiveness and social policies (which is the bulk of the work, referring to new and innovative ways of dealing with poverty and inequality).

The second project, along with IFHC and with support from the European Union, refers to the very critical question of “Social Cohesion in Latin America.” What is it that really keeps us together in this very heterogeneous and diverse, region? What “glue” keeps Latin Americans together and fosters a “sense of belonging” that has apparently enabled

avoiding further polarization and disruption in all kinds of ways? What potential is there for disruption in the region, especially in the face of high levels of poverty and inequality? What does “social cohesion” – a concept rooted in the European tradition (“social model”, “welfare state”) - really mean and how is it different in Latin America, let’s say, from Europe or the United States of America? The project includes a survey that has been undertaken in seven countries in the region, and which can be found in www.ecosocialsurvey.org.

The third project refers to the “Reform and Modernization of the Electoral System in Chile,” with support from the newly created “Fund for Democracy” of the United Nations through the UNDP, in the form of a “consortium” that has been created from among four Think Tanks representing different intellectual and political outlooks: Proyectamérica, Libertad y Desarrollo, Centro de Estudios Públicos and CIEPLAN. A first volume of a series of three books has already been published on “*Modernización del Régimen Electoral Chileno*” (UNDP, Santiago, 2007), which is available in the new website of CIEPLAN (www.cieplan.cl).

Finally, a Workshop is offered to the private sector three times a year, with top leaders and executives from the business community who discuss policies in a relaxed, informal and straightforward manner, with the presence of high-level policy makers.

Currently, CIEPLAN consists of five senior researchers (Patricio Meller, Mario Marcel, Eugenio Tironi, Edgardo Boeninger and Ignacio Walker) and five junior research fellows (Elizabeth Rivera, Paola Bordón, Matías Cociña, Sergio Toro and Sebastián Pérez), along with a network of researchers and institutions from Chile and Latin America with joint programs, like the ones with IFHC, and cooperation with several institutions such as Fedesarrollo, in Colombia, ICEFI, in Guatemala, among others. Further information is to be found on the website.

Beyond “Technopols” and technocratic rationality

One of the key challenges to consolidating a stable democracy in Latin America, while avoiding economic mismanagement and the potential for disruption and

ungovernableness, is to reach an adequate balance between political and technical rationality; between politicians and experts, in a fruitful and virtuous relationship and dialogue that may lead to the creation of the general conditions of democratic governance and economic development.

This is precisely the topic covered by Javier Santiso and Laurence Whitehead in “Ulysses, the Sirens and Art of Navigation: Political and Technical Rationality in Latin America.”¹⁰ According to the authors, in Latin America, political rationality has often overshadowed technical rationality. Moreover, in his introduction to the Paper, Louka T. Katseli, Director of the OECD Development Center, states that “cognitive institutions” have been relatively weak in the region, in such a way that policy makers and politicians have generally relied on a base of insufficient financial and human resources. In addition, there has been a legion of “architects,” with “golden pedigrees,” albeit “engineers” have been rather scarce, thus creating an imbalance: “Strengthening Latin America’s cognitive institutions, both in public and private spheres, would make a substantial contribution to the consolidation of the region’s emerging democracies.”

Santiso and Whitehead go on to argue that this contribution would take place by “promoting higher deliberative quality in public spaces.” Indeed, technocratic cognitive institutions are important, but the existence of democratic and “articulated epistemic communities” is fundamental in terms of creating “spaces for deliberation and arenas for interaction between experts and politicians.” In turn, it may be said that “*technopols*,” considered as an example of “cognitive institutions” carry out a central role but “above all they need to be adequately articulated with the world of policy making and policy makers as well as rooted in the local political and social context in order to produce adequate and efficient economic policies.”¹¹ It is precisely the existence of deliberate arenas of interaction between experts and politicians that contributes to the quality of public deliberation, according to the authors. Thus “*technopols*” have to adapt their economic policy proposals to distinctive democratic policies, in order to prevent Ulysses “from jumping into the water and sinking in pursuit of the Siren’s song.”

¹⁰ Published by the OECD Development Center (September 2006, Working Paper No. 256). The title of the Paper refers to Jon Elster’s metaphor on bounded rationality: technopols are like the masts to which Ulysses was attached, and which prevented him from jumping into the water and sinking in pursuit of the Sirens’ song.

¹¹ Idem, p. 7.

According to Santiso and Whitehead, if the record in Latin America is rather disappointing in many of these respects, especially considering that cognitive institutions have been rather scarce and weak, there have been, however, some exceptions. A case of an institution that has been aimed at reaching an adequate balance between experts and politicians, and between technical and political rationality, thus facilitating the capacity to design, implement and implant reforms in a specific political and social context, is precisely the case of CIEPLAN, which has “played a pivotal role in ensuring the survival of technocratic countervailing powers and alternative arenas of debate.”¹²

By way of conclusion

Now that we have the theory, let us face the basic challenges in terms of the real world and in terms of the future. In the case of CIEPLAN, in what we have referred to as “the new era,” corresponding to a new and different phase of development, there is the need to adapt to a changing world that has left behind the dark ages of authoritarianism, and that has to deal with the challenges of democratization, modernization and globalization. This demands a tremendous intellectual effort that may take into account – and “process” in an appropriate way - the accumulated experience of 30 years as a research academic center in the field of social science.

Above anything else, it demands innovative and creative ways of dealing with a new world that is making its way in the twenty-first century. Integrating with the world economy while dealing with the still profound levels of poverty and inequality in Latin America; moving towards a new phase in terms of the export-driven growth which is being undertaken in most Latin American countries, while going beyond the mere export of commodities or primary products; dealing with the crucial challenge of innovation and competitiveness, while substantially increasing productivity; consolidating political institutions in order to establish democratic governance; reforming the state, while acknowledging and overcoming the widespread reality of weak, fragile states in most of Latin America, which appears as a major obstacle both in terms of democratization and development; searching for the way that public policies can contribute toward social

¹² Idem, p. 11.

cohesion in a region that is not only poor and unequal, but fragmented and fractured in a variety of ways, are only some of the challenges that lie ahead.

In this “new era,” and considering the fundamental challenges, tasks and demands that it imposes on research institutions such as CIEPLAN, with the characteristics of a Think Tank, it is inevitable and necessary to deal with what is perhaps the “Achilles Heel” of institutions like CIEPLAN in terms of their future development: the financial question, which becomes a critical variable.

This is also one of the critical questions covered by Santiso and Whitehead in their very interesting and provocative essay on the role and the interaction of experts and politicians in Latin America. The fact remains that the financial resources of Latin American research institutions are “very scanty when compared with the US.”¹³ In this way, for example, in terms of “budgets,” research institutions in the US such as the Institute for International Economics (IIE) in Washington D.C., accounted for \$ 7 million in 2004, whereas that of the Brookings Institution accounted for \$ 33 million and the Rand Corporation \$ 224 million (!!). In terms of “endowments” – which, according to both authors is key in terms of “their intellectual independence” - this ranges from \$ 357 million (Rand), \$ 217 million (Brookings), and \$ 159 million (IIE), to \$ 102 million (Heritage). Of course, nothing compares to this in the world of Latin American countries and research institutions, most of which can only afford survival strategies.

If CIEPLAN cannot count - and probably will never count for the good reasons that have already been mentioned - on financial support from the state, and will most likely not count on regular financial support from the private sector – among other things because, in the case of Chile, as usually happens in Latin America, the private sector is ideologically biased - then what we have left is the possibility that it may continue applying for and relying on financial support from international institutions, foundations or organizations. However, the latter should not remain the only source of financial support. Along with this natural source of financing, which has existed throughout most of the last three decades, allowing it, among other things, to preserve a highly treasured independence – in the face of which there is no possible compromise - then institutions

¹³ Idem, p. 21.

such as CIEPLAN should explore the possibility that has been present with other Think Tanks, especially with regard to the United States of America, in terms of endowments that may provide some stability and which, in turn, may enable a commitment to high-quality research work to continue, aimed at influencing policy.

Others have referred to Chile as a successful case, and some have referred to CIEPLAN as a successful case, as it has been mentioned above. Whatever the case may be, the 30-year track record of an academic research center, that has turned more recently into a “Think Tank,” may also be an interesting case in terms of introducing what Katseli calls a “refocusing of resources towards cutting-edge research firmly meshed into the social, economic and political environment, directed towards providing analytical support for feasible reform programs.”¹⁴ This “refocusing of resources” has come to be a necessity in the face of the new challenges lying ahead of a research institution that has a history, but that is most likely to continue contributing in terms of the future, to attaining political democracy, economic growth and social equity.

Publications. All of the research work produced by CIEPLAN in the last three decades has been digitalized and made available on the website. Over these three decades, CIEPLAN has published 30 books, 45 issues of its very well known “Colección Estudios” (1979-1997), 200 working papers contained in the “Notas Técnicas” and “Apuntes CIEPLAN” (1976-1998), 24 issues published in the 1990s (1990-2000) in “Serie Docente”, and 41 issues of its “Serie de Estudios Socio-Económicos”, which is still going. Most of the recent work is to be found on the website.

¹⁴ Idem, p. 5.