Chile: The Great Transformation

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Two substantial achievements have brought Chile to world attention. First, after 17 years under an extremely repressive military dictatorship, the country has re-established democracy. Second, more than a decade of high growth has made Chile the most dynamic economy in Latin America. The "Chilean model" of free-market restructuring is now recommended by international financial institutions to countries around the world.

But what is this model, exactly, and how replicable is it? In this study, two Chilean social scientists argue that many of the "lessons" drawn from the Chilean experience are based on distorted and simplistic interpretations of history. In their view, Chileans have lived through a period not only of structural adjustment but of deeper capitalist transformation, to which Christian Democrat and Socialist governments, as well as the military régime and its technocrats, contributed.

The book explains the longer-term process of economic reform and socio-political change in clear, non-technical language and provides a basic tool for cutting through the myths of the "Chilean model".

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Chile is frequently cited as a remarkable success story of neoliberal economic restructuring. In fact, countries around the world are encouraged to follow the Chilean model so that they can reap the extraordinary benefits of rapid growth and expanding export markets associated with the drastic economic reform in Chile. But the Chilean experience is extremely complicated and contradictory.