ABSTRACT

Title of Dissertation: THE ECONOMICS DISCIPLINE AND PROFESSION AND U.S. POWER IN CHILE (1930s-1990s)

Diego Hurtado-Torres, Doctor of Philosophy, 2024

Dissertation directed by: Dr. Karin Rosemblatt, Department of History

This dissertation examines the development of the economics discipline and profession in Chile from the 1930s to the 1990s, shedding light on the intersections between state behavior, foreign and economic policies, university influence and the academic knowledge they produced, and non-governmental actors, which often reinforced one another during the Cold War. The multifaceted development of economics in Chile was shaped by various transnational interactions involving Chilean, Latin American, and U.S. governments, universities, global philanthropic foundations, think tanks, and intergovernmental agencies, such as the United Nations Economic Commission for Latin America (ECLA). As academic trends influenced policy paradigms in Chile, this work broadens the context of the transition from a state-dominated economy, characterized by competing socialist and capitalist agendas before Chile's 1973 military coup d'etat, to the neoliberal reforms implemented by University of Chicago-trained economists during the Pinochet dictatorship (1973-1990). Contributing to historiographies on the history of economics and Cold War science in Latin America, this research explores the transnational connections underpinning

the U.S.-dominated internationalization and professionalization of economics in Chile during the Cold War broadly defined. To illustrate these processes, this dissertation focuses on the transnational trajectories of three U.S.-educated Chilean economists: Carlos Massad (University of Chicago), Ricardo Lagos (Duke University), and Alejandro Foxley (University of Wisconsin-Madison), who rose to prominent positions in academia, state institutions, and international organizations between the 1960s and the 2000s.

Through exploration of the history of economic science in Chile, this dissertation argues that Chilean scholars co-created the economics discipline and profession in Chile within the frame of U.S. international liberalism during the Cold War and demonstrates that Chilean economic intellectuals were instrumental in shaping the circulation of U.S.-style economics throughout Latin America. Massad, Lagos, and Foxley transferred U.S. reformist goals to Chile through resistance to, adaptation of, and negotiation of ideas, especially during the Concertación administrations from 1990 to 2010. As a result of the transnational circulation of economic knowledge, the network of U.S. and Chilean government, universities, and global philanthropic foundations successfully embedded U.S.-style economics in Chilean institutions and society. At the same time, Latin American scholars were successful in shaping knowledge regarding development in the echelons of government and academia in the United States. Drawing on extensive archival research from U.S. presidential libraries, foundations, universities and other institutions and oral history, this work provides deeper insights into the transnational dynamics that shaped the transformation of economics from an emergent academic field in the 1930s to a dominant force among Chile's governing elites by the 1990s, while pointing out the prevalence of U.S.-style economics in Chile as one of the principal outcomes of the Cold War.

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THE ECONOMICS DISCIPLINE AND PROFESSION AND U.S. POWER IN CHILE (1930s-1990s)

by

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To my mother Patricia and my aunt Marisol

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List of Abbreviations and Spanish and Portuguese Expressions

AEA	American Economic Association
ALP	Agrarian Labor Party
CAP	Compañía de Acero del Pacifico
CDP	Christian Democratic Party
CEBRAP	Centro Brasilero de Análise e Planejamento
CELADE	Centro Latinoamericano de Demografía
CEPLAN	Centro de Estudios de Planificación Nacional
CESO	Centro de Estudios Socioeconómicos
CIEEF	Centro Interamericano de Enseñanza de Estadística Económica y Financiera
CIEPLAN	Corporación de Investigaciones Económicas para Latinoamérica
CLACSO	Consejo Latinoamericano de Ciencias Sociales
CORA	Corporación de la Reforma Agraria
CORFO	Corporación de Fomento a la Producción
CPI	Consumer Price Index
CU	Catholic University of Chile, Catholic University
CUV	Catholic University of Valparaíso
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ECJ	European Court of Justice
ENAP	Empresa Nacional de Petróleo
ENDESA	Empresa de Electricidad Nacional
ELACP	Escuela Latinoamericana de Ciencia Política y Administración Pública
ELAS	Escuela Latinoamericana de Sociología
ERC	Economics Research Center at the Catholic University
ESCOLATINA	Latin American Graduate School of Economic Studies
FAO	Food and Agriculture Organization of the United Nations
FECH	Federación de Estudiantes de Chile
FLACSO	Facultad Latinoamericana de Ciencias Sociales
FOA	Foreign Operations Administration
FPMR	Frente Patriótico Manuel Rodriguez
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNP	Gross National Product
IANSA	Industria Azucarera Nacional
IBM	International Business Machines Corporation
IBRD	International Bank for Reconstruction and Development, or World Bank
IADB	Inter-American Development Bank
IAF	Inter-American Foundation
ICA	International Cooperation Administration
ICIRA	Instituto de Capacitación e Investigación en Reforma Agraria
ICIS	Instituto Coordinador de Investigaciones Sociales

IDRC	International Development Research Centre
IE	Institute of Economics
IEEP	International Educational Exchange Program
IEP	Institute of Economics and Planning
IIAA	Institute of Inter-American Affairs
ILO	International Labor Office
IMF	International Monetary Fund
INDAP	Instituto de Desarrollo Agropecuario
ISI	Import-Substitution Industrialization
LAFTA	Latin American Free Trade Association
LTC	Land Tenure Center
MADECO	Manufacturas de Cobre
MECE	Programa de Mejoramiento de Calidad y Equidad de Educación
MIT	Massachusetts Institute of Technology
NIEO	New International Economic Order
OAS	Organization of American States
ODEPLAN	Oficina de Planificación Nacional
OSS	Office of Strategic Services
PEM	Programa de Empleo Mínimo
PISPAL	Programa de Investigaciones Sociales sobre Población en América Latina
PREALC	Programa Regional del Empleo para América Latina y el Caribe
PPD	Partido por la Democracia
PU	Popular Unity
RAC	Rockefeller Archive Center
RF	Rockefeller Foundation
SAREC	Swedish Development Research Center
SPA	Social Property Area
SSRC	Social Science Research Council
TCA	Technical Cooperation Administration
UCH	University of Chile
UCLA	University of California, Los Angeles
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
USAID	United States Agency for International Development
USIA	United States Information Agency
USSR	Union of Soviet Socialist Republics
UWM	University of Wisconsin-Madison

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Timeline

1925
Due to a major crisis of the liberal order in place and a military intervention, President Arturo Alessandri promulgates a new Constitution that extends social security to workers and gradually allows the socialization of property.

1931
Following the grave economic consequences of the Great Depression, social discontent forced the dictator Carlos Ibáñez del Campo to renounce the presidency and leave Chile.

1932
Liberal Arturo Alessandri Palma became President of Chile for the second time.

Carlos Massad was born in Santiago.

1935
The University of Chile (UCH, Universidad de Chile) established the School of Commerce and Industrial Economics. Its first dean was the future president of Chile, Pedro Aguirre Cerda.

1938
Ricardo Lagos was born in Santiago.

Pedro Aguirre Cerda became the first president in Chilean history of the Radical Party. He represented the popular front, a coalition of Radicals, Socialists, and Communists.

1939
Alejandro Foxley was born in Viña del Mar.

1945
The University of Chile established the Institute of Economics under the leadership of Flavian Levine.

1948
The United Nations created the Economic Commission for Latin America. Its headquarters were in Santiago.

1949
President Harry Truman delivered his Second Inaugural Address. The fourth point of his speech declared that the United States would embark on an ambitious new program of international aid for countries of the less-developed world. The aid would consist of institutional knowledge and expertise.

1953

The Second Congress and First General Assembly of the Union of Latin American Universities was held in Santiago. It conceived the idea of creating a graduate school of economics at the University of Chile.

1954
Joseph Grunwald, an economist who graduated from Columbia University, arrived in Chile to become the director of the Institute of Economics at the University of Chile.

1955
Under the sponsorship of the ICA (International Cooperation Administration) and as part of the Four Point program, the University of Chicago and the Catholic University (CU) formed an agreement to create an institution of economic research in Chile, while sending Chilean students to study economics at Chicago and bringing U.S. professors to research at Santiago.

1956
Carlos Massad, with a degree in business administration from the University of Chile, departed to study economics at the University of Chicago.

1957
ESCOLATINA, The First Graduate School of Latin American Economic Studies, commenced operations.

1958
Right-wing businessman and liberal Jorge Alessandri Rodriguez became president of Chile with 31.56% of the votes and the constitutionally required Congressional ratification.

Carlos Massad earned an M.A. in economics from the University of Chicago.

1960
President Dwight Eisenhower visited Chile for three days. As a way to show their discontent with the state of U.S.-Latin American relations, the presidents of the Chilean university student body governments, including Alejandro Foxley, sent him a widely publicized open letter that was crucial to opening the possibility of visiting the U.S. and Cuba for these Chilean young men.

1961
President John F. Kennedy launched the Alliance for Progress to foster economic cooperation between the U.S. and Latin American countries.

Ricardo Lagos, having graduated as a lawyer from the University of Chile, began studying economics at Duke University.

1963

Alejandro Foxley departed Chile to study economics at the University of Wisconsin-Madison, after graduating as a chemical engineer from the Catholic University of Valparaiso (CUV).

1964
Christian Democratic leader Eduardo Frei Montalva became president of Chile with an absolute majority. The presidential campaign was highly polarized. Frei's candidacy received the support of the United States and the Catholic Church. Frei Montalva nominated Carlos Massad as Vice President of the Central Bank.

1966
Ricardo Lagos earned a Ph.D. in economics with his dissertation *Industry in Chile. Some Structural Factors*.

1967
Carlos Massad became president of the Chilean Central Bank.

1970
Socialist Salvador Allende wins the presidential election with 36.63% of the vote. This relative majority required constitutional Congressional ballotage. The Nixon administration tried to impede Allende's ascent to power. As a result, the General in Chief of the Army, René Schneider, was assassinated.

Alejandro Foxley earned a Ph.D. in economics at the University of Wisconsin-Madison with his dissertation *Desequilibrios estructurales y alternativas de crecimiento para la economía chilena en el periodo 1970-1980*.

1973
Salvador Allende was overthrown after three years in which his Popular Unity coalition tried to implement a socialist program of modernization. Allende, who resisted the military coup, committed suicide. A brutal dictatorship led by Augusto Pinochet took power. The military forces violated the human rights of thousands of Chileans and put an abrupt end to civil and political rights and liberties guaranteed by the Constitution of 1925.

1974
Ricardo Lagos, fearing repression from the military regime, departed for Argentina to lead the headquarters of FLACSO, and then to teach at the University of North Carolina, Chapel Hill.

1976
Alejandro Foxley and other center-left economists established CIEPLAN (Corporación de Estudios para Latinoamerica) after being expelled from the Catholic University.

1978

Ricardo Lagos returned to Chile to work for PREALC (Programa Regional del Empleo para América Latina y el Caribe).

1979
The Pinochet dictatorship instituted seven modernization policies that gave shape to its neoliberal project. These transformations encompassed the privatization of pensions, health, education, labor, and state administration.

1980
The Pinochet dictatorship approved a new Constitution in a controversial referendum. The vote to ratify the 1980 Constitution was 65,71%, but the referendum did not adhere to minimum democratic standards.

1983
Following the consequences of the debt crisis, workers began a set of massive protests that destabilized the military regime. The protests forced Pinochet to negotiate with the opposition organized by the Democratic Alliance. The Democratic Alliance was composed of Socialists, Christian Democrats, and other political groups.

1985
The Democratic Alliance, pro-military regime political forces, and the Catholic Church invited the military regime to subscribe to a national agreement to resume democratic rule. The military regime rejected the proposal.

1986
Augusto Pinochet survived an attempt to kill him perpetrated by the FPMR (Frente Patriótico Manuel Rodriguez), the armed faction of the Chilean Communist Party. In retaliation, the secret police of the military regime assassinated several militants of the Communist Party and arrested opposition leaders such as Ricardo Lagos, who spent three weeks in prison.

1987
In a televised political talk show, Ricardo Lagos defied Augusto Pinochet and addressed the dictator, waving at him with his finger in disgust. The valiant gesture catapulted him to national leadership. That same year, Lagos led the registration and organization of a new political party, the PPD (Partido por la Democracia).

For his part, in the same tribune, Alejandro Foxley denounced that five million Chileans lived in poverty, which generated a scandal for the military regime's economic team.

1988
After an uneven campaign, the Concertación de Partidos por el No won the referendum to decide whether Pinochet would preside over the country for eight additional years. 55.99% of Chileans voted against the permanency of Pinochet in power.

1989

The military regime and Concertación agreed upon a set of constitutional amendments that were ratified on a plebiscite with 87.7% of the votes. These amendments allowed the transition to democracy.

1990
Christian Democratic Patricio Aylwin assumed the presidency. Ricardo Lagos was his first Minister of Education and Alejandro Foxley, his only Minister of Finance.

1994
Christian Democrat Eduardo Frei Ruiz-Tagle became president of Chile after winning the presidential election with an absolute majority. Ricardo Lagos assumed office as his first Minister of Public Works, and Carlos Massad as his first Minister of Public Health.

1996
Carlos Massad became president of the Chilean Central Bank for the second time in his life.

2000
Ricardo Lagos became president of Chile.

2003
Chile and the United States signed a free trade agreement.

2005
The Lagos administration passed a substantial set of amendments to the Constitution. These amendments put the Constitution closer to a democratic standard.

2006
Michelle Bachelet became the first female president of Chile. Alejandro Foxley was her first Minister of Foreign Affairs.

2010
Center-right politician and liberal businessman Sebastián Piñera assumed the presidency, putting an end to the Concertación era.

Introduction

> Chile represents the most forceful example of the influence of economists, and the economics programs that trained them on current economic policy. The prestige of economists and their access to positions of influence is infinitely greater than in the United States. The roster of cabinet ministers and vice ministers is peppered with economics Ph.D.s. Thus, it was under Pinochet, and thus, it is still under Aylwin. Most of these economists have done their homework; they researched and wrote extensively about Chilean economic policy when they were out of the government, and their writings appeared frequently in the popular press as well as in more scholarly sources. Thus the first three of the necessary conditions listed above are well satisfied.
>
> The fourth condition has also been well satisfied, albeit through disreputable means. Economic technicians have been given the space in which to put their policies in operation (and also to make some disastrous mistakes from which beneficial learning resulted), first by repression under the dictatorship, then by consensus on the broad outlines of economic policy under the present democratic regime.
>
> As a result of this favorable constellation of circumstances, Chilean economic policy is as technically sophisticated as its economists are. And it is the great success story of Latin America. The connection between academic development and policy results is fairly clear, and the correlation is positive.[1]

In his October 1990 report for the Ford Foundation on graduate programs in applied economics and public policy in Chile and Argentina, Shane Hunt, a U.S. economist and Boston University professor, favorably assessed the economic policies implemented by Patricio Aylwin's administration (1990-1994). He commended Chilean economics programs for inputting into their work the academically rigorous international standards set by U.S.-style economics. Hunt asked whether the improvement of applied economics and public policy training had a relationship of causation or correlation with

[1] Shane Hunt, "Report to the Ford Foundation on graduate programs in applied economics and public policy in Chile and Argentina," October 1990, Virtual Vault, RAC, Rockefeller Foundation.

improved economic policy and national economic performance. Hunt argued that while the quality of economics education at national universities should have an indirect effect on national economic policy, four additional variables were essential for the relationship between training and policy paradigm to be effective. Economists needed to be professionally respected and listened to, be focused on national economic policy issues in their research, and actively engaged in policy debates while writing frequently for the popular press. Furthermore, their policy recommendations needed to avoid direct conflict with firmly held ideological beliefs or the interests of powerful groups. Hunt observed that, due to the economic turmoil caused by the debt crisis and rampant inflation in the 1980s, economists in Latin America had greater opportunities than ever to influence economic policy. In Chile, the aforementioned variables were favorable. This, along with a trend of technocratic centrism in the voting populace that helped reduce political polarization, resulted in economic debates centering around the binomial "neoliberal versus neostructuralist," or "perhaps Chicago versus the rest of U.S. academia." The Ford Foundation correspondent observed that participants in these debates "talk the same language and do economics more or less the same way."[2]

Hunt's praise for Chile's economic consensus, which contrasted with his skeptical view of Argentina's more chaotic situation, stressed the role of economics training in influencing economic policy paradigms. This dissertation explores this relationship in Chile from an historical perspective. It examines the development of the economics discipline and profession in relation to economic policy in Chile from the

[2] Hunt, "Report to the Ford Foundation on graduate programs in applied economics and public policy in Chile and Argentina," October 1990, Virtual Vault.

1930s to the 1990s, tracing the evolution of economics education, its impact in the shifting role of the state in the economy, and how the relationships between U.S., Latin American and Chilean institutions and scholars within the broader context of knowledge production and circulation during the Cold War shaped these processes.

From the 1930s on, developments in the economics discipline went hand in hand with evolutions in Chile's economic regime. The Cold War transformed Chile into a principal battlefield in the Global South for new economic ideas. Chile became a leading center for the production and application of economic theories, including Keynesianism, the structuralism of the United Nations Economic Commission for Latin America (ECLA), dependency theory, and Chicago School neoliberalism.[3] This work analyzes Chile's transition from an imperfect welfare state before 1973, when Keynesian and structuralist economics were mainstream, to a neoliberal regime driven by neoclassical economics. By the late 1980s, Chile emerged as a prominent example of U.S. neoliberalism's expanding influence and a key testing ground for applying the transnational policy paradigm of the Washington Consensus.[4] This program, conceived by the leading decision-makers at the International Monetary Fund (IMF), the World Bank, the Inter-American Development Bank and the U.S. Executive, was designed to

[3] Verónica Montecinos, "Economics: The Chilean Story," in *Economists in the Americas*, eds. Verónica Montecinos and John Markoff (Edward Elgar: Cheltenham and Northampton, 2009), 142-194. esp. 142-160.

[4] Gary Gerstle identifies several definitions of U.S. postwar neoliberalism in opposition to the New Deal order dominant between 1930-1980. Neoliberal reformers employed at least three strategies to challenge the dominant economic order. The first strategy was to encase free markets in rules governing property, exchange of goods and services, and the circulation of money and credit. The second strategy was to apply market principles to all areas of human endeavor, including family structures and morality. The third strategy intended to resuscitate the utopian promise of personal freedom ingrained in classical liberalism —a strategy that became particularly influential in the United States, drawing support from both the left and the right. Gary Gerstle, *The Rise and Fall of the Neoliberal Order. America and the World in the Free Market Era* (New York: Oxford University Press, 2022), 88.

promote free-market reforms in lower-income countries in exchange of structural adjustment loans aimed at changing the structure of national economies.[5] However, Chile was far from being a blank slate that passively absorbed the University of Chicago School of Economics's academic ideas (or the Washington Consensus), simply providing local empirical variations of a supposedly universal economic knowledge. While this work underscores the significant role of the U.S.-dominated internationalization of economics discipline and profession in Chile, it also demonstrates that the changes sparked by this transnational phenomenon were neither linear nor one-dimensional. Chilean economic intellectuals played an active role in co-producing a hybrid economic knowledge— akin to a palimpsest, where layers of different intellectual traditions were rewritten over time to adhere to the Chilean context.

Through exploration of the history of economic science in Chile, my work demonstrates that Chilean economic intellectuals were instrumental in shaping the circulation of U.S.-style professional economics throughout Latin America. I argue that Chilean scholars co-created the discipline and profession of economics in Chile within the frame of U.S. international liberalism during the Cold War. In doing so, this dissertation expands the historiography on the transnational entanglements between the United States and Latin America during the Cold War by bringing universities and global foundations into the narrative of U.S. global power.

[5] Sarah Babb, "The Washington Consensus as Transnational Policy Paradigm: Its Origins, Trajectory and likely Successor," *Review of International Political Economy* 20 (2013): 268-297, esp. 275-277.

This dissertation points out the relationship between academia and policy paradigms. It explores the debates within the economics discipline and the correlation between these disputes and the history of the Chilean state, whose behavior has been closely tied to the dominance of economic paradigms. Several years into the Cold War, the Chilean state dominated the economy and served as the pillar and articulating mechanism for society. Within its democratic framework, competing visions sought to develop socialist or capitalist agendas. The 1973 coup d'etat elicited the rise of a group of economists trained at the University of Chicago. This cadre of economic technocrats implemented a drastic shift in economic knowledge and policies that reshaped the relationship between the state and society. Under the Pinochet dictatorship from 1973 to 1990, these economists reoriented economic policy towards neoliberalism. They made transnational markets the primary economic force and reduced the Chilean state's role in economic and social affairs.[6] By 1990, an individualistic economic paradigm

[6] An explanatory note on how I use the term "neoliberal" is in order. In this dissertation, I adopt Quinn Slobodian's perspective, viewing neoliberals as "perennial skeptics of the *nation*-state." The intellectuals analyzed by Slobodian sought to construct a legal framework for the world economy. This effort emerged in response to the fall of empires after World War I, the adoption of protective tariffs and price controls across the world economy following the Great Depression, and the push for a New International Economic Order (NIEO) by countries in the Global South during the 1970s. These scholars, concerned about the threats democracy and demands for redistributive equality posed to the freedom and security of borderless capital, envisioned laws that protect private capital rights and established supranational judicial bodies such as the European Court of Justice (ECJ) and the World Trade Organization (WTO). These institutions were designed to override national legislation that might interfere with the global rights of capital or, as Slobodian describes it, the Schmittian world of dominium of money, lands, and things. Quinn Slobodian, *Globalists. The End of Empire and the Birth of Neoliberalism* (Cambridge, MA. and London: Harvard University Press, 2018), 1-26, esp. 10. In the Chilean context, economists like Sergio de Castro, Minister of Finance from 1976 to 1982, José Piñera, architect of the "seven modernizations" of the military regime, and Hernán Büchi, Minister of Finance from 1985 to 1989, are prominent figures aligned with the neoliberal vision of global governance, although not necessarily aligned among themselves. Sergio de Castro obtained a Ph.D. in economics from the University of Chicago, José Piñera earned a Ph.D. in economics from Harvard University, and Hernán Büchi earned an MBA from Columbia University. Büchi and Piñera were presidential candidates in 1989 and 1993, respectively. The three of them viewed democratic rule as too accepting of Marxism, and thereby as a potential threat to their elitist vision of the world.

had become the dominant encasement for defining state actions, market legitimacy, and the priority of individual over collective interests.

This dissertation examines the careers of Carlos Massad (b.1932), Ricardo Lagos (b.1938), and Alejandro Foxley (b.1939) to illustrate the development of the discipline and profession of economics during the Cold War and the influence of reformist U.S. thought in Chile. These three Chilean economists, who graduated from different U.S. universities, endorsed varying degrees of state intervention in the economy throughout their careers. Carlos Massad earned a master's degree in economics from the University of Chicago in 1958, Ricardo Lagos obtained a Ph.D. in economics from Duke University in 1966, and Alejandro Foxley received a Ph.D. in economics from the University of Wisconsin-Madison in 1970. Upon returning to Chile, Christian Democrats Massad and Foxley, along with Socialist Lagos, emerged as prestigious economic scholars and influential figures within Chile's first and second generations of U.S.-educated economists. They occupied important positions in the Chilean state during the administrations of Christian Democrat Eduardo Frei Montalva (1964-1970) and Socialist Salvador Allende (1970-1973), as well as academic posts at various U.S. universities and international organizations throughout the 1960s and 1980s. Lagos and Foxley were outspoken opponents of the Pinochet dictatorship. Together, Lagos, Foxley, and, to a lesser extent, Massad, contributed intellectually to an alternative vision countering the Pinochet regime's drastic economic changes. Their critique was rooted in a reevaluation of structuralist repertoires used by Latin American economists following World War II. Their formulation of a structuralist focus on economic growth, combined with the alliance of their Catholic and Socialist-inspired

social sensibilities, gave Chile a chart to navigate the challenges of the post-Pinochet years. During the Concertación administrations that governed Chile from 1990 to 2010, Lagos, Foxley, and Massad played pivotal roles. They helped implement gradual economic policies that promoted "growth with equity," successfully reducing poverty and shaping modern Chile.

The selection of Massad, Lagos, and Foxley as case studies in this work is not arbitrary. This dissertation could have focused on other economists trained in the United States, Europe, or Latin America.[7] However, the transnational trajectories of Massad, Lagos, and Foxley are particularly relevant because they illuminate the intellectual circumstances of the rise and prominence of U.S.-style economics in Chile before and after 1973, and the formation of a transnational network encompassing Chile, Latin America, and the U.S. that permitted the circulation of economic knowledge. Their experiences also exemplify the drastic transformation of economic policy paradigms in Chile from structuralism between the 1930s and the early 1970s to neoliberalism from the mid-1970s into the twenty-first century.

Massad, Lagos, and Foxley were shapers of Chile's political economy during the Concertación era. These economists personify the Concertación's historic role in restoring democratic rule after the Pinochet dictatorship and pursuing a strategy of "growth with equity," an approach to economic development that was distinct from

[7] For example, Pedro Vuskovic (b. 1924), an ECLA intellectual who served as the chief economic advisor and Minister of Economy of the Allende administration from 1970 to 1972; Jorge Cauas (b. 1934), a Christian Democrat and MA graduate of Columbia University, who served as Vice President of the Central Bank of Chile from 1967 to 1970 and Minister of Finance during the Pinochet dictatorship from 1974 to 1976; and Sergio de Castro (b. 1930), who earned a Ph.D. in economics from the University of Chicago and later became Minister of Finance and principal architect of the Pinochet dictatorship's economic policies from 1976 to 1982.

that of the Pinochet dictatorship, especially in its concern for rectifying class inequalities. These economists held important economic and political positions in the Chilean state. Carlos Massad served as President of the Central Bank of Chile between 1967 and 1970 under the Christian Democratic administration of Eduardo Frei Montalva (1964-1970), and he returned to the same position between 1996 and 2003, under the presidency of Frei's son, the Christian Democrat Eduardo Frei-Ruiz-Tagle (1994-2000), for whom he also served as Minister of Health between 1994 and 1996. Massad completed his term as President of the Central Bank of Chile under the presidency of Ricardo Lagos. After the return to democracy, Lagos served as Minister of Education in Patricio Aylwin's administration (1990-1994) between 1990 and 1992 and as Minister of Public Works in the later Frei's cabinet between 1994 and 1998. Renowned as one of the most vocal dissidents of the Pinochet dictatorship, Lagos was President of Chile between 2000 and 2006. Alejandro Foxley served as Minister of Finance in Aylwin's cabinet between 1990 and 1994, as Senator between 1998 and 2006, and as Minister of Foreign Affairs in the first administration of Michelle Bachelet (2006-2010) between 2006 and 2009.

The postwar Latin American economics profession, with its public mission and focus on state-driven structural reform, naturally appealed to the well-educated and reform-minded middle-class to which these three young men belonged. Massad, Lagos, and Foxley reflect the political and religious diversity of the mid-century Chilean middle class forged within the welfare state from the 1930s onward. Massad and Foxley, both Catholics and descendants of immigrants, and Lagos, an agnostic, shared a strong sense of public duty and a political vocation forged in student politics at the

University of Chile. Massad, Lagos, and Foxley became leaders of student government bodies at their universities in the 1950s, and that experience brought them closer to national political discussions. Notably, they were members of both traditional and emerging political parties that represented much of the Chilean middle class. Lagos joined the anticlerical Radical Party in his youth and the Socialist Party in the 1970s. Massad became a member of the Falange Nacional (precursor to the Christian Democratic Party) in 1948, while Alejandro Foxley joined the Christian Democratic Party in 1958. The Christian Democratic Party, successor to the smaller Falange, was founded in 1957 and took intellectual inspiration from the social teachings of the Catholic Church. While Foxley and Massad's training as economists at U.S. universities gave them the final push to become part of an international academic elite, their political and intellectual education in Chile contributed decisively to establishing them as intellectual elites —given that universities and political parties played a central role in shaping twentieth-century Chile.

The life experiences and professional development of Massad, Lagos, and Foxley were also unified by their opposition to the Pinochet dictatorship and, especially, by their political participation during the Concertación years. The revolutionary liberalization of the economy under Pinochet forced economic intellectuals, like the economists discussed in this work, to engage in a struggle over economic policies, policy paradigms, and state behavior —one they ultimately lost, as idealistic elements of Socialist and Christian ideologies were no longer possible in the more pragmatic political and intellectual landscape reshaped by the Pinochet dictatorship's neoliberal policies and a global order shaped by the Washington

consensus. Moreover, the Pinochet dictatorship had more than a decade to impose its economic policies without democratic oversight, to reshape the state through its 1980 constitution, and to promote U.S. neoliberalism as the academic norm at universities.

However, their defeat was not absolute. After Pinochet left power, they oversaw the implementation of his free-market-driven economic model, gradually modifying its more market-fundamentalist aspects through economic and social policies aimed at alleviating the model's social costs and combatting the widespread poverty inherited from the Pinochet dictatorship. In this, the Concertación, an alliance of Christian Democrats, Socialists and other groups, owed much to the pro-democracy and human rights struggles of the 1980s waged by a coalition of center-left politicians and intellectuals, workers, women, youth and other social movements. Combined with the neostructuralist economic ideas developed by economists like Massad, Lagos, and Foxley, these struggles for democracy and human rights made the Concertación possible. Ultimately, the Concertación alliance became a vehicle to overcome the tensions between center and leftist parties that arose after the Cuban Revolution and the reaction of the United States in defense of its strategic interests during the Cold War in Latin America. This work aims to trace a genealogical thread that explains how Chile's center-left elites came to form the Concertación and managed to overcome the lack of simultaneous development and stability that characterized the Chilean economy throughout much of the twentieth century.[8]

[8] Aníbal Pinto, an economic intellectual that I will discuss in Chapter 1, recognized this problem in the 1950s. As César Ross highlights, he deserves more credit for shaping the intellectual tradition that led to Concertación's economic policies. Thus, Pinto strongly influenced young Lagos and Foxley. In contrast to other analyses, I think that Concertación's policies, including social and economic, long and short-term, were more than just a neoliberal approach with a human face. Rather, they were fruit of a palimpsesto of ideas and learnings forged in previous decades. César Ross, *Chile en los albores de la*

By using this biographical perspective, the concept of the Cold War takes on new dimensions, offering insights into the grand narrative of capitalism as a form of knowledge forged within a transnational network. Indeed, capitalism and socialism did not just confront each other ideologically. They also competed as systems of knowledge, struggling through the exchange of theories, scholars, and intradisciplinary debates. The trajectories of Massad, Lagos, and Foxley are notable examples of this dynamic. Structuralism, developmentalism, and neoliberalism, in other words, were tools in an ideological battle, interpreted regionally or domestically in ways that made these paradigms crucially distinct from those theories that existed in developed nations.

This collective biography of economists emphasizes two principal ideas and some questions. First, Latin American actors waged the Cold War not only by associating with grand narratives of capitalism and communism but also by producing and exchanging scientific theories in alliance with U.S. academic and global philanthropic institutions. In addition, this research underlines that the nature of U.S. global power during the Cold War was more complex and sophisticated than only covert intelligence or military interventions could indicate. As a result of the transnational circulation of economic knowledge, the network of U.S. and Chilean government, universities, and global philanthropic foundations successfully embedded U.S.-style economics in Chilean institutions and academic epistemology. At the same time, Latin American scholars contributed to shaping knowledge regarding development in the echelons of government and academia in the United States. On a

guerra fría: contexto, teoría, e ideas (Santiago: Editorial Universidad de Santiago de Chile, 2024), 169-200.

more specific scale, this dissertation explains the increasingly influential role of economists in Chilean society, tracking how their status evolved from World War II to the end of the Cold War and the crucial part played by the United States in transforming a marginal academic group into powerful members of Chile's governing elite. Several questions emerged as this research unfolded. What type of economic equality and political and academic pluralism did the postwar U.S. liberal order foster in Chile? What role did economists have in shaping these dynamics, and what were the ideologies of these economists? Answering these questions is crucial due to the pervading influence of economic theories in the public sphere, the predominant neoclassical "economic style of reasoning" based on efficiency, and the privileged position accorded to economists as the shapers of public policies and debates in present-day Chile.[9]

Economics, U.S. Universities and Global Foundations

This dissertation draws on the works of historians of science and economic ideas, and sociologists of economic knowledge who have analyzed the increasing power of U.S. social sciences after World War II as a response of the liberal international order in the

[9] According to Popp Berman, this style of reasoning emerged in the 1960s and began to exert influence in Washington D.C. Its foundational assumptions rested on the ideas that "individuals (or firms) could be treated as rational actors who sought to maximize their utility (or profits). Decision making–whether by individuals in a market or policymakers trying to implement programs- could be thought of as optimization within constraints. Analyses should focus on trade-offs at the margin –what the benefits of an additional unit would be relative to the cost, and what else those same resources might be used for." Proponents of this economic style of reasoning typically advocated for formalization and quantification as a tool to enhance decision-making processes. Popp Berman contends that it was not just neoliberals, but economists such as Paul Samuelson, who solidified this "microeconomic style of reasoning." Elizabeth Popp Berman, *Thinking Like an Economist. How Efficiency Replaced Equality in U.S. Public Policy* (Princeton and Oxford: Princeton University Press, 2022), 35-37, esp. 35.

1940s to the chaos of the 1930s and the war.[10] After 1945, given the importance of economic expertise in the victory of the Allies, economics and other disciplines, such as sociology, displaced anthropology as the predominant field in U.S.-Latin America relations. As Rosemblatt suggests, this shift occurred through the displacement of race by class in the U.S. scientific development of universal models of knowledge due to the ability of quantitative methods to simplify the world, purportedly creating equivalence among dissimilar cases and potential equality among citizens.[11] The objectives of U.S. liberal internationalism, encapsulated in the ideals of economic development and democratic rule, required a theoretical model that the discipline of economics greatly contributed to providing.[12]

Aside from the U.S. government, U.S. universities and global foundations were the principal donors of international development assistance after World War II, which experienced a "golden age" from 1960 to 1975.[13] They created an intellectual climate conducive to accepting capitalist modernization in poorer countries by sponsoring social scientific networks capable of generating knowledge related to public policies, scholarly legitimacy, and intrasystemic reform. This work focuses on the roles of the

[10] By "liberal order," I refer to an international system founded on free markets, laissez-faire principles, and free trade with the world. Politically, this order was committed to promoting representative democracy and fostering democratic norms, best described by the term "pluralism." The construction of this liberal international order coincided with the rise of U.S. global leadership, another of its essential characteristics. As James Cronin posits, any notion of liberal order, which has been redeployed and extended since 1945, must be nuanced and qualified. This dissertation aims to contribute to this task by examining its impact on Chile's economic discipline and profession. James Cronin, *Fragile Victory. The Making and Unmaking of Liberal Order* (New Haven and London: Yale University Press, 2023), 1-16.
[11] Karin Rosemblatt, *The Science and Politics of Race in Mexico and the United States*, 1910-1950 (Chapel Hill: The University of North Carolina Press, 2018), 181-182.
[12] Amadae argues, for example, it was rational choice theory. S.M. Amadae, *Rationalizing Capitalist Democracy. The Cold War Origins of Rational Choice Liberalism* (Chicago and London: The University of Chicago Press, 2003).
[13] Daniel C. Levy, *To Export Progress. The Golden Age of University Assistance in the Americas* (Bloomington and Indianapolis: Indiana University Press, 2005), 2.

Rockefeller Foundation (RF, est. 1913) and the Ford Foundation (FF, est. 1936), two institutions that enjoyed a close relation with the U.S. government, in catalyzing an "elite network of academics, think tanks, publicity organizations, emerging mass media, and public officials" that supported the United States foreign policy in the Third World.[14] Both the Rockefeller Foundation and the Ford Foundation favored higher education and university development programs. While the former was the main U.S. non-governmental actor until the 1950s, the Ford Foundation entered Latin America in 1959, quickly commanding four times the resources of the Rockefeller Foundation.[15]

The Rockefeller and Ford Foundations utilized their vast resources to promote pluralist scholarship and scholars in social sciences in Chile, with a particular focus on economics, in coordination with postwar liberal internationalism.[16] The foundations' academic pluralism was delimited by the confines of U.S. strategic objectives in Latin America, such as anticommunism, pro-Americanism, and political stability.[17] The emphasis of these global foundations on higher education aligned with the view of leading Latin American reformers that the U.S. university offered the best model for social change. According to Levy, this model consisted of three main features: greater size and diversity, which allowed the system to grow based on a middle-class beyond the elite, thus enabling more institutions to pursue different educative agendas and thereby increasing pluralism; institution building, an essential factor for university's

[14] Inderjeet Parmar, *Foundations of the American Century: The Ford, Carnegie, and Rockefeller Foundations in the Rise of American Power* (New York: Columbia University Press, 2015), 1-30, esp.7, 15.
[15] Levy, *To Export Progress*, 35-37, 41-42.
[16] Parmar, *Foundations of the American Century*, 181-182.
[17] Odd Arne Westad, *The Global Cold War. Third World Interventions and the Making of Our Times* (Cambridge: Cambridge University Press, 2005), 8- 38, 27-32.

ability to compete with one another and enhance their executive power to create courses, faculty, unified campuses, facilities, and departments; and the quality and relevance of academic work, both linked to academic professionalization, competitive examinations, scientific study, expanded graduate enrollments, research, and the strengthening of development-related and applied fields with ties to the productive sector.[18] Chile was a targeted nation for university assistance from the U.S. government and global foundations until the mid-1970s, when funding moved beyond universities to private research centers in the context of the Pinochet dictatorship. In this work, I trace how the discipline of economics received a significant share of that assistance and explain its impact on Chilean society.

Why economics? The postwar international dominance of the U.S.-style economics discipline and profession is a crucial focus of this dissertation. Before the 1940s, the U.S. had been a net importer of economic ideas from Britain and, to a lesser extent, France and Germany.[19] In contrast to these versions of economics in continental Europe, where economics developed alongside a "generalist form of technocratic expertise dominated by law," U.S. economics developed as a "technical and self-referential intellectual enterprise" based primarily at universities, not the state, often operating from an insulated "ivory tower."[20] With the onset of the Cold War, the United

[18] Levy, *To Export Progress*, 12.
[19] William J. Barber, "Postwar Changes in American Graduate Education in Economics," in *The Post-1945 Internationalization of Economics*, ed. A.W. Coats (Durham and London: Duke University Press, 1996), 12.
[20] Marion Fourcade, *Economists and Societies. Discipline and Profession in the United States, Britain, and France, 1890s to 1990s* (Princeton and Oxford: Princeton University Press, 2009), 61. Fourcade echoes Pierre Bourdieu's definition of neoliberal economics as a model that rests on the idea that the economy is an autonomous, natural, and universal domain in which the government must not interfere; and that the market is "the optimum means for organizing production and trade efficiently and equitably in democratic societies." Pierre Bourdieu, *The Social Structures of the Economy* (Cambridge and Malden: Polity Press, 2005), 10-11. Michel Foucault's influence on Bordieu's approach is evident.

States emerged as a net exporter of economic ideas by espousing the legitimacy of the market economy and fostering skepticism towards centralized power. Despite internal theoretical and policy struggles, U.S. economic scholars arrived at an intellectual unity that provided a strong foundation for this international hegemony. The U.S. propagated a highly mathematical profession characterized by "applied quantification," a culture of specialization and standardization epitomized by the centrality of the Ph.D., and a discipline that was becoming the "general" science of rational decision-making. This shift towards mathematics after World War II was facilitated by the military-funded-exposure of economists to engineering-based techniques, cybernetics, and newly available computational tools beginning in the 1950s.[21] Within the spectrum of U.S. economic approaches, including the Columbia-Wisconsin institutionalist pole, MIT (influenced by Paul Samuelson), and the Cowles Commission at Yale University on econometrics and general equilibrium,[22] the "Chicago School" was the single catalyst most responsible for what Fourcade calls the "imperialistic development" of U.S. economics. The Chicago School's neoliberal doctrine posited that "no one stands outside of economic rationality" and that "money is the primary medium through which economic rationality expresses itself."[23] This work will further explore the concept of the Chicago School as part of a broader spectrum, highlighting the diverse disciplinary

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Foucault argued that Keynesian policy, social pacts from the wartime period, and the expansion of the federal administration through economic and social programs formed the adversary and targets of neoliberal thought. U.S. neoliberalism, in particular, pushed German and French neoliberalism to the extreme, embodying the idea that "the basic element to be deciphered by economic analysis is not so much the individual, or processes and mechanisms, but enterprises." Michel Foucault, *The Birth of Biopolitics. Lectures at the College de France, 1978-79* (New York: Palgrave Macmillan, 2008), 215-289, esp. 217, 225.

[21] Fourcade, *Economists and Societies*, 87-88. See also, Philip Mirowski, *Machine Dreams. Economics Becomes a Cyborg Science* (Cambridge: Cambridge University Press, 2002), 1-25.

[22] Fourcade, *Economists and Societies*, 88.

[23] Ibid., 90-96, esp. 93.

and scholarly influences in Chile later manifested in different impacts on economic policymaking.

Latin American Cold War in the Realm of Expertise

My dissertation contributes to Cold War studies by emphasizing the impact of the discipline of economics circulating between the United States and Chile in shaping state behavior and policy paradigm. Through the second half of the twentieth century, many forms of understanding economics and the implications of the U.S.-dominated internationalization of the economic profession contended for superiority at the level of the state and universities. By examining the dynamics of these transnational knowledge exchanges and competing approaches to economics, my research joins scholarship that departs from conventional narratives of the Cold War, which typically depict it solely as a conflagration between the West and the East or capitalism and communism. Instead, my work highlights how local actors interpreted and navigated the conflict between superpowers and its radiations —oscillating, in terms coined by Nils Gilman, from Second- and Third-order Cold War social science to Counter-Cold War social science.[24]

The transformation of development into an international obligation after World War II initiated a new cultural connection between the Americas, driven by the production of social sciences. The U.S.-oriented internationalization and professionalization of economics in Chile created new transnational "contact zones."[25]

[24] Nils Gilman, "The Cold War as Intellectual Force Field," *Modern Intellectual History*, 13, no. 2 (2016): 507-523, esp. 514-523.

[25] In her work on European travel writing and the construction of an image of the world beyond Europe from the 1750s to 2000s, Pratt defines the notion of "contact zone" as "the space of imperial encounters,

State power was deployed and contested in these transnational contact zones through various material and symbolic repertoires, including theoretical representations of the economy, economic analysis and education styles. These interactions involved agents beyond formal diplomacy, including governments, Chilean and U.S. universities, and U.S. global foundations and think tanks operating in Chile. U.S. actors aimed to orient Chileans toward mainstream U.S. economic thinking, which was not always dominated by the Chicago School. Chilean scholars did not simply mimic U.S. economic thinking; instead, they adapted it to their own purposes, particularly to understand and criticize the trajectory of the Chilean state's economic and social policies.

Academic experts were vital to how Latin American actors waged the Cold War. They not only aligned themselves with grand narratives of capitalism and communism but also engaged in the production and exchange of ideas concerning economic problems and policymaking. Economic thought in Chile underwent major hegemonic transformations in the postwar era, transitioning from ECLA structuralism in the 1950s to neoliberalism in the 1980s. Argentinian economist Raúl Prebisch shaped structuralist ideas, which developed as an alternative to the binary logic of the Cold War. He formulated a theoretical framework that underscored Latin America's historical decline in global terms of trade for primary products, a structural

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the space in which peoples geographically and historically separated come into contact with each other and establish ongoing relations, usually involving conditions of coercion, radical inequality, and intractable conflict." For Pratt, "a "contact" perspective emphasizes how subjects are constituted in and by their relations to each other. It views the relations among colonizers and colonized, or travelers and "travelees," "not in terms of separateness, but in terms of co-presence, interaction, interlocking understandings and practices, and often within radically asymmetrical relations of power." Mary Louise Pratt, *Imperial Writing and Transculturation* (London, New York: Routledge, 2008), 8. For an historiographical application of this concept, Gilbert Joseph, "What We Now Know and Should Know. Bringing Latin America More Meaningfully into Cold War Studies," in *In from the Cold. Latin America's New Encounter with the Cold War*, eds. Gilbert Joseph and Daniela Spenser (Durham and London: Duke University Press, 2008), 17.

disequilibrium in the international economic system, concepts such as "inward development" and "smart state," and advocated for industrialization while embracing globalization. Edgar Dosman aptly characterizes this approach as "civilizing globalization."[26] Highlighting Prebisch and contributions of other Latin American economists to structuralism,[27] Margarita Fajardo argues that ECLA intellectuals created a world in the development era centered on trade and development, championing the import-substitution industrialization development strategy (ISI),[28] economic cooperation between centers and peripheries, and regional integration.[29] One of their goals was cultivating a cadre of economic professionals capable of directing their countries toward social and economic development. As the post-World War II era saw a surge in interest in economic development issues, the need to train Latin American economists equipped to tackle the administration of public and private resources and reduce poverty propelled the discipline of economics, encompassing monetary and fiscal policies, agricultural economics, and planning, into a critical arena

[26] Edgar J. Dosman, *The Life and Times of Raúl Prebisch, 1901-1986* (McGill-Queen's University Press, 2008), 182-183.

[27] Structuralist thought posits that the dynamics of historical processes are the fundamental determinants of a society's evolution. These factors include the distribution of wealth and income, sociopolitical conditions, technological changes, market dynamics, means of production, land tenure, and more. In structuralism, these elements dictate the specific functioning of causal mechanisms and the predictable success of any development strategy. In its most radical form, structuralism aligns with the Marxist tradition while in its reformist version, it is associated with Keynesian and institutionalist schools of thought. Structuralist analyses are skeptical of neoclassical interpretations of economic problems. A prime example is the structuralist interpretation of the causes and solutions to inflation. According to structuralist explanations, inflation results from structural imbalances rather than a monetary phenomenon. Nora Lustig, "From Structuralism to Neostructuralism: The Search for a Heterodox Paradigm," in Patricio Meller, ed., *The Latin American Development Debate. Neostructuralism, Neo Monetarism, and Adjustment Processes* (Boulder, San Francisco, Oxford: Westview Press, 1991), 27-30, 33-34.

[28] The strategy of import substitution provided protection to nascent industries to foster national industrial development, challenging the historical pattern of specialization based on exploiting static comparative advantages. Lustig, "From Structuralism to Neostructuralism: The Search for a Heterodox Paradigm," 31.

[29] Margarita Fajardo, *The World that Latin America Created: The United Nations Economic Commission for Latin America in the Development Era* (Cambridge: Harvard University Press, 2022), 7-10.

of exchange between the Americas. Experts from both hemispheres, working in state agencies, universities, and international organizations, underscored the importance of modernizing academic institutions as powerful sources of political and social change, an indication of the central role that these agents played in the course of the Latin American Cold War.[30]

The context of Chilean universities is a principal focus of my approach. The Cold War context catalyzed an unprecedented and explosive expansion of U.S. universities and strengthened the connections between state, science, military, and industry.[31] From the 1950s on, U.S. foreign aid programs launched university agreements aimed to secure the export of the U.S. free enterprise model of economic development to various regions of the world. In Chile, the collaborative agreement between the University of Chicago, the International Cooperation Administration (ICA), and the Catholic University (CU, also Pontificia Universidad Católica de Chile) to train young Chilean students in economics in the U.S. and bring U.S. professors to Chile to enhance the quality of economics education and research was the most important among these.[32] My approach to this phenomenon underscores the diverse impact of U.S. economic thinking in Chile at different times and places. As Parmar indicates, the triangle of U.S. government, foundations and universities funded training for economists from Chile's two most prestigious universities, which were rivals in

[30] Andra Chastain and Timothy Lorek, ed. *Itineraries of Expertise: Science, Technology, and the Environment in Latin America's Long Cold War* (Pittsburgh: University of Pittsburgh Press, 2020), 3-28.
[31] Richard Lewontin, "The Cold War and the Transformation of the Academy," in *The Cold War & the University. Toward an Intellectual History of the Postwar Years*, Noam Chomsky et al. (New York: The New Press, 1997), 2.
[32] Juan Gabriel Valdés, *Pinochet's Economists. The Chicago School in Chile* (Cambridge: Cambridge University Press, 1995), 87-90.

their economic approaches by the early 1950s. The University of Chile was the intellectual extension of a state-driven development ideology, producing cadres of technocratically-minded "statist" economists since the mid-1930s. In contrast, the School of Economics Sciences at the Catholic University evolved into a stronghold of neoclassical economics and monetarist theory and a space for the long-term influence of economists Milton Friedman and Arnold Harberger, mentor, friend, and dissertation editor to Chilean students in Chicago.[33]

My depiction of U.S. influence in this research intentionally deviates from the narrative dominated by ideas from the Department of Economics at the University of Chicago. Pinochet's neoliberal technocrats were successful in systematically implementing their program and fundamentally altering Chile's economic landscape. The scope of these reforms was extraordinary for Chile's history. However, as Amy Offner argues in her study of the midcentury political economy in the U.S. and Latin America, neoliberal ideas were not original in practice. Amid the global crisis of capitalist economies in the 1970s and 1980s, North Americans and Latin Americans

[33] On the legacy of Milton Friedman at the School of Economics at the University of Chicago, Thomas A. Stapleford, "Positive Economics for Democratic Policy. Milton Friedman, Institutionalism, and the Science of History," in *Building Chicago Economics. New Perspectives on the History of America's Most Powerful Economics Program*, eds. Robert Van Horn, Philip Mirowski and Thomas Stapleford (Cambridge, New York: Cambridge University Press, 2011), 3-35; Rolf Lüders and Francisco Rosende, "La teoría monetaria de Chicago," in *La Escuela de Chicago. Una mirada histórica a 50 años del convenio Chicago/Universidad Católica. Ensayos en honor a Arnold C. Harberger*, ed. Francisco Rosende (Santiago: Ediciones Universidad Católica de Chile, 2007), 133-163; Patricia Arancibia Clavel and Francisco Balart Páez, *Sergio de Castro: el arquitecto del modelo económico chileno* (Santiago: Editorial Biblioteca Americana, 2007), 70-71; Ángel Soto and Francisco Sánchez, eds., *El "padre" de los Chicago Boys Arnold Harberge*r (Santiago: Centro de Estudios Bicentenario, 2015). Ernesto Fontaine, "El cálculo de precios sociales en Chile: trabajos publicados en homenaje al profesor Arnold C. Harberger," *Cuadernos de Economía* 74 (April 1988): 3-4. For a general history of the School of Economic Sciences at the Catholic University, Gonzalo Vial, Federico Hugo Ogaz, and Angel Morales Carrasco, *Una trascendental experiencia academica. La facultad de ciencias económicas y administrativas de la Pontificia Universidad Católica de Chile, y la nueva visión económica* (Santiago: Fundación Facultad de Ciencias Económicas y Administrativas, Pontificia Universidad Católica de Chile, 1999).

selectively redeployed instruments created by the mid-century developmental states, such as private delegation, state decentralization, and austere social welfare provision.[34]

The focus of this research is, in the words of Shane Hunt, the "rest of U.S. academia." Including Carlos Massad connects my narrative with the University of Chicago to complicate its ramifications in Chile. While scholars often associate the economic policies of the Pinochet dictatorship with economists trained at the University of Chicago, it is crucial to recognize that policymakers from other U.S. universities also participated in the military regime (Columbia University and Harvard University, for example). Moreover, some Chicago-trained economists, such as Carlos Massad, cannot be classified as "Chicago boys," the collective nickname for Pinochet's economists. Rather than attributing the creation of present-day Chile solely to the University of Chicago School of Economics ideas, I highlight the influence of reformist actors from the United States who aimed to instill state-driven capitalism rooted in the U.S. tradition of Keynesian-oriented liberal internationalism. These U.S. actors established fruitful intellectual and political relations with Chilean economic intellectuals like those featured in this study. This exploration of how economic knowledge and scholars circulated between Chile, Latin America, and the United States helps to better organize the intellectual panorama of the second half of the twentieth

[34] Amy Offner, *Sorting Out the Mixed Economy. The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton and Oxford: Princeton University Press, 2019), 17.

century in Chile and substantiate Daniela Spenser's assertion that "without the Cold War, Latin America would be a very different place today."[35]

Economic Knowledge as a Transnational Project

My work contributes to a historiography that has incorporated transnational perspectives to discuss the notion of Latin America as dependent on and dominated by metropolitan powers. This scholarship views Latin American historical actors as more than mere reactive subjects to the diffusion of power, capital, and science from hegemonic centers. My approach aligns with Micol Seigel's critical view of the comparative method. According to Seigel, transnational history treats the nation as "one among a range of social phenomena to be studied rather than the frame of the study itself."[36] Following this framework, historical inquiry can focus on phenomena "unconfined to —both greater and lesser than— the nation-state."[37] This dissertation expands our understanding of the transnational arc of U.S.-Latin America relations by examining the circulation of economic knowledge as a historical subject. While also acknowledging the inherent power inequalities in this relationship, my approach is more eclectic as it focuses on the institutional dynamics that led to the articulation of a hegemonic consensus around the economic question in Chile with the participation of Chilean economic intellectuals.

[35] Daniela Spenser, "Standing Conventional Cold War History on Its Head," in Joseph and Spenser, *In from the Cold*, 395. See also, Greg Grandin, *The Last Colonial Massacre. Latin America in the Cold War* (Chicago and London: The University of Chicago Press, 2008), 1-17.
[36] Micol Seigel, "Beyond Compare: Comparative Method after the Transnational Turn," *Radical History Review* 91, (Winter 2005): 62–90, 63.
[37] Micol Seigel, *Uneven Encounters. Making Race and Nation in Brazil and the United States* (Durham and London: Duke University Press, 2009), 16.

In line with Gilbert Joseph's call for a culturally sensitive framework that integrates political economy and culture, this dissertation draws from the transnational approach to examine processes of resistance, adaptation, and negotiation involved in the embedding of U.S. economics in Chile.[38] Science and technology have been crucial to the modern rationality and disciplinary goals envisioned by experts in Latin America and the United States for the progress of less developed countries in the Americas. Salvatore shows that the ambitious expansion of U.S. universities in South America began in the early 1900s through the work of noted experts in the fields of anthropology, history, geography, sociology, and political science.[39] The emergence of economics as an autonomous discipline and profession in Latin America resulted from a complex interplay of politics, institutions, ideologies, and social science following the end of World War II. During the war, economists such as Simon Kuznets played a significant role by completing the financial revolution that enabled the Allies to fund the war effort. They also developed the statistical tools of national income accounts, gross national product (GNP), and gross domestic product (GDP), which provided the statistical foundation for assessing the growth and production of the U.S. economy in the war scenario.[40] Propelled by a renewed prestige, the discipline of economics

[38] Gilbert Joseph, "Close Encounters. Towards a New Cultural History of US-Latin American Relations," in *Close Encounters of Empire. Writing the Cultural History of U.S.-Latin American Relations*, eds. Gilbert M. Joseph, Catherine Legrand, and Ricardo Salvatore (Durham and London: Duke University Press, 1998),, 3-46, esp. 14-15.

[39] Ricardo Salvatore, *Disciplinary Conquest: U.S. Scholars in South America, 1900-1945* (Durham: Duke University Press, 2016), 1-16; For the exchanges between anthropologists from Mexico and the United States, Rosemblatt, *The Science and Politics of Race*, 169-182. For transnational exchanges in agriculture between Mexico and the U.S., Tore Olsson, *Agrarian Crossings: Reformers and the Remaking of the US and Mexican Countryside* (Princeton: Princeton University Press, 2017).

[40] Jim Lacey, *Keep from All Thoughtful Men. How U.S. Economists Won World War II* (Annapolis, Maryland: Naval Institute Press, 2011), 33.

became the leading social science in the Western world, with U.S. academia aiming to reshape the discipline's progress in Latin America after the war.

The leadership of U.S.-style economics, driven by the aspiration to promote democracy and secure free markets in the world, was multilayered and dynamic throughout the period covered in this work. One of the most salient tensions was its tendency to prioritize "the individual" as interpreted in natural sciences over "the collective" in social sciences. Postwar U.S. economics began to separate from the humanities, diverging from European perspectives on the discipline, and, under U.S. standards, economists started to see their knowledge as axiomatic when based on mathematical proofs. As Fontaine and Poole argue, U.S. economics gradually shifted after World War II towards hypothetical-deductive modeling, while economists' efforts to investigate "noneconomic" topics expanded at the expense of other social sciences.[41] Additionally, the internationalization of social sciences, driven by intergovernmental organizations that emerged from the postwar order, introduced another tension. Was this internationalization an "Americanization" of other national cultures, implying a one-way traffic that homogenized diverse cultures? Or was it an internationalization of American resources that fulfilled the ideal of "unity in diversity," promoting a two-way traffic exchange of knowledge? Specifically, in this work I reflect on how receptive professional economists were to what Selcer has called

[41] Philippe Fontaine and Jefferson D. Pooley, "Introduction: Whose Social Problems?," in *Society on the Edge. Social Science and Public Policy in the Postwar United States*, ed. Phillipe Fontaine and Jefferson Pooley (Cambridge: Cambridge University Press, 2021), 22-39. See also, Alice O'Connor, *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton: Princeton University Press, 2001), 3-22. In her history of "poverty knowledge," O'Connor shows how in the 1960s liberal social scientists used system analysis to introduce cost-benefit analysis with emphasis on efficiency and outcomes into the center of poverty research agendas.

"view from everywhere" and to the goal of using knowledge to share power that inspired the postwar internationalization of social sciences.[42]

The professionalization of economics in Chile was inherently transnational, as evidenced by the trajectories of the three economists covered in this work, who traversed institutions in Chile, Latin America, and the United States.[43] To what extent was the acceptance of U.S. economic epistemology by these Chilean economic intellectuals part of an academic pipeline that embodied existing hemispherical hierarchies, as postcolonial scholarship would argue?[44] While I take this argument seriously, it is important to note that Latin American economic scholars were able to create an indigenous school of thought with influence with respect to policy in U.S. economic institutions.[45] Chilean scholars were interpreters, creators and mediators of economic knowledge. By examining how Chilean intellectuals sought to reconcile purportedly universal economic laws with the specificities of Chilean reality, this dissertation aims to transcend the deterministic explanations of U.S. cultural and

[42] Perrin Selcer, "The View from Everywhere: Disciplining Diversity in Post World War II International Social Science," *Journal of the History of the Behavioral Sciences*, Vol. 45, no. 4 (Fall 2009): 309–329, esp. 318.

[43] I interpret economics as a profession in the sense that Fourcade defines the term. Drawing on Andrew Abbott's model of "system of professions," which describes a profession as a "group with a common work," Fourcade argues that, particularly in the United States, jurisdiction over "economic work" has been claimed by individuals who are recognized as specialists. Here, I borrow Fourcade's definition of "economic work:" "a relatively homogeneous body of knowledge and technique pertaining to the analysis of, and action upon markets, corporations or the economy as a whole." She further explains that this model leads to "nested jurisdictions," where professions become incorporated into the jurisdiction of other professions through their competitive interactions. In the U.S. professional landscape, where market competition is institutionalized as the legitimate method for organizing the economy, the jurisdiction of economics is "nested" with other professions within the market. This contrasts with countries like France, where economics is integrated into the state profession through administrative regulation or corporatist arrangements, rather than being shaped by market forces. Fourcade, *Economists and Societies*, 26-28.

[44] See Dipesh Chakrabarty, "Postcoloniality and the Artifice of History: Who Speaks for 'Indian' Pasts?," *Representations* 37 (Winter 1992): 1–26.

[45] For example, highlighting the influence of Mexican officials in shaping the institutions governing the global economy during the Cold War, Christy Thornton, *Revolution in Development. Mexico and the Governance of the Global Economy* (Oakland, CA: University of California Press, 2021).

economic control by diffusionist perspectives. My approach to these relations within the realm of transnational science is concerned with interactions shaped not only by imperial-based inequality, conflict, and coercion, but also by "interactive, improvisational possibilities."[46] Ultimately, the networks and institutional contexts in which the actors in this dissertation participated constrained them. Through their transnational trajectories, I aim to waive a history of the Chilean state and its shifting ideologies, politics, and circumstances.

The Transnational Trajectories of Carlos Massad, Ricardo Lagos, and Alejandro Foxley

Why are these three economists relevant to understanding the transnational circulation of economic knowledge between Chile and the United States? This dissertation positions the achievements of these three economists within the broader context of the triumph of the U.S. liberal order and the decline of state-dominated economic paradigms in Chile. In historicizing the transnational exchange of economic knowledge and focusing on U.S.-trained economists who believed in state intervention as a solution to economic problems, this work aims to shed light on how reformist economic ideas and scholars impacted state behavior and society in Chile during the second half of the twentieth century. In this dissertation, I argue that Carlos Massad, Ricardo Lagos, and Alejandro Foxley's extraordinary public roles in the circuits of economic expertise and Chilean politics illuminate a less explored dimension of the

[46] Joseph, "Close Encounters. Towards a New Cultural History of US-Latin American Relations," 8.

U.S.-Latin American relations. By contextualizing their role as mediators of economic thought between Chile and the United States, we can better appreciate the role of U.S. universities and global foundations in the sophisticated, effective, and enduring mechanisms through which the U.S. promoted its pluralist version of liberalism, balancing market-driven and state-led approaches, as the dominant framework for economic policies in Latin America. Massad, Lagos, and Foxley, as outstanding economic scholars and political leaders with close U.S. ties, crucially participated in the North-South dialogue from the 1960s to the 2000s.[47]

Carlos Massad exemplifies the internationalization and professionalization of economics in Chile. Massad was one of the first Chilean students to travel to the United States in 1956 to study economics under the University of Chicago-ICA-CU agreement. His exceptional performance at the University of Chicago from 1956 to 1959 impressed his professors and the officials of the Rockefeller Foundation. Back in Chile in 1959, he led the Institute of Economics at the University of Chile, expanding the intellectual network of economists and acting as a mediator between academic networks in Chile and the United States. Massad, a pro-Frei Christian Democrat, served as the vice-president and president of the Chilean Central Bank under the administration of Eduardo Frei Montalva from 1964 to 1970, becoming one of the first economists to wield substantial political influence in Chile. Massad was not a typical "Chicago boy," as he did not fully embrace the Pinochet dictatorship, nor was he an "orthodox" economist in the neoliberal era. Instead, he sought to adapt the theory

[47] As of the time of this writing, Ricardo Lagos and Alejandro Foxley are members of the Inter-American Dialogue, a prestigious network of global leaders from the United States, Canada, Latin America, and the Caribbean focused on providing output for democratic governance, economic growth, and social equity across the Americas.

produced in the United States to the specific realities of Chile. Initially, he collaborated as a marginal advisor to the military junta but soon distanced himself from the military regime due to the persecution of Christian Democrats. From 1970 on, Massad pursued an international career as Executive Director at the International Monetary Fund (1970-1974), consultant and member of the council of Economic Research Evaluations at the World Bank (1978-1981), consultant and Adjunct Executive Secretary at ECLA (1974-1992), and visiting professor at U.S. universities such as the University of California-Los Angeles. After 1973, he was a consultant for various private businesses and a professor at the University of Chile until 1981 and at the University of Santiago from 1982 to 1990.[48] According to Sebastián Edwards, Massad acted as a "bridge" between the Chicago-trained Pinochet economists and the economists of the Concertación coalition who replaced the former in key government posts.[49] From 1994 to 1996, Massad served as Minister of Public Health during the administration of Eduardo Frei Ruiz-Tagle (1994-2000) and later as President of the Central Bank from 1996 to 2003 under the administration of Ricardo Lagos (2000-2006).

The political relevance of Ricardo Lagos cannot be exaggerated. He served as President of Chile and stood out as one of the principal opponents to the Pinochet regime and leader of the Concertación coalition. His story provides insights into the changes Chile underwent as part of the globalization of economics education. Notably, Lagos became the first economist to become President of Chile, the first Chilean

[48] As professor at the University of Chile, Carlos Massad wrote an economics textbook targeted to high-school students. Carlos Massad, Hugo Lavados, and Luis Riveros, *Nociones de economía* (Santiago: Editorial Universitaria, 1979).
[49] Sebastián Edwards, *The Chile Project: The Story of the Chicago Boys and the Downfall of Neoliberalism* (Princeton: Princeton University Press, 2023), 36.

President to hold a doctorate, and the first Chilean President to graduate from a U.S. university. In addition to these academic credentials, he was a lawyer who graduated from the University of Chile. Ricardo Lagos embodied the Chilean middle class that grew under the developmental state between the 1930s and 1970s, and he was a member of the middle-class-oriented Radical Party until 1961. After graduating from Duke University, his path began as an academic with political aspirations at the University of Chile, someone capable of engaging in dialogue with Fidel Castro, in the early 1970s. He evolved into a politician with intellectual leadership within the Global South in the 1970s and 1980s, advocating for and leading a Latin American "third way" of development in the 2000s. This approach was distinct from both the neoliberal legacies of the 1980s and the socialist models of countries such as Cuba, Venezuela, and Bolivia at the beginning of the twentieth-first century. As a figure of international renown, Ricardo Lagos's trajectory highlights the continuing pursuit undertaken by intellectuals who give voice to Latin America in the Global North: the realization of meaningful development tied to action.[50] As an economic scholar, Lagos was aware that economics is a discipline constituted by values and paradigms decided by the social scientific community rather than a value-free science, as proponents of Milton Friedman's ideas argued during the limited debates allowed in Pinochet's Chile. In Lagos's view, the proactive role of the state in the economy and the inherently non-neutral conceptualization of social sciences and economic knowledge were fundamental notions.

[50] Joseph A. Kahl, *Three Latin American Sociologists: Gino Germani, Pablo Gonzales Casanova, Fernando Henrique Cardoso* (New Brunswick and Oxford: Transaction Books, 1988).

Alejandro Foxley's career offers a compelling view into the power of economic knowledge and its purposeful impact on reality. His itinerary illustrates the transition of a young intellectual from the quiet and isolated study of laboratories, as he graduated as a chemical engineer, to the political arena, where he assumed important national responsibilities as Minister of Finance (1990-1994), Senator (1998-2006), and Minister of Foreign Affairs (2006-2009). At 34, after earning a Ph.D. in economics at the University of Wisconsin-Madison, Foxley was propelled into political life following the 1973 coup d'etat, when democratic institutions, behaviors, and principles seemed irremediably lost for many in Chile. His challenges shifted as restoring democracy under the Pinochet dictatorship became a priority. As a protagonist liaison between the Chilean opposition and intellectual and political allies in developed countries, Foxley led the formulation of the ideas that democratic forces used to confront the Pinochet dictatorship. He helped conceive an economic and political alternative to the authoritarian stabilization policies enforced by military rule. This alternative development model was based on the improbable notion of "social tandem" among the government, business leaders, and workers to reduce poverty and inflation, which eventually prevailed while integrating Chileans into the global economy. As a "technopol,"[51] Foxley sought a balance in development, identifying the intersections

[51] According to Jorge Domínguez, "technopols are a variant of technocrats." In addition to the high expertise of a technocrat, technopols are political leaders "(1) at or near the top of their country's government and political life (including opposition parties) who (2) go beyond their specialized expertise to draw on various different streams of knowledge and who (3) vigorously participate in the nation's political life (4) for the purpose of affecting politics well beyond the economic reals and who may, at times, be associated with an effort to "remake" their country's politics, economics, and society." Jorge Domínguez, "Technopols. Ideas and Leaders in Freeing Politics and Markets in Latin America in the 1990s," in Jorge Domínguez, ed., *Technopols. Freeing Politics and Markets in Latin America in the 1990s* (University Park: The Pennsylvania State University Press, 1997), 7. See also in this volume, Jeanne Kinney Giraldo, "Development and Democracy in Chile: Finance Minister Alejandro Foxley and the Concertación's Project for the 1990s," 229-275.

between its historical causes, potential present interventions, and unintended future consequences. In this quest, Foxley put the regionalization of social sciences in Latin America that occurred in response to the rise of authoritarian regimes in contact with one of U.S. social sciences' most original and provocative lines of thought.[52]

Historiographic Contributions

This dissertation engages in three historiographic conversations. First, it contributes to the history of the circulation of economic knowledge in Latin America. Most historical accounts of Chilean contributions to economic knowledge primarily focus on the several cohorts of Chilean policymakers trained at the University of Chicago, who formed the technocratic backbone of the Pinochet dictatorship between 1973 and 1990. Their involvement in government profoundly transformed state-society relations in Chile, serving as a central topic for historians, economists, political scientists, and sociologists of economic knowledge.[53] As Juan Gabriel Valdés posits, the elite of the "Chicago School" framed economic science, equivalent to the natural sciences in their view, as the motor behind the organization of society.[54] This dissertation shows that

[52] Jeremy Adelman and Margarita Fajardo, "Between Capitalism and Democracy: A Study in the Political Economy of Ideas in Latin America, 1968–1980," *Latin American Research Review* 51, no. 3 (2016): 3-22, esp. 16.
[53] For example, Patricio Silva, "Technocrats and Politics in Chile: From the Chicago Boys to the CIEPLAN Monks," in *Money Doctors, Foreign Debts, and Economic Reforms in Latin America from the 1890s to the Present,* ed. Paul Drake (Wilmington, Delaware: A Scholarly Resource Inc., 1994), 205-230, esp. 210; Valdés, *Pinochet's Economists*; Carlos Huneeus, "Technocrats and Politicians in an Authoritarian Regime. The 'ODEPLAN' Boys and the 'Gremialists' in Pinochet's Chile," *Journal of Latin American Studies* 32, no. 2 (May 2000): 461-501; Montecinos, "Economics: the Chilean Story," 142-194, esp. 150-154; Valerie Brender, "Economic Transformations in Chile: the Formation of the Chicago Boys," *The American Economist* 55, no. 1 (Spring 2010): 111–122; Kedar, "The International Monetary Fund and the Chilean Chicago Boys, 1973–7;" Edwards, *The Chile Project*.
[54] Valdés, *Pinochet's Economists*, 6.

the circulation of economic knowledge between Chile and the United States was more sophisticated and heterogeneous than merely transferring ideas from the University of Chicago to a select group of economists who designed Pinochet's Chile. Other universities and global foundations, especially in the early Cold War period, supported economists in viewing the relationship between economic science, society, and the state differently from how the University of Chicago-trained economists viewed that triangle of relationships. Drawing also from their prior training in Chile, the economists trained at other U.S. universities such as Lagos and Foxley believed that history, institutional developments, and social circumstances determine economic theory and practice. This dissertation invites readers to delve deeper into the work of economists such as Massad, Lagos, and Foxley, who articulated alternatives, built upon Socialism and Catholicism, to the adoption of U.S.-style capitalism and the free market implemented by the Pinochet dictatorship.[55]

Second, as the discipline of economics became an important element in U.S. foreign policy during the Cold War, this research joins the historiography on U.S. social science hegemony. By offering a transnational contextualization of the U.S.-dominated internationalization of economics in Chile, this dissertation expands the understanding of the transnational entanglements of Cold War social science. As Solovey and Daye argue, applying transnational perspectives to Cold War social science helps assess the extent and limits of "Americanization" in social sciences and how ideas and practices

[55] See, for example, Johanna Bockman, "Democratic Socialism in Chile and Peru: Revisiting the "Chicago Boys" as the Origin of Neoliberalism," *Comparative Studies in Society and History* 61, no. 3 (2019): 654-679, esp. 661-666, 674-677.

went from periphery to center and vice versa during the Cold War.[56] The internationalization of economics since the 1950s was dominated by the United States' vast resources, power, and global ambitions. This process involved co-opting technocratic elites, empowering universities through research and training, strengthening social science departments, particularly economics, and ultimately shaping economic policymaking through an intellectual class that embraced either the market- or state-driven version of U.S. capitalism. My research shows that the discipline and profession of economics was a crucial arena for the United States to assert its "soft" power as it helped to export a pluralism in tune with postwar international liberalism.[57] The transnational trajectories of Massad, Lagos, and Foxley exemplify the dual process of the economization of policymaking and the politicization of economics, a particular legacy of the Cold War in Chile. In Chile, the Cold War's "knowledge society" legitimized the notion that economists should be in charge of the government, revealing how transnational entanglements penetrated the Chilean state.

This dissertation engages in a third historiographic conversation: the impact of the Cold War in Chile and the political economy paradigm dominated by neoliberalism and the legacies of the "neoliberal moment" in the Americas.[58] The neoliberalism that emerged in Chile during the 1970s and 1980s was part of the broader "rise and fall" of

[56] Mark Solovey and Christian Dayé, "Introduction: Cold War Social Science, Transnational Entanglements," in *Cold War Social Science. Transnational Entanglements*, eds. Mark Solovey and Christian Dayé (Cham: Palgrave Macmillan, 2021), 1-41, esp. 20.
[57] According to Joseph Nye, the spectrum of behaviors included in soft power are "agenda-setting that is regarded as legitimate by the target, positive attraction, and persuasion." I interpret the role of U.S. universities in Chile as instruments of U.S. "soft power," not necessarily as political agents of the U.S. government, but entities successful in fulfilling the three conditions mentioned above. Joseph Nye, "Soft power: the evolution of a concept," *Journal of Political Power* 14, no.1 (2021), 196–208, esp. 201, https://doi.org/10.1080/2158379X.2021.1879572.
[58] Verónica Montecinos and John Markoff, "Economists in the Americas: Convergence, Divergence, and Connection," in Montecinos and Markoff, *Economists in the Americas*, 1-62, esp. 49-51.

the mid-century developmentalist state. Following Offner's perspective, my work underscores that the circulation of knowledge on economic development was far from unilinear. In the 1970s, Chilean neoliberals built on the thinking of reformists, and by the 1990s, reformists incorporated aspects of neoliberalism.[59] The idea that neoliberal states were incubated within mid-century developmentalist states destabilizes conventional understandings of neoliberalism as a mere reducing the state's role. Neoliberalism is not beyond the state; the struggle to control the state apparatus and national legitimacy is a necessary element for neoliberal governance. Ultimately, the intertwined body of economic knowledge and policies can be better understood as a historical relationship —malleable and reversible— that only provisionally organizes society. The argument I draw from these ideas is that the predominant economic paradigm in Chile, aside from the period 1973-1990, have been more multifaceted and complex than often acknowledged in a conversation dominated by the impacts of the Chicago School in Chile. The conversation needs to turn to the alternatives to neoliberal rule. This dissertation studies several of them.

Methodology and Sources

This research analyzes records from the 1950s and early 1970s produced by different U.S. administrations and the Rockefeller and Ford Foundations, held at the Eisenhower Presidential Library, the National Archives II, and the Rockefeller Archive Center. This material provides insight into the transnational circulation of economic ideas and policies within the context of the Point Four and Alliance for Progress policies of the

[59] Offner, *Sorting Out the Mixed Economy*, 15.

1950s and 1960s, as well as the Rockefeller and Ford Foundations's support for the development of economics at universities and think tanks in Chile. To understand the experiences of Massad, Lagos, and Foxley as graduate students at the University of Chicago, Duke University, and the University of Wisconsin-Madison in the late 1950s and 1960s, I utilized records from the archives of these institutions. For insights into their later careers as academics and politicians from the 1970s to the 1990s, I drew on Chilean journals and newspapers, a selection of their books, papers, and monographs, and several digital and physical archives that provided supplementary information about their careers. These include the archives at the University of Arkansas, which holds the papers of the Fulbright Program,[60] and the University of Notre Dame, where Foxley was Helen Kellogg Professor of Economics and International Development from 1982 to 1989. With more specific research questions in mind, I visited the Mudd Library at Princeton University, which holds Albert Hirschman's papers, to explore the connections between this influential developmental economist and Alejandro Foxley, CIEPLAN, and Chile in the 1970s and 1980s. I also navigated online archives to fully understand the public roles of the main characters in this dissertation. These include

[60] On March 31, 1955, the governments of the United States and Chile signed an agreement to establish the Commission for Educational Exchange between the United States and Chile. This agreement, conceived under the Fulbright Act of 1946 that authorized the use of funds from the surplus of the sales of war material to finance educational exchange programs with other countries, aimed to fund studies, research, instruction, and other educational activities for U.S. citizens in Chilean schools and institutions of higher learning located in Chile as well as to cover the expenses for Chilean students attending schools and institutions of higher learning in the continental and insular United States. Over the years, this program has facilitated the transnational exchange of U.S. and Chilean scholars and students, achieving a level of academic and cultural interchange that transcends the scope of this work. On its article 8, the agreement stated that "currency of Chile acquired by the Government of the United States pursuant to the surplus Agricultural Commodities Agreement, dated January 27, 1955, and any other currency of Chile owed to or owned by the United States and available for educational exchange activities may be used for the purposes of this agreement (...)" Establishment of the Commission for Educational Exchange, box 126, Bureau of Educational and Cultural Affairs, University of Arkansas Libraries Special Collections Division, University of Arkansas.

the digital archives of the International Monetary Fund and the Chilean Central Bank for information on Massad, the Archive of the Presidency of Patricio Aywin held by the Alberto Hurtado University, and the Patricio Aylwin Digital Repository for details on Foxley, and the Ricardo Lagos Archives held by the Democracy and Development Foundation and digitized by the Diego Portales University. For a more personal perspective on several processes examined here, this dissertation relies on interviews with Chilean economists trained at the University of Chicago in the 1960s and U.S. academic actors who worked for the Ford Foundation and the University of Wisconsin-Madison Land Tenure Center (LTC) in Chile in the 1970s and 1980s.

On the one hand, these primary sources reflect the multilayered scope of this dissertation, although it is worth noting that this work is not about economic theory. By exploring the transnational trajectories of Carlos Massad, Ricardo Lagos, and Alejandro Foxley, this dissertation uncovers the relationships between U.S. and Chilean scholars and institutions at critical moments for the development of the discipline of economics in Chile. The lives of Massad, Lagos, and Foxley reveal a crucial moment in the history of the discipline of economics in Latin America when U.S. hegemony drove its internationalization in the 1950s and 1960s. Later, they helped the U.S.-oriented professionalization of economics at Chilean universities. The sources mentioned helped historicize and interrogate interpretations of the economic role of the Chilean state during the Cold War, critically reflecting on the neoliberal trajectory of Chile's economic development in the 1980s and later. However, the sources have their limits, which I have tried to overcome by using Ricardo Lagos's two-volume memoirs

and Alejandro Foxley's memoir, published as an interview in 2017.[61] Carlos Massad has not published a memoir, but like Lagos and Foxley, he has given some biographical interviews.[62] All this material has been an indispensable reference for this dissertation, providing valuable information about these men's reflections on the circumstances they faced whenever relevant.

Additionally, my work contributes to and aims to broaden the assertion that U.S. diplomatic records are essential for a comprehensive understanding of the multiple dimensions of the history of Cold War-era Chile.[63] The sources this research relied on show that, in addition to the remarkably informative diplomatic records, material held by U.S. universities and global foundations deserve more significant consideration in analyzing the role of the United States in Chile before, during, and after the Cold War. These sources offer avenues for further investigation that this dissertation, constrained by space and focused on preserving the coherence of its thesis, could not fully explore. Notwithstanding, further research into the transnational relations of science, disciplines, and knowledge between the United States and Latin American countries is necessary and feasible. While my methodological approach primarily allows for national analysis rather than regional or local, it should provide a sense of how economic knowledge influenced the everyday life of Chileans in the second half of the

[61] Ricardo Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I* (Santiago: Editorial Debate/Penguin Random House, 2014); Ricardo Lagos, *Mi vida: gobernar para la democracia. Memorias II* (Santiago: Editorial Debate, 2020); Cony Stipicic and Cecilia Barría, *La Segunda Transición. Conversaciones con Alejandro Foxley* (Santiago: Editorial Uqbar, 2017). Foxley's book is a chronological interview commenting on the most important episodes of his scholarly and political life.
[62] I relied on an interview with Carlos Massad conducted by Chilean historian Patricia Arancibia Clavel on July 20, 2009, for her TV show *Una Cita con la Historia* ("A Date with History"). I do so with the permission of the interview's author, who kindly shared a copy of the transcript with me. Personal communication, 15 March 2023.
[63] Sebastián Hurtado-Torres, *The Gathering Storm. Eduardo Frei's Revolution in Liberty and Chile's Cold War* (Ithaca and London: Cornell University Press, 2020), 9.

twentieth century. Finally, readers may be disappointed by the limited representation of women in my narrative, and I share that frustration. In Chile, the realm of science, particularly economics and its application in political spheres, has been traditionally dominated by men. As scholars, we must cooperate in thinking about ways to close this persisting gender gap, especially in less wealthy countries. The first step is to recognize the issue.

Chapter Outline

This dissertation is organized into three parts, each analyzing a stage of the development of economics in Chile. Part I "The Chilean State and the Origins of the Discipline and Profession of Economics, 1930s-1950s" explores the origins of the economics discipline and profession in Chile from the 1930s to the 1950s as a primarily government-driven domain of knowledge. Part II "Chilean Scholars and U.S. Economics, Universities, and Global Foundations: The Transnational Trajectories of Carlos Massad, Ricardo Lagos and Alejandro Foxley, 1950s-1970s" focuses on the U.S.-dominated internationalization of this discipline from the late 1950s to the early 1970s. Part III "The Transnational Battle Over Economic Ideas and Policies in Chile, 1970s-1990s" covers the period of the Pinochet dictatorship (1973-1990) and the Concertación era (1990-2010), during which professional economists became primordial members of governing elites.

Chapter 1 "The Dawn of the Economic Discipline and Profession in Chile: Transnational Institutions, Ideas and Intellectuals (1930s-1950s)" recounts the development of the economics discipline at the University of Chile, beginning in 1935

with the establishment of the School of Commerce and Industrial Economics, and highlights how this institution became a regional leader in economic knowledge production. It examines how Chilean intellectuals drew on European and U.S. sources to understand the interplay between the state, economic knowledge, and universities as well as the substance and boundaries of the economics discipline and its professional application. I argue that this successful construction of the economics discipline was made possible by a generation of Chilean and international scholars who engaged with the mainstream economic ideologies of their times: economic nationalism in the 1930s, Keynesianism in the 1940s, and structuralism in the 1950s with the emergence of ECLA culture.

Chapter 2 "The Ibáñez Administration and the U.S.-Style Economics in Chile in the 1950s" examines how the Eisenhower administration (1953-1961) laid the groundwork for a U.S.-style economic system in Chile that emphasized the centrality of the market, understood monetary phenomena as the core of economic analyses, and fostered research in microeconomics with an individualistic methodological approach. The Eisenhower administration's soft approach included technocratic cooperation with the Chilean government through the Klein-Saks Mission from 1955 to 1958 and establishing an economic research center at the Catholic University, with fundamental assistance from the International Cooperation Administration (ICA) and the University of Chicago, beginning in 1956. This chapter also traces the intertwined history and significance of the University of Chile's Institute of Economics in consolidating the discipline of economics with the support of the Rockefeller Foundation, particularly after the arrival of the Austro-American emigre economist Joseph Grunwald in 1955.

As a liaison of the Rockefeller Foundation, Grunwald led the Institute of Economics to quickly gain recognition from Chilean and international scholars as a leading center for research on economic issues in Chile and Latin America. By highlighting the role of the U.S. government in promoting market-driven capitalism and reducing government spending in Ibáñez's Chile and of the part of the University of Chicago and the Rockefeller Foundation in the empowerment of the economics discipline at Chilean universities, this chapter suggests that we must understand the early U.S.-style economics in Chile through its institutional foundations.

Part II follows the transnational trajectories of Carlos Massad, Ricardo Lagos, and Alejandro Foxley from 1956, when Massad began his career at the University of Chicago, to the aftermath of the 1973 coup d'etat. Chapter 3 "Carlos Massad and the Emergence of U.S.-Trained Economists in Chile (1950s-1970s)" explores the history of Carlos Massad between 1956 and 1974 to highlight the internationalization of Chilean economists that started in the late 1950s with Chilean students such as Massad going to the University of Chicago and the increasing institutional power of the discipline of economics he embodied as director of the Institute of Economics at the University of Chile from 1959 to 1964. By delving into Massad's early career, this chapter reconstructs the institutional dynamics within the Department of Economics at the University of Chile during a critical period when political and intellectual elites in Chile began viewing economists as leading figures in overcoming the "underdevelopment" of less wealthy countries.

Chapter 4 "The U.S.- Dominated Internationalization of Chilean Economists in the 1960s: The Cases of Ricardo Lagos and Alejandro Foxley (1960-1970)" expands

on the theme of the internationalization of Chilean economists in the 1960s by analyzing the experiences of Ricardo Lagos and Alejandro Foxley studying economics at U.S. universities. This chapter explores the significance of the transnational experiences of Chilean graduate students of economics at various U.S. universities, the role of this global education in fostering U.S. diplomacy in Chile, and the debates the U.S.-dominated internationalization of economics sparked among scholars in Chile. Universities and global foundations interested in expanding U.S. soft power chose Chilean students for their potential as future leaders in economics. The cases of Lagos and Foxley were particularly representative. Both were members of the two major Chilean middle-class political parties: Lagos was affiliated with the Radical Party, and Foxley with the Christian Democratic Party. This chapter argues that by shaping the economic knowledge of this cohort of economists, the U.S. academic graduate system effectively trained the Chilean state's technocratic middle-class leaders to spearhead Chilean society within the framework of capitalist modernization. This capitalist rationale, whether state-driven or market-driven, was intended by U.S. actors to preclude socialist approaches to economic knowledge from becoming predominant. Lagos and Foxley, initially critical of the U.S. role in Latin America and its capitalist model, gradually became more appreciative of the U.S. social democratic-oriented tradition and its achievements in promoting social equity.

Chapter 5 "The U.S-Oriented Professionalization of Economics in Chile: The University of Chile as a "Contact Zone" (1960s-1970s)" examines how professional economists rose to become influential intellectual elites, driven by the U.S.-modeled professionalization of economics. It argues that the professionalization of economics

in Chile was a complex, two-way process shaped by both domestic and international forces. The Department of Economics at the University of Chile, where Massad, Lagos and Foxley worked as professors and researchers during the 1960s, played a crucial role in this process. It became a "contact zone," where Chilean and U.S. economists from various schools collaborated to enhance economics training and research on policy-related matters. U.S. institutions like the Land Tenure Center at the University of Wisconsin-Madison and the Ford and Rockefeller Foundations were key contributors to the modernization theory-led development of economics education in Chile. Ultimately, U.S. institutions did not achieve their goals. During the late 1960s and early 1970s, following the global turmoil sparked by Cold War tensions, student protests and the increasingly political role of social sciences, universities in Chile became battlegrounds for competing political agendas of left, center, and right. The Department of Economics at the University of Chile, which had adopted a pluralist approach to economics education, experienced the polarization that encapsulated Chile under the Allende administration. The rise of the Pinochet dictatorship in 1973 ended the ecosystem of social sciences developed in Chile since the 1950s and changed the balance of internal forces within the economics discipline, as opposing views were dismissed and neoliberal ideas forged at the University of Chicago became mainstream.

Part III illustrates the history of the problem described in Shane Hunt's characterization of the economic debate in Chile as a clash between neostructuralism and neoliberalism. Chapter 6 "Neostructuralism versus Neoliberalism in the Era of Structural Adjustment: Center-Left Economists and Pinochet's Neoliberal Model (1973-1988)" examines the public roles of Alejandro Foxley and Ricardo Lagos in the

struggles against the Pinochet dictatorship. Both Lagos and Foxley qualified the idea that the state was the central agent for economic development while rejecting the neoliberal modernization predicated on trickle-down economics. In response to the rise of authoritarian regimes in Latin America and the devastating effects of the 1982-83 debt crisis in Chile, both Lagos and Foxley epitomized a center-left intellectual reassessment of the opening of the economy, economic growth, and redistribution goals, laying the groundwork for the integration of economic growth and equity during the Concertación era. Massad, who is not a central actor in this chapter, did not directly participate in opposition efforts to Pinochet, although he remained critical of the neoliberal model under the military regime. This chapter argues that neostructuralism initially emerged in opposition to the adverse impacts of the Pinochet dictatorship, enjoying material and ideological backing from U.S foundations and economic scholars critical of the neoliberal turn. However, upon reaching a preeminent position of influence in state policymaking, neostructuralism evolved into a continuity of neoliberalism, prioritizing economic growth while diverging with neoliberal policies in its emphasis on social equity. In the epilogue "The Concertación Years (1990-2010)," I examine the Concertación years to reflect on the role of neostructuralism in power and the legacies of the center-left administrations in the pursuit of "growth with equity."

Chapters 3 to 6 explore the public careers and writings of Massad, Lagos, and Foxley within the realms of power and knowledge in Chile. Tracing their itineraries makes it possible to reevaluate the impacts of the Cold War in Latin America and capture the relevance of experts to how Latin Americans navigated this ideological

conflict. While ideological political struggles and teleological narratives were principal battlegrounds between U.S. capitalism and Soviet communism allies in Chile, Latin American intellectuals such as Massad, Lagos, and Foxley appropriated economic ideas innovatively, transcending the Cold War's binary framework. They engaged with Marxism, Keynesianism, neoliberalism, and other economic philosophies with academic freedom and individual political commitments amidst shifting circumstances. Sometimes diverging, sometimes converging in the pursuit of their ideals of freedom and social justice, they all understood economics not merely as a discipline to interpret the world but also as a means to govern it.[64]

[64] Before reading this dissertation, one caveat is pertinent. Due to the many scholars mentioned in passing throughout this work, I provide a short biographical index of characters featured in my narrative at the end of this work.

Part I. The Chilean State and the Origins of the Discipline and Profession of Economics, 1930s-1950s

Part I examines the development of the economics discipline and profession in Chile from the 1930s to the 1950s. chapter 1 focuses on the role of the University of Chile, a public institution, in the Chilean state's response to its need of a new domain of knowledge to study how to rationalize public and private resources. The emergence of the discipline of economics in Chile was closely linked to the hegemonic crisis of the traditional liberal system, precipitated by the end of the First World War and the devastating impact of the Great Depression on the Chilean economy in the early 1930s. The political deadlock during Arturo Alessandri Palma's first presidency (1920-1925) paved the way for the rise of military hegemony, which forced the exile and return of Alessandri and the approval of a new Constitution in 1925. This Constitution expanded the state's economic role, enabling it to mediate popular demands more effectively. The constitution empowered the executive branch to regulate labor and welfare, control prices, and promote import-substitution industrialization (ISI), broadening the state's capacity for redistributive measures.[65]

The global upheavals of revolution and economic depression facilitated the rise of new forms of lower-class politics, represented by the Communist Party and the

[65] Rodrigo Henríquez Vásquez, *En "Estado sólido." Políticas y politización en la construcción estatal. Chile 1920-1950* (Santiago: Ediciones Universidad Católica de Chile, 2014), 11-14, 135-162; Francisca Rengifo, "El estado de seguridad social chileno y la institucionalización desigual del bienestar," in *Historia política de Chile, 1810-2010. Volumen 2. Estado y sociedad*, eds. Iván Jaksić and Francisca Rengifo (Santiago: Fondo de Cultura Económica, Universidad Adolfo Ibáñez, 2017), 397-423; David Rock, "War and Postwar Intersections. Latin America and the United States" in *Latin America in the 1940s*, ed. David Rock (Berkeley, Los Angeles, London: University of California Press, 1994), 15-40, esp. 16.

Socialist Party. President Arturo Alessandri and dictator Carlos Ibáñez del Campo (1927-1931) crafted welfare policies to incorporate political and economic demands of leftist parties and the labor movement into the emerging new order, aiming to deactivate social unrest.[66] The Ibáñez dictatorship pursued the creation of a depoliticized "administrative state" that emphasized technocratic governance of the state apparatuses.[67] However, this technocratic experiment was short-lived, as Ibáñez's government collapsed abruptly. In 1931, nitrate exports nearly ceased entirely, and copper exports experienced a significant decline. This led to severe restrictions on imports and an inability to meet foreign debt obligations. The urban economy was hit hard by these constraints on foreign trade, and the resulting financial debacle triggered civil disturbances that forced Ibáñez to resign and opened a period of political instability.[68] Arturo Alessandri emerged to restore order. In his second presidency from 1932 to 1938, President Alessandri reinforced efforts to modernize public administration and further expanded the state's role in economic development.[69]

From 1938 to 1952, the administrations of Radical Party Presidents, including Pedro Aguirre Cerda (1938-1941), Juan Antonio Ríos (1941-1946), and Gabriel González Videla (1946-1952) expanded policies of import-substitution industrialization while consolidating the role of technocrats initiated under Ibáñez. The Popular Front administrations promoted an "entrepreneurial" state. This state,

[66] On the 1925 Constitution order and the role of the left, see Alan Angell, *Politics and the Labour Movement in Chile* (Oxford: Oxford University Press, 1972); Paul Drake, *Socialism and Populism in Chile, 1932-1952* (Urbana: University of Illinois Press, 1978); Julio Faúndez, *Marxism and Democracy in Chile. From 1932 to the Fall of Allende* (New Haven and London: Yale University Press, 1988); Carmelo Furci, *The Chilean Communist Party, and the Road to Socialism*. (London: Zed Books, 1989).
[67] Patricio Silva, *In the Name of Reason. Technocrats and Politics in Chile* (University Park: The Pennsylvania State University Press, 2008), 57.
[68] Silva, *In the Name of Reason*, 82.
[69] Silva, *In the Name of Reason*, 87-91.

characterized by active involvement in economic affairs, took shape in the Production Development Corporation (CORFO, Corporación de Fomento de la Producción). Founded in 1939 to mitigate the effects of a devastating earthquake in southern Chile, CORFO became the driving force behind the import-substitution industrialization strategy and the professionalization of economic work. This agency assembled economists and engineers trained at the University of Chile to spearhead these initiatives. In the following years, CORFO, with financial support from the Export-Import Bank and the International Bank for Reconstruction and Development (IBRD), launched state enterprises of significant public importance, including the Copper Manufactures (MADECO, Manufacturas de Cobre) and the National Company of Electricity (ENDESA, Empresa de Electricidad Nacional) in 1944, the Pacific Steel Company (CAP, Compañía de Acero del Pacífico) in 1946, the National Petroleum Company (ENAP, Empresa Nacional de Petróleo) in 1950, and the National Industry of Sugar (IANSA, Industria Azucarera Nacional) in 1953.

Chile's development of state power and national industry responded to broader international trends. As the Second World War concluded, a new global order dominated by Keynesian-oriented U.S. New Deal policies and institutions took shape.[70] To promote postwar stability, the U.S. employed its political and economic resources to establish a more open international economic system. The World Bank and the International Monetary Fund, established in 1944, and the creation of the General Agreement on Tariffs and Trade (GATT) in 1947 reflected the U.S. objective

[70] Amy L. Staples, *The Birth of Development. How the World Bank, Food and Agriculture Organization, and World Health Organization Changed the World, 1945-1965* (Kent: The Kent State University Press, 2006), 1-45; Michelle Alacevic, *The Political Economy of the World Bank: The Early Years* (Washington DC: World Bank Publications, 2009), 11-63.

of promoting international trade, lowering tariffs, and helping the reconstruction of Europe and other regions after World War II.[71]

Latin American economic intellectuals voiced their dissatisfaction with the international economic system of the nascent postwar "development era." Among the most prominent critics was Argentinian economist Raúl Prebisch, who served as the executive director of the U.N. Economic Commission for Latin America (ECLA, Comisión Económica para America Latina, est. 1948) from 1950 to 1963. Prebisch developed the influential theory of unequal exchange between "center" and "periphery."[72] According to this view, the wealth gap between richer and poorer nations stemmed from the deterioration of terms of trade, which allowed wealthier countries to absorb a disproportionate share of the global income. Latin American economic intellectuals aimed to reverse the flow of resources from the South to the North by constructing a regional perspective on economic development. Under Prebisch's leadership, ECLA developed a structuralist approach as an original intellectual framework designed to analyze the specific economic challenges of Latin America. This approach challenged conventional views of development as a harmonious or balanced process and instead emphasized structural imbalances in global economic relations.[73]

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[71] Stephen Macekura, "The Point Four Program and U.S. International Development Policy," *Political Science Quarterly* 128, no. 1 (Spring 2013): 127-160, esp. 127-131.
[72] Raúl Prebisch, "El desarrollo económico de América Latina y algunos de sus principales problemas," *El Trimestre Económico* 16, no. 63 (July-September 1949): 347-431; Raúl Prebisch, "Cinco etapas de mi pensamiento sobre el desarrollo," *El Trimestre Económico* 50, no. 198 (April-June 1983), 1077-1096, esp. 1078-1080; E.V.K. FitzGerald, "ECLA and the Formation of Latin American Economic Doctrine," in Rock, *Latin America in the 1940s*, 89-108; Dosman, *The Life and Times of Raúl Prebisch*, 188-296.
[73] Fajardo, *The World that Latin America Created*, 18-19.

In order to keep promoting international stability, U.S. postwar international liberalism drove the creation of the Point Four program, launched in 1949 by President Harry Truman (1945-1953). Truman pledged to share U.S. scientific advances and technical knowledge with "underdeveloped" countries to stimulate economic development. The Point Four program built on initiatives of the Institute of Inter-American Affairs (IIAA), which had been established by the Roosevelt administration (1933-1945) in 1939 to collaborate with Latin American countries on raw material extraction, boosting domestic production, and countering Nazi influence in the region. The economic needs created by the war effort expanded the IIAA's scope.[74] Emerging in a world devastated by war and in need of recovery and reconstruction, the Point Four program unified preexistent foreign aid policies, bringing international development policy into the core of U.S. foreign policy apparatus to an unprecedented extent. The program's assistance projects, managed by the Technical Cooperation Administration (TCA, established in 1950), were grounded in technical expertise and a philosophy of "self-help" through a combination of public and private investment. This developmental doctrine attempted to foster economic growth and create a capitalist trading bloc with the countries that received the financial and technical assistance from the United States.[75]

To illuminate the dimensions of this U.S. non-military assistance in 1950s Chile, chapter 2 explores the influence of the Eisenhower administration in the Chilean

[74] The U.S. Technical Cooperation Program in Chile was established in May 1943 when Chile and the United States agreed to create the Health Service. Between 1943 and 1951, the only cooperative activity carried out in Chile by the Institute of Inter-American Affairs, a brainchild of philanthropist Nelson Rockefeller, was the health program, including the building of water supply and sewage systems, sewage treatment plants, hospitals, sanatoria, health centers, and the furnishing equipment for these institutions.
[75] Macekura, "The Point Four Program," 127-131.

state and the impact of U.S. universities, scholars, and global philanthropic foundations in Chilean universities. It aims to add an innovative perspective to the literature about U.S. involvement in Chile by showing that processes initiated in the 1950s are crucial to understanding later economic policymaking and ideological development measures in Chile. The U.S. influence in the 1950s sought to reshape a vital segment of the Chilean technocratic middle class, making it more receptive to U.S. policies and administrative influence. This chapter argues that the efforts of the Eisenhower administration led to a combination of successes and failures in Chile. Perhaps more importantly, these processes left traces of an early neoliberal paradigm that would become predominant among a segment of the Chilean technocratic class, making it more cosmopolitan and transnational.

Chapter 1: The Dawn of the Economics Discipline and Profession in Chile: Transnational Institutions, Ideas and Intellectuals (1930s-1950s)

1.1 Introduction

This chapter explores the evolution of the discipline and profession of economics in Chile from the 1930s to the 1950s, highlighting the increasing dominance of structuralist ideas forged at ECLA by the end of this period. It begins with the establishment of the School of Commerce and Industrial Economics at the University of Chile in 1935 and culminates in an examination of structuralism's influence on the public debate around inflation —a persistent issue in Chile since the Great Depression. Throughout these two decades, economic intellectuals worked to define the discipline's content, and a new cadre of professionals emerged to meet the Chilean welfare state's support for national economic development, which political and technocratic elites articulated in response to the global economic crisis of the 1930s. This period saw the creation of a demand for professional economists as political elites sought to prevent another crisis of the magnitude of the Depression by addressing Latin America's dependence on primary exports and imported manufactured goods. The institutionalization of economics programs at universities in Chile, Mexico, Argentina, and Brazil occurred in close connection with these concerns.[76]

[76] Hilary Burger, *An Intellectual History of ECLA Culture, 1948 to 1964* (Ph.D. Dissertation, Harvard University, 1998), 33.

The response of the Chilean state to the worldwide crisis of the 1930s shaped the development of the discipline and profession of economics between the 1930s and the 1950s while contributing to the subsequent hegemony of structuralism —simply put, the idea that development was responsibility of the state and should be based on technical and political planning. The election of Popular Front-backed President Pedro Aguirre Cerda in 1938 and the subsequent creation of CORFO gave a systematic impulse to increased state intervention in the Chilean economy.[77] CORFO technocrats played a crucial role in advancing Chile's economic expertise by producing pioneering financial and economic research on national income, gross domestic product, and national accounts.[78]

Chile was also instrumental in the creation of ECLA in 1948, whose culture became an essential echelon in the history of Latin American economic experts by promoting industrialization, development planning, economic literacy, and a structural explanation of the causes of inflation.[79] Following the force of ECLA, structuralist thought gained traction across Latin America, providing a theoretical framework for policies such as trade controls, foreign exchange restrictions, and expansive demand

[77] As Karin Rosemblatt argues, the 1930s and 1940s saw the expansion of rationalized forms of state power and national industry in Chile. This trend was followed by the rise of university-trained "welfare professionals", who educated and disciplined the poor through health, welfare, social security, and labor institutions. These experts' project to make the Chilean working class "respectable" was deeply gendered: men were expected to be breadwinners while women were seen as the foundation of domestic life. The Popular Front fostered alliances between middle-class reformers and the working classes, enabling popular organizations to gain direct representation in institutions like CORFO. Karin Rosemblatt, *Gendered Compromises. Political Cultures & the State in Chile, 1920-1950* (Chapel Hill, London: The University of North Carolina Press, 2000), 3-4.

[78] Ricardo Ffrench-Davis, Óscar Muñoz, José Miguel Benavente and Gustavo Crespi, "The Industrialization of Chile during Protectionism," in *An Economic History of Twentieth Century Latin America. Volume 3. Industrialization and the State in Latin America. The Postwar Years*, ed. Enrique Cárdenas, José Antonio Ocampo and Rosemary Thorp (Oxford: Palgrave, 2000), 128.

[79] Fajardo, *The World that Latin America Created*, 80-93.

policies.[80] In the postwar period, thanks to transnational connections fostered by the University of Chile, ECLA, and other international institutions, Chile emerged as one of the most dynamic and promising environments in Latin America for the development of economics and other social sciences.[81]

This chapter examines the development in Chile of the first generation of professional economists and their links with the intellectual evolution of Latin American economic thought to show how Chile assumed a leading regional role in producing structuralist economic knowledge before later flirtations with neoliberalism in the 1970s. The first section explores the early years of the School of Commerce and Industrial Economics, focusing on the influential role of Pedro Aguirre Cerda, its first dean from 1935 to 1938, and spotlighting Flavián Levine, one of its earliest graduates and a self-taught Keynesian technocrat of significant influence in CORFO. This section documents the University of Chile's economics faculty and details the biography of Chilean economic intellectuals of the first generation. It explores the early conceptualization and practice of economics during its formative years while tracing the field's evolution in Chile under the influence of the ideas of John Maynard Keynes —paving the way for the later impact of ECLA in the region. The next section shifts to the leadership of ECLA intellectuals in the multilateral institutionalization of

[80] Lustig, "From Structuralism to Neostructuralism: The Search for a Heterodox Paradigm," 30-34.
[81] Manuel Antonio Garretón, "Social Sciences and Society in Chile: Institutionalization, Breakdown, and Rebirth," *Social Science Information* 44 (2005): 359–409; Rolando Franco, *La FLACSO clásica: vicisitudes de las ciencias sociales latinoamericanas* (Santiago: FLACSO, 2007); Fernanda Beigel, "The Internationalization and Institutionalization of Research and Higher Education in Latin America: The Emergence of Peripheral Centers," in *The Politics of Academic Autonomy in Latin America*, ed. Fernanda Beigel (Farnham: Ashgate, 2013), 40-42; Gerónimo de Sierra, "Ciencias sociales en Chile y Uruguay," in *Las ciencias sociales en América Latina: de los inicios de la sociología a la teoría de la dependencia*, eds. Hélgio Trindade, Gerónimo de Sierra, and Gabriel Eduardo Vitullo (Buenos Aires: Eudeba, 2013), 231-237. This network of ideas also included other Latin American cities such as Buenos Aires, São Paulo, and Mexico City.

economics education and research at the University of Chile in the postwar era. It focuses on the Second Congress and First General Assembly of the Union of Latin American Universities (ULAU), held at the University of Chile in 1953. At this event, representatives from various Latin American universities conceptualized the region's first graduate school of economics in Latin America, which became ESCOLATINA (Escuela Latinoamericana de Economía) in 1957. The final section presents an overview of the public debate on inflation in the late 1950s, stressing ECLA's viewpoints through the work of Aníbal Pinto. Pinto, a structuralist economic intellectual who taught at both the University of Chile and ECLA, became one of the most relevant proponents of ECLA's ideas within the Chilean context, then shaped by chronic high levels of inflation and a structural syndrome of what he called "arrested development."

1.2 The Building of an Economics Network: The Establishment of the School of Commerce and Industrial Economics at the University of Chile (1930s-1940s)

By the 1930s, Chilean reformist elites sought to harness science in service of the economy, responding to global trends of state rationalization and economic nationalism that shaped the interwar period. This was the impulse for the formation of an economic network in Chile, which began at the two most important universities. The Catholic University, which educated Catholic elites, established a School of Commerce and Economic Sciences in 1924. Its primary aim was to train students in accounting rather than economic sciences. Similarly, the School of Commerce and Industrial Economics

at the University of Chile established in 1935 initially shared this professional orientation. However, as the University of Chile embraced the state-driven development ideology predominant in the 1930s and 1940s, the School of Commerce and Industrial Economics evolved into a "training camp" for technocratically minded "statist" economic professionals.[82] These professionals implemented the strategy of import-substitution industrialization characteristic of the Chilean state from the 1930s to the early 1970s. The creation of the School of Commerce and Industrial Economics at the University of Chile in 1935 crystallized the long-held aspirations of a generation of Chilean intellectuals who sought a more active role for the state in economic education.

Pedro Aguirre Cerda, a prominent politician and intellectual from the Radical Party, epitomized these ideas. Pedro Aguirre Cerda was born in 1879 in Pocuro, near Los Andes, in the central Chilean mountains, to poor farming parents. He attended a rural high school in his town, the Liceo of San Felipe, and later graduated from the University of Chile as a teacher of Spanish and philosophy and lawyer. The Chilean government recognized his exceptional abilities and funded Aguirre Cerda to further his studies in Europe. Between 1910 and 1914, he studied administrative and financial law at the University of Sorbonne and political economy and social legislation at the Collège de France. During this period, he also visited Spain, Belgium, England, and Italy, attending various conferences on agriculture and education. Later, Aguirre Cerda's political career began when he was elected deputy for the Radical Party, an organization representing secular middle classes, for two terms (1915-1921). His career

[82] Silva, *In the Name of Reason*, 93 f.7.

continued to rise as he served as Minister of Justice and Public Instruction during the Juan Luis Sanfuentes administration (1915-1920) in 1918. In this role, he visited several universities and institutes in the United States to learn about their newly implemented industrial education programs. Aguirre Cerda was appointed Financial Counselor of the Chilean Embassy in Washington, D.C. (1918), and later served as Minister of the Interior (1920-1921) of the first administration of Arturo Alessandri Palma (1920-1925), and as a Senator between 1921 and 1927.[83]

The rise of the Ibáñez dictatorship in 1927 forced Aguirre Cerda into exile in Paris until 1930. A critic of both extreme laissez-faire and revolutionary socialism, Aguirre Cerda embodied a reformist approach to evolutionary socialism, an ideological strain within the Radical Party since the early 1900s. As a lawyer and politician, Aguirre Cerda carried the legacy of José Victorino Lastarria (1817-1888), a liberal intellectual and politician who advocated for political reforms to limit state power and increase citizen participation in decision-making. Aguirre Cerda also followed in the footsteps of Lastarria's disciple Valentín Letelier (1852-1919), one of the Radical Party's principal intellectuals and a pioneer in the study of social sciences in Chile. The non-authoritarian technocratic positivism embraced by these middle-class liberal intellectuals and championed by Aguirre Cerda played an instrumental role in liberating Chile from oligarchic rule. It promoted the spreading of civil and political liberties,

[83] Harold Davis, *Makers of Democracy in Latin America* (New York: The H.W. Wilson Company, 1945), 110-112; Alberto Cabero, *Recuerdos de don Pedro Aguirre Cerda* (Santiago: Imprenta Nascimento, 1948), 11-133; Sergio Villalobos, "Época e ideas de Aguirre Cerda," in Pedro Aguirre Cerda, *El problema agrario. El problema industria*l (Santiago: Universidad San Sebastián, Centro de Investigaciones Históricas, 2019), 9-35, esp. 20-22.

including universal male suffrage, religious freedom, freedom of speech and press, and the establishment of civil institutions such as marriage, registries, and cemeteries.[84]

During his exile in Europe, Aguirre Cerda developed modernist ideas about Chile's economic challenges and the universities' role in solving them. In 1929, he published *The Agrarian Problem,* analyzing the rationalization and professionalization of land tenure and agricultural education, production, labor, and transportation. Four years later, he released *The Industrial Problem,* advocating for the scientific rationalization of Chile's industry. He criticized economic imperialism by international powers, specifically targeting trust and dumping practices, and identified critical sectors for Chile's economic progress, including food, construction, machinery, transportation, coal, electricity, oil, forestry, and fisheries.[85]

In these writings, Aguirre Cerda laid the groundwork for establishing an idea of a university closely linked to industry, agriculture, commerce, and everyday life. He emphasized applying Taylorist principles of scientific organization to state administration and technical knowledge production. Aguirre Cerda argued that universities should support private and public industries through research, fostering economic development and national welfare to address universities disconnect from social issues. He championed state-university collaboration, using science to substantiate the political goal of increased state involvement in the economy. Inspired by U.S. and German universities, Aguirre Cerda believed Chilean universities had a duty to cooperate in technical research to awaken a "national sentiment." He urged

[84] Silva, *In the Name of Reason*, 23-53, esp. 23.
[85] Pedro Aguirre Cerda, *El problema agrario. El problema industria*l (Santiago: Fundación Tierra Amarilla, 2012).

universities to "learn[ing] to research what is in the interest of the country," including hygiene, food, flora, fauna, water, agricultural production, hydrology, parasites, transportation, sanitation, and popular art.[86] By embracing the scientific development's rationalization and its application to governmental functions, Aguirre Cerda aligned himself with the belief that the state must efficiently execute social reforms.[87]

The University of Chile followed Aguirre Cerda's ideas. The main objective of the School of Commerce and Industrial Economics at the University of Chile was to create a discipline with tangible real-world applications while serving as the training center for technocrats who could administer the state using modern tools beyond the traditional political economy taught in law schools.[88] Arturo Alessandri Rodríguez, the dean of the School of Social and Juridical Sciences at the University of Chile, defined the new School's mission as producing "experts in the organization and management of industrial enterprises as well experts capable of applying their knowledge to our commercial expansion."[89]

The courses in the new tracks were designed to prepare young students for the growing complexity and universality of business administration and international trade. Both Commerce and Industrial Economics tracks were three-year programs. The programs included courses in law, history, geography, business administration, accounting, statistics, mathematics, and other technical disciplines. Mathematics was central to training these business-oriented economic professionals, with students

[86] Ibid., 158.
[87] Ibid., 122, 556-566; Cabero, *Recuerdos de don Pedro Aguirre Cerda*, 211.
[88] Sergio Carvallo Hederra, "Historia de la enseñanza de la economía en Chile a través de la Escuela de Derecho de la Universidad de Chile," *Revista de Derecho Económico* 4-5 (1963): 21-30, esp. 29.
[89] "Sección informativa," *Anales de la Universidad de Chile* 18 (April-June 1935): 205-206.

receiving five times the number of hours of mathematics instruction of their European counterparts. Mathematical courses included Commercial Mathematics, Supplementary Mathematics, Mathematical Statistics, and Accounting.[90] Notably, students were required to study one of the three main languages of economics: English, German, or French. The curriculum also featured three seminars on economic sciences, commercial organization, and industrial organization. During their second and third-year internships at industrial and commercial companies, the seminar chair and a business manager supervised each student. Additionally, the plan of study included a so-called doctorate in economic sciences, effectively extending the program to a fourth and fifth year. This advanced curriculum included courses on Economic Doctrines, Banking and Financial Techniques, Statistics, Public Treasury, Comparative Economics, Sociology, Economic Philosophy, Economic Crises, Modern Capitalism, and International Finances.[91]

The first generation of professors at the School of Commerce and Industrial Economics comprised a "statist" mesocratic elite who held significant positions within the Chilean state before and during the era of the Radical Party Presidents between 1938 and 1952.[92] This faculty included Pedro Aguirre Cerda, who left his position as the school's dean to serve as President of Chile from 1938 to 1941—he died in office. Engineer Guillermo del Pedregal, the school's second dean, also became the first

[90] Oliverio Walter L., "Los Ingenieros Comerciales," *Revista de Economía y Comercio* 2 (December 1939): 24.
[91] Universidad de Chile, *Escuela de Comercio y Economía Industrial* (Santiago: Prensas de la Universidad de Chile, 1935), 5-7. See the appendix.
[92] For a discussion of this middle class, Patrick Barr-Melej, *Reforming Chile. Cultural Politics, Nationalism, and the Rise of the Middle-Class* (Chapel Hill and London: The University of North Carolina Press, 2001), 1-17; 200-210; 229-237.

executive director of CORFO from 1939 to 1944. The faculty included lawyer Enrique Oyarzún, who served as president of the Chilean Central Bank between 1940 and 1946, was deputy and senator for the Radical Party from 1909 to 1930 and held the position of Minister of Finance multiple times between 1914 and 1921. Alberto Baltra, another notable faculty member, was a lawyer, the first school's director, and later an academic at ECLA. As a professor, Baltra played a crucial role in launching the new economics training program and shaping the initial cohorts of economic professionals at the University of Chile.[93] Perhaps the most prominent figure after Aguirre Cerda was the economist Daniel Martner (1880-1945), who like Aguirre Cerda earned a government fellowship to study in Europe in the 1910s. Martner was the first Chilean to earn a doctorate in economic sciences when he graduated from the University of Bonn in 1916. Martner served as Minister of Finance in 1920-1921 and was rector of the University of Chile between 1927 and 1928.

Daniel Martner, also a member of the Radical Party, was a longtime professor of Political Economy, a course he taught at the School of Law before the inauguration of the School of Commerce and Industrial Economics in 1935. Martner wrote extensively about economic phenomena from an economic nationalist perspective, a viewpoint he adopted during his studies in Germany. Interpreting economics as a

[93] The complete list of the original faculty was the following: Manuel Aguilera (Mathematics Complements); Augusto de Bray (Statistics); Enrique Cañas (Economic Geography); Luis Puga (Economic Geography); Benjamín Cid (Labor law); Francisco Javier Fermandois (Labor Law); Isaac Edelstein (French); Armando Figueroa (Seminar of Commercial Organization); Juan Gantes (Industrial Energy); Carlos Hoernig (Industrial Technology); Daniel Martner (Political Economy); Hermann Max (Political Economy); Enrique Oyarzún (Economic History); Guillermo del Pedregal (Commercial Mathematics); Enrique Rivera (Seminar of Economic Sciences); Maximiliano Salas Marchant (Spanish); Francisco Steeger (Raw Materials); Dante Superbi (Custom Administration); Mauricio Tzchenske (German); Alberto Veglia (Accounting). "Sección informativa," *Anales de la Universidad de Chile* 18 (April-June 1935): 206.

positive science and the economist as a professional capable of assuming leadership in public affairs, Martner argued that the goal of political economy was to study "in its relation of cause and effect, the variety of phenomena that manifest in the activity deployed by the people to satisfy the everyday needs, both material and immaterial, attempting to define these facts precisely." Martner emphasized that the sphere of political economy was the collective, not the individual. The political economy research focused not on the mastery of techniques such as building bridges or elaborating metals but on understanding "the circumstances in which labor is productive, the instances when money devalues, and the conditions under which the cost of living and wage levels increase."[94] Inspired by German economist Friedrich List, Martner was critical of capitalism and the liberal school of Adam Smith.[95] In his political economy course, Martner acknowledged capitalism's ability to drive economic growth, its efficiency, its role in fostering innovation, its capacity to reduce the costs of goods, and its potential to replace human labor extensively. However, he also highlighted capitalism's significant social inequalities, which led to harsh conflicts among individuals and societies. Martner noted that capitalism conferred extraordinary power on capital owners, undermining political power and weakening the working class.[96]

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[94] Daniel Martner, *Economía política. Curso de Ciencias Económicas. Tomo I* (Santiago: Prensas de la Universidad de Chile, 1934), 17-18.

[95] Daniel Martner, *El espiritu de la ciencia* (Santiago: Universidad de Chile, 1931), 1227-132, esp. 131. For List, the prosperity of a country depended on a balance between agriculture and industrial output, and commerce. In contrast to the liberal school of Adam Smith, which attributed the wealth of nations to the quantity of exchangeable wealth, List believed that economic wealth depended on the degree of development of productive forces. List criticized the liberal school for its cosmopolitanism, which disregarded national interests, its materialism that overlooked social life and moral concerns, and its disorganized individualism, that failed to represent collective social work, focusing instead solely on the individual and private enterprise.

[96] Martner, *Economía política*, 191-192.

In this extensive course, Martner dedicated a section to the legal protection of workers. Until 1924, Chile had no laws regulating labor contracts. Drawing from Germany's experience with social legislation, Martner advocated for the legal protection of workers, particularly young workers and women. He also argued that child labor was immoral, emphasizing children's need to attend school to develop their moral and intellectual capacities. Martner regarded the reduction of the workday to 8 hours as the most crucial regulation of labor conditions, noting that this trend was gaining momentum in developed nations by the 1920s. He underlined how several European countries had created labor agencies and legal institutions to protect workers. Among these, he considered Germany's 1919 Constitution the most advanced, with a comprehensive system of worker safety nets. This system included a hierarchical organization of insurance covering sickness, labor accidents, invalidity, pensions, widowhood, and orphanhood.[97]

Daniel Martner interpreted the University of Chile as following the model of French universities, where applied sciences dominated over pure science or research. In a speech praising Guillermo Subercaseaux, a professor of Political Economy at the University of Chile, Martner acknowledged Subercaseaux's embodiment of the scholar dedicated primarily to intellectual pursuits "*sine ira et studio*." Martner identified Subercaseaux as a "nationalist" who championed protectionism, departing from the influence of French scholar Gustave Courcelle-Seneuil. Courcelle-Seneuil, who taught political economy from a liberal perspective in Chile in the 1850s, significantly

[97] Ibid., 268-284. See also, Daniel Martner, *Tratado de Política Económica. Curso de Ciencias Económicas. Tomo II* (Santiago: Ediciones de la Universidad de Chile, 1941), 217-303.

impacted Chilean elites during the second half of the nineteenth century. Martner highlighted the transformative influence of Subercaseaux on economics education, stressing the need to create a specialized School of Economic Sciences that could facilitate research, an ability that was lacking in the early 1940s.[98] He envisioned this school as a hub for the scientific study of economic phenomena, equipped with research institutes that could guide governmental action to protect national interests on a scientific basis.[99]

The year 1939 marked a significant milestone for the School of Commerce and Industrial Economics at the University of Chile. Its inaugural class graduated, the publishing of the journal "Economía y Comercio" by professors and students began, and the school, despite facing staunch opposition from other engineering units within the University, secured authorization to grant degrees in business administration or "commercial engineering" as it was called in Spanish.[100] This profession, rooted in European and U.S. universities and institutes, was novel to the Chilean educational landscape. Business administration in Chile represented a new domain of knowledge, particularly with the "statist" spirit of the age that, for example, precipitated the establishment of CORFO in 1939.

The intellectual legacies of Pedro Aguirre Cerda, who passed away in 1941 after battling tuberculosis, and Daniel Martner persisted through the 1940s, carried

[98] Daniel Martner, "Acción de la universidad en la política económica nacional," *Anales de la Universidad de Chile* 45-46 (January-June 1942): 5-14. In his speech, Martner praised Subercaseaux for, among other accomplishments, his influential textbook on political economy. Guillermo Subercaseaux, *Manual de Economía Política* (Santiago: Establecimientos Gráficos Balcells & Co., 1927); Montecinos, "Economics: the Chilean Story," 155.
[99] Martner, "Acción de la universidad en la política económica nacional," 14.
[100] The Catholic University began imparting business administration in 1942.

forward by the students they had mentored. Among these students were Flavián Levine, a standout graduate of the School of Commerce and Industrial Economics in 1939 and one of Aguirre Cerda's top pupils. Levine's academic and professional trajectory provides valuable insight into how economic professionals trained at the University of Chile influenced the state's technocracy, particularly within governmental agencies and CORFO.[101] The example of Levine, who was a professor to Carlos Massad in the 1950s, also serves as a case in point to show how Keynesian ideas and the convergence of economics with mathematics began spreading in academic circles in the 1940s.[102]

Flavián Levine was born in 1917 in Valparaíso to a British émigré. Fortune led Levine's journey into economics. Winning the lottery gave him the economic means to pursue his interest in learning more about the Great Depression. With the lottery award, Levine purchased a library of economic texts from London and trained himself in economics. As an autodidact, Levine discovered the works of John Maynard Keynes, who profoundly influenced him because of an "intimate understanding of the operative aspects of the economy" and the consistency of his theory on the necessity of state intervention in the economy when market mechanisms failed to correct imbalances

[101] Margarita Serrano and Marcia Scantlebury, "Flavián Levine Bowden. La economía como sueño," in *Políticas públicas. Historias personales*, ed. Oscar Muñoz Gomá (Santiago: CIEPLAN, 1993), 24-25.
[102] As the articles I cite further in this chapter and this short list of his publications during the 1940s show, Levine studied a wide variety of problems, including economic theory, monetary policy, and demography. Flavián Levine, "Curvas de demanda y coeficiente de elasticidad," *Revista de Economía y Comercio* 2 (December 1939): 3-12;14; "Ahorros e inversiones permanentes," *Revista de Economía y Comercio* 6 (December 1940): 9-12; "Contribución al estudio de nuestra realidad monetaria," *Revista de Economía y Comercio* 7 (November-December 1942): 11-19; "Índice de producción," *Revista de Economía y Comercio* 12-13 (December 1944): 47-57; Flavián Levine and Juan Crocco Ferrari, "La población chilena. Segunda parte," *Revista de Economía y Comercio* 14 (1st. tr. 1945): 15-85; Flavián Levine and Pedro Irañeta Lepe, "Observaciones preliminares sobre la disponibilidad de bienes de consumo y la creación de bienes de capital," *Revista de Economía y Comercio* 15-16 (2nd-3rd. tr. 1945): 72-84; Flavián Levine, "La economía chilena ante los acuerdos de Bretton Woods," *Revista de Economía y Comercio* 18-19 (June 1946): 55-73.

between savings and investments.[103] Despite not attending high school, Levine enrolled at the University of Chile in 1935 to study business administration. After graduating from the School of Commerce and Industrial Economics in 1939, Levine became a pioneer in transforming the study of economics at the University of Chile. The University of Chile's rector from 1933 to 1953, Juvenal Hernández, appointed him the executive director of a commission to reform economics studies in 1942. Following these reforms, Levine taught Econometrics and Economic Cycles to senior students and Political Economy to first-year students.[104]

The paradigm of economic studies began to shift with the advent of the "Keynesian revolution," which provided an intellectual foundation for government intervention in the economy, and the "Econometrics Revolution," which established the mathematical legitimacy of economics. These developments marked the scientific turn and the mathematization of economic knowledge in Chile. Flavián Levine exemplified the growing impact of Keynesian ideas within academic circles of the University of Chile. Influenced by Keynes's book *The General Theory of Employment, Interest, and Money* (1936), William Beveridge, a key figure in the development of postwar British social policies, and U.S. Rooseveltian economists such as Alvin Hansen, a central architect of the U.S. social security system, Levine contributed to the shift away from approaches that viewed economics as a "science of the spirit." Instead, Keynesian analysis began taking ground in the Chilean economists' languages, particularly its concept of underemployment equilibrium and the government's ability

[103] Serrano and Scantlebury, "Flavián Levine Bowden. La economía como sueño," 17-20.
[104] Ibid., 17.

to stimulate the economy toward full employment. Levine, though not an economic philosopher, introduced notions of full employment, the increase of national income through state intervention, and the socially just distribution of resources into its teaching and the discussion on the state's economic role at the University of Chile.[105] As Prebisch argued in 1947, the objective of the Keynesian system was "essentially social," extending beyond theoretical limits to actively impact social reality.[106] This social turn was the ultimate inspiration for Chilean economic professionals at the University of Chile.

Flavián Levine also pioneered the study of econometrics in Chile. He embraced the ideas of Norwegian economist Ragnar Frisch, who coined "econometrics" and was the first recipient of the Nobel Prize in economics in 1969. Levine argued that econometrics played a synthetic role in the study of economics, integrating economic statistics, general economic theory, and the application of mathematics to economics. Levine believed that the "unification" of these three viewpoints, which were not by themselves enough, was essential to achieve the "total comprehension of modern economic relations."[107] According to Levine, given the inherently quantitative nature of economic phenomena, econometrics was fundamental for formulating economic principles and analyzing statistical data. Levine's efforts in econometrics reflected a broader trend that had been evolving since the 1920s when the unification of

[105] Flavián Levine, "Keynes y Beveridge," *Economía* 17 (December 1945): 27-45.
[106] The most significant interpretation of Keynes by Latin American economists was published in 1947. Raúl Prebisch, *Introducción a Keynes* (México D.F.: Fondo de Cultura Económica, 1947), 10. See also Albert Hirschman, "How the Keynesian Revolution was Exported from the United States, and Other Comments," in *The Political Power of Economic Ideas: Keynesianism across Nations*, ed. Peter Hall (Princeton: Princeton University Press, 1989), 347-359.
[107] Flavián Levine, "Una nueva técnica en la investigación económica: la econometría," *Revista de Economía y Comercio* 1 (November 1939): 3-4.

economics, mathematics, and statistics began to dominate the field of economics.[108] This shift meant that methodologies of natural sciences started to influence economics. In line with Austrian economist Joseph Schumpeter's views, Levine saw the economist as primarily "a measurer," who explained phenomena to derive practical outcomes and rational predictions aimed at improving societal conditions.[109]

Levine became the best embodiment of state-technocratic expertise, significantly expanding the state's economic knowledge from the 1940s onward. He served in various state agencies as an economic technocrat, earning a reputation as a neutral, apolitical professional despite his center-left inclinations. Among his most important roles, Levine was one of the founding directors of the steel company CAP. He managed this enterprise for over twenty years, starting in 1946. He was also the first executive vice president of the Bank of the State, established in 1953 to merge Chilean state's savings and credit agencies. Levine's technocratic skills earned him prestige across the political spectrum, making him a close friend and adviser to several Presidents, including Jorge Alessandri, Eduardo Frei Montalva, and Salvador Allende. As the principal organizer of CORFO's Department of Economic and Financial Studies and founder of the Ministry of Finance's Department of Studies, Levine developed methodologies for creating national accounts and pioneered the development of national income statistics, measurements of the cost of living, unemployment rates,

[108] Michel Beaud and Gilles Dostaler, *Economic Thought since Keynes: a History and Dictionary of Major Economists* (Aldershot, England; Brookfield, Vt.: E. Elgar, 1995), 58-62. On the history of the origins of mathematical statistics, Theodore Porter, *The Rise of Statistical Thinking, 1820-1900* (Princeton: Princeton University Press, 1986), 255-269.
[109] Flavián Levine, "Objeto y método en la economía," *Revista de Economía y Comercio* 8 y 9 (September 1943): 43-47.

industrial output, and other macroeconomic indicators, which became crucial for informing macroeconomic policies and planning in the ensuing years.[110]

Levine led the institutional development of economic studies at the University of Chile by decisively contributing to establishing the Institute of Economics in 1945. This new institution within the School of Commerce and Industrial Economics marked a relevant shift by creating a space for economic research separate from business administration training. Chilean authorities expected the new Institute to enhance the University's capacity to develop economic research without losing connection with classes and seminars. As the University of Chile's economic professionals sought a closer collaboration between the university and the state, they expanded upon Aguirre Cerda's political legacy. The authorities expected the Institute of Economics to support the national project, "giving to [the nation] the scientific entity technically qualified to address the inquiries that public or private agencies could pose about economic issues." The Institute also could "propose reforms or innovations in the juridical-economic framework [of Chile]." Presided over by Guillermo del Pedregal, the dean of the School, the Institute of Economics was divided into four main areas: Chilean economic policy, national public finances, Chilean economic history, and economic statistics.[111] In 1949, Flavián Levine reformed the Institute of Economics at the University of Chile,

[110] Corporación de Fomento de la Producción, *Cuentas nacionales de Chile, 1940-1954* (Santiago: Editorial del Pacífico, 1957), 11-18; Serrano and Scantlebury, "Flavián Levine Bowden. La economía como sueño," 25-26. Levine's work in state agencies spanned from the 1940s until the arrival of Pinochet's neoliberal economists in the 1970s.

[111] "Informaciones del Instituto de Economía de la Universidad de Chile," *Economía* 14 (April 1945): 116-120. This division of topics aligned with the goals of national economic progress set by the administrations of Pedro Aguirre Cerda and Juan Antonio Ríos (1941-1946).

incorporating research divisions on national economy, business organization, and juridical studies. [112]

For this generation of economic professionals, the development of economics also involved engaging in public discussions on economic issues. To facilitate this, Levine, along with former Minister of Finance Robert Wacholtz (who served twice, from 1938 to 1939 and from 1946 to 1947) and Aníbal Pinto, a self-taught economist and insightful social and economic analyst of Chile's development in the 1950s, founded the magazine *Panorama Económico* in 1947. The magazine aimed to provide a platform for presenting diverse perspectives on socioeconomic problems and to act as an informative resource, highlighting Chile's principal economic activities for a broad audience. In its first edition, the editorial outlined the magazine's purpose as promoting an economic policy based on:

> A thorough and objective research of economic problems; diversification of Chile's economy to promote industrialization and independent development; agrarian progress, addressing critical issues in the agricultural labor structure and functioning; a healthy and flexible financial policy, free from the virus of inflation, aimed at achieving the superior purpose of complete and optimal employment of productive factors; improvement in living standards through both quantitative and qualitative enhancement in the productive process, and a socially and economically just and beneficial income distribution.[113]

The magazine, published until 1973 with a hiatus between 1965 and 1968, marked a significant era in the dissemination of economic knowledge in Chile for

[112] Flavián Levine and Hernán Benavides,"El Instituto de Economía de la Universidad de Chile," *Anales de la Universidad de Chile* 97-98 (1955): 87-90. During its first years, the Institute of Economics supported international and state institutions, such as the U.N. economic mission to Chile in 1950, the Economic Agrarian Institute, CORFO, and the National Railway Company, aiding with the rationalization and organization of their resources.
[113] "Propósitos," *Panorama Económico* 1, March 1947, 3.

several reasons.[114] *Panorama Económico*, which bore an unmistakable resemblance to the British magazine *The Economist*, became a hub for informed discussions among economic intellectuals from the University of Chile, CORFO, the Chilean Central Bank, as well as politicians, businessmen, and social actors representing the working class. It reflected the dominant characteristics of Chilean political culture in the postwar era: ideological pluralism, statism, and male hegemony. The near absence of female economists in the pages of *Panorama Económico* reproduced the gender imbalance in the field during these early years of the profession. The magazine provided a platform for monitoring the state of the Chilean economy through comprehensive statistical reports and facilitated valuable political conversations on economic policies, particularly inflation. It also visually represented the Chilean state and its industrialization strategy through advertisements for CORFO's enterprises. Contributions from Chilean and Latin American economists, including Raúl Prebisch, further enriched the magazine, bringing fresh ideas from ECLA and broadening its intellectual horizons beyond the national sphere.

Under the leadership of Argentinian economist Raúl Prebisch, a regular contributor to *Panorama Económico*, ECLA's ideas significantly reshaped economic theory in Latin America. In his seminal 1949 work *El desarrollo económico de la América Latina y sus principales problemas*, Prebisch critiqued the "false sense of universality" inherent in general economic theory as it was applied from the perspective

[114] Jorge Alessandri, Eduardo Frei Montalva, and Salvador Allende —the right, center, and left Presidents of Chile between 1958 and 1973— were among the magazine's most notable readers. Their deep appreciation for the publication's seriousness was evident in their congratulatory messages on the magazine's anniversaries. "Opinan sobre "Panorama Económico," *Panorama Económico* 122, May 13, 1955, 236; "Décimo aniversario," *Panorama Económico* 170, July 5, 1957, 236.

of developed countries. He pointed out that knowledge about Latin America's economic structures, cyclical forms of growth, and the economic possibilities was still fragile, and that few economists could think autonomously about these unique phenomena. Prebisch acknowledged the value of sending talented young students to study economics in the United States and Europe, but he argued that this alone was insufficient. He believed that understanding the economic realities of Latin America required a vernacular approach, one that could not be fully grasped from the vantage point of wealthier countries. His critique was not an outright rejection of the rationality, scientific objectivity or theories developed in more affluent countries, nor was it a defense of Latin American particularism. Instead, Prebisch sought to break away from "the mental subordination to foreign ideas,"[115] urging the region to rethink its economic development and generate the necessary knowledge from within its own context. Since its inception, ECLA sought to collaborate with Latin American university schools of economics to "incorporate disciplines focused on economic development into their curricula and align their training with the needs of economic development itself."[116] The University of Chile took the leadership in this process.

[115] Prebisch, "El desarrollo económico de América Latina," 358-359.
[116] UN Economic and Social Council, Creación de un centro de estudios de la CEPAL para el desarrollo económico de América Latina, Resolution E/CN.12/282, 16 June 1951, https://repositorio.cepal.org/server/api/core/bitstreams/f5cdc4f5-bf58-4538-a90d-dd195eac27b5/content.

1.3 The Regionalization of Economics at the University of Chile and the Conceptualization of Training and Research (1948-1953)

Between 1930 and 1948, Latin American economic scholars found their role by expanding their formal training, pursuing opportunities to study abroad, producing economic literature in Spanish and Portuguese, and enhancing regional exchanges and communication.[117] These shifts were deepened by the institutionalization of the social sciences after World War II, the spread of transnational economic thought, the growing interdependence between technical skills and scientific knowledge, and the efforts of intergovernmental organizations such as UNESCO (United Nations Educational, Scientific, and Cultural Organization) to promote universal and pluralist scientific knowledge, allegedly neutral, in the interest of world peace.[118] The postwar environment encouraged a vision of economics that emphasized regional cooperation and an interdisciplinary framework. This environment allowed economists to fulfill their public mission through multilayered language, blending mathematics with literary and historical perspectives. However, by the end of the Second World War, few Latin American universities had established economics as a fully autonomous discipline, remaining a "province of amateurs" until the early 1940s. Economics was typically taught as a subfield of law, engineering, or other technical disciplines. Chile, Brazil, Argentina, and Mexico emerged as regional leaders in the development of an autonomous economic discipline. Argentina created the first School of Economic

[117] Burger, *An Intellectual History of ECLA Culture*, 1-59, esp. 4, 33.
[118] See Teresa Tomas Rangil, *The Politics of Neutrality: UNESCO's Social Science Department, 1946-1956* (Durham: Center for the History of Political Economy at Duke University, 2011), https://ssrn.com/abstract=1840671 or http://dx.doi.org/10.2139/ssrn.1840671.

Sciences at the University of Buenos Aires in 1913. Mexico established the School of Economics at the National University of Mexico in 1929 and the publishing house Fondo de Cultura Económica in 1934.[119]

By the beginning of the 1950s, the University of Chile asserted a regional leadership through the development of economics and other social sciences by evolving institutionally and expanding transnational links with Latin American and Western European countries, intergovernmental agencies such as ECLA, UNESCO, the OAS (Organization of American States), FAO (Food and Agriculture Organization), and private institutions from the United States such as the Ford and Rockefeller Foundations.[120] The University of Chile was one of Latin America's most internationally connected universities. Its collaborations included partnerships with over 30 cultural institutes, including U.S. and Soviet centers, several international agreements to validate professional degrees (mostly with Latin American countries), and exchange programs for studying abroad, including scholarships to study in the United States.[121]

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[119] Burger, *An Intellectual History of ECLA Culture*, 39-43, esp. 40. Verónica Montecinos, "Economists in Political and Policy Elites in Latin America," in Coats, *The Post-1945 Internationalization of Economics*, 289; Mariano Plotkin, *La privatización de la educación superior y las ciencias sociales en Argentina. Un estudio de las carreras de Psicología y Economía* (Buenos Aires: CLACSO, 2006), 29-30. For a comprehensive overview of Latin American institutions engaged in economics training and research by 1960, see the appendix.

[120] For a comprehensive overview of the multilateral institutions engaged in social sciences training and research in Chile in the 1950s and 1960s, see the appendix.

[121] Máximo Pacheco, *La Universidad de Chile* (Santiago: Editorial Jurídica de Chile, 1953), 231-248, esp. 252-253. The University of Chile educated one of Latin America's most diverse student populations in Chile. In 1953, it had 12,480 students: 7,549 males and 4,931 females, including 11,840 Chilean students and 640 international students from countries as varied as the U.S. (7 students), Bolivia (73 students), and Hungary (5 students). The School of Economics was still relatively small. In 1953, it had 231 male and 46 female students, totaling 277; among them, 254 were Chileans and 23 were foreigners.

The initiative to create the intellectual conditions and train experts to address the specific problems of Latin American economies, such as poverty and backwardness, while adapting mainstream economic science to Latin American realities began to take shape at the University of Chile. In 1949, ECLA and OAS helped establish the Union of Latin American Universities, inspired by the humanitarian goals of democracy, respect for human dignity, and social justice that fueled developmentalism after the Second World War.[122] ULAU sought to foster Latin American unity and defend academic freedom by strengthening connections among Latin American universities through developing common academic standards and facilitating the exchange of professors, students, researchers, publications, and materials for research and training. One of ULAU's key initiatives was organizing meetings of Latin American universities' schools of economics, with the first meeting taking place during ECLA's fourth session in Mexico City in 1951. At this meeting, ULAU tasked the University of Chile with establishing a Latin American Pilot Center of Economic Sciences. Raúl Prebisch, Flavián Levine, and Hermann Max, a German-born professor of Monetary Theory at the University of Chile, were prominent members of this initiative´s board.[123] As a first step towards this goal, in January 1953,

[122] The Union of Latin American Universities originated from regional efforts dating back to the Congress of International Universities in Havana in 1930, the American Congress of Universities in Montevideo in 1931, and the second Assembly of UNESCO in 1947. With the assistance of ECLA and OAS, Latin American universities established the Union of Latin American Universities on September 22, 1949, during the First Congress held in Guatemala City. The Institute of Universities International Relations and Research, founded in Santiago in 1945 and headed by the Costa Rican engineer and Assistant Professor at the University of Chile's Institute of Economics, Guillermo Coto Conde, played a central role in organizing the Union's first Congress. Originally scheduled to be held in Caracas, Venezuela, the event was relocated due to the 1948 coup d'etat that ousted President Rómulo Gallegos. Subsequently, Guatemalan President Juan José Arévalo hosted the first Congress of Latin American Universities.

[123] "Actas de las Sesiones Plenarias. Primera Sesión Plenaria," November 24, 1953, *Anales de la Universidad de Chile* 95-96 (1954): 1-5.

the Institute of Economics at the University of Chile, in collaboration with the OAS Program of Cooperation and Technical Assistance and the Inter-American Institute of Statistics, established the Inter-American Center for Economic and Financial Statistic Teaching (CIEEF, Centro Interamericano de Enseñanza de Estadística Económica y Financiera).[124]

In 1953, the University of Chile hosted the Second Congress and First General Assembly of ULAU, the objective of which was to deepen the relationship among Latin American universities, with an emphasis on the development of economic sciences.[125] The ULAU gathering included delegates from 68 Latin American universities, UNESCO, OAS, ECLA, the Rockefeller Foundation, and various universities from Europe and the United States, such as the University of Virginia, Harvard University, the University of Texas, and the University of Chicago. Representatives from the Ecuadorian and Salvadorian governments participated as international observers.[126] The principal topic of the ULAU Congress was the coordination of teaching and

[124] Intergovernmental organizations selected Chile due to its relatively rich availability of statistical data and its advanced research on national income. Corporación de Fomento de la Producción, *Cuentas nacionales de Chile*, 18; Luis Donoso and Alejandro Zorbas, *Estado actual de las ciencias sociales en Chile* (Río de Janeiro: Centro Latinoamericano de Investigaciones en Ciencias Sociales, 1959), 17.

[125] "Actas de las Sesiones Plenarias. Primera Sesión Plenaria," 6-7. By 1953, the Union included 42 universities from Colombia, Bolivia, Panama, Honduras, Ecuador, Guatemala, Chile, México, Cuba, Uruguay, Puerto Rico, El Salvador, Peru, Brazil, Costa Rica, Haiti, Venezuela, and Nicaragua. While most were public institutions, Catholic private universities were also part of the consortium. For details on the universities that formed ULAU in 1953, see the appendix.

[126] President Carlos Ibáñez hosted the Congress attendees on November 25. That evening, the academic visitors had the opportunity to immerse themselves in Chilean popular culture by watching a soccer game between the professional clubs of the University of Chile and the Catholic University, two of the most popular teams in Chile at the time. The organization also welcomed them with a theatrical presentation of Lope de Vega's ¨Fuenteovejuna," a play about a popular uprising against the corrupt mayor of the Spanish village of the same name. "Acuerdos del Segundo Congreso Universitario y Primera Asamblea General de la Unión de Universidades Latinoamericanas," *Anales de la Universidad de Chile* 97-98 (1955): 196-202.

research of economic sciences within Latin American universities.[127] As part of the Congress, the schools of economics met separately at the University of Chile's School of Economics, where over fifty panelists discussed issues such as the principles and goals of Latin American schools of economics, the organization of training and research in economic sciences in Latin American universities, and the conceptualization of a Latin American center of graduate economic studies.

Regional sentiments prevailed in the conversation at the conference of schools of economics. For example, Raúl Prebisch stated that "to pretend, for example, to apply here the instruments of Keynesian analysis or interpreting economic development through the lenses of Schumpeter's theory is to expose ourselves to theoretical aberrations with dire consequences in the practice of economics." He advocated for a "cautious adaptation" of these theoretical instruments, emphasizing the need for a theoretical framework developed within Latin America capable of generating responses tailored to Latin America's specific reality and challenges.[128] ULAU members enthusiastically embraced Prebisch's proposal to "train economists in sufficient quantity and quality to meet the needs of Latin America."[129] In a more anti-imperialist stance, Luis Romero from the Bolivian delegation expressed that schools of economics should orient their training and research to provide students with "knowledge enabling each state to conquer its economic sovereignty, overcoming the

[127] The other principal topics included coordinating high schools and universities, drafting of a university constitutional charter, coordinating statistical information and services among Latin American universities, and defining the guiding principles for the actions of Latin American universities. "Actas de las Sesiones Plenarias. Segunda Sesión Plenaria," November 24, 1953, Anales *de la Universidad de Chile* 95-96 (1954): 37.
[128] "Actas de las Sesiones Plenarias. Primera Sesión Plenaria," 12.
[129] Ibid.

semi-feudal and dependent phase that characterizes their current historical situation."[130] Hermann Max aptly captured the regional focus of the Latin American schools of economics meeting. In discussing the challenges of teaching and researching economics, Max acknowledged that Latin America's economic problems and social conditions were distinct from those of the Western world. Consequently, he argued that Latin America should forge its own path in producing knowledge about economic and social development rather than following the trajectory of Western countries:

> Acknowledging that science teaches us that its principles are not unconditionally valid for us does not mean disregarding the merits of Western economic science. Western countries have had to face problems of another nature, with issues that profoundly affect the foundations of their existence. For them, Latin America is nothing but a "market." We must recognize from this that we cannot unquestioningly trust in everything coming from the outside. Instead, we must seek our paths, solve our problems with a realistic spirit, free ourselves from inferiority complexes, and base our actions on the imperative of a criterion oriented by what positively and objectively suits our economic and social development in the well-understood interest of our collective well-being.[131]

This meeting of Latin American schools of economics sought to redefine the economics profession and highlight its potential to help the state apparatus drive economic development in the region. The ULAU Congress underlined the need to clarify the conceptual domain of economists. Their field lacked unity across the continent. National domestic economic issues created divergences in defining the role and responsibilities of an economist. However, the economic profession was deemed as a broad profession, encompassing both theoretical and practical aspects of

[130] Luis Romero, "Orientación de la investigación y enseñanza," *Anales de la Universidad de Chile* 97-98 (1955): 58.
[131] Hermann Max, "Docencia e investigación científica", *Anales de la Universidad de Chile* 97-98 (1955): 56.

management in the private and public sectors while addressing concerns from both the individual and the society.[132]

The conference attendees also identified challenges stemming from the need to standardize economic education across Latin America. A significant issue was the need for more academic personnel, as full-time professors were not the norm in all the participant institutions. National statistics quickly became outdated and required action from Latin American schools of economics as well. In addition, panelists diagnosed the pressing need for updated and relevant textbooks. For example, the University of Chile's Circle of Economics, a community of scholars that organized fora, public courses, and seminars on crucial issues affecting the Chilean economy,[133] suggested the adoption of newer bibliography, including books by international economists such as Paul Samuelson, John Hicks, Albert Hart, Lorie Tarshis, Lionel Robbins, as well as Chilean Aníbal Pinto, to replace older texts.[134]

Overall, the scope of the economic profession varied widely among the forty-eight Latin American schools of economics. Some schools focused exclusively on

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[132] Javier Bande, "Relaciones interuniversitarias de las Facultades de Ciencias Económicas Latinoamericanas," *Anales de la Universidad de Chile* 97-98 (1955): 166-172.

[133] In March 1953, a group of scholars led by Aníbal Pinto officially established the Circle of Economics (Círculo de Economia, CIDE) at the University of Chile. This workshop aimed to "promote the study and discussion of economic problems and the search for the exchange of ideas and experiences of its members." The first executive committee of CIDE included Eugenio Bertens, Luis Escobar, Alvaro Marfán, Aníbal Pinto, Félix Ruiz, Raúl Sáez, and Hugo Trivelli. Of these members, only Escobar had graduated from a school of economics, while the others were engineers, journalists, or lawyers. This network quickly became a focal point for interactions among scholars, politicians and businessmen. Carlos Massad became an active member of this group. "Círculo de economía," *Panorama Económico* 73, March 27, 1953, 141.

[134] For example, Paul Samuelson, *Curso de economía moderna* (Madrid: Editorial Aguilar, 1950); John Hicks and Albert Hart, *Estructura de la economía* (México: FCE, 1951); Lorie Tarshis, *Elementos de economía* (Madrid: Editorial Aguilar, 1951); Lionel Robbins, *Naturaleza y significación de la ciencia económica* (México: FCE, 1951); Aníbal Pinto, *Finanzas públicas, mitos y realidades. Con el informe presentado por la misión económica de las Naciones Unidas en Chile sobre política financiera y sistema presupuestario* (Santiago: Editorial del Pacífico, 1951); *Hacia nuestra independencia económica* (Santiago: Editorial del Pacífico, 1953).

preparing economics professionals, while others emphasized research training. The programs varied in orientation. Some prioritized training in accounting, others specialized in economic theory, and others concentrated on business and financial activities. A fourth group, led by the School of Economics at the University of Chile, aimed to balance training in the administration of both public and private entities. Representatives from ECLA at the meeting, including economists Jorge Ahumada and Benjamín Cornejo and sociologist José Medina, recommended to the meeting board that the curriculum in schools of economics should focus on forming economists, proposing the creation of separate departments for marketing and business administration. They saw as indispensable that graduates ready to enter the professional world should be "individuals who have acquired the essential theoretical and technical research knowledge deemed indispensable by current scientific consensus."[135]

The "scientific consensus" ECLA intellectuals referred to echoed an interpretation of economics as a science of society as a whole. For example, in his address at the meeting, Flavián Levine challenged the predominant view of economics based on the work of English economist Lionel Robbins, who posited that economics studied how the individual reacted to the economic problem of scarce resource distribution. Instead, Levine built upon Marx and Keynes, arguing that the social environment conditioned individual economic decisions. In turn, the institutions and processes in charge of arranging the distribution of resources in society shaped these social conditions. Levine emphasized that Keynes' principal contributions to economic

[135] Comisión Económica para América Latina, "Enseñanza de la economía en las escuelas correspondientes," *Anales de la Universidad de Chile* 97-98 (1955): 114.

theory included theories on monetary policy, fiscal policy, international trade, full employment, economic cycles, and the comprehensive use of statistics to control the economic process. Levine highlighted Keynes´ orientation towards "positive intervention through reforms of the economic mechanisms" to adjust economies post-World War I and the Great Depression. The Congress accepted Levine's definition of the subject of economic analysis as "the study of the organization, institutions, and social mechanisms that communities adopt to solve the problem of distributing resources or scarce means among the various goals, whether alternative or complementary, that emerge from individual or collective needs."[136]

With this consensus in mind, teaching economics at the university became one of the most salient topics analyzed at the Congress. Economics was deemed essential knowledge for promoting national development and strengthening the democratic project as it could contribute to creating a society of equals. Chilean economists, especially the young generations, were critical of the state of economics education at all levels of society, including high schools and among professionals other than economists. Earlier that year, some young students from the University of Chile had voiced, on behalf of the Circle of Economics, concerns about this issue in an op-ed in *Panorama Económico*. They argued that Chile was a "country of economists without economic education" and criticized the state of economic teaching and research in Chilean universities. They claimed that only the University of Chile's School of Economics and Law provided satisfactory economics education, while accusing the

[136] Flavián Levine, "Naturaleza y objeto del análisis económico," *Anales de la Universidad de Chile* 97-98 (1955): 61-65, esp. 65.

Catholic University's School of Economics of adhering to an outdated classical approach they dubbed "archeological."[137] In their presentation at the meeting of schools of economics, the University of Chile's Circle of Economics reported that high schools lacked structured study plans, well-equipped professors, and adequate books. Hence, university programs had to remedy the deficiencies of high school education in mathematics. The Circle of Economics' presentation addressed the challenge of educating non-economist professionals such as architects, journalists, and doctors by proposing a comprehensive primary curriculum, which reinforced the idea of economic development as a product of rational governmental intervention rather than natural market adjustments.[138]

The ULAU Congress's agreements sought to integrate economics with education, other social sciences, and mathematics to enhance coordination, exchanges, and the overall quantity and quality of economics education at all levels of society, particularly at universities. In its final statement, ULAU recommended that Latin American governments appoint graduates from schools of economics or business administration to positions and functions related to the economy and finances,

[137] "Chile, país de 'economistas' sin educación económica," *Panorama Económico* 74, April 10, 1953, 167-168; "La enseñanza económica en el nivel universitario," *Panorama Económico* 74, April 10, 1953, 197. The students' opinion prompted a strong reaction from Rafael Luis Castillo, the dean of the School of Commerce and Economic Sciences at the Catholic University. "Sobre enseñanza económica," *Panorama Económico* 77, May 22, 1953, 268.

[138] The Circle of Economics' proposed curriculum included four major topics: 1) General basic principles of economics. This covered how the capitalist system worked and included analysis of statistical data. 2) National income and its variations, focusing on the role of the government in income fluctuations and inflation. 3) Composition and distribution of national income. This section examined the market, competition, price systems, and the differences between capitalist and socialist mechanisms of distribution. 4) Economic structure and development of Chile. This topic addressed Chile's major economic characteristics (such as low income, a low capitalization rate, strong inflation, dependency on trade, and unequal development of productive areas), and the necessity of promoting economic growth by considering the economic roles of the state and CORFO. Círculo de Economía, Santiago, Chile, "Enseñanza económica," *Anales de la Universidad de Chile* 97-98 (1955): 96-106.

reinforcing the public-oriented profile with which these economic intellectuals viewed the developing profession of economists and its social role.[139] Ultimately, the ULAU Congress proposed the creation of the Latin American Graduate School of Economics with a multidisciplinary curriculum informed by social sciences such as sociology, political science, history, and geography.[140] The new graduate school would impart thirteen classes "perfecting economic studies in general, with a greater emphasis on Latin American problems."[141] This idea came to fruition later in the decade. In response to this recommendation, in 1957, the University of Chile would establish ESCOLATINA. Additionally, the ULAU Congress recognized the importance of advancing social sciences education at the university level and pledged support for UNESCO's efforts to organize seminars on teaching social sciences and their role in Latin America.[142] This initiative eventually led to the creation of the Faculty of Latin American Social Sciences (FLACSO, Facultad Latinoamericana de Ciencias Sociales) in 1957.[143]

The rise of structuralist ideas in Latin American economic circles, along with ECLA's ability to extend its influence to government bureaucracies and universities,

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[139] "Acuerdos del Segundo Congreso Universitario y Primera Asamblea General de la Unión de Universidades Latinoamericanas," 195-225.

[140] Similar to the shifts in the curriculum described in Facultad de Ciencias Económicas, Universidad de Chile, "Nueva Orientación de la Facultad de Ciencias Económicas de la Universidad de Chile," *Anales de la Universidad de Chile* 97-98 (1955): 158-163.

[141] The suggested final plan of classes included Economic analysis, Econometrics, Theory of Economic Cycles, History of Economic Thought and Economic Doctrines, History of Civilization, Planning, Sociology, Political Science, Finances, Methodology of Economic Sciences, General Methodology of Teaching, Business Economics, and Economic Geography. "Actas de las Sesiones Plenarias. Tercera Sesión Plenaria," November 30, 1953, *Anales de la Universidad de Chile* 95-96 (1954): 110.

[142] "Acuerdos del Segundo Congreso Universitario y Primera Asamblea General de la Unión de Universidades Latinoamericanas," 215-216.

[143] Franco, *La FLACSO clásica*, 15-22; Edmundo Fuenzalida Faivovich, *La primera FLACSO (1957-1966): Cooperación internacional para la actualización de la sociología* (Santiago: FLACSO Chile, 2007), 2.

prompted an institutional response from the United States. Since 1948, the U.S. had opposed ECLA, viewing it as a threat to its postwar regional hegemony. This opposition originated from ideological differences regarding economic development strategies and fears that ECLA's influence could expand Communist sympathies in the region.[144] U.S. Foreign Service officers perceived the ULAU Congress as evidence of a growing anti-American sentiment among Latin American intellectuals, a sentiment that transcended Communist ideology. A report to the Department of State noted that "the anti-Americans are not all Communists or even Communist sympathizers." The report argued that the hostility from Latin American intellectuals stemmed from a lack of understanding of U.S. methods and objectives as well as frustration with the "backwardness" of their own countries. More importantly, the report suggested that the U.S. could alleviate this discontent by demonstrating that "American methods and objectives are beneficial to other countries" and that "wholehearted cooperation with the United States is not only intelligent but essential." To counteract this growing intellectual animosity, the report recommended proactive measures, such as educational exchange projects "to provide needed personal experiences and influences." Meanwhile, the USSR had already established a far-reaching exchange program, inviting hundreds of secondary and university students, teachers, professors, laborers, intellectuals, and leaders from various professions to the Soviet Union. By the mid-1950s, the Soviet initiative had outpaced U.S. efforts, described in the same report as "scarcely enough to tip the scales."[145] The U.S. efforts to launch an exchange

[144] Burger, *An Intellectual History of ECLA Culture*, 109.
[145] Lester Ziffren to Department of State, "Semi-Annual Report on the International Education Exchange Program," 16 February 1954, box 316, folder 23, Bureau of Educational and Cultural Affairs Historical Collection, University of Arkansas Libraries Special Collections Division, University of Arkansas.

program in the field of economics to assert its hegemony will be explored in the next chapter.

While ECLA's ideas were not entirely novel, this institution played a crucial role in helping the region find its economic identity in the 1950s.[146] ECLA helped reconceptualize economics as a comprehensive field driven by theory and interdisciplinary knowledge, rather than mere intuition. A key aspect of Latin American structuralism at this time was the ability of ECLA intellectuals to extend their theoretical insights to broader societal concerns.[147] Scholars such as Aníbal Pinto spearheaded the structuralist perspective in Chile. To fully grasp Pinto's immediate impact on Chilean society, it is essential to place his contributions within the most pressing economic debate of the time: the politics of inflation.

1.4 "Structuralism" versus "Monetarism" in 1950s Chile: A Crucial Economic Controversy

The inflationary process in Chile after the Great Depression was a crucial sample for Chilean and international economic experts, especially for ECLA intellectuals in Santiago, who saw Chile as exemplifying their theory on inflation. After 1929, the quality of Chile's accelerating inflation changed as its inflationary dynamics underwent a significant transformation. The transition from nitrate to copper as the primary export

[146] Burger, *An Intellectual History of ECLA Culture*, 10.
[147] Margarita Fajardo, "Latin America's Dependency Theory: A Counter-Cold War Social Science?," in Solovey and Dayé, *Cold War Social Science*, 194-201.

commodity, alongside a deterioration in trade and import capacity, reshaped Chile's inflation trajectory, affecting all governments from the 1930s to the 1950s.[148] The effects of chronically growing inflation particularly afflicted the second administration of Carlos Ibáñez del Campo from 1952 to 1958. Shifting economic plans that reflected Ibáñez's oscillating and unstable political support characterized the first half of this administration. These various plans of stabilization failed resoundingly, and by 1955, the Ibáñez administration faced a political crisis with unprecedented levels of high inflation. This scenario pushed Ibáñez to seek allies in the traditional liberal right and hire a U.S. advisory mission from the Washington-based consulting firm Klein and Saks. During its three years in Chile (1955-1958), the Klein-Saks Mission recommended a comprehensive monetary and price stabilization plan to rationalize public-resource use, reform public administration, and liberalize the exchange and foreign trade system. The presence of the Klein-Saks Mission in Chile was an apparent attempt to implement U.S.-friendly economic policies that countered the prevailing ideas about the role of the state in the economy. Ultimately, the Ibáñez administration failed to implement these recommendations fully.[149]

This period marked a pivotal juncture where abstract economic discussions transformed into vehement debates over anti-inflationary strategies in Chile. As Margarita Fajardo has explained elsewhere, the emergence of the "structuralist" and "monetarist" camps in Latin America was the result of an economic debate over

[148] See in the appendix the historical evolution of inflation in Chile between 1930 and 1990.
[149] A more detailed examination of the Klein-Saks Mission role during the Ibáñez administration and the implementation of its monetarist stabilization plan in Chapter 2.

monetary stability and inflation that reached a zenith in early 1960s Brazil.[150] Chile's public debate established the elements of the discussion that Brazilian economist Roberto de Oliveira Campos, a former director of Brazil's National Bank for Economic Development, christened years later by coining the binary division between "structuralism" and "monetarism."[151]

By the late 1950s, three main interpretations of Chilean inflation and monetary stability were identifiable in the public arena.[152] One perspective, held by international economists and institutions, argued that the inflationary trends resulted from fiscal and financial imbalances. This view framed inflation as primarily a monetary phenomenon contingent upon the volume of money in circulation. This group contended that inflation was mainly a consequence of perceived poor economic policies, such as the government's inability to address excessive demand, curtail the money supply, rectify fiscal deficits, implement wage and salary freezes, and enforce taxation measures. Several institutions became associated with this "monetarist" perspective, including economists affiliated with the International Monetary Fund, the Chilean Central Bank, the Klein-Saks Mission, and the University of Chicago.[153] According to the monetarist framework, inflation created long-term impediments to economic development by misallocating resources, including diverting savings into unproductive investments like real estate, difficulties in maintaining the balance of payments, disincentives for foreign

[150] Margarita Fajardo, "CEPAL, the "International Monetary Fund of the Left. The Tale of Two Global Institutions," *American Historical Review* 128, no. 2 (June 2023): 588-615, esp. 602-605.
[151] Roberto de Oliveira Campos, "Two Views on Inflation in Latin America," in *Latin American Issues: Essays and Comments,* ed. Albert Hirschman (New York: The Twentieth Century Fund, 1961), 69-79. Fajardo, *The World that Latin America Created*, 91-92.
[152] I borrow the idea from Gonzalo Martner G., "Inflación chilena en el pensamiento y en la acción," *Panorama Económico* 192, July 4, 1958, 299-305, 319.
[153] Ibid., 299-305, 319. In Chapter 2, I explore the arrival of economists from the University of Chicago in Chile.

investment, price distortions leading to skewed resource distribution, bottlenecks impeding economic growth, and the generation of illusory profits that could ultimately undermine firm capitalization. From the monetarist standpoint, the period of stagnation accompanying stabilization efforts, such as the one applied by the Klein-Saks Mission under Ibáñez, was a necessary "short-run sacrifice" essential for cleansing the economy of its inefficiencies.[154]

A second group of economists suggested that inflation in less affluent nations was rooted in structural imbalances within the economy, often exacerbated by uneven growth patterns among productive sectors and the export industry. While this viewpoint shared some common ground with the monetarist analysis, it diverged in its focus on how the behaviors of various social groups, shaped by the evolution of productive sectors, influenced inflation.[155] Economists such as Juan Noyola from Mexico,[156] Nicholas Kaldor, a visiting professor at the University of Cambridge who was invited to Chile in 1956 by ECLA, and Flavián Levine, alongside the United Nations thesis articulated in its 1957 World Economic Report, championed a multifaceted understanding of inflation's origins. Within this framework, the driving force of inflation was an array of structural factors, including the country's position within the global division of labor, terms of trade, patterns of ownership of production means, and the dynamics of domestic socio-economic struggles.[157]

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[154] Werner Baer, "The Inflation Controversy in Latin America: A Survey," *Latin American Research Review* 2, no. 2 (Spring 1967): 3-25, esp. 4-7.
[155] Martner G., "Inflación chilena en el pensamiento y en la acción," 299-305, 319.
[156] See the role of Noyola in the coming of ECLA's structuralist view on inflation in Fajardo, *The World that Latin America Created*, 83-85.
[157] Juan Noyola Vásquez, "El desarrollo económico y la inflación en México y otros países latinoamericanos," *Investigación Económica* 16, no. 4 (1956): 603–648; Nicholas Kaldor, "Economic Growth and the Problem of Inflation," *Economica* 26, no. 103 (August 1959): 212–226, and "Economic Growth and the Problem of Inflation" *Economica* 26, no. 104 (November 1959): 287–298. United

A third perspective, notably represented by ECLA in its analysis of the Chilean case of inflation, placed a significant emphasis on social and economic dynamics as primary drivers of rising prices. This viewpoint framed inflation as a "monetary consequence of the behavior of social classes."[158] ECLA's 1954 Economic Survey of Latin America established that following the Great Depression, Chile's government and private sectors struggled to maintain their former share of income, which had declined sharply. Inflation emerged as the only recourse to increase economic activity after the cyclical depression that had persisted since the 1930s. Yet, the Chilean workers movement shielded the wages and salaries of the working masses from inflationary pressures, countering the traditional capacity of the government and entrepreneurs to appropriate a larger share of the country's real income. The country's real income contraction instigated a price-wage spiral, causing workers, entrepreneurs, and the government to attempt to restore previous real income levels through power struggles. According to the ECLA report, addressing Chile's inflationary dynamics necessitated more than merely stabilizing prices through monetary or fiscal policies or focusing solely on investment, exchange rates, price policies, or trade regulations. The key lay in significantly augmenting the volume of goods and services, which had only slowly recovered from its drastic drop following the Great Depression. Consequently, the inflation problem became intertwined with the imperative of accelerating economic

Nations, *World Economic Survey 1957* (New York: U.N. Department of Economic and Social Affairs, 1958), 3-15.

[158] Martner G., "Inflación chilena en el pensamiento y en la acción," 299-305, 319.

growth. This viewpoint posited that resolving Chile's inflation required more than a technically crafted stabilization program.[159]

Chilean economic intellectual Aníbal Pinto, a professor at the School of Economics at the University of Chile and ECLA in the 1950s, popularized better than anyone else *cepalino* views on the Chilean economy during this decade. Aníbal Pinto's intellectual journey was a mosaic of influences of economic thought that led him to dependency-inspired Latin American structuralism in the 1950s. Born in 1920, he became a prolific promoter of statist-oriented economic knowledge in several publications dealing with the political economy of Chile from the mid-1940s on. Until 1945, Pinto was a member of the Chilean Communist Party, where he developed an interest in economic issues through the lens of Marx and historical materialism. Pinto studied law at the University of Chile, receiving influence from his professor of Political Economy, Daniel Martner, about the necessity of the industrialization of poorer countries to achieve more economic independence. Between 1948 and 1951, Pinto took several economics and public finance classes at the London School of Economics, where he immersed himself in Keynesian ideas. Pinto also learned about Keynes from "U.S. Keynesians" or "Rooseveltian" economists who developed federal policies to fight unemployment in the U.S. during the 1930s. Aníbal Pinto encapsulated his intellectual biography in this way: "I considered myself a Marxist and a Keynesian, but then I became a *cepalino*."[160] Pinto was a comprehensive and ambitious economic

[159] United Nations, Secretariat of the Economic Commission for Latin America, *Economic Survey of Latin America 1954* (New York: United Nations Department of Economic and Social Affairs, 1955), 22-39, esp. 29,33.

[160] I borrow this quote from Fajardo, *The World that Latin America Created*, 6. See also, Margarita Serrano and Marcia Scatlebury, "Aníbal Pinto Santa Cruz. Un cronista transgresor," in Muñoz Gomá, *Políticas públicas. Historias personales*, 93. Along with dozens of articles published in *Panorama*

intellectual who approached economic development as a historical structure, drawing from his Marxist influences. His exposure to ideas of national economic development, Marxism, Keynesianism, and the works of Raúl Prebisch broadened his understanding of economic policy frameworks. These miscellaneous influences deepened his commitment to addressing socioeconomic challenges by amalgamating theoretical insights and their real-world impacts. In his work, structuralist ideas aligned with the long-term Chilean import-substitution industrialization strategy adopted by center-left administrations in the 1930s and 1940s.[161]

Leading the voice of structuralism, Aníbal Pinto emerged as a vocal critic of the Klein-Saks Mission's stabilization plan and its ramifications for workers. The presence of the Klein-Saks Mission in Chile sparked social and intellectual divisions. Its stabilization policies clashed with the prevailing economic ethos influenced by structuralist views, characterized by governmental protectionism over the Chilean economy. Consequently, the Mission's recommendations faced strong opposition, particularly from left-wing political parties and the newly formed Workers National Union (CUT, Central Única de Trabajadores, est. 1953).[162] In *Panorama Económico*'s

Económico, *El Trimestre Económico*, *Economía*, and the periodical *Última Hora* under the pseudonym Espartaco, Pinto wrote several books during the 1950s that reflected his structuralist stance on Chilean economic and social problems: *La inflación, naturaleza y problemas*, ed. Aníbal Pinto (Santiago: Editorial del Pacífico, 1951); *El cobre: comercio y política* (Santiago: Editorial Universitaria, 1953); *Antecedentes sobre el desarrollo de la economía chilena 1925-1952* (Santiago: Editorial del Pacífico, 1954); *La intervención del Estado y la empresa privada* (Santiago: Editorial Universitaria, 1954); *Cuestiones principales de la economía* (Santiago: Editorial del Pacífico, 1955); *Ni estabilidad ni desarrollo. La política del Fondo Monetario* (Santiago, 1960).

[161] Pinto's ideas about economic development became influential in progressive sectors of Chilean politics, including young law students like Ricardo Lagos, future economist and member of the Radical Party, who found inspiration in Pinto's interpretation of Chile's economic history. Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 117.

[162] Cristián Garay Vera, "La larga marcha del estatismo: la resistencia a la Misión Klein-Saks, 1955-1958," in Couyoumdjian, *Reformas económicas e instituciones políticas: la experiencia de la Misión Klein-Saks en Chile*, 165-205, esp. 198-200.

pages, Pinto articulated these concerns, vehemently criticizing the Klein-Saks Mission's work. He questioned its IMF-backed political agenda and denounced its technocratic narrative for legitimizing U.S. intervention in Chile. Pinto highlighted technical deficiencies in the Mission's proposals, criticized the lack of long-term coherence of the suggested policies, and emphasized the high costs the Mission entailed for the Chilean state's finances.[163]

Furthermore, Pinto criticized the Klein-Saks Mission development model because he deemed it ineffective for reforming Chile's lack of development. He contended that the Mission's orthodox stabilization policies, while controlling inflation, would do so at the expense of hindering industrialization, investment growth, and employment expansion. According to Pinto, the emphasis on monetary mechanisms to control inflation would impose significant costs on investment, ultimately slowing down the industrialization efforts of countries like Chile. He argued that the Mission's economic perspective created a false dichotomy between fostering economic growth and achieving price stability. Pinto traced the historical roots of inflation to factors such as the scarcity of essential goods, which constrained the development of domestic industries. Structuralists such as Pinto advocated for the modernization of both agriculture and industry, along with the production of economic knowledge tailored to the realities of Latin America, as crucial measures in combating inflationary pressures.[164]

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[163] Editorial, "Fracaso de una misión," *Panorama Económico* 192, July 4, 1958, 293.
[164] Ricardo Ffrench Davis, Oscar Muñoz Gomá, and Gabriel Palma, "The Latin American Economies, 1950-1990," in *The Cambridge History of Latin America. Volume 6. Part I*, ed. Leslie Bethell (Cambridge: Cambridge University Press, 1995), 173-174.

Pinto acknowledged that Chile's underdevelopment stemmed from its historical subordination of economic policymaking to foreign paradigms. Throughout Chile's history, Pinto observed a pattern of intellectual dependency: Spain and other European powers inspired mercantilism in colonial times and the early Republic; Great Britain led the opening of the world market during the nineteenth century until the Great Depression, and the tendencies of German-like "economic nationalism" cemented Chile's protectionist ideas. Chile had been a test case for the experiments of principal economic theories and schools of thought from more industrialized countries. While Pinto recognized the necessity of some level of knowledge transfer, given Chile's Western cultural heritage, he cautioned against the wholesale adoption of foreign models, particularly in disciplines like economics. Circumstances of space and time presented societies with entirely different challenges. Adjusting an idea of the third volume of Marx's *Capital* to reject all-encompassing models of thought, Pinto argued that "human relations do not have the same uniformity in their nature and behavior as chemical phenomena."[165] Pinto foreshadowed his later criticism of U.S. education of Chilean economists in the 1960s in his perspective on the imposition of frameworks of developed countries onto less developed countries and how these failed to account for

[165] "La subordinación del pensamiento económico chileno," *Panorama Económico* 212, March, 1960, 113. Marx's quote is ""It is in each case the direct relationship of the owners of the conditions of production to the immediate producers—a relationship whose particular form naturally corresponds always to a certain level of development of the type and manner of labor and hence to its social productive power—in which we find the innermost secret, the hidden basis of the entire social edifice, and hence also the political form of the relationship of sovereignty and dependence, in short, the specific form of state in each case. This does not prevent the same economic basis—the same in its major conditions— from displaying endless variations and gradations in its appearance, as the result of innumerable different empirical circumstances, natural conditions, racial relations, historical influences acting from outside, etc., and these can only be understood by analyzing these empirically given conditions." Karl Marx, *Capital. A Critique of Political Economy*. Vol. 3 (New York: Vintage Books, 1981), Part 6, Chapter 47, 2, 927-928.

all the domestic understandings of local circumstances. It underscored his commitment to preserving the integrity of a Latin American intellectual tradition while engaging critically with external influences.

Pinto's most lasting impact on Chile's development was his best-selling book *Chile, un caso de desarrollo frustrado*, first published in 1959. The book's central focus was the historic economic role of the Chilean state. It ventured into a historical analysis of the Chilean economy and society more generally to argue that economic development never occurred despite the favorable conditions for achieving it that Chile had fostered for more than a century since 1810, at least according to the classical liberal view of its economy. Between 1830 and 1930, foreign trade was unsteady but dynamic, the market's "natural forces" were not substantially interrupted, peace and order predominated most of the time, inequality in income distribution allowed the wealthy economic strata to save, and foreign capital and credit constantly flowed.[166] The Great Depression ended this period of unfettered market growth and severely damaged the Chilean economy. Repercussions were still being felt in the 1950s despite the moderate progress made by the entrepreneurial state of the Radical Party administrations in the previous two decades. Pinto argued that two significant failures through these twenty years characterized the Chilean situation: the lack of systematic economic policies (fiscal, monetary, exchange rates, wages) and the incapacity of the state to extract enough resources from those actors with a "surplus of income" to accelerate the growth of the economy.[167]

[166] Aníbal Pinto, *Chile, un caso de desarrollo frustrado* (Santiago: Editorial Universitaria, 1959), 15-106.
[167] Ibid., 122-125.

In *Chile, un caso de desarrollo frustrado*, Pinto conceptualized inflation as a battle over income redistribution, thus reflecting the struggles of different groups to modify or conserve the distribution of income or, in other words, the social stratification in Chile and the behaviors of the oligarchy, the middle-class, and the working-class.[168] In his analysis, Pinto criticized right-wing oligarchs. While tolerating some social legislation, the upper class used inflation to keep their privileged societal position and neutralize social transformations. The middle class, empowered under the umbrella of the state and subsidies from the 1930s on, was too weak to assume the country's economic leadership and incapable of becoming a "new bourgeoisie" such as the middle class in the U.S. or Mexico —in part, because of its dependency on foreign ideas. The Chilean working class was strong enough to alter the strategies of other actors but too weak to lead a process of transformations, especially in a scenario with extended anti-communist components. There were sectors of the working class, such as copper miners and banking and railway workers, whose position as the former vanguard of the labor movement grew into an "aristocracy" of workers. This social stratification resulted in a "relative equilibrium of power" in which no social actor had enough power to provide the required economic policies with continuity. Pinto said it with a Chilean expression: "*Aquí no manda nadie* (nobody rules here)."[169]

In his conclusion, Pinto painted a vivid picture of Chile's complex socio-political landscape, portraying the disjunction between Chile's political and economic progress. He evocatively likened Chile to an individual with a misaligned "head,"

[168] Ibid., 128.
[169] Ibid., 134.

symbolizing its robust democratic institutions and political structure, juxtaposed against a frail, underdeveloped "body" representing its economic and societal framework.[170] By articulating this thesis, Pinto effectively represented the "social turn" in economic development discourse pushed by ECLA.[171] Pinto's analysis of Chile's daunting development situation and critiques of the narrowness of the U.S. economic paradigm in Chile underscored the imperative for a nuanced understanding of the interplay between economic policies, social dynamics, and political interventions and their variations in the country. In his book, Pinto revealed Chile's main structural problem: the stark imbalance between a highly organized political and social system and economic structures that were unable to meet the growing demands of the population.[172]

1.5 Conclusion

This chapter has examined the initial development of the discipline of economics at the University of Chile, the country's most prestigious university. The establishment of the School of Commerce and Industrial Economics at the University of Chile in 1935 directly responded to the urgent need for state-led economics education in Chile following the Great Depression's impact in the early 1930s. At that time, economics was a discipline subordinated to law and engineering, infused with classical liberalism. Intellectuals like Pedro Aguirre Cerda and Daniel Martner helped reshape this

[170] Ibid., 129-134.
[171] Fajardo, "Latin America's Dependency Theory: A Counter-Cold War Social Science?," 194-201.
[172] Aníbal Pinto, "En torno a Chile, una economía difícil," *El Trimestre Económico* 33, no. 130 (April-June 1966): 171–186, esp. 185-186.

discipline's political orientation, emphasizing the state's economic role, an import-substitution industrialization strategy, and rationalizing economic knowledge and work. They argued that the state needed to understand economic processes to intervene effectively. In the 1940s, Flavián Levine emerged as the most dynamic graduate of the School of Commerce and Industrial Economics. While he introduced Keynesianism elements into the economics study in Chile, his strengths lay in practical application rather than theoretical abstractions. Levine was instrumental in developing CORFO, state-owned enterprises, and improving the state's capacity to measure economic phenomena through national accounts and macroeconomic indicators.

The University of Chile's teaching of economics was geared towards reinforcing the state's economic role. Optimism about the state's potential as director of the economy and a sense of public mission intersecting with the global humanitarian challenges following the Second World War characterized this phase of the discipline. Economic intellectuals at the University of Chile recognized the need to integrate economics with civic pedagogy, other social sciences, and politics to educate the public on economic matters. Training economic professionals was considered essential for achieving a better democracy. To this end, propelled by the emergence of ECLA, Latin American economic scholars in Chile developed a network of experts prepared to assess the region's central role in international development and to show their dissatisfaction with Latin America-U.S. economic relationships. Latin American scholars sought a new dialogue between the Global South and developed countries of the North, hoping to give voice to regions also impacted by the economic consequences

of the Second World War. Their regional approach to economics posited the deep interconnections between the economy and social conditions.

These conclusions reinforce the idea that economic development cannot be simply understood as a U.S. export to the rest of the world. As Jeremy Adelman noted, the U.S. was drawn into the development game after the end of the Second World War rather than pushing for it.[173] Social sciences, particularly economics, played a fundamental role in this process. Seen as instrumental in helping the U.S. win the war, social sciences grounded U.S. global power and the liberal democratic governance's desire for technocratic pluralism after 1945.[174] Chapter 2 explores how the United States began constructing a liberal economic paradigm in Chile in the 1950s. This analysis will involve examining the administration of Carlos Ibáñez del Campo and the significant changes experienced by the Catholic University, the principal competitor of the University of Chile in the formation of Chilean elites, in the mid-1950s following its agreement with the University of Chicago.

[173] Jeremy Adelman, "Epilogue: Development Dreams," in *The Development Century. A Global History*, eds. Stephen J. Macekura and Erez Manela (Cambridge: Cambridge University Press, 2018), 331.
[174] Rosemblatt, *The Science and Politics of Race*, 181-182.

Chapter 2: The Ibáñez Administration and the U.S.-Style Economics in Chile in the 1950s

2.1 Introduction

This chapter examines how the vast material resources of the United States led Chilean institutions to turn to U.S.-style economic policies and epistemology in developing the discipline of economics in the 1950s. After World War II, the United States established its global hegemony on the foundations of an ideology centered around liberty and the mission to safeguard capitalism, free markets, and private enterprise while containing the spread of Communism. The Truman administration's Point Four program sought to coordinate private companies, philanthropic foundations, and supranational organizations to fund international development. As Point Four offices expanded globally, U.S. policymakers increasingly saw economic development, political liberalization, and geopolitical strategy as interconnected components of U.S. foreign policy agenda.[175]

The Eisenhower administration (1953-1961) restructured the Point Four program, but maintained its core ideological goal: fostering societies resistant to Communism through international development-inspired small-scale technical assistance and the creation of conditions for U.S. trade and investment.[176] To eliminate Communism from Latin America, the Eisenhower administration offered technical and military support to leaders deemed anti-communists, including Chilean President

[175] Macekura, ""The Point Four Program," 143, 146.
[176] Macekura, ""The Point Four Program," 154; Westad, *The Global Cold War*, 27-32.

Carlos Ibáñez del Campo (1952-1958).[177] The International Cooperation Administration (ICA, established in 1955), which evolved from TCA and its successor, the Foreign Operations Administration (FOA, established in 1953), was responsible for U.S. non-military development assistance programs during the 1950s.[178] The Rockefeller Foundation most notably supplemented the ICA mission in Chile's efforts.[179] As Parmar points out, a central aim of U.S. philanthropy was to build a pluralist network of universities in less affluent countries, with the belief that investing in academic human capital would foster a network of scholars promoting national development aligned with U.S. international liberalism.[180] In this context, academic pluralism meant simply having more than one university as a viable option to achieve such a goal.

This chapter addresses the impact of the "visible hand" of the United States on the beginning of the transformation of Chile's economic paradigm at governmental and university levels. The first section contextualizes the relationship between the Ibáñez and Eisenhower administrations that allowed for the growing involvement of U.S. groups and ideals in Chile. It explains how U.S. technical assistance was oriented mainly to educate the Chilean technocratic middle class in a theory of management that placed efficiency at the center of the economic problem. It also examines Ibáñez's first three years of economic policies to lay the ground for what comes next. The remaining

[177] Stephen Rabe, *Eisenhower and Latin America. The Foreign Policy of Anticommunism* (Chapel Hill and London: The University of North Carolina Press, 1988), 84.
[178] Established in June 1955 as the successor of FOA, ICA was abolished in 1961. Its functions transferred to the United States Agency for International Development (USAID).
[179] The Rockefeller Foundation had been in Chile since 1940. Its principal program had been in the field of public health. It had granted some fellowships in agricultural investigation as well.
[180] Parmar, *Foundations of the American Century*, 11.

sections examine how the U.S. capitalist paradigm and U.S.-style economics were deployed in Chile at the state and university levels in the 1950s. The second section focuses on the work of the Klein-Saks Mission, a group of private-sector economists hired in 1955 by the Ibáñez administration with the consent of the Eisenhower administration and the International Monetary Fund. Ibáñez's government was in a crisis by the halfway point of his six-year term, and the Klein-Saks Mission developed an overarching reform program to cope with the multiple problems of the Chilean economy. Although Ibáñez would ultimately complete his term, the Klein-Saks Mission's plan failed to materialize the in-depth transformation of the government's economic role. The third and fourth sections delve into the relationship between U.S. actors and Chilean universities. The third section examines the contributions of U.S. economist Joseph Grunwald, who served as the director of the Institute of Economics at the University of Chile from 1955 to 1961. It sheds light on how Grunwald organized human and financial resources to enhance teaching and research in economics at the University of Chile, paving the way for U.S.-educated Chilean economists to take the lead at the University of Chile in the 1960s. The last section analyzes the partnership between ICA and the University of Chicago that, with the assistance of the Rockefeller Foundation, developed training and research in economics at the Catholic University. I explain how this partnership helped U.S. economists to develop the Economics Research Center at the Catholic University (ERC), creating a centralized academic institute that allowed them to conduct research and dispute the intellectual legitimacy of the discipline of economics with Chilean structuralist colleagues, as well as to

develop solid cultural links and educational exchanges with the CU extending beyond the 1950s.

2.2 The Ibáñez and Eisenhower Administrations: The Building of a U.S.-Allied Technocratic Class (1953-1955)

The renewed approach of the United States towards Latin American diplomacy after the end of the Second World War, embodied by President Truman's Point Four Program presented during his State of the Union speech in January 1949, required a better knowledge of Latin American countries. The U.S. sought to build solutions to economic and social problems applicable for and acceptable to autochthonous societies that maintained the hemispheric power alignment between nations and upheld the U.S. imperial idea of liberty and free enterprise.[181] As the U.S. could not sustain reformist efforts permanently, Chile seemed a sound laboratory for economic development attempts.

In 1952, Chile's middle and lower classes embraced a new type of leadership. Building upon the exhaustion of the Popular Front administrations, the former dictator Carlos Ibáñez del Campo emerged with populist rhetoric and a reformist platform to respond to the reigning people's disenchantment with politics.[182] Following the 1925 military uprising and the political crisis it unleashed, Colonel Ibáñez then became Chile's dictator between 1927 and 1931 until civil disturbances following a grave economic crisis forced him to resign and flee the country. After six years abroad, Ibáñez

[181] Westad, *The Global Cold War*, 8-38.
[182] Tomás Moulian, *El gobierno de Ibáñez. 1952-1958* (Santiago: FLACSO, 1986), 6-7.

ran unsuccessfully in the presidential elections of 1938 and 1942. In 1949, running for the Agrarian Labor Party (ALP) ticket, he was elected to the Senate. In 1952, Ibáñez was elected President following a campaign espousing anti-establishment rhetoric and indications that he would adopt anti-U.S. policies, especially by legally rehabilitating the Chilean Communist Party outlawed in 1948 during Radical Party President González Videla's administration (1946-1952).[183]

However, the Ibáñez administration prolonged the Communist Party's prohibition from participation in elections and other organized political activities until the end of his term. This factor allowed him to maintain friendly relations with the Eisenhower administration during its six years in power. The Chilean Communist Party, with 40,000 members, was the second largest in Latin America after the Communist Party of Brazil and managed to stay active underground after its ban. According to a memorandum from the Secretary of Defense in November 1954, the proscription of Communist parties was the norm in Latin America. In most Latin American countries where Communist parties had some form of organization, they were "illegal." Only Argentina, Colombia, and Uruguay allowed the existence of Communist parties at the time.[184]

[183] The Chilean Senate passed the so-called "Law of Permanent Defense of Democracy" on September 3, 1948. It outlawed the Chilean Communist Party and put several restrictions on the Communists' right to vote, strike, and publish and circulate their ideas. During his campaign, Ibáñez promised that he would rescind the law. Instead of rescinding the law, Ibáñez used it to repress workers' strikes. Following an agreement with center and leftist parties in 1958, the Ibáñez administration passed a law that legally allowed the Communist Party to stand in elections. For a detailed account of this law and its impact on Chilean politics, Carlos Huneeus, *La guerra fría chilena: Gabriel González Videla y la ley maldita* (Santiago: Debate, 2009), 197-268; 319-353.

[184] Memorandum by William Godel for the Executive Officer, 27 January 1955, box 72, OCB Central File Series, White House Office, National Security Council Staff: Papers, 1948-1961, Dwight Eisenhower Presidential Library.

The Eisenhower administration saw Carlos Ibáñez as a leader responsive to U.S. will, valuing his position as a constitutional-democracy president and recognizing his government's opposition to international and domestic Communism. In the Latin American political scene, plagued with nationalistic leaders such as Juan Domingo Perón and Getulio Vargas, on whom Eisenhower could not count to protect domestic laws friendly to U.S. interests, Ibáñez' Chile emerged as a secure and stable country in the deployment of long-term U.S. objectives in Latin America. Finding support in the international arena and securing Latin American countries' internal political stability to permit an efficient defense against Communism were goals deemed by the United States as supportive of an effective democracy and the free enterprise system, but in reality, U.S. involvement in Ibáñez's Chile exceeded grand political and economic narratives.[185] It assumed a heavy material involvement, including military assistance and a technical cooperation program with relatively successful impacts on several areas of the economy, such as agriculture, industry, sanitation, housing, public administration, and universities.

The Eisenhower government continued administering aid to Chile, expanding President Truman's efforts to assist Latin America. The U.S. allocated most of its assistance to developing agriculture and natural resources. Perhaps the most relevant example of the Technical Cooperation Program in Chile was the Area Development Program or "Plan Chillán," a small-scale agricultural development and rural hygiene program for the Maule, Ñuble, and Concepción provinces that sought to improve health

[185] "Comment on ICA's Chile Narrative," 1 March 1957, box 4, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.

and living conditions for peasants. Supported by the U.S. and Chilean governments and several international institutions, this public-private cooperation developed agricultural infrastructure to enhance production and research.[186]

The transnational encounter between public and private U.S. and Chilean institutions encompassed not only infrastructure endeavors in agriculture, industry, health and sanitation, and housing. U.S. aid also targeted instruction and research at Chilean universities. The Technical Cooperation Program developed a basic program for using the funds allocated following a law passed in 1955 that provided Chilean universities with .05 percent of the national revenue for twenty years to build and strengthen their research departments. It also sought to establish a U.S.-style of instruction in various disciplines such as geology, public administration, statistics, and economics.[187]

Why did the Technical Cooperation Program focus on economics? According to the depiction in the U.S. Embassy-ICA report on Chile's economic situation, a "lack of awareness of principles of sound economic analysis has resulted in governmental policies that have been seriously detrimental to resource development." For this reason,

[186] The institutions that participated in this plan included local government, business organizations, the Catholic Church, FAO, UNICEF, OAS, and the Rockefeller Foundation. The assistance covered health and sanitation infrastructure, self-help-based housing, farm-to-market roads, reforestation, and watershed protection, underground water location, technical assistance to agroindustry for pest and weed control, the introduction of improved plant species and livestock, reforestation, dune control, irrigation, agriculture extension, the introduction of better farm tools and practices, artificial insemination, and agricultural research. "Special Report. For the Foreign Relations Committee of the Senate, prepared jointly by the United States Embassy in Santiago, Chile, and the US Operations Mission to Chile (ICA)," 4 August 1956, box 3, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II. The amount of U.S dollars the federal government contributed to the Technical Cooperation Program from 1943 to 1957 was as follows: 1943 to 1950: 5,724,800; 1951: 434,600; 1952: 1,020,000; 1953: 1,230,000; 1954: 1,427,900; 1955: 2,065,800; 1957 (est.): 2,521,000

[187] "Special Report," 4 August 1956, RG 59.

ICA sponsored a partnership between the University of Chicago and the CU to create a post-graduate center devoted to investigation and research "in relation to major problems of the Chilean economy, with particular emphasis on the development and efficient utilization of resources." The report anticipated that this program would result in "a corps of economists that will be able to influence future plans for development, fiscal and monetary policies, and the creation of favorable conditions for foreign investors in Chile."[188]

U.S. technical assistance also aimed to impact economic organization and management in connection with the modernization of economics. The U.S. attributed paramount importance to helping Chile develop more skilled top-layer administrators and technicians in government and industry. Multiple training programs of Chilean technicians and bureaucrats in the United States sought "the creation of what may be called a technical middle class, friendly to the United States."[189] By 1956, ICA's training and other technical exchange programs had trained 385 Chilean technicians in the United States. This included a foreign leader's program that brought high-profile journalists, writers, and university administrators to learn about U.S. culture and ameliorate Chilean perception of the country. ICA also financed a labor visitor program that sought to promote concepts of responsibility and anti-communism among labor leaders. These trainees, paid by the Chilean government while abroad, went to the United States on training and specialization grants and, without exception, returned to Chile to positions in governmental agencies and universities.[190]

[188] Ibid.
[189] Ibid.
[190] Ibid.

Despite these marketing relations with technocratic segments of the Chilean middle class, Chileans more generally ranked low among Latin American citizens with favorable attitudes toward the United States and U.S. economic policies, according to the first Barometer report on Chile from the U.S Information Agency (USIA).[191] USIA's survey, conducted in 1955, collected 1,424 responses representing a cross-section of Chileans older than 18 years living in 33 cities, all with a population greater than 10,000. Although the results of the survey showed that Chileans were overwhelmingly more pro-U.S. than pro-Russia at a rate of more than four to one (62% vs. 13%), the pro-U.S. sentiment among Chileans was smaller in comparison to that of Venezuelans, Colombians, and Cubans. The survey also found that in the less educated respondents, pro-U.S. attitudes predominated over anti-U.S. attitudes. However, a major specific criticism of U.S. policy in Latin America was its intervention in Guatemala, an affair especially disapproved of among the more informed respondents of the survey.[192]

According to the survey, in 1955, Chileans worried about the high cost of living, and with good reason.[193] In December of that critical year, inflation in Chile reached a level of 84%, an unprecedented event for a country experiencing one of the most prolonged inflationary processes in the world. Inflation's effects on Chileans' living standards were a permanent problem for the Ibáñez administration. Between 1952 and

[191] The Eisenhower administration established the United States Information Agency in August 1953. The USIA's mission was to provide U.S. public diplomacy and propaganda, mainly during the Cold War. Its work covered international radio, television broadcasting, and educational exchanges. USIA was discontinued in 1999.
[192] Memorandum by R.P. Crenshaw for the Members- OCB Working Group on Latin America, 16 December 1955, box 74, OCB Central File Series, White House Office, National Security Council Staff: Papers, 1948-1961, Dwight Eisenhower Presidential Library.
[193] Ibid.

1955, three stabilization plans formulated by successive Finance ministers failed resoundingly. Initially, the Ibáñez administration devalued the Chilean currency, reduced public expenditure, restricted credit, and increased government employees' wages and social services. Still, these policies conceived by Socialist minister Felipe Herrera (1952-53), professor of Political Economy at the University of Chile, increased inflation and raised the opposition from the entrepreneurial class.[194] Herrera's successor, Guillermo del Pedregal (1953-54), was one of Chile's most respected economic experts at the time.[195] Del Pedregal's comprehensive plan included measures to curb personal credit levels and halt salary readjustments to bolster entrepreneurial confidence. However, in response to mounting pressure from workers and to avert economic stagnation, he ultimately opted to raise salaries. Despite these efforts, inflation remained high.[196] High dissatisfaction among workers precipitated the downfall of Ibáñez's cabinet in May 1954, prompting a shift towards more conservative economic policies. The newly appointed Minister of Finance, nationalist Jorge Prat, embarked on another anti-inflationary mission. This strategy entailed ceasing salary adjustments to match living costs, eliminating legal strikes, and introducing a mediation system to settle labor disputes. However, by the 1953 legislative elections, political backing for Ibáñez had waned considerably, leading Congress to obstruct this plan.[197]

[194] Moulian, *El gobierno de Ibáñez*, 27; Felipe Herrera, "Bases de la política económica del gobierno expuso ministro Herrera," *Panorama Económico* 82, 31 July 1953, 449-464, 496.
[195] Guillermo del Pedregal was the second Dean of the School of Commerce and Industrial Economics at the University of Chile (1938-1945). Under his term, the Institute of Economics was created in 1945.
[196] Moulian, *El gobierno de Ibáñez*, 30.
[197] Ibid., 34; Jorge Prat, "La exposición del ministro de Hacienda sobre la política económica del Gobierno," *Panorama Económico* 104, 16 July 1954, 465-492.

The Ibáñez administration could not adopt austerity policies and relied on foreign borrowing to finance government expenditures and development policies at levels comparable to previous center-left administrations in the 1930s and 1940s. For instance, the production of and stable prices for copper, the mineral that replaced nitrate as Chile's leading product of exportation after the end of World War I, were crucial in defining the health of the Chilean economy. In 1953, the United States purchased 100,000 short tons of copper at world prices to relieve Chile's copper export problem. Chile could not sell another 80,000 tons.[198] Debt growth entailed a greater dependence on foreign capital and precipitated a decline in the working class' living standards.[199] Following this foreign dependence, the Chilean economy experienced rapid and progressive inflation, government deficit financing, and severe exchange shortages that hampered improvements in Chileans' living standards. As a result, in 1955, the Ibáñez administration was in crisis.[200] That year, Chile had five different Finance ministers.[201] High inflation levels, workers' mobilization, and the conflicts within the administration itself pushed Ibáñez to ally with the liberal right and hire a U.S. advisory corps of private economists, the Klein-Saks Mission. The mission's plan advanced several aspects of the IMF's monetarist approach to control inflation and reduce the state's size, countering the post-1930 depression Chilean government's tendency to protect the economy.

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[198] "Third Progress Report on NSC 144/1, United States Objectives and Courses of Action with respect to Latin America," box 72, White House Office, National Security Council Staff: Papers, 1948-1961, Dwight Eisenhower Presidential Library.
[199] Jon V. Kofas, "The Politics of Foreign Debt: The IMF, the World Bank, and U.S. Foreign Policy in Chile, 1946-1952," *The Journal of Developing Areas* 31, no. 2 (Winter 1997): 157–182.
[200] Moulian, *El gobierno de Ibáñez*, 33.
[201] The five Finance ministers in 1955 were Jorge Prat Echaurren (Independent), Francisco Cuevas Mackenna (Independent), Sergio Recabarren Valenzuela (ALP), Abraham Pérez Lizana (Independent), and Óscar Herrera Palacios (ALP).

2.3 The Ibáñez Administration and the Klein-Saks Economic and Financial Mission to Chile (1955-1958)

The presence of U.S. economic and financial consultants in Latin American countries was not unprecedented. In the 1920s, Princeton economist Edwin Kemmerer, known as a "one-man IMF," prescribed free-market policies and technocratic reforms in monetary, banking, and fiscal systems across several Latin American countries. In Chile, Kemmerer's reforms gave state agencies concerned with financial administration (the Budget Directorate, the Internal Revenue Directorate, the Treasury General, the Comptroller General, and the Central Bank) the focus on efficiency these institutions had in the 1950s. For many Latin American governments, the endorsement of U.S. technocrats, who claimed reputation as apolitical experts, was instrumental in allowing their countries to take advantage of U.S. hegemony in the region. By the end of World War II, the United States institutionalized this form of guidance through the International Monetary Fund. However, unlike the earlier Kemmerer missions, the IMF's stabilization policies and conditional loans sparked controversy and hostility in Latin America, where the IMF became viewed as the "conservative bodyguard of foreign and domestic capitalists" in the more embattled societies of the postwar years.[202]

The IMF-backed Klein-Saks Mission began working in Chile in July 1955. The original members of the Klein-Saks Mission included J. Prescott Carter, a former

[202] See Paul Drake, "Introduction. The Political Economy of Foreign Advisers and Lenders in Latin America," in Drake, *Money Doctors,* xxvii-xxix.

officer of the First City National Bank of New York, L. Werner Knoke, Philip Glaesner, William E. Schmelze, Robert Carlyle Beyer, and Thomas H. Lockett, who served as the Mission's Executive Secretary. Their work in Peru in 1949 provided a solid foundation for their selection as opposed to other advisory groups, such as missions from France or Germany or a group formed by economics professors from the University of California, Berkeley.[203] The Ibáñez administration chose the Klein-Saks Mission due to its successful experience advising the Peruvian government and its strong connections with the Eisenhower administration and the International Monetary Fund.[204] Additionally, Agustin Edwards, owner of Chile's leading newspaper *El Mercurio*, played a crucial role in promoting the Klein-Saks Mission to the Chilean government.[205]

The Klein-Saks Mission presented itself as an impartial advisor harboring technically sound policies across various fields of economic government.[206] Sebastián Edwards argues that these foreign consultants initially lent public legitimacy to initiatives proposed by Chilean actors like Jorge Prat in 1954 and the Central Bank in 1955.[207] Nonetheless, the Mission's apolitical reputation decreased over time. A thorough examination of the Klein-Saks Mission's plan reveals its unmistakable

[203] Juan Pablo Couyoumdjian, "¿Por qué la Misión Klein-Saks? Los orígenes de un programa de estabilización económica para Chile," in *Reformas económicas e instituciones políticas: la experiencia de la Misión Klein-Saks en Chile*, ed. Juan Pablo Couyoumdjian (Santiago: Universidad del Desarrollo, 2011), 61- 101, esp. 74-80.
[204] Albert Hirschman, "Inflation in Chile," in *Journeys toward Progress: Studies of Economic Policymaking in Latin America* (New York: The Twentieth Century Fund, 1963), 159-223, esp. 202-203.
[205] Sofía Correa, "Algunos antecedentes históricos del proyecto neoliberal en Chile (1955-1958)," *Opciones* 6 (May-August 1985): 106-146, esp. 125.
[206] Klein Saks Mission, *The Chilean Stabilization Program and the Work of the Klein and Saks Economic and Financial Mission to Chile* (Santiago, 1958), 6-7.
[207] Sebastián Edwards, *Establishing Credibility: The Role of Foreign Advisors* (Cambridge: National Bureau of Economic Research, 2005), 20-38.

political underpinnings. The Klein-Saks Economic and Financial Mission in Chile crafted a stabilization program aimed at addressing what they identified as institutionalized inflation through a comprehensive plan that sought to restructure the Chilean economy systematically. The Klein-Saks Mission's involvement extended to at least six critical areas of government action within the Ibáñez administration's economic and financial program: public budget, public administration, credit, wages, social security, prices and subsidies, and foreign exchange.[208] In doing so, the mission's members actively participated in the public arena through various forms of involvement, including conducting technical studies, the production of memoranda, day-to-day verbal consultations with members of the Chilean government, submission of policy recommendations to Chilean authorities, and sponsorship of legislation.

The recommendations put forth by the Klein-Saks Mission were multifaceted and called for substantial reductions in government deficits, which had contributed significantly to Chile's inflation since the 1940s. To achieve these goals, the Mission proposed a combination of stricter expenditure controls, rigorous tax enforcement, and the implementation of new taxes targeted at luxury spending, a step deemed acceptable by a social majority. Regarding credit policies, the Mission recommended reinforcing limits on credit expansion imposed by the Central Bank in 1955. The objective was to counteract the misuse of bank credit for import and inventory speculation, advocating for a redirection towards supporting production and commerce. The Mission also addressed wage policies, criticizing automatic and obligatory salary readjustments as contributing to inflation without tangible benefits. It proposed restoring wage

[208] Klein Saks Mission, *The Chilean Stabilization Program*, 6-7.

negotiation freedom in the private sector, rationalizing public sector readjustments based on financing capabilities, and targeting minimum remuneration and family allowances to the most vulnerable segments of society. Regarding prices and subsidies, the Mission advocated for a gradual transition towards a free price system for commodities, complemented by anti-monopoly measures and increased import variety with reasonable protection for local industries. Lastly, the Mission emphasized the need for a comprehensive overhaul of Chile's exchange system to stimulate foreign trade and investment. This recommendation included the establishment of a flexible exchange rate, a uniform import list, a system of import cash deposits for flexible import restraints, and the maintenance of a free market for capital transactions to safeguard against capital flight.[209]

Perhaps the more meaningful aspect of the Mission's work was its attempt to comprehensively reorganize Chile's government administration, which was composed of more than 100 agencies. In the eyes of U.S. economists, "disorganization" was the one word that conveyed the character of the governmental structure in Chile. Achieving the goals of the stabilization program depended heavily upon the government's ability to balance its budget by reducing public expenditures. The Klein-Saks Mission argued that the government could achieve this reduction only through "improving efficiency." They aimed to institute measures similar to Herbert Hoover's Commission work that sought to reduce the number of federal government departments after World War II. This involved measures such as curbing the number of public employees (approximately 190,000 in 1952 and 230,000 in 1957), eliminating immovability

[209] Ibid., 7-12.

clauses, streamlining government agencies, and improving personnel efficiency through better training and higher compensation, particularly in critical areas such as the Budget Office. The Mission sponsored a reorganization of the Presidency's staff, advisory offices, and legal and public information areas, eight of the thirteen ministries, and laws regarding ministerial authority to permit greater delegation, and more than 15 agencies— including the merger of the railroad construction agency (Dirección de Obras Ferroviarias) with the National Railways (Ferrocarriles del Estado) and other institutions concerned with public works, budget organization, and transportation. In addition, a Mission member offered courses in public administration in the Schools of Economics at the Catholic University and the University of Chile, teaching more than 100 students, most of whom were engaged in public activities in the Central Bank, Ministry of Finance, and elsewhere in state agencies and the finance sector.[210]

The relationship of the Klein-Saks Mission members with the Ibáñez administration was troubled, especially once the Minister of Finance and Economy Óscar Herrera, who led the Ministry of Finance during the Ibáñez administration's shift towards more drastic stabilization policies between October 1955 and August 1956, was replaced by Eduardo Urzúa, an independent lawyer less inclined to implementing a strict program of stabilization. In a conversation in June 1956, Thomas Lockett, head of the Klein-Saks Mission, defined Herrera as "virtually indispensable to the success

[210] R.L.Davies to Joseph Silberstein, "Activities of the Klein-Saks Mission in the Field of Public Administration," 27 September 1957, box 4, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II. Several reforms on public administration gained acceptance, while others were not realized for legal reasons or pressure from employees, professionals, and interested contractors.

of the government's economic program, at least at this stage."[211] U.S. actors saw Herrera as "the symbol of economic reform and the catalyst which made possible rightist, particularly Liberal Party, support of the government." In speculating about the reasons behind Herrera's dismissal, diplomat for the U.S Embassy to Chile Robert Corrigan implied that Herrera's image of a "strong man" with national reach threatened Ibáñez at a personal level and that Herrera's firm anti-inflationary line was causing Ibáñez significant difficulties with industrialists and farmers concerning credit restrictions, and with workers' demands for increased compensation. For U.S. actors, Herrera's dismissal meant that "the Executive had really resolved to ease the strain of economic reform to a point where the program(...) would go by the board with the country's returning to the economic anarchy and political uncertainty which characterized the situation a year ago."[212]

Eventually, the Ibáñez administration implemented only some of the recommended monetary and financial policies in its 1956 stabilization program. Ibáñez and his new economic team proved difficult to influence. Klein-Saks Mission members oscillated between moderate optimism and frank pessimism about the capacity of the Chilean economy to recover from its stagnation under the Ibáñez administration. Phillip Glaesner was part of the pessimistic wing of the Mission. According to a report from the U.S. Embassy, Glaesner believed that "Chileans are not capable of carrying through a reform program without stern guidance from the Mission, that their own inclination leads them to do things which run counter to the program." Glaesner's main criticism

[211] Memorandum of conversation, 7 June 1956, box 2, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.
[212] Robert F. Corrigan to Colonel Drake, 28 August 1956, box 3, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.

was financing the "quinquenios," a five-year longevity payment for the armed forces and police. He also considered Ibáñez "untrustworthy."[213]

The issue of "quinquenios" strained the relationships between the Mission and the Ibáñez administration. In a meeting between Thomas Lockett and Ibáñez, which the former narrated to the U.S. Embassy officials, Ibáñez erupted when Lockett raised the "quinquenio" question. Ibáñez stated that his government "was an honorable government, that the armed forces had long been promised this allowance, and that they were going to get it."[214] Glaesner, who strongly opposed the retroactive payment of "quinquenios" due to its inflationary and psychological impact on the economy, felt very strongly about the issue. For him, the "quinquenios" situation caused Herrera's dismissal. He thought the military appropriation for nearly one-third (some 75 billion pesos) of the annual budget of 275 billion pesos was a "waste of public funds." Glaesner thought that "the army was virtually useless and that its appropriation could be reduced in half, thereby enabling the funds to be put to good use in balancing the budget and in economic development." Glaesner wanted the Mission to take a "firmer line" with President Ibáñez and believed they should have threatened to leave if the President insisted on making the "quinquenios" retroactive. After all, Glaesner thought, "the President needed the Mission much more than the Mission needs the President."[215]

Discrepancies between the Mission's members and the Ibáñez administration impacted the relationship between Glaesner and the more optimistic wing of the

[213] Memorandum of conversation, 1 October 1956, box 1, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, NARA II.
[214] Memorandum of conversation, 9 October 1956, box 1, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.
[215] Memorandum of conversation, 17 October 1956, box 1, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.

Mission, represented by Thomas Lockett. In 1956, the Chilean government did not implement all of the mission's anti-inflationary recommendations regarding the "quinquenios," family allowances, and pay advance ("anticipos") for government employees, spending more than the recommended amount or earlier than suggested by the Mission. However, not all the Mission's members felt as hopeless as Glaesner. Lockett, for example, was not inclined to take as firm a line, something that Glaesner resented.[216] Lockett believed that granting excessive pay benefits was not wise, but he also pointed out that the respective bills carried self-financing provisions such as new taxes. Ultimately, Lockett acted pragmatically. Responding to a question from the U.S. Embassy official as to how the Mission made known its disagreement with the government's actions, Thomas Lockett said that "he had given thought to the question whether the Mission should resign if the government did not accept its recommendations, but had concluded that they should remain to assist the government in carrying out such measures in the least damaging fashion and, in general, protect the reform program to the extent possible."[217]

Despite some success in reducing inflation in 1957, the Klein-Saks Mission's plan could not protect the reform program from the social discontent with the Ibáñez administration, who would come to abandon the reform process. Pedro Milos has reasonably linked the Klein-Saks Mission austerity plan's consequences to the revolts of April 1957, in which workers, students, and marginalized people raided Santiago and created chaos for several days. The uprising, triggered by a rise in public

[216] Ibid.
[217] Memorandum of conversation, 9 October 1956, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.

transportation fares, escalated because of a protester's death. The acute economic crisis of 1955 and the unprecedented price increase had deteriorated the President's popularity, who faced constant demonstrations from workers and students. People rejected Ibáñez's economic austerity policies based on the recommendations of the Klein-Saks Mission. Due to the killing of a student demonstrator by the police on April 1st, protests intensified, and the government lost control of public order in Santiago, Valparaíso, and Concepción.[218] The government eventually was forced to use military force to quell the unrest. The violence in April 1957 showed how popular discontent against austere economic policies had reached a point of no return.

The Klein-Saks Mission's plan helped reduce inflation by mid-1958 to a rate of 20%, although this trend did not continue over time. In the long term, the Ibáñez administration's plan reformed some aspects of the policies on foreign trade, exchange rates, and wages. However, it was unsuccessful in controlling fiscal deficits. In reflecting on the failure of the Klein-Saks Mission's package of reforms in the mid-1950s, Rolf Lüders observed that technocratic knowledge alone was insufficient to carry out reforms. Experts required political and institutional support to implement policies that were unpopular for unions and businesses.[219] Also, the extent of the reforms required a critical mass of experts that Chile did not have in the 1950s. For the long-term success of U.S.-oriented economic policymaking, the shift had to occur at the university level. Though the process unfolded in different ways, this transformation took place at both the University of Chile and the Catholic University. With support

[218] Pedro Milos, *Historia y memoria: 2 de abril de 1957* (Santiago: LOM Ediciones, 2007), 555-566.
[219] Rolf Lüders, *La Misión Klein-Saks, los Chicago Boys, y la política económica* (Santiago: PUC-Instituto de Economía, 2012), 28-31.

from U.S. institutions and scholars, both universities significantly transformed their training and research in economics.

2.4 The Institute of Economics at the University of Chile: The Directorship of Joseph Grunwald and the First Contacts with the Rockefeller Foundation (1955-1961)

During the 1950s, the Rockefeller Foundation and the economist Joseph Grunwald[220] played preponderant roles in transforming the training and research in economics at the University of Chile. As discussed in Chapter 1, the Congress of the Union of Latin American Universities held at the University of Chile in 1953 left behind several signs of "Anti-Americanism," a sentiment that U.S. philanthropic foundations, including the Rockefeller Foundation, sought to counteract as part of their self-imposed global mission to protect U.S. interests abroad.[221] Although Grunwald's appointment as director of the Institute of Economics in 1955 was initially independent of the

[220] Joseph Grunwald was a naturalized U.S. citizen born in Vienna in 1920. In 1938, he escaped Nazi persecution of Jews and arrived in Baltimore, Maryland. Grunwald earned a Bachelor of Sciences from Johns Hopkins University in 1943 while working as the personnel manager for the Comfy Manufacturing Company. Between 1943 and 1944, he served as an economist for the U.S. military government in Western Europe and until the end of World War II, he worked as an editor for psychological military operations in Central Europe. In 1950, Grunwald earned a Ph.D. in the Faculty of Political Science from Columbia University with a dissertation titled "National Economic Budgeting in Norway. A Case Study" under the supervision of Carter Goodrich, an economist who had chaired the governing body of the International Labor Office (ILO) between 1939 and 1945. From 1949 to 1952, Grunwald worked as a planning and economic development consultant in Norway and Puerto Rico. Following these roles, he taught at the City College of New York. In 1954, he moved to Chile with his wife and three children to become the director of the Chilean American Institute and the Institute of Economics. Universidad de Chile. Facultad de Ciencias Económicas, *Escuela de Estudios Económicos Latinoamericanos para Graduados. Prospecto*, box 35, folder 289, pp. 24-25, RG 1.2, series 309s, RAC, Rockefeller Foundation; Joseph Grunwald, *National Economic Budgeting in Norway* (Ph.D. dissertation, Columbia University, 1950).

[221] Parmar, *Foundations of the American Century*, 98.

Rockefeller Foundation, he soon became a key liaison for the Foundation's efforts to shape the university's economics program.

By the early-1950s, the Institute of Economics at the University of Chile, founded in 1945, faced enormous challenges in securing both personnel and funding. Restructuring initiatives began in 1949 under the leadership of Flavián Levine, which led to the establishment of a permanent staff. This full-time staff produced economic and statistical studies for the government, including national income estimates and comprehensive financial analyses.[222] In 1954, Levine was no longer able to direct the Institute,[223] and, in one of his travels to the United States as a CORFO representative, he directly hired U.S. economist Joseph Grunwald, then a professor at the City College of New York, as the new director of the Institute of Economics. With Grunwald's leadership, the Institute of Economics expanded its objectives to conduct scientific research on various economic issues related to Chile and Latin America and train graduates from the School of Economics, thereby preparing a larger body of economists capable of serving in both national and international technical entities.[224]

[222] For example, Universidad de Chile, Instituto de Economía, *Cuentas Nacionales. Informe al Ministro de Hacienda* (Santiago: Editorial Universitaria, 1954). Under Levine's leadership, Carlos Massad served as one of the technical assistants for this report.

[223] Late in 1954, a minor upheaval occurred in the School of Economics, linked to a movement seeking emancipation from the Law School. The Dean Rafael Correa, a lawyer, had assured Levine that he would continue in the Institute, but the younger generation took over, appointing Luis Escobar as dean of the School of Economics. As a consequence, Levine left the faculty. In 1961, a Rockefeller Foundation officer described Levine as "very impressive, is very well read in economics, but is a bitter and negative man. He says Chile is bound to collapse." Interview with Joseph Grunwald, May 8-10-12-15 1961, box 35, folder 287, R.G 1.2, series 309s, RAC, Rockefeller Foundation.

[224] Joseph Grunwald to Montague Yudelman, 30 October 1956, box 34, folder 283, pp. 1-3, RG 1.2, series 309s, RAC, Rockefeller Foundation.

Joseph Grunwald's ideas were rooted in Keynesian economics, with a focus on economic development.[225] Grunwald's views on economics and policymaking meshed well with structuralist reformism predominant at the time. Grunwald viewed economics as a social science aimed at "the satisfaction of human desires." He believed that conventional definitions of economics, such as those by Lionel Robbins[226] or Oscar Lange,[227] stemmed from the motivations to satisfy human desires at an individual and social level. Grunwald saw "social welfare" as a reflection of these motivations, which suggested an inherent overlap between normative and positive economics. Grunwald´s view contrasted with Milton Friedman's distinction in his *Essay in Positive Economics*, first published in 1953, where Friedman argued that positive economics was an objective discipline akin to physical sciences, whose predictions should be consensually accepted as "correct" economic policy.[228] Grunwald contended that while physical and social sciences differed in degree, the primary distinction lay in the measurability and predictability of data. Physical sciences could collect and measure most data accurately, whereas social sciences dealt with less quantifiable data, higher margins of error, and less predictive precision. Grunwald disagreed with Friedman's

[225] I thank Rolf Lüders, who shared his memories about Grunwald. Lüders worked with Grunwald in Washington DC between 1963 and 1965 while doing his dissertation at the Brookings Institution. Rolf Lüders, interview by author, January 26, 2023.

[226] "Economics is the science that studies human behavior as a relationship between limited ends and means that have different applications." Quoted in Joseph Grunwald, "Teoria Económica," box 42, folder 332, R.G 1.2, series 309, RAC, Rockefeller Foundation. "Teoria Económica" was Grunwald's written course.

[227] Economics is "the science that deals with the administration of scarce resources in human society." Quoted in ibid.

[228] Ibid. See Milton Friedman, "The Methodology of Positive Economics," in *Essays in Positive Economics* (Chicago and London: The University of Chicago Press, 1966), 3-7. According to Friedman's biographer, in this celebrated essay Friedman offered prediction as a new standard for economic theory. Jennifer Burns, *Milton Friedman. The Last Conservative* (New York: Farrar, Straus, and Giroux, 2023), 156.

assertion that separating positive from normative economics was essential for consensus on economic policy. Instead, he believed that striving for objectivity in economics did not necessitate abandoning normative or "social" objectives. Grunwald maintained that modern welfare economics addressed "what it is" and "what ought to be," thus leading him to consider, like structuralist intellectuals, that economics served collective sentiments, not individual goals.[229]

Joseph Grunwald's arrival at the University of Chile was instrumental in the financial development of the Institute of Economics. Initially, Grunwald planned to stay in Chile for two years to reorganize research labor at the Institute, but he extended his tenure due to increasing responsibilities, particularly after the Institute secured a Rockefeller Foundation grant.[230] For the Rockefeller Foundation officers, Grunwald represented a technocratic and "objective" approach to economics, aligning with the broader goal of the U.S. to promote capitalist "pluralism." This vision encompassed both state-driven and market-oriented capitalism, emphasizing the virtues of "apolitical" research and scholarship.[231]

During his directorship between 1955 and 1961, Grunwald leveraged his relationships with the Rockefeller Foundation to obtain substantial funding for economic research. In 1957, with the establishment of ESCOLATINA, Rockefeller Foundation funding extended to training Chilean and Latin American graduate students in economics. The budget of the Institute of Economics was around $40,000 (20 million Chilean pesos) in 1956. By 1957, the Rockefeller Foundation had appropriated

[229] Joseph Grunwald, "Teoría Económica," R.G. 1.2.
[230] Joseph Grunwald to Erskine W. Mckinley, 14 August 1959, box 34, folder 285, R.G 1.2, series 309s, RAC, Rockefeller Foundation.
[231] Parmar, *Foundations of the American Century*, 182, 200-201.

$105,000 for a four-year economic research program and $66,400 for developing the graduate program over three years.[232] In 1959, the Rockefeller grants increased to $90,000 for the Institute and $80,000 for the Graduate School, following positive evaluations of these projects.[233] The Institute of Economics used these funds for various expenses, including rent, maintenance, supplies, travel, printing costs, library improvements, scholarships for Chilean and Latin American students, and salaries for the growing full-time staff. These salaries included Grunwald and other part-time participants and visiting professors. Despite the significant funding, chronic Chilean inflation posed financial challenges. For example, Grunwald explained to Erskine McKinley in 1959 that inflation eroded the purchasing power of his annual salary of $12,000 paid in U.S. currency to "at best of $6,000" compared to his first year in Chile. According to Grunwald's calculations, there was a 40% decline in his real income despite a $2,000 increase in his salary since June 1954, when he signed his contract with the University of Chile.[234] Notwithstanding these budgeting hardships, the Institute of Economics functioned reasonably well under Grunwald's directorship.

During the directorship of Joseph Grunwald, the Institute of Economics enhanced the intellectual aid it provided to the Chilean state. Its staff included Grunwald, Luis Escobar (dean of the School of Economics), and Carlos Massad, a talented assistant to Grunwald. Four groups conducting research projects under Grunwald's supervision comprised the rest of the staff. According to Grunwald, the

[232] "University of Chile-Institute of Economics, RF 57070," box 34, folder 283, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[233] "University of Chile-Institute of Economics, RF 59171-RF59172," box 34, folder 283, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[234] Joseph Grunwald to Erskine McKinley, 2 October 1959, box 34, folder 285, RG 1.2, series 309s, RAC, Rockefeller Foundation.

team was "a completely inexperienced but intelligent staff with good academic training."[235] The first comprehensive study produced by the Institute of Economics was a report on Chile's economic development between 1940 and 1956.[236] Widely celebrated and consumed by the community of Chilean economists, this book marked the beginning of a research work that positioned economics at the forefront of the public arena in Chile. Grunwald and Carlos Massad's study examined inflation, the development of each primary economic sector, and the general trends and tendencies in the Chilean economy. Subsequent projects continued to gather national data using innovative surveys on previously unexplored issues such as employment and unemployment rates, the structure of the labor force by economic activities and job types, economic concentration and productivity in manufacturing, agricultural productivity, the methodology of Chile's fiscal budget system and its relation to monetary policy and planning, economic surveys, population and income projections, and social security.[237]

Economists like Joseph Grunwald believed that economics should actively engage with the public, not only provide knowledge to the state as the Institute of Economics did through its research. One of the main concerns of the Institute of

[235] Joseph Grunwald to Montague Yudelman, 30 October 1956, box 34, folder 283, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[236] Universidad de Chile, Instituto de Economía, *Desarrollo económico de Chile 1940-1956* (Santiago: Editorial Universitaria, 1956).
[237] Universidad de Chile, Instituto de Economía. *Informe del director a la Universidad de Chile 1955-1957* (Santiago, 1958), 16-20. For example, Universidad de Chile, Instituto de Economía. *Antecedentes legales de ocho cajas de previsión chilenas existentes en 1957* (Santiago, 1958); *Ocupación y desocupación. Gran Santiago, Valparaíso, Viña del Mar* (Santiago, 1958); *Un aspecto de la situación habitacional de Chile en 1952. Estudio sobre deficiencias habitacionales* (Santiago, 1958); *Perspectivas económicas del problema de las pensiones* (Santiago, 1958); *Proceso presupuestario fiscal chileno* (Santiago, 1959); *Limitaciones del sistema de seguridad social chileno* (Santiago, 1959); *Algunas consideraciones sobre precios agrícolas* (Santiago, 1959); *Ensayo de clasificación de las transacciones del sector público* (Santiago, 1959).

Economics's staff was to elevate the public understanding of Chile's fundamental economic problems. The Institute of Economics staff produced pamphlets and opinion pieces in periodicals such as *Panorama Económico* and radio broadcasts to achieve this. Additionally, with the help of the University of Chile's outreach services, the Institute of Economics organized several lecture tours and seminars across Chilean provinces, from Antofagasta to Valdivia. One of the most significant educational efforts was the 35-page pamphlet *Chile y la inflación* produced by several members of the Institute of Economics, aimed at non-specialist audiences to explain the meaning of inflation and its impact on Chile's economic growth.[238] This pamphlet built on structuralist arguments, positing that Chilean inflation resulted from cumulative pressures among prices, wages, and salaries, which increased incomes without boosting production.[239] The pamphlet explained inflation as a battle over income redistribution, identifying as its causes the process of economic development and the pressures for achieving higher standards of living and more consumption, the Chilean economy's dependence on exports, the state's rigid public expenditure and tendency to spend creating deficits, the indiscriminate use of credit by industrialist, farmers, and merchants (often used to cover wage and salary increases), and the stagnation of agricultural productivity amid a growing population.[240]

During Grunwald's directorship, the economics training at the University of Chile underwent significant transformations, propelled by the consolidation of the

[238] Universidad de Chile, Instituto de Economía, *Chile y la inflación* (Santiago: Editorial Universitaria, 1955). The Institute of Economics distributed five thousand copies of this pamphlet free of charge to business owners, labor unions, and schools.
[239] In chapter 1, I offered a deeper discussion of structuralist's approach to inflation.
[240] Universidad de Chile, Instituto de Economía, *Chile y la inflación*.

Institute of Economics within the University of Chile and the launch of ESCOLATINA with the support of the network of the ICA, U.S. universities, and global foundations that provided substantial funding and academic support. Grunwald made several improvements to the undergraduate curriculum, introducing more rigorous courses in economic theory, which he taught, and introductory courses in statistics and methodology. In 1955, the curriculum focused heavily on Keynesian theories with very little coverage on microeconomics and monetary theory, and some teaching of comparative banking institutions. By 1957, Grunwald had revised the primary course bibliography to include seminal works written by Paul Samuelson (value theory, general survey), James Meade (business cycles and national income), George Stigler, and Kenneth Boulding (production economics), Leon Walras and Wassily Leontieff (theory of general equilibrium), John M. Keynes (general theory of macroeconomics), and Evsey Domar, Roy Harrod, and John Hicks (economic growth). Many of these texts were available in English, indicating how it was becoming the predominant language for studying economics.[241]

Grunwald facilitated a network for U.S. economists to teach or conduct research in Chile. Several visiting professors from U.S. universities contributed to the development of the Institute of Economics and ESCOLATINA by giving lectures and short courses. Notable economists included world-renowned John Kenneth Galbraith from Harvard University, who conducted a seminar on agricultural economics in 1958, and Ernest Feder from the University of Nebraska along with Frank Bachmura, a

[241] Interviews MY, 11 January 1957, box 34, folder 283, R.G. 1.2, series 309, RAC, Rockefeller Foundation.

disciple of Theodore Schultz from the University of Chicago. Feder and Bachmura were both hired through the Fulbright Program to teach courses and conduct seminars in agricultural economics in 1958 and 1959, respectively.[242] Other young economists, such as John Strasma and Robert T. Brown from Harvard University and Albert Lauterbach from the University of Wisconsin, also conducted research in Chile. These scholars, sponsored by the Fulbright exchange program, represented the United States's concentrated effort "to educate young Chileans, especially future members of university faculties, towards American economic thinking." This initiative aimed to help achieve the U.S. objectives of "stabilization of the Chilean economy" and "the more effective operation of American business in Chile." Grunwald's influence also circulated from Chile to the United States. Referring to contracts providing grants to Chilean young scholars to study in the United States, a report on this program acknowledged that "every effort is made to give preference to the candidates recommended by Mr. Grunwald." George Butler, the public affairs officer who authored this report, recognized that "more candidates from the Faculty of Economy of the University of Chile would have been sent to the United States had they been adequately prepared in English."[243] The increasing presence of U.S. economic scholars and U.S.-educated Chileans at the University of Chile highlighted Grunwald's skill in building a network of international economists well-positioned to secure grants from

[242] Joseph Grunwald to Montague Yudelman, 5 January 1959, box 35, folder 290, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[243] George Butler to Department of State, "Annual Report on the International Educational Exchange Program," 17 March 1958, box 316, folder 23, Bureau of Educational and Cultural Affairs Historical Collection, University of Arkansas Libraries Special Collections Division, University of Arkansas.

the Ford and Rockefeller Foundations, especially after the merger of the Institute of Economics and ESCOLATINA in 1962.[244]

Grunwald's stay in Chile extended from 1954 to 1961, after which he left to teach at Yale University and conduct research for the Brookings Institution. During his time in Chile, he engaged in administrative, research, and teaching tasks at the Institute of Economics, allowing him to understand the Chilean economy deeply. He became an indispensable interlocutor for U.S. academics, business leaders, and political actors interested in the country. Among the issues he studied, economic theory and development stood out.[245] Due to his extraordinary position within the network of economists in Chile, Grunwald became a critical mediator between U.S. and Chilean economists. This role was particularly significant as the late 1950s demands for economic development and Latin Americans' frustration with slow economic progress strained U.S.-Latin America relations. Grunwald represented a particular facet of the U.S. engagement in the Americas, marked by his moderation and balanced perspective on Chilean reality. He was ideologically flexible, as illustrated in a 1959 American Society of Chile address. In this address, where Grunwald presented an economic forecast for Chile covering trade, economic growth, and policy, he advised that flexibility should be the core principle of U.S. foreign economic policy. This approach,

[244] Parmar, *Foundations of the American Century*, 201.

[245] Some of his publications, Joseph Grunwald, "Planificación económica e intervencionismo gubernamental," *Economía* 51 (October 1955): 1- 14; "Comentario sobre un aspecto del reajuste de sueldos y salarios," *Economía* 58 (1st. tr. 1958): 27-32; *Outlook for Chile's Foreign Trade and Economic Growth 1959-1963* (Santiago: Instituto de Economía Universidad de Chile, 1958); "Inversión, relación capital-producto, y crecimiento económico," *Economía* 65 (4th. tr. 1959): 1-18; "La escuela "estructuralista," estabilización de precios, y desarrollo económico," *Economía* 69-70 (4th. tr. 1960 and 1st. tr. 1961): 1-24; "El saber en la ciencia económica. Validez particular y validez general," *Economía* 83-84 (2nd and 3rd. tr. 1964): 35-46.

not theoretical purity, would enable Chile and other less developed countries to achieve rapid economic development while preserving individual liberties:

> We North Americans seem to forget that in our own country, our government plays far from an insignificant role in economic affairs ... I am not saying that this is good or bad but simply that it exists and therefore, we cannot be the exponents of a pure free enterprise economy because this concept exists only in textbooks and in the real world has never existed anywhere.[246]

Joseph Grunwald's efforts paved the way for the evolution of the discipline of economics in Chile in the 1960s. As a mentor to a generation of economists who would later study at U.S. universities, Grunwald linked the development of economics in Chile with contemporary trends in the Western world. He contributed to build the foundations for policy-oriented research in Chile, conducting numerous studies for the Chilean government, notably the Institute of Economics' regular surveys on unemployment. Grunwald's mentees included Carlos Massad, the subject of Chapter 3. He also facilitated opportunities for many young Chilean students by referring them to foundations and their recipient institutions, including putting in a word for Ricardo Lagos to a Rockefeller Foundation official.[247] Under Grunwald's leadership, the Institute of Economics emerged as a leading action center for high-quality economic research in Latin America, strengthening the training of statist-minded technocrats. Simultaneously, the Catholic University began to experience significant changes in its economics department due to the driving force of the University of Chicago and the free market model.

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[246] Joseph Grunwald, "Economic Outlook for Chile. Address to the American Society of Chile," 19 February 1959, box 34, folder 285, pp. 6-7, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[247] Interview with Joseph Grunwald, 8-10-12-15 May 1961, R.G 1.2.

2.5 The Agreement Between the Catholic University and the University of Chicago

In 1954, Albion Patterson, Technical Cooperation director of the Institute of Inter-American Affairs in Chile, offered the School of Economics at the University of Chile's authorities to carry on a cooperation scheme with the U.S. international development agency and the University of Chicago for the modernization of the discipline of economics. The University of Chile declined the offer. Political scientist Juan Gabriel Valdés suggests that the incompatibility between the University of Chicago's economic approach—deemed too conservative—and the predominantly structuralist ethos of the school played a decisive role in causing the proposed collaboration to fail. Furthermore, the University of Chile's reluctance to enter into an exclusive university-to-university partnership with the University of Chicago stemmed from its longstanding commitment to academic independence. The university's reputation and influence, not only in Chile but across Latin America, were regarded as too valuable to risk in a venture that could compromise its institutional autonomy.[248]

Patterson also had relationships with the Catholic University's authorities, who sought financial aid for the CU's agricultural department at the time. In 1954, the CU's rector, Monsignor Alfredo Silva Santiago, contacted Patterson requesting assistance. Patterson was not interested in supporting the CU's agricultural department because of the upper-class social composition of its students, most of whom were sons and heirs

[248] Valdés, *Pinochet's Economists*, 114-115; 134-135; Luis Escobar Cerda, *Mi testimonio* (Santiago: Editorial VER, 1991), 33-35. In addition, Valdés, whose authoritative study on the "Chicago boys" involved direct interviews with key figures, challenges the notion that internal left-wing opposition within the School of Economics at the University of Chile influenced Juan Gomez Millas, a moderate Social Christian and the University of Chile's rector, to oppose the cooperation plan with U.S. institutions.

of landowners. Instead, Patterson proposed Silva a joint endeavor in economics and economic research.[249] Silva and Julio Chaná, the Dean of the School of Economics at the CU, wasted no time advancing collaboration with the U.S. government. In January 1955, Chaná communicated to Patterson that the CU wished to establish a collaborative agreement with a U.S. university "which, according to our antecedents, could be the University of Chicago, and possibly the Massachusetts Institute of Technology (MIT)." The objective was to establish "a joint research institution to identify Chile's economic resources and the most efficient way of systematically developing them through the application of technology and private capital."[250]

In June 1955, the University of Chicago, at the invitation of the ICA, sent professors Theodore W. Schultz, Earl Hamilton, Arnold Harberger, and Simon Rottenberg to Santiago to explore the possibilities of jointly undertaking a research and training program in economics with the Catholic University. In April 1956, the ICA, the University of Chicago, and the Catholic University arranged a three-year grant for $375,000. Under this arrangement, known as the Chile Project, both universities would start a program for training and research in economics in Chile and the United States that encompassed three main components. First, it entailed selecting and sponsoring promising Chilean students to pursue studies in economics at the University of Chicago. Second, it involved the establishment of an economics research center at the CU to serve as a hub for economics research in line with U.S. standards. Lastly, it required the production of research output focused on the Chilean economy and its

[249] Valdés, *Pinochet's Economists*, 115-116.
[250] Julio Chaná Cariola to Albion W. Patterson, 27 January 1955, box 115, folder 1, Faculty of Economic and Administrative Sciences Papers, Alfredo Silva Santiago Collection (1953-1967), CU Historical Archive.

associated economic challenges, which would be conducted at the University of Chicago, thereby fostering a comprehensive understanding of Chile's economic landscape.[251]

What motivated Patterson to invest the ICA resources in the Chile Project? The ICA's initiative aimed to cultivate a cadre of economists trained in the United States who could influence public policy decisions significantly. Not being an economist himself, Patterson viewed Chile as a stable environment conducive to the long-term objectives of Point Four's academic exchange program. In a conversation held in October 1956 with an unidentified Rockefeller Foundation official, Patterson underscored what he perceived as uniquely advantageous conditions for fostering collaboration between the Catholic University and the University of Chicago within Chile. Patterson's rationale revealed his idealized perspective of Chile, encompassing racial, cultural, and economic biases. He highlighted factors such as "no Indian problem, a homogenous and talented population, high literacy rate —perhaps 80 percent, good primary and secondary education, favorable natural resources, and no water shortage."[252] Furthermore, Patterson emphasized that critical factors facilitating the implementation of this partnership included the Catholic University's determination to "push economics" and the University of Chicago's intensely theoretical approach and vigorous proposal of the virtues of the market price system, which he felt "badly needs emphasis in Chile."[253]

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[251] Informe acerca del Centro de Investigaciones Económicas, Facultad de Ciencias Económicas Universidad Católica de Chile, 15 June 1957, box 115, folder 2, Faculty of Economic and Administrative Sciences Papers, Alfredo Silva Santiago Collection (1953-1967), CU Historical Archive.
[252] Interview with Albion W. Patterson, 2 October 1956, box 32, folder 268, R.G 1.2, series 309r, RAC, Rockefeller Foundation.
[253] Ibid.

The project led by Patterson sought to change the minds and hearts of Chileans regarding the economic question. In a joint report of the ICA and the U.S. Embassy in Chile, the narrative criticized how the impacts of the Great Depression bred social discontent that compelled government expenditure on welfare, arguing that this social expenditure burdened Chile's development. It suggested that several structural problems, such as industries' lack of conditions for future growth due to Chile's limited market size, the relatively low per capita income, and the concentration of consumer goods industries, slowed Chile's drive for industrialization after 1930. The ICA and the Embassy emphasized that when confronting these economic problems, U.S. technical cooperation could contribute by "changing thinking at the top levels of industry, government, and teaching institutions so that these leaders, in turn, can influence the attitudes of others in ever-widening circles in their respective fields." To sell this theory of capitalistic management successfully, the U.S. government needed to materialize "forces that affect the attitude of government and people and promise to continue after United States assistance is withdrawn."[254] Although not the first U.S. attempt to shape economic policies and thinking in Chile or Latin America, this diagnosis aptly outlines the character of a process that would greatly influence the economic and political trajectory of Chile's technocratic middle class in later decades, to a great extent, thanks to the role of the University of Chicago.

What led the Department of Economics at the University of Chicago to pursue this partnership? The genesis of its involvement lay in the intellectual collaboration between Albion Patterson and Theodore W. Schultz, then Chairman of the Department

[254] "Special Report," 4 August 1956, box 3, RG 59.

of Economics. Both shared a keen interest in understanding the nexus between investment in education and economic growth.[255] In the mid-1950s, the Department of Economics at the University of Chicago sought to strengthen its competitiveness compared to other leading economics departments in the U.S., such as Harvard University and MIT. In doing so, the University of Chicago aimed to demonstrate leadership in the field of economic development. One of the reports from Chicago to Santiago and Washington D.C. described Chile as "a laboratory in the study of the problems of economic development in the less developed parts of the world."[256] Chicago envisioned the Chile Project as an opportunity to influence the quality of economists emerging from the School of Economics at the CU. Establishing a dedicated staff in Chile was deemed essential for achieving this objective. Thus, central to the University of Chicago's strategy was the expectation that the Chile Project would "raise the probability that in the long run, Chile will make wise economic choices." The Chicago staff anticipated that the research conducted by Chilean economists trained under their guidance would center on free market principles. They expected this research to wield influence over public opinion, intellectual discourse, and ultimately, economic policy in Chile.[257]

The CU School of Economics authorities pursued this agreement because of their distinct perspective on economic development, which contrasted with the prevailing "statism" at the University of Chile. In correspondence with Patterson,

[255] Valdés, *Pinochet's Economists*, 114.
[256] Department of Economics, University of Chicago, The Chile Project. Fifth Report to the Catholic University and to the International Cooperation Administration, September 1958, box 42, pp. 8-9, General Archival Files, Special Collections Research Center, The University of Chicago Library, University of Chicago.
[257] Ibid., 2.

Chaná acknowledged that the CU's primary motivation was "the conviction that national economic development must be achieved primordially through the contribution of private capital," not a "total planning of economic resources that implied a single direction."[258] This stance, expressed in early 1955, served as a political statement. The collaboration with the University of Chicago would help the CU to counteract the virtual monopoly of economic research, teaching, and graduate studies held by the University of Chile and the prevalent consensus favoring state intervention through import-substitution industrialization. Moreover, the agreement represented an opportunity for academic modernization of the CU School of Economics, which lagged behind the University of Chile in public perception. With a focus on establishing a dedicated economics faculty engaged in teaching and research, the CU aimed to elevate its academic standing. Consequently, CU authorities were very interested in retaining Chilean trainees once they returned from Chicago to bolster their full-time faculty initiative.

The collaboration between the CU and the University of Chicago bore fruit in establishing the Economics Research Center within the School of Economics at the CU in Santiago. Initially, the ERC developed under the guidance of U.S. professors from 1956 until March 1959, when both parties renewed the agreement for an additional two years, and the first Chilean students returned from Chicago.[259] In May 1956, a Harvard University graduate, Simon Rottenberg, arrived in Chile to serve as the first senior economist for the University of Chicago staff in the Chile Project. Throughout the year,

[258] Julio Chaná Cariola to Albion W. Patterson, 27 January 1955, Faculty of Economic and Administrative Sciences Papers.
[259] The University of Chicago and the CU would renew it for three additional years until 1964.

other economists who intermittently resided in Chile joined Rottenberg: Martin J. Bailey in June, Arnold Harberger in July, James O. Bray in August, and Tom Davis in November.[260] The agreement also stipulated the formation of an advisory committee mandated to provide consultation to the administrative officers of the Center concerning the development of research plans for the project. The initial members of this advisory board included Julio Chaná, Joseph Grunwald, Director of the Institute of Economics at the University of Chile, Simon Rottenberg, José Mayobre from ECLA, and Oswald Brownlee from the Institute of Inter-American Affairs.[261] During the center's formative months, Chaná and Rottenberg oversaw its day-to-day operations, including the management of financial transactions for supplies, equipment, and services.[262]

Rottenberg was disgusted by the state of the social sciences he encountered in Chile. Among the seven universities in Chile, only the CU and the University of Chile engaged in economic research, with the latter also beginning the establishment of a sociology department. In Rottenberg's view, this situation mirrored broader trends across South America, where social sciences were "incidental to law and education." Economics, as noted by Rottenberg, suffered a notable lack of coherence. It was "a jumbled-up mixture of business administration, mathematics, and some economic theory."[263] In addition, academic job conditions were minimal. Before the inception of

[260] Informe acerca del Centro de Investigaciones Económicas, Facultad de Ciencias Económicas Universidad Católica de Chile, 15 June 1957, Faculty of Economic and Administrative Sciences Papers. Bailey and Davis earned their Ph.D. in economics from John Hopkins University while Harberger and Bray obtained theirs from the University of Chicago.
[261] Valdés, *Pinochet's Economists*, 134-135.
[262] Simon Rottenberg to Montague Yudelman, 28 November 1956, box 32, folder 268, R.G 1.2, series 309r, RAC, Rockefeller Foundation.
[263] Interview with Simon Rottenberg, 1 October 1956, box 32, folder 268, R.G 1.2, series 309r, RAC, Rockefeller Foundation.

the ERC, most of the teaching staff of the School of Economics at the CU were part-time, and their primary income came from other jobs. Rolf Lüders, the only Chilean student who earned a Ph.D. in economics with Milton Friedman as one of his three thesis advisors, recalled the training in economics at the Catholic University at the time as "extremely weak in academic terms."[264] According to Lüders, most professors and students were interested in business administration rather than economics.[265]

The body of economists sent by the University of Chicago to work in Chile saw the Chilean economy under a critical lens.[266] For them, inflation and "statism," the perceived heavy-handed government intervention in development and its tendency to prioritize economic growth over reducing inflation, emerged as a significant challenge within Latin American economies.[267] These experts shared a view of Chile grounded in two key observations. First, Chile, having extensive agricultural, mineral, forest, and power resources and a relatively small population, was a rich country with poor citizens. Second, they viewed investing in the education of the Chilean people as one of the most promising avenues for economic advancement in Chile's context.[268] They advocated for the market as the best mechanism for allocating resources. However,

[264] Rolf Lüders, interview by author, June 3, 2020. Arnold Harberger and Robert Fogel were his other two thesis advisors.
[265] Rolf Lüders, interview by author, January 26, 2023.
[266] In addition to the professors who arrived in 1956, the University of Chicago staff for the Chile Project included scholars Marto Ballesteros, Chauncy Harris, T.W. Schultz, H. G. Lewis, Franklin Gregory Wade, Charles Hardin, John Deaver, Siegfried Marks, and Reuben Kessel. Department of Economics, University of Chicago, The Chile Project. Fifth Report to the Catholic University and to the International Cooperation Administration, September 1958, p. 13. For the curriculum of these professors, see the index of characters.
[267] Interview with T.W.Schultz, 29 November 1956, box 32, folder 268, R.G 1.2, series 309r, RAC, Rockefeller Foundation.
[268] Department of Economics, University of Chicago, The Seventh Progress Report of the University of Chicago to the Catholic University and to the International Cooperation Administration, July 1959, box 42, pp. 7-8, General Archival Files, Special Collections Research Center, The University of Chicago Library, University of Chicago.

U.S. professors encountered a "certain distrust" of free market processes from Chilean economists and other professionals and a conviction that free markets and the structure of free price systems did not assign resources efficiently. In part, Chicago economists blamed the distrust in the market on "pyramids of controls upon economic behavior (...) that (...) have often diminished income and output in the economy" and the failure to aptly apply those economic tools that would have permitted the Chilean government to predict the consequences of inflationary policies.[269]

Arnold Harberger, a young economist principally influenced by Friedman and Schultz, became one of the principal actors of this program. Harberger, who spent three months in Chile in 1956, was a "seed planter" and a diagnoser.[270] He was a planter of seeds because, as an academic mentor and personal friend of Chilean students at Chicago, Harberger decisively contributed to introducing the central tenets of the Chicago School with the explicit purpose of spreading them in academic work: the absolute need for theory in economics (and the idea that theories simplify or oversimplify the world); the notion that theory is helpful to the degree it helps to understand or predict the world and formulate policies; and the assumption that every individual is a rational, self-interested actor and that the market economy operates as the competitive model assumes.[271] As a "champion of diagnostics," Harberger

[269] Department of Economics, University of Chicago, The Chile Project. Fourth Report to the Catholic University and to the International Cooperation Administration, February 1958, box 42, pp. 2-3, General Archival Files, Special Collections Research Center, The University of Chicago Library, University of Chicago.
[270] Arnold Harberger, "Sense and Economics: An Oral History with Arnold Harberger," interview by Paul Burnett, 2015 and 2016, Oral History Center, The Bancroft Library, University of California, Berkeley, 2016, 20, 76-78.
[271] Ibid., 34-35.

followed the "Chicago way of thinking," namely, thinking of economics as a "dynamic organism" made of rules that individuals had to play.[272]

Harberger was central in disseminating the Chicago economists' perception of the inefficiencies within the Chilean economy. In a memorandum Harberger wrote in 1956 for his colleagues back in Chicago, he offered a critical assessment of the Chilean economic scenario. In stark contrast to prevailing dirigiste ideologies, Harberger depicted the Chilean economy as plagued by inefficiency and protectionism. In this memorandum, Harberger identified government policies that increased inflation and the social security system as the leading causes of inefficiency in the Chilean economy. Harberger criticized the disconnect between bank credit with fixed interest rates and the productivity of funded projects, the detrimental effects of price controls on agricultural products, and the artificial maintenance of low exchange rates to shield specific industries from global free trade competition. Harberger also questioned the operations of the Cajas de Previsión, the Chilean white-collar *empleados*' social security system, which functioned as a savings bank for retirement funds and as a lending institution. Harberger noted in a critical vein that these institutions sacrificed future returns at reasonable rates by utilizing resources for investments in social housing construction. This view dismissed the dire need for social housing that pressed Santiago and other major cities at the time. Expressing resignation, Harberger observed that most Chileans did not consider the quantitative theory of money as the principal cause of inflation but instead focused on salary variations, budget deficits, and the rise of production costs to explain the price increases. This realization dawned on him as

[272] Ibid., 51.

he observed the Central Bank's reluctance to significantly curtail its policy of lending money to the government.[273]

The University of Chicago economists at the ERC undertook research that mainly dealt with agricultural economics and inflation, using microeconomics as their primary analytical tool.[274] According to the economists from Chicago, Chile's agricultural problems were beyond the introduction of seeds, machinery, and pasture management. Significant pricing issues were following anti-inflationary policies, maximizing economic resources, and introducing carefully considered prices to facilitate the best possible capital allocation. In the first three years of the ERC, they explored agricultural economic issues such as the correlation between wages and food prices, the costs associated with agricultural production, the effects of fluctuating prices on production and consumption patterns, and the effects of landholding size on resource utilization. This research attempted to address the notable shortage of agricultural economists in Chile, which hindered investigations into such crucial matters.[275] Indeed, the Chile Project sought not only to improve teaching and research in economics but

[273] Arnold Harberger, "Memorándum sobre la economía chilena," *Estudios Públicos* 77 (January 2000): 399-418. In the ensuing decades, Harberger's memorandum became a principal reference for Chilean economists trained at the University of Chicago who led a profound economic liberalization under the Pinochet dictatorship.

[274] "Publicaciones del Centro de Investigaciones Económicas de la Universidad Católica de Chile," box 32, folder 270, RG 1.2, series 309r, RAC, Rockefeller Foundation. Research topics included, for example, agricultural economics, consumer expenditure, wage differentials, import substitution, capital goods imports, rates of return on investments in Chilean corporations, monetary studies, growth of Chilean output and productivity, impact on social welfare, and statistical analysis of inflation and housing construction in Chile.

[275] "Catholic University of Chile-Economics Research Center, RF 57022," box 32, folder 268, RG 1.2, series 309s, RAC, Rockefeller Foundation.

also to implement economic education at other CU schools, most notably the agricultural department.[276]

The challenges of agricultural development were at the core of the objectives of the United States in Chile. In 1956, a report from the U.S. Embassy in Chile and ICA diagnosed Chile's principal economic problem as being the management and utilization of natural resources. According to this report, enhancing agricultural production was one of the fundamental elements required for improving Chile's economy, as generalized absentee landlordism and protectionist government measures adversely affected output. Otherwise, the report noted, Chile could be agriculturally self-sufficient.[277] U.S. assistance to Chilean agriculture in the 1950s was primarily technical and short-term. The knowledge on Chilean agriculture, consequently, was expressed mostly in the language of numbers, prices, input-output ratios, and other statistics. Social forces in the countryside, their political mobilization and alliances and conflicts with urban working and middle classes, labor relations between peasants and rural proprietors, and the impacts of state policies and rural social customs on models of family and gender relations were, unsurprisingly, largely ignored in the academic production of U.S. economists. Despite this neglect of social actors, the conditions to carry out a massive reform in land tenure and labor relations in the Chilean countryside were as real as predominant was poverty among peasants.

For Chicago economists, all roads for economic development led to combating inflation. Their study of this phenomenon in Chile aimed to deepen understanding and

[276] Rolf Lüders, interview by author, January 26, 2023. Economists Raul Yver and Alberto Valdés were the principal Chilean agricultural economists trained at the University of Chicago in the late 1950s.
[277] "Special Report," 4 August 1956, box 3, RG 59.

served as a platform to engage in public economic education, thereby disputing the philosophical underpinnings of their "statist" Chilean counterparts' ideas. Simon Rottenberg spearheaded the creation of a series of brief pamphlets written in a simple pedagogical style about subjects such as money and inflation, the cost of living and its measurement, and the economics of price control. Although the series was not nearly successful, at the heart of its critical examination of the Chilean economy lay a fundamental assertion that represented well the view of the University of Chicago economists in Chile: inflation functioned as a de facto tax on the people.[278] U.S. economists endeavored to promulgate their views regarding inflation across academia, business circles, and society. In doing so, they circulated their works through lectures, working papers in English and Spanish, theses, surveys, data tabulation, mimeographs, publications of the ERC's academic journal *Cuadernos de Economía*, academic seminars, the workshop on Latin American Economics at the University of Chicago, and other non-academic publications such as *El Mercurio* and *Panorama Económico*. ECLA intellectuals, as we have seen in Chapter 1, received these ideas with wariness.[279]

In discussing ECLA theory, economists from the University of Chicago held differing views. Some were highly critical of ECLA's influence in Latin America. In a conversation with a Rockefeller Foundation official, Arnold Harberger criticized Raúl Prebisch and other economists, stating that they "reject the tools of economics and talk about vast and vague things like the relationship between center and periphery."

[278] For example, Facultad de Ciencias Económicas Universidad Católica de Chile, Centro de Investigaciones Económicas, *El índice del costo de vida* (Santiago, 1959).
[279] Vial, Ogaz, and Carrasco, *Una trascendental experiencia académica*, 139-149.

Harberger believed that "tools do not change, only the applications." He advocated for a reform of economic education in Chile, focusing on price theory, monetary theory, economic theory, and international trade theory, under the guidance of the University of Chicago rather than ECLA.[280] However, not all Chicago economists shared Harberger's opinions. In a conversation with a Rockefeller Foundation official, Tom Davis revealed that his economic orientation had shifted slightly from his initial classical approach. After five years of working on the project in Chile, Davis recognized that "one has to apply economic analysis according to the institutional structure, that what is politically possible here and what is politically possible in the U.S. are two very different things."[281] Similarly, James Bray, the second head of the Chicago staff in Chile, also expressed some criticism to Harberger. A Rockefeller Foundation report based on two interviews with Bray highlighted his critique of the "Friedman influence" through Harberger on the Chilean trainees, which he deemed "unfortunate." Both Davis and Bray admired the work of Joseph Grunwald at the University of Chile, closer to ECLA standards, but raised concerns about the research he led there. Davis felt that the research at the University of Chile was "largely description without analysis," while Bray criticized Grunwald for managing research in a way that lacked "enough individual responsibility," resulting in work that was more "a group product." Bray believed that this approach diverged from the tradition of individual responsibility that characterized U.S. scholarship.[282]

[280] Interviews CMH. Professor Arnold Harberger, 27 December 1962, box 32, folder 270, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[281] Interviews CMH. Tom Davis, 12 May 1961, box 32, folder 270, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[282] James O. Bray, 9 May-14 May 1961, box 32, folder 270, RG 1.2, series 309s, RAC, Rockefeller Foundation.

Chicago economists initially lacked success in changing the minds of Chileans but achieved more at the university level. Understanding their impact on the Chilean "epistemic community" requires examining the exchange program for Chileans who studied at the University of Chicago. Between 1955 and 1957, nine Chilean students embarked on economic studies at the University of Chicago. The primary goal of training these students in the United States was to create the Chilean professional staff of the School of Economics at the CU within five years. Grants from the IIAA, the University of Chicago-ICA-CU agreement, and the Fulbright Foundation covered their expenses. The first two Chilean students enrolled under the University of Chicago-ICA-CU agreement, Sergio de Castro from the Catholic University and Carlos Massad from the University of Chile, transitioned to Chicago to begin graduate-level economics studies in the fall semester of 1956.[283]

2.6 Conclusion

This chapter examined the efforts made by the Eisenhower administration to shape Chile's economic policymaking during the Ibáñez administration. The Eisenhower administration utilized technocratic collaboration and educational initiatives as part of its approach. However, the Eisenhower administration did not achieve all of its political

[283] The remaining seven students included Florencio Fellay and Victor Ochsenius, both graduates of the CU, who received grants from the IIAA starting in the Fall of 1955; Carlos Clavel, a graduate of the UCH, also supported by an IIAA grant starting in the Fall 1955; Ernesto Fontaine and Pedro Jeftanovic, graduates of the CU, who obtained grants from the University of Chicago-ICA-CU agreement starting in the Spring of 1957; Luis Arturo Fuenzalida, from the UCH, initially funded by the Fulbright Foundation in Fall 1956 and later supported by the University of Chicago-ICA-CU agreement; and Herta Castro, from the UCH, whose grant from the Fulbright Foundation began in Fall 1957. Informe acerca del Centro de Investigaciones Económicas, Facultad de Ciencias Económicas Universidad Católica de Chile, 15 June 1957, Faculty of Economic and Administrative Sciences Papers.

and economic objectives in Chile. Ibáñez, a unique anti-communist Chilean military transformed into a democratic politician, represented a temporary majority. A major political and economic crisis led Ibáñez to resort to a comprehensive stabilization plan formulated by the austerity-inspired Klein-Saks Mission. Initially, Ibáñez embraced proposed adjustments but could not implement them to their full extent due to a mixture of lack of conviction and political incapacity of his administration.[284] The 1957 popular uprising further eroded Ibáñez's political standing. His final year in office was devoid of significant influence. No candidate in the subsequent 1958 presidential elections espoused an "ibáñista" platform. By the end of his tenure, the Ibáñez administration derogated the legislation that barred Chilean communists from political participation.[285] Ibáñez's successors in the 1960s, right-wing technocrat Jorge Alessandri (1958-1964) and Christian Democrat Eduardo Frei Montalva (1964-1970), applied economic stabilization programs that departed from the one proposed by the Klein-Saks Mission.[286]

However, the initiatives undertaken by the Eisenhower administration carried significant long-term implications. The Klein-Saks Mission served as a precursor to the free-market model later embraced by the Pinochet dictatorship in the 1970s.[287] The ICA-University of Chicago-CU agreement paved the way for establishing a neoliberal framework in Chile and reshaped economics education at the CU. Under the guidance

[284] Moulian, *El gobierno de Ibáñez*, 38.
[285] Ibid., 42-47.
[286] For a complete overview of these policies, Ricardo Ffrench-Davis, *Políticas económicas en Chile, 1952-1970* (Santiago: Ediciones Nueva Universidad, Universidad Católica de Chile, 1973); Couyoumdjian, "¿Por qué la Misión Klein-Saks? Los orígenes de un programa de estabilización económica para Chile," 94-96.
[287] Rolf Lüders, "La Misión Klein-Saks, los Chicago Boys, y la política económica," in Couyoumdjian, *Reformas económicas e instituciones políticas: la experiencia de la Misión Klein-Saks en Chile*, 207-239, esp. 233-236.

of Chicago economists, the Economics Research Center at the Catholic University became a site for disseminating neoliberal principles and advocating for a scientific and individualistic approach to economic analysis. These economists recognized the need for a fundamental overhaul of economics training and focused on refining price, monetary, financial, and international trade theories. Between 1956 and 1964, over thirty Chilean students benefited from the Agency of International Development program, receiving advanced training in economics at the University of Chicago.[288] Notable figures such as Sergio de Castro, Rolf Lüders, Ernesto Fontaine, and Ricardo French-Davis returned to the Catholic University as faculty members and contributors to the Economics Research Center. They enhanced the previously fixed curriculum by introducing optional courses, thereby broadening the range of available courses. Additionally, they implemented a system of grading on a curve, established mandatory reading lists for passing classes and the requirement for papers in courses, and introduced the workshop system in Chile.[289] Their influx gradually displaced U.S. economists in Chile, ushering in a new era of local expertise and fostering a culture of continuous professional development, albeit without the conferral of graduate degrees— which began in the early 1970s.[290]

By the 1960s, Chile had emerged as a hub of economic knowledge production, with effects extending throughout Latin America. The CU led this emergence by

[288] Glen Biglaiser, "The Internationalization of Chicago's Economics," *Economic Development and Cultural Change* vol. 50, no. 2 (January 2002): 269-286, esp.273-276.
[289] Rolf Lüders, interview by author, January 26, 2023.
[290] Vial, Ogaz, and Carrasco, *Una trascendental experiencia académica*, 123-181. The CU created a master's program in economics in 1972 with the support of the Ford Foundation, and a doctoral program in 2002. Montecinos, "Economics: The Chilean Story," 176-178.

dispatching professors and graduates to various corners of the region, where they established enduring projects, conducted courses, and led seminars. Collaborations spanned institutions in Cuyo and Cordoba in Argentina, Monterrey in Mexico, Cali in Colombia, and Lima in Peru. As these collaborations spread during the 1960s, the CU trained over forty-five students from other Latin American countries, an influence facilitated by its partnerships with the Ford Foundation. However, as I argue in the following chapter, the CU was not the sole protagonist in the development of economics education in Chile and Latin America. The University of Chile also deployed efforts in this arena, incorporating U.S.-style elements and influences. These influences were more diverse and ecumenical than the comparatively more complete dominance of the "Chicago School" at the CU. The trajectory of Carlos Massad, who underwent training at the University of Chicago before leading the Institute of Economics at the University of Chile, offers valuable insights into this story.

Part II. Chilean Scholars and U.S. Economics, Universities, and Global Foundations: The Transnational Trajectories of Carlos Massad, Ricardo Lagos and Alejandro Foxley, 1950s-1970s

Part II examines the intersections between Chilean institutions and scholars and U.S. government-sponsored educational exchanges, universities, and global foundations by looking at the transnational trajectories of Carlos Massad, Ricardo Lagos, and Alejandro Foxley between the late 1950s and early 1970s. As a whole, this section of the dissertation contends that the development of economics as a discipline and profession in Chile was nuanced and shaped by interactions among Latin American intellectuals, U.S. professors in Chile, and Chileans who interacted with U.S. institutions and scholars to refine their economic knowledge throughout the 1950s and 1960s. Echoing Rosemblatt's observation, in such transnational contacts, "knowledge traveled from South to North as well as North to South."[291] This dissertation's viewpoint raises questions about the ideological diversity in economic instruction at various U.S. universities and the alignment of different U.S. and Chilean actors with the goals of the postwar liberal order. It also prompts an inquiry into how Chilean actors responded to diverse intellectual environments from U.S. universities.

The Cold War fostered the globalization of graduate education after World War II.[292] In Chile, the effectiveness of U.S. "soft power," embodied by the network involving government, universities, and global foundations and bolstered by

[291] Rosemblatt, *The Science and Politics of Race*, 7.
[292] Westad, *The Global Cold War*, 37.

institutions from other Western countries, far outstripped that of the USSR. The economics discipline spearheaded the U.S.-oriented professionalization of postwar social sciences in Chile. The engagement with U.S. experts and resources fundamentally transformed the training and research capacities of Chilean university economics departments from the mid-1950s on, particularly those of the University of Chile and the Catholic University. Numerous U.S. economists, professors, and government consultants traveled to Chile to influence the standards of economic training and research, and near-term economic policies. During this period, hundreds of Chileans went to the United States to pursue graduate studies at U.S. universities, not solely in economics but in other social and natural sciences.

The period discussed in this part coincided with an increased scholarly interest in Latin America and the expansion of Latin American studies in the United States. These "boom years" from the late 1950s to the mid-1970s originated in the Cold War, leading to increased government spending and a significant financial support from foundations for the development of networks dedicated to studying Latin America through the lens of social sciences.[293] By the late 1950s, signs of strain in U.S.-Latin America relations were becoming evident as Latin Americans deemed technical program assistance insufficient. Vice-President Richard Nixon's ill-fated trip to South America in April-May 1958, where he encountered Anti-American protests and mob violence in Lima and Caracas,[294] prompted Operation Pan-Americana[295] and President

[293] Helen Delpar, *Looking South. The Evolution of Latin Americanist Scholarship in the United States, 1850-1975* (Tuscaloosa: The University of Alabama Press, 2008), 153-155.
[294] Richard Nixon, *The Memoirs of Richard Nixon* (New York: Grosset & Dunlap, 1978), 185-193.
[295] The Operation Pan-Americana was a proposal of U.S.-Latin American cooperation for economic development led by Brazilian President Juscelino Kubitschek (1956-1961). Tom Long, *Latin America*

Dwight Eisenhower to modify his approach to Latin America, particularly by supporting the establishment of the Inter-American Development Bank (IADB) in 1959 and the Social Progress Trust Fund in 1960 to promote economic development in the region.[296]

The Cuban Revolution's triumph in 1959 and President Kennedy's 1961 Alliance for Progress altered the status of Latin America in the Cold War, elevating its importance in U.S. foreign policy. The liberal-inspired Alliance for Progress aligned with the dominant social science paradigm of the late 1950s and 1960s, modernization theory.[297] By exponentially increasing foreign aid to Latin American countries, the Kennedy administration aimed to promote "middle-class-led" economic and social development to prevent the spread of Communism in the region. U.S. foreign aid was conditional on Latin American policymakers' willingness to implement fiscal and agrarian reforms, as well as anti-inflationary measures, in line with U.S. democratic rule in the Western Hemisphere and modernization theory, its intellectual expression.[298] This theory of the historical transition from "traditional" to "modern" societies suggested that developing nations could follow a similar path to Western-style

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Confronts the United States. Asymmetry and Influence (New York: Cambridge University Press, 2015), 25-73.

[296] As Thornton explains, Mexican officials had long been advocates of an Inter-American Bank, although they did not play a central role in bringing the IADB to fruition. Thornton, *Revolution in Development*, 151-153. Chilean economist Felipe Herrera was the first president of the Inter-American Development Bank, serving from 1960 to 1971. Felipe Herrera, "The Inter-American Development Bank," *Social Science* 35, no. 4 (October 1960): 216-221. See also, Jeffrey F. Taffet, *Foreign Aid as Foreign Policy. The Alliance for Progress in Latin America* (New York and London: Routledge, 2007), 19.

[297] Nils Gilman, *Mandarins of the Future. Modernization Theory in Cold War America* (Baltimore and London: The John Hopkins University Press, 2003), 12-20; Taffet, *Foreign Aid as Foreign Policy*, 20-23; Stephen Rabe, *The Most Dangerous Area in the World. John F. Kennedy Confronts Communist Revolution in Latin America* (Chapel Hill and London: The University of North Carolina Press, 1999), 25-26.

[298] Taffet, *Foreign Aid as Foreign Policy*, 5.

economic development, which would, in turn, foster more robust democratic institutions, greater equality, and wealth distribution akin to the "New Deal" order predominant in the United States —a regime expressed in Lyndon B. Johnson's Great Society's social welfare programs for the poor within the United States.[299] The Alliance for Progress targeted social and economic development policies to consolidate global capitalism while removing causes of potential social turmoil, such as poverty and lack of access to education, healthcare, and housing.[300] As Fajardo explains, the Alliance for Progress represented the most significant social scientific influence on U.S. foreign policy by consolidating the pact between modernization experts and state-led anticommunist efforts, a major characteristic of Cold War science.[301] In Chile, Carlos Massad, the subject of chapter 3, became one of the principal carriers of the economic aspects of the Alliance for Progress in Chile in both times of hope and trouble.

Throughout the 1950s, U.S. policymakers increasingly recognized that technical assistance programs could serve broader economic and geopolitical goals.[302] This perspective intensified following the Cuban Revolution, which had a major anti-imperialist impact across Latin America, particularly among leftist groups and younger generations. In response, the United States shifted from the narrower Point Four Program of technical assistance to the more ambitious Alliance for Progress, aimed at fostering societies resistant to Communist appeal and demonstrating the superiority of

[299] As Gilman argues, modernization theorists hoped to realize "a New Deal on an international scale that would achieve full employment and an end to grinding poverty, embrace unionism and big business, establish inclusive governance, respect civil liberties, and promote social tolerance and equality." Gilman, *Mandarins of the Future*, 20.
[300] Taffet, *Foreign Aid as Foreign Policy*, 6.
[301] Fajardo, "Latin America's Dependency Theory: A Counter-Cold War Social Science," 198.
[302] Macekura, ""The Point Four Program,"159.

U.S. capitalist society to Latin Americans. Various programs, such as those offered by the Rockefeller Foundation, Ford Foundation, AID's "Training for Development," and Fulbright, enabled advanced economic professional training for dozens of Chileans at U.S. universities. The Rockefeller Foundation, for instance, augmented support for the University of Chicago-ICA-CU agreement by providing additional scholarships for students at the University of Chicago to complete their doctoral studies. These endeavors led to the accumulation of a highly skilled cadre of economists in both the public and private sectors, a resource that would have otherwise been inaccessible to the country. Amid this changing geopolitical landscape, the purpose of facilitating the traffic of Chilean students to the United States evolved. By the 1960s, beyond the emphasis on training academic professors and researchers, these students were also viewed as Chile's future leaders in decision-making.

The discipline of economics experienced paradigmatic changes as the U.S. Cold War strategy helped globalize graduate education and increase the number of Third World students who came to the United States for their education throughout the 1960s and 1970s.[303] Economic assumptions, such as maximizing behavior, market equilibrium, and rational choice, were more in tune with capitalist conceptions of human nature that stressed will, agency, performance, and desire. Since the 1960s, economic theories began replacing social frameworks for interpreting society's problems and tools, such as cost-benefit analysis, gained widespread acceptance into the policymaking arena.[304] A significant numerical expansion of doctorates also

[303] Westad, *The Global Cold War*, 37.
[304] Fontaine and Pooley, "Introduction. Whose Social Problems," 42.

marked the transformations within the discipline of economics in the postwar United States. In the 1950s, the number of doctorates earned in economics ranged from 200 to 250 annually. This figure surged exponentially in the 1960s. By the academic year 1967-1968, the number of economics doctorates had skyrocketed to 600, and by 1969-1970, it nearly reached 800.[305] By the end of the 1960s, the University of Chicago (private), Duke University (private), and the University of Wisconsin-Madison (public) had solidified their positions among the top twenty institutions in the United States for awarding doctorates in economics.[306]

Chilean students arrived at this Cold War atmosphere at their universities. By looking at Ricardo Lagos, Alejandro Foxley, and other Chileans' graduate studies experiences, chapter 4 elucidates how their U.S. universities trained them in advanced economics and prepared them to deal with Chile's economic and social development challenges. The decision of these Chilean students to study economics abroad had profound implications for their personal and professional trajectories as it marked the beginning of their careers dedicated to Chilean economic work. Their experiences living and studying in the United States proved pivotal in shaping their educational pursuits and professional outlooks, reinforcing their beliefs in the benefits of globalizing U.S. economics education and perspectives.

During the 1960s and 1970s, Chile emerged as one of Latin America's principal battlegrounds of the Cold War in Latin America.[307] The administrations of the Christian

[305] Barber, "Postwar Changes in American Graduate Education in Economics," 21.
[306] Ibid., 22.
[307] According to Harmer, rather than a bipolar superpower struggle this conflagration was a "unique and multisided contest between regional proponents of communism and capitalism, albeit in various forms." The causes of Cold War in Latin America were predominatly "inter-American." Harmer, *Allende's Chile and the Inter-American Cold War*, 1-2.

Democratic Eduardo Frei Montalva (1964-1970) and Socialist Salvador Allende (1970-1973) reflected the discontent among the people toward traditional political elites while highlighting the disconnect between the Chilean state's problem-solving ability and widespread expectations regarding housing, education, land reform, and gender relations.[308] Both the Christian Democratic Party and Popular Unity destabilized conventional assumptions about democracy, economic development, and patriarchal relations through their modernization projects, one rooted in reformist developmentalism and the other in socialism and radicalization of the themes of reform and foreign dependency.

Ultimately, both projects replicated the global and regional hostility between the USSR and Cuba, and the United States. Shaped by the Inter-American Cold War dynamics of the 1960s and 1970s, these projects reshaped Chile's political, economic, and societal landscapes as mass mobilization and class conflicts deepened and foreign ideological influences permeated society. The ability of these actors to neutralize popular demands diminished in comparison to previous administrations as largely marginalized sectors such as urban squatters, youth, women, the poor, and peasants successfully pushed for a newfound visibility. Both the governments of Christian Democrat Eduardo Frei Montalva and Socialist Salvador Allende addressed popular demands, with different degrees of success and depth, by nationalizing copper mines, organizing people at the local level, implementing educational reforms, expanding the

[308] Mario Garcés, *Tomando su sitio. El movimiento de pobladores de Santiago, 1957-1970* (Santiago: LOM, 2002), 417-424; Edward Murphy, *For a Proper Home: Housing Rights in the Margins of Urban Chile, 1960-2010* (Pittsburgh: University of Pittsburgh Press, 2014), 71-100; Heidi Tinsman, *Partners in Conflict: The Politics of Gender, Sexuality, and Labor in the Chilean Agrarian Reform, 1950-1973* (Durham: Duke University Press, 2002); Florencia Mallon, *Courage Tastes of Blood: The Mapuche Community of Nicolás Ailío and the Chilean State, 1906-2001* (Durham: Duke University Press, 2005).

construction of low-cost housing, and reconfiguring land property in the countryside. The project of the Popular Unity intensified the reforms in democracy and outpaced the gradual trajectory of the Chilean welfare state.

The Cold War and the domestic struggles over revolution, counterrevolution, and reform shaped Chilean universities in these years. Chapter 5 examines the role that the University of Chile played in the transnational exchanges between Chilean, Latin American, and U.S. scholars and institutions in the 1960s and 1970s, with a focus on the trajectories of Carlos Massad and Ricardo Lagos. In these years, Chilean universities served as arenas of contention where U.S. global foundations intersected with Chilean intellectuals. This period witnessed profound changes in the higher education landscape of Chile. The expansion of university education, coupled with a more enlightened and demanding youth, placed universities at the center of the power and knowledge competition between Marxist, Christian Democratic, and right-wing agendas about the general organization of society. In 1967-1968, the demand for university reform reverberated throughout Chilean campuses. University students, most of whose leaders identified with the governing Christian Democratic Party, demanded changes in major Chilean universities' leadership, decision-making processes, and curricula. Notably, the Catholic University and the University of Chile saw changes in their leadership due to this movement. Additionally, faculties implemented various degrees of co-governance with student participation.[309] Public

[309] Carlos Huneeus, *La reforma universitaria veinte años después* (Santiago: Corporación de Promoción Universitaria, 1988), 9-51; Alejandro San Francisco, *Juventud, rebeldía y revolución en los años 60: la FEUC, el reformismo y la toma de la Universidad Católica de Chile* (Santiago: Ediciones Centro de Estudios Bicentenario, 2017), 129-142; José Joaquín Brunner, "La raíz más profunda de la reforma del 67 fue una crisis de autoridad cultural" in *50 años de la reforma universitaria en la UC: seminario 1967-2017*, ed. Patricio Bernedo (Santiago: Ediciones Universidad Católica, 2018), 55-63.

universities, including economics faculties, became sites of national political relevance until 1973, when the Pinochet dictatorship abruptly took over their administration, ending students' democratic engagement in university life. The rise of the military regime plunged social sciences and humanities into a permanent crisis of funding and academic freedom.[310]

[310] Cristián Cox, "Políticas de educación superior en Chile, 1970-1990: generación y resultados," in *Políticas comparadas de educación superior en América Latina*, ed. Hernan Courard (Santiago: FLACSO, 1993), 285-339.

Chapter 3: Carlos Massad and the Emergence of U.S.-Trained Economists in Chile (1950s-1970s)

3.1 Introduction

In October 1956, a note titled "Becados a EE. UU," nested in the corner of one of the pages of the *Panorama Económico*'s news and information section, stated that two Chilean young scholars had obtained fellowships "to stay at least one year at [the University of Chicago]" to continue their studies in economics. These young professionals were Sergio de Castro, an alumnus of the Catholic University, and Carlos Massad, a graduate of the University of Chile.[311] Little did De Castro and Massad know that their departure to the United States as recipients of the first University of Chicago-ICA-CU fellowships would be a momentous episode in the trajectory of the discipline of economics in Chile. Sergio de Castro later became a prominent academic figure at the CU and emerged as one of the chief architects of neoliberal policies during the Pinochet dictatorship, serving as Finance Minister from 1976 to 1982. Carlos Massad charted a similar course. Holding key academic roles at the University of Chile in the 1960s, Massad wielded influence as one of the principal economists of Christian Democrat Eduardo Frei Montalva's administration from 1964 to 1970. This chapter examines Massad's academic itinerary between the University of Chicago, where he pursued graduate studies in two phases between 1956-1959 and 1959-1965, and his first professional steps at the Chilean Central Bank (1964-1970) and the International

[311] "Becados a EE. UU," *Panorama Económico* 155, October 11,1956, 647.

Monetary Fund (1970-1974), offering insights into the impact of U.S. economics education on reformist sectors within Chile's technocratic middle class.

This biography of Carlos Massad covers his studies at the University of Chicago from 1956 to 1965 and his leadership in the U.S.-oriented professionalization of economics throughout the next decade. During this period, a mounting polarization predominated in Chile, spanning three different governments between 1958 and 1973. During this time, Chile witnessed a cycle of administrations that struggled with the exhaustion of their economic development policies. Meanwhile, U.S. administrations, both Democratic and Republican, including those of Eisenhower, Kennedy, Johnson, and Nixon, actively intervened, both overtly and covertly, to prevent the access of the Chilean left to power and to block the spread of Communist influence in the southern Cone, fearing another Cuba-like scenario.[312] The failure of Jorge Alessandri's "Managerial Revolution" (1958-1964), along with the rise of Eduardo Frei Montalva and the Christian Democratic Party's "Revolution in Liberty" (1964-1970) and Salvador Allende and the Popular Unity coalition's "Chilean Road to Socialism" (1970-1973) reinforced the dominance of structuralist development ideologies in Chile and the growing integration of economists into government roles.[313] Carlos Massad's trajectory illustrates the ascent of professional economists to positions of great power and influence in Chile during this transformative era.

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[312] Joaquín Fermandois, *Chile y el mundo 1970-1973: La política exterior del gobierno de la Unidad Popular y el sistema internacional* (Santiago: Ediciones Universidad Católica de Chile, 1985); Alfredo Rehren, "El "liderazgo encubierto" de Eisenhower," *Estudios Internacionales* 98 (April-June 1992): 258-274; Harmer, *Allende's Chile and the Inter-American Cold War*, 1-19; Hurtado-Torres, *The Gathering Storm*, 1-15.

[313] Verónica Montecinos, *Economists, Politics and the State: Chile 1958-1994* (Amsterdam: CEDLA, 1998), 1-14.

Chapter 3 explores Massad's central role in shaping the characteristics of U.S.-style research in economics and the professionalization of the U.S.-trained economists in 1960s Chile. This chapter focuses on three moments of Carlos Massad's trajectory to perform this analysis. The first section examines Massad's experience at the University of Chicago from 1956 to 1959, when he earned a master's degree in economics and commenced his doctoral studies. I show how this advanced training in economics equipped Massad to confront Chile's socioeconomic challenges and positioned him as a carrier of strategic knowledge to foster transnational consensus on development, reflecting long-term U.S. interests in Chile. The second section explores Massad's career as economic researcher while heading the Institute of Economics at the University of Chile from 1959 to 1964. It examines Massad's contributions to the policy-oriented direction of economic research in Chile. The last section delves into Carlos Massad's trajectory between 1964 and 1974 to illustrate how he mediated between the U.S. and Chile as a professional economist while serving at the Central Bank during the Frei Montalva administration from 1964 to 1970, and at the International Monetary Fund during the Allende administration and the first year of the Pinochet dictatorship from 1970 to 1974. This chapter posits that Massad's trajectory from international student to academic luminary represents the beginnings of a U.S.-oriented internationalization of economics in Chile and the increasing influence of economists as top decision-makers in Cold War Chile.

3.2 Carlos Massad, the "Outstanding Young Economist" from Chile at the University of Chicago (1956-1959)

Carlos Massad was born in Santiago in 1932 to Lebanese immigrant parents. In 1948, he joined the Falange Nacional, a small party rooted in the social teachings of the Catholic Church, which evolved into the Christian Democratic Party (CDP) in 1957. In 1949, he earned a bachelor's degree in mathematics shortly after graduating from high school.[314] Between 1950 and 1954, Carlos Massad studied business administration at the School of Economic Sciences at the University of Chile. During his time as a student, Massad connected with groups of fellow students of Arab descent by sharing concerns about the partition of Palestine in 1948 and its potential repercussions on the world stage, albeit more as an observer than an activist. In 1953, Carlos Massad became president of the School of Economic Sciences students' government in opposition to the Ibáñez administration (1952-1958).[315] In Massad's retrospective view, a sense of purpose characterized the School of Economic Sciences at the University of Chile during this time. Its mission, as he perceived it, was to tackle pressing issues such as inflation, unemployment, and economic inefficiencies resulting from the state's protectionist policies.[316] Massad was a competent student who thrived at the University of Chile. He had professors such as Flavián Levine, Luis Escobar, Osvaldo Sunkel, and Hermann Max, ECLA-influenced scholars who were the leading exponents of the

[314] The Rockefeller Foundation, "Sheet of Personal History and Application for a Scholarship, Carlos Massad," box 114, folder 1958, RG 10.1, series 309e, RAC, Rockefeller Foundation.
[315] Luis Palma Zuñiga, *Reseña histórica. La facultad de ciencias económicas 1934-1972* (Santiago: Universidad de Chile, Facultad de Ciencias Económicas y Administrativas, Sede Occidente, 1974), 63.
[316] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.

discipline of economics in Chile at the time. As a young scholar, Carlos Massad climbed from teaching assistant of Economic History between 1952 and 1954 to research assistant between 1953 and 1954, eventually becoming an Associate Professor of Economic Theory temporarily in 1955. In 1956, Massad assumed the role of Assistant Director of the University of Chile's Institute of Economics, where he collaborated closely with U.S. economist Joseph Grunwald.[317] In this position, following Grunwald's advice, he applied for a fellowship for the University of Chicago-ICA-CU program (Chile Project) to study economics in the United States, which was open to University of Chile students as well.[318]

In September 1956, Massad departed from Chile to study economics at the University of Chicago for one year under the Chile Project.[319] At this time, the Department of Economics at the University of Chicago was a sound academic environment trying to maintain its ranking and survive as a first-rate department. In the 1950s, the Department of Economics at the University of Chicago was one of the top economics departments in the United States. However, the Department underwent a crisis that began draining its talents (several leading professors such as Oscar Lange, Jacob Viner, and Franck Knight had left recently) and financial resources (in 1955, the Cowles Commission, which had sponsored many projects in econometrics and mathematical formalism in Chicago since 1939, migrated to Yale).[320] Its preeminence over other new, solid economics departments established at Stanford, Johns Hopkins,

[317] The Rockefeller Foundation, "Sheet of Personal History and Application for a Scholarship, Carlos Massad," RG 10.1.
[318] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.
[319] Sergio de Castro and Luis Fuenzalida, who was a Fullbright grantee, were the other two.
[320] Clifford Hildreth, *The Cowles Commission in Chicago, 1939-1955* (Berlin: Springer-Verlag, 1986), 1-13.

Yale, Vanderbilt, MIT, Michigan, and Minnesota was receding. Ingrained educational excellence goals led its faculty to seek more funding, high-quality professors and students, and sustain greater intellectual diversity by bringing talented international students.[321]

The Chile Project gave the Department of Economics at the University of Chicago a financial boon and, in the words of its chairman Theodore W. Schultz, "a fine 'laboratory' in which to test ourselves in the area of economic development."[322] ICA gave the University of Chicago's Department of Economics a generous grant for its cooperation program with the CU. The ICA fellowship injected $375,000 of outside financial support into the Department of Economics, almost one-third of the amount received between 1955 and 1956 in grants.[323] The University of Chicago offered a competitive environment for Chilean students. Getting good grades was not an easy task for them as they were not used to the demands of graduate student life. For Chilean students in Chicago, the enterprise of obtaining a graduate degree was not one with a guaranteed outcome, and students had to play according to the rules of the faculty.[324]

According to the original design of the Chile Project, participants attended the University of Chicago for high-quality training in economics but not an advanced degree. The Department of Economics was to review the trainees' performance after their first year and terminate their training if the students in the program lacked promise

[321] "Report of the Bailey-Christ-Griliches Committee," 29 November 1957, box 42, folder 8, Department of Economics Records, Special Collections Research Center, The University of Chicago Archives, University of Chicago.
[322] T.W. Schultz, "A Program of Rebuilding the Department of Economics," 22 May 1956, box 42, folder 8, Department of Economics Records, Special Collections Research Center, The University of Chicago Archives, University of Chicago.
[323] Ibid.
[324] Ibid.

as professional economists. The project aimed to give them "the best training we can in two years in terms of their ultimate usefulness to the Chilean economy." Faculty at Chicago were also wary of the usual problems international students faced, among which were "an almost foolhardy readiness to enroll in courses for which they are not prepared." For that reason, Lewis counseled Chilean students before their arrival to the United States to prevent these kinds of problems.[325]

The program of instruction in economics at the University of Chicago placed a heavy emphasis on commanding issues such as price theory, resource allocation, and monetary theory. In addition to these primary topics, the Chile Project's participants received training in statistical inference for economic research. The University of Chicago's Department of Economics also customized each Chilean student's program to their abilities. It slightly modified their curricula to remediate substantial individual differences in the quality and depth of their previous training. The program required Chilean students to participate in the Latin American economic development workshop, a two-hour weekly session with the home staff of the project, graduate students from other Latin American countries, post-doctoral fellows of the Department of Economics, and advanced students interested in economic development problems. In these sessions, they discussed the economic issues of Latin America and presented their research in progress. Papers on Chile, given the significant number of Chileans, predominated.[326]

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[325] Department of Economics, University of Chicago, The Chile Project. Second Report to the Catholic University and to the International Cooperation Administration, May 1957, box 42, pp. 3, 10, General Archival Files, Special Collections Research Center, The University of Chicago Library, University of Chicago.

[326] Rolf Lüders, interview by author, January 26, 2023. For the program of courses at the University of Chicago, see the appendix.

The workshop system, initiated in the late 1940s and early 1950s, became a laboratory for applied economic research in which faculty, graduate students, and guests gathered to dissect previously distributed papers. It normalized the Chicago paradigm of applied scientific knowledge by "coupling the tools of price theory with empirical research to produce an applied policy science."[327] By 1957, the University of Chicago's Department of Economics coordinated workshops on topics such as mathematical economics and econometrics, money and banking, labor economics and industrial relations, agricultural economic research, public finance, economics of consumption, and economic development in Latin America.[328] The goals behind the workshop on economic development of Latin America, initiated in 1956, were to "drive home" the fundamental principles of economics by repeated application to the circumstances in Chile and create an attitude towards economics as "a highly useful problem-solving discipline rather than a set of articles of faith to be memorized."[329] The workshop on Latin American economic development, coordinated by Reuben Kessel, comprised research conducted by Chicago staff in Chile and Chilean students' papers on the economic problems of Chile. In the autumn quarter of 1956, the group discussed some elementary principles of international exchange related to the issues of underdeveloped countries under Arnold Harberger's direction. In the winter quarter of 1957, John Deaver led discussions on Chilean inflation. In the spring quarter of 1957,

[327] To understand the importance and singularity of the workshop system for the School of Chicago, Ross B. Emmett, "Sharpening Tools in the Workshop. The Workshop System and the Chicago School's Success," in Van Horn, Mirowski, Stapleford, *Building Chicago Economics*, 114.
[328] Ibid., 107-108.
[329] Department of Economics, University of Chicago, The Chile Project. Second Report to the Catholic University and to the International Cooperation Administration, May 1957, p. 11.

the group reviewed Grunwald's book *Desarrollo económico de Chile, 1940-1956.*[330] Also, that year, showing the academic importance that the space acquired, Chicago's workshop on Latin American economic development received visits from Julio Chaná and Luis Escobar, deans of the schools of economics at the CU and the University of Chile, and from Alvaro Marfán, head of CORFO's Planning and Research Department.[331]

Massad and the other Chilean students at Chicago responded well to the academic stresses of graduate life. According to an evaluation seven months after the Chile Project's initiation, Massad and Sergio de Castro had performed "excellently" on an absolute standard and "outstandingly well" when compared to other students from Latin America. Massad performed "brilliantly" and "on a par with the very best students in our department." Based on his outstanding skills, the faculty at Chicago encouraged Massad to follow the primary program for first-year graduate students, and his appointment, as those of Sergio de Castro and Luis Fuenzalida, was extended for a second year.[332] At the end of their first year in Chicago, H. Gregg Lewis advised Massad and Luis Fuenzalida to write a field examination for Ph.D. candidates in economic theory to test the adequacy of their preparation in economic theory.[333] The excellent performance of Chilean students and the realization that it was to the project's benefit to send Chilean grantees back home with a prestigious degree changed the

[330] Ibid.
[331] Department of Economics, University of Chicago, The Chile Project. Third Report to the Catholic University and to the International Cooperation Administration, May 1957, box 42, p. 4, General Archival Files, Special Collections Research Center, The University of Chicago Library, University of Chicago.
[332] Department of Economics, University of Chicago, The Chile Project. Second Report to the Catholic University and to the International Cooperation Administration, May 1957, pp. 3, 10.
[333] Department of Economics, University of Chicago, The Chile Project. Third Report to the Catholic University and to the International Cooperation Administration, May 1957, p. 6.

minds of the Chicago faculty, who initially were unsure about the capacity of the Chilean students to meet the exacting requirements of an advanced degree. The academic performance of Massad and the other Chilean trainees convinced Chicago professors that they could successfully undertake the same graduate study program as U.S. university graduates. In comparing the grade averages of the Chilean trainees to those of U.S. and Canadian students enrolled in the Department of Economics, the Chicago staff found that by 1960, with their 2.82 average, the nineteen Chilean students in the program had performed noticeably better than other international students (average of 2.62) and close enough to North American students (3.06).[334] It was even closer when excluding from the calculation the grades of the three Chilean students who did not perform so well (2.97).[335]

By February 1958, Lewis reported that Massad and Fuenzalida had satisfactorily completed the field examination in economic theory and that both passed at the level required of candidates for the master's degree in the social sciences division. In his report to ICA and the Catholic University, Lewis deemed Massad and the other trainees' performances (De Castro, Fuenzalida, and Ernesto Fontaine, who arrived in 1957) "a very pleasant surprise to the faculty at Chicago."[336] Chicago faculty encouraged them to undertake a third year of training following a commitment to take a full-time post at the CU, which all of them, except Massad, did.

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[334] The report formulated the comparison on a numerical equivalency scale of 4-3-2-1-0 for A-B-C-D-E.

[335] From Autumn 1956 through Spring 1960, the range of individual average grade scores for all courses taken for credit for all of the Chilean students was as follows: 3.93-3.52-3.36-3.00-3.00-3.00-3.00-3.00-2.87-2.83-2.68-2.66-2.65-2.50-2.27-2.20-1.87-1.75. Department of Economics, University of Chicago, The Chile Project. Ninth Report to the Catholic University and to the International Cooperation Administration, July 1960, p. 4.

[336] Department of Economics, University of Chicago, The Chile Project. Fourth Report to the Catholic University and to the International Cooperation Administration, February 1958, p. 8.

Massad sought a doctoral degree with an additional third field examination and a Ph.D. dissertation. In 1958, Massad took standard courses with Professors Milton Friedman and Carl Christ and attended a seminar on problems in the Chilean economy. In the summer quarter of 1958, Massad took one course on the history of economic thought with Frank H. Knight (under a post-retirement contract) and two preliminary examinations for the M.A. and Ph.D. degrees in the fields of monetary theory and agricultural economics under the supervision of one of his advisors, Professor H. Gregg Lewis.[337] In a conversation with Erskine McKinley from the Rockefeller Foundation, Lewis described Massad as being regarded by consensus as "the outstanding young economist from Chile."[338] By the end of 1958, Massad received his master's degree upon completing his research paper entitled *A look into the variables affecting the ratios of demand deposits and time deposits over the total money supply in Chile*, in which he worked out a model to explain the changes that occurred in the ratios of time deposits and currency over the total money supply in Chile covering the period 1950-1957.[339]

Carlos Massad's outstanding performance during his two first years at the University of Chicago, abundantly acknowledged by faculty and officers of the Rockefeller Foundation, allowed him to earn a one-year scholarship from the Rockefeller Foundation beginning in September 1958 to pursue studies of advanced

[337] Carlos Massad to Erskine McKinley, 10 August 1958, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[338] Interviews EWM, 14 April 1958, box 32, folder 269, RG 1.2, series 309, RAC, Rockefeller Foundation.
[339] The University of Chicago, The University of Chicago Convocation Programs, 19 December 1958, 9, https://campub.lib.uchicago.edu/view/?docId=mvol-0447-1958-1219#page/19/mode/1up. Carlos Massad to Erskine Mckinley, 7 September 1958, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.

economics. In his application form for the Rockefeller Foundation's scholarship, Massad declared an excellent command of English in reading, speaking, and writing and a fair knowledge of French in speaking and writing. Massad proposed studying international trade and econometrics under this award.[340] The grant consisted of a stipend of $250 per month, a monthly family allowance of $125 while his wife Maria Lidia and one-year-old daughter were with him in the United States, fees, and travel expenses. These expenses amounted to $6,780 in total annual cost for the Foundation. The Dean of the School of Economic Sciences at the University of Chile, Luis Escobar, and Joseph Grunwald sponsored Massad's application. Grunwald, who became the principal recommender of Chilean students to U.S. foundations in the late 1950s, had a more direct influence on how Massad earned the Rockefeller Foundation scholarship. As I will show, Grunwald had high hopes for Massad's career.

The behind-the-scenes history of Massad's first Rockefeller Foundation scholarship allows us to examine Grunwald's expectations for Massad and his tenure at the Institute of Economics. Massad's additional year at the University of Chicago with the Rockefeller Foundation scholarship began with the understanding that after graduating, Massad would teach and research at the Catholic University, in keeping with the University of Chicago-ICA-CU agreement. However, Massad did not expect to work at the Catholic University, and Grunwald simply could not accept losing Massad for the Institute of Economics at the University of Chile. In a January 1958 letter to Montague Yudelman, an agricultural economist who served as Rockefeller

[340] The Rockefeller Foundation, "Sheet of Personal History and Application for a Scholarship, Carlos Massad," RG 10.1.

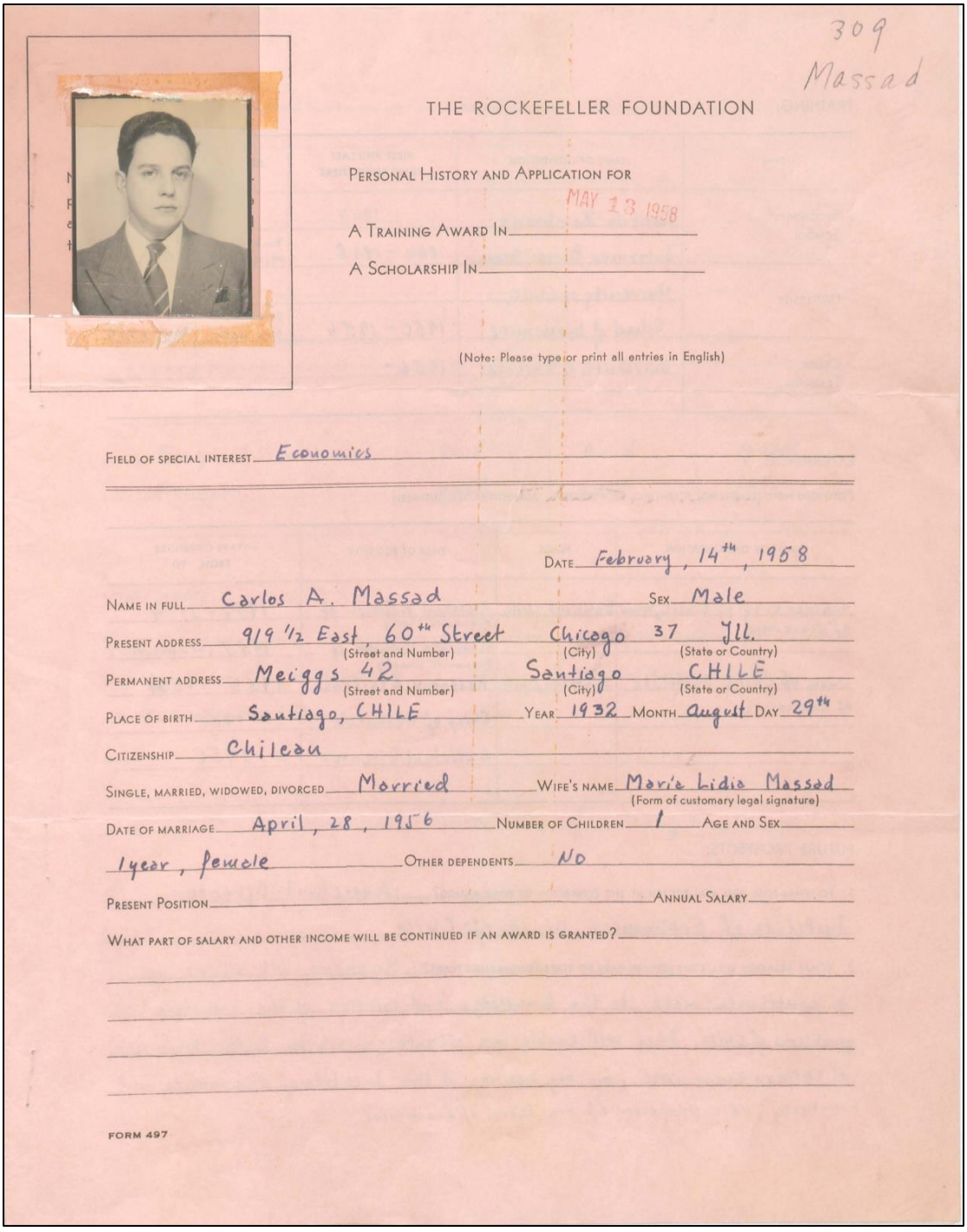
Foundation's Assistant Director, Grunwald asserted, "I based all the hopes of the Instituto de Economía upon the eventual directorship of Carlos Massad. There is little doubt that he is the most promising young economist in Chile, even in America." Grunwald requested that the Rockefeller Foundation liberate Massad from the promise to return to the Catholic University by funding his additional third year at the University of Chicago. Grunwald regarded retaining Massad for the University of Chile as a priority. Grunwald deemed Massad as "not only the basis for the Institute's future but also a key man in the future of the Graduate School of Economics of the University of Chile."[341] Grunwald's sponsorship of Massad's application was effective, although Erskine Mckinley, Rockefeller Foundation's Fellowship Adviser and Assistant Director, found the tone of his letter "a trifle distasteful, far too cloak and dagger."[342]

Massad's academic future created discrepancies among the parties regarding their understanding of the University of Chicago-ICA-CU agreement. Chicago staff wanted to sell their training in economics to as many institutions as possible. For example, in a letter to Norman Buchanan from the Rockefeller Foundation, Theodore Schultz explicitly believed that the "Catholic University is mistaken in trying to get a moral commitment that particular individuals return there after another year of work with us." The chairman of the Department of Economics at the University of Chicago defended a view of institutional pluralism in the sense that knowledge should be distributed among several institutions, not concentrated in only one: "Their talent [Chileans we are training], to do its most good for Chile, I am sure should be distributed

[341] Joseph Grunwald to Montague Yudelman, 30 January 1958, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[342] Interview with Carlos Massad, 8 February 1958, box 98, folder 1768, RG10.1, series 309, RAC, Rockefeller Foundation.

and should end up partly at the National University, the Catholic University, at ECLA and in the government. I see no reason why the four men should all go to the Catholic University. I would be of the view that Chile would be better off if they don't concentrate at one place, such as the Catholic University, even though it were possible to achieve such a concentration."[343] In his response to Schultz, Buchanan added another viewpoint to the situation. Buchanan expressed how strongly the Rockefeller Foundation felt about the security of a post where returning was a prerequisite for awarding the fellowship, stating that the Rockefeller Foundation, as a general rule, liked "to be fairly sure that he [the fellow] will have a 'platform' from which he will be able to utilize his training and experience in the United States."[344]

[343] T.W. Schultz to Norman Buchanan, 27 February 1958, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[344] Norman Buchanan to T.W. Schultz, 12 March 1958, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.



309
Massad

THE ROCKEFELLER FOUNDATION

PERSONAL HISTORY AND APPLICATION FOR

MAY 13 1958

A TRAINING AWARD IN _____

A SCHOLARSHIP IN _____

(Note: Please type or print all entries in English)

FIELD OF SPECIAL INTEREST Economics

DATE February, 14th, 1958

NAME IN FULL Carlos A. Massad SEX Male

PRESENT ADDRESS 919 1/2 East, 60th Street (Street and Number) Chicago (City) 37 Ill. (State or Country)

PERMANENT ADDRESS Meiggs 42 (Street and Number) Santiago (City) CHILE (State or Country)

PLACE OF BIRTH Santiago, CHILE YEAR 1932 MONTH August DAY 29th

CITIZENSHIP Chilean

SINGLE, MARRIED, WIDOWED, DIVORCED Married WIFE'S NAME María Lidia Massad (Form of customary legal signature)

DATE OF MARRIAGE April, 28, 1956 NUMBER OF CHILDREN 1 AGE AND SEX

1 year, female OTHER DEPENDENTS NO

PRESENT POSITION _____ ANNUAL SALARY _____

WHAT PART OF SALARY AND OTHER INCOME WILL BE CONTINUED IF AN AWARD IS GRANTED? _____

FORM 497

Figure 1. *Carlos Massad's application for a scholarship from the Rockefeller Foundation in 1958*.
Source: The Rockefeller Foundation, "Sheet of Personal History and Application for a Scholarship, Carlos Massad," RG 10.1.

Massad always wanted to return to Chile to work at the University of Chile. When asked about the impacts that his studies would have on his long-range plans on his application form for a Rockefeller Foundation scholarship, Massad answered, "my studies will enable me to contribute to the knowledge and solution of the economic problems of Chile. They will enable me also to contribute to the training of Chilean economists from my position at the Institute of Economics and, eventually, as a professor of the School of Economics."[345] By late 1958, Massad had turned down a University of Chicago's Department of Economics nomination for a Ford Foundation fellowship to finish his Ph.D. Massad wanted to return to his post as Assistant Director of the Institute of Economics at the University of Chile within the promised time frame. This decision aligned with Grunwald's wish of being released from the many duties imposed by the directorship of the Institute —"the best of its kind in Latin America," according to a 1958 report from a Rockefeller Foundation officer who left Chile impressed with Grunwald's work as director.[346]

Under the Rockefeller Foundation scholarship during the academic period 1958-1959, Massad took several courses, including International Trade with Professor Lloyd Metzler (Fall and Winter), Econometrics with Carl Christ (Winter), Economic Development with Theodore W. Schultz, and Labor Economics with H. Gregg Lewis (Spring). He also took the History of Banking and Monetary Theory examinations with Earl Hamilton and the Theory of Public Finance examinations with Martin Bailey (Fall). In his third year in Chicago, Massad attended the meetings of the Public Finance

[345] The Rockefeller Foundation, "Sheet of Personal History and Application for a Scholarship, Carlos Massad," RG 10.1.
[346] "Excerpt from MY Diary, U. de Chile: Institute of Economic Research," box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.

and Econometrics workshops. He also passed the preliminary examination in Economic Theory, the last required for candidacy for the Ph.D. degree. Massad decided to work on specific problems in the form of short papers to gain more experience in research rather than undertaking a thesis-type project to achieve the doctorate.[347] But he had to return to Chile.

Carlos Massad left the United States and returned to Chile on September 13, 1959, about three weeks after his second child was born. Massad, his wife, and their children traveled from Chicago to Miami, Lima, and Santiago to arrive two days later. By traveling in this way, the mother and the newborn did not have to spend a night on the airplane.[348] In a grateful letter to Erskine Mckinley, Massad recognized that he and his family were "suffering the consequences of going from summer to winter without autumn."[349] Massad started working at the Institute of Economics of the University of Chile immediately after his arrival. He was confident that the work done in Chicago, thanks to the support of the ICA and the Rockefeller Foundation, would help him maintain and improve the work performed at the University of Chile.[350]

[347] Carlos Massad to Erskine Mckinley, 9 December 1958; Carlos Massad to Erskine Mckinley, 20 March 1959; Carlos Massad to Erskine Mckinley, 16 June 1959, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[348] Carlos Massad to Erskine Mckinley, 28 August 1959, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[349] Carlos Massad to Erskine Mckinley, 30 September 1959, box 98, folder 1768, RG 10.1, series 309, RAC, Rockefeller Foundation.
[350] Ibid.

3.3 Carlos Massad at the University of Chile: "One-month visitors are welcome; one-year colleagues are needed!" (1959-1964)

In 1959, Carlos Massad assumed the role of academic coordinator at the Institute of Economics at the University of Chile, initially as Grunwald's assistant. His return to Chile coincided with a pivotal moment in the Inter-American Cold War, marked by the Cuban Revolution's consolidation and the U.S.'s response to the Cuban revolutionaries. Caught up in the political maelstrom, scholars like Carlos Massad fostered a more balanced relationship with the U.S. by advocating for Latin American integration and the transnational exchange of social scientific knowledge across regions. After ascending to the directorship of the Institute of Economics at the University of Chile following Joseph Grunwald's departure for Yale University in 1961, Massad strengthened ties between economic researchers in Chile and their counterparts in the United States. Alongside his duties as an instructor in Monetary Theory, Massad spearheaded initiatives to enhance collaboration and knowledge transfer between the United States and Chile. [351]

What kind of economist was Carlos Massad after his studies at the University of Chicago? While many Chilean economists at the University of Chile approached the free market ideas of the Chicago School with caution, Carlos Massad stood apart by adopting a pragmatic perspective. Unlike those who rigidly adhered to the doctrines of the Chicago School, Massad recognized the value of considering diverse viewpoints.

[351] While this section focuses on Massad as an individual researcher, in chapter 5 I expand on his role as director of the Institute of Economics.

He was not a devout monetarist as many of his Chicago-trained Chilean colleagues at the CU. In a revealing conversation with a Rockefeller Foundation officer in August 1960, Massad urged that "young Chilean economists must be exposed to viewpoints other than those represented at Chicago." He felt that "economic growth is an appropriate subject for study in terms not always accepted by the Chicago group."[352] Massad believed that the study of economic growth should encompass various theoretical frameworks, not solely those advocated by the Chicago School. While Massad acknowledged the influence of his training at the University of Chicago, he also drew inspiration from the social teachings of the Catholic Church. This social Catholicism instilled in him a sense of social responsibility towards the poor, a dimension often overlooked by the laissez-faire principles championed by the Chicago School.

As a scholar, Carlos Massad acted as a bridge between the realms of the Chicago School and ECLA culture in Chile, a third-way position influenced by his Catholic background. In 1961, upon assuming the directorship of the Institute of Economics, Massad collaborated with U.S. economist John Strasma, a Harvard graduate invited by Grunwald to join the Institute's research efforts, to publish *La zona de libre comercio en América Latina: algunos problemas por resolver*. This work appeared just a year after the signing of the Montevideo Treaty, which configured the establishment of the Latin American Free Trade Association (LAFTA), a key objective of ECLA.[353] Massad and Strasma embarked on a comprehensive analysis of the hurdles

[352] Interviews KWT, 1 August 1960, box 35, folder 286, RG 1.2, series 309s, RAC, Rockefeller Foundation.

[353] The Latin American Free Trade Association (LAFTA) emerged from the signing of a treaty in Montevideo, Uruguay, on February 18, 1960. This agreement aimed to facilitate the gradual dismantling

impeding Latin American economic integration, such as the expansion of regional trade beyond the few conventional sectors of trade with Latin American countries, the easing of barriers to the exchange of regional products, the equalization of opportunities between members of the Association, the solving of financial problems linked to integration, and political and organizational aspects of the Association in its development towards a Latin American common market. In their examination, Massad and Strasma acknowledged the importance of political stability as a key non-economic factor in the integration equation, drawing parallels with the European Economic Community's experience. While Massad envisioned a model akin to the European integration experience after World War II, he remained aware of the disruptive potential of revolutionary upheavals and abrupt governmental changes, which could jeopardize the continuity of trade agreements. These considerations underscored arguments in favor of economic self-sufficiency and tempered enthusiasm for regional integration.[354] Massad's exploration of regional economic development reflected a theoretical pragmatism distinct from revolutionary and antirevolutionary solutions.

By 1963, Massad had established significant influence within the channels of economic knowledge exchange between Latin America and the United States,

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of trade barriers among member nations, ultimately envisioning a fully integrated regional market based on free trade principles by 1973. Initially composed of representatives from Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, and Uruguay, LAFTA expanded its membership to include Bolivia, Paraguay, and Venezuela shortly thereafter. However, as disparities between industrialized and intermediate industrialized nations within the association became apparent, integration efforts encountered obstacles and waned throughout the 1960s and 1970s. In response, in 1969, Bolivia, Chile, Colombia, Ecuador, Peru, and later Venezuela ratified the Andean Pact, signaling a shift towards pursuing economic ties independently from LAFTA. By 1980, the anticipated achievement of free trade among LAFTA members following the signing of the Caracas Protocol in 1969 had not materialized. In response to this setback, member nations formed the Latin American Integration Association (LAIA), which marked a renewed commitment to regional integration efforts.

[354] Carlos Massad and John Strasma, *La zona de libre comercio en América Latina: algunos problemas por resolver* (Santiago: Instituto de Economía de la Universidad de Chile, 1961), 34.

including hosting the Interamerican Conference on Research and Training in Economics in 1962. This seminar gathered scholars from several U.S. universities, ECLA, the University of Chile and the Catholic University under the co-sponsorship of the Council for Higher Education in the American Republics and the Institute of Economics at the University of Chile.[355] Massad's influence was particularly evident when he assumed a role as the sole Latin American representative at an interdisciplinary seminar convened by the Social Sciences Research Council (SSRC) and the American Council of Learned Societies (ACLS) at the Center for Advanced Study in the Behavioral Sciences at Stanford University from July 8 to August 23, 1963. This conference, funded by the Ford and Carnegie foundations, centered on how social sciences could improve knowledge of Latin America and enrich cross-regional understanding and collaboration between regions.[356]

Massad's work at this conference explored Latin America's economic research potentialities and drawbacks. In his presentation, Massad offered a critique of the overly abstract way ECLA economists conveyed economic knowledge and how these theoretical constructs engaged with other Latin American economic research centers, including the Institute of Economics. He observed an absence of empirical validation in ECLA's theoretical constructs, highlighting a fundamental methodological disparity with ECLA's analysis and subsequent policy proposals: they were frequently based on

[355] Delpar, *Looking South*, 158.
[356] Delpar, *Looking South*, 159. Apart from economics, other participants in the seminar presented studies on geography, historiography, anthropology, political science, sociology, and law.

"*a priori*-reasoning," while the work of the independent research institutes focused on "detailed empirical studies of specific aspects of the economy."[357]

While acknowledging the value inherent in both approaches, Massad contended that ECLA's analytical framework leaned more towards challenging conventional economic paradigms rather than presenting a cohesive theoretical structure.[358] In doing so, Massad recognized that economists in the 1950s successfully debated flaws in economic and social structures regarding land distribution, education, or political power. On the critical issue of inflation, Massad argued that inflation was one of the main areas of dispute between economists in previous years, only indicating how difficult it was to find proponents of the monetarist side of the discussion in Latin America beyond the reports of the International Monetary Fund. Massad did not take a strong side in this discussion. Instead, Massad posited the imperative for Latin American economic research to transcend mere theoretical debates and focus on generating empirical evidence to validate and refine monetarist and structuralist hypotheses.[359]

Along with advocating more empirical research, Massad noted the professional consensus in Latin America about an interdisciplinary approach to economics, which should include evidence from other social sciences such as sociology, social psychology, and anthropology. He emphasized the need for refinement of statistical

[357] Carlos Massad, "Economic Research in Latin America," in *Social Science Research on Latin America. Report and Papers of a Seminar on Latin American Studies in the United States held at Stanford, California. July 8- August 23, 1963*, ed. Charles Wagley (New York and London: Columbia University Press), 221.
[358] Massad's critical approach to ECLA had an answer in Víctor L. Urquidi, "Nuevas consideraciones sobre la investigación económica en América Latina," *El Trimestre Económico* 32, no. 128 (October-December 1965): 687–701, esp. 692. Although Urquidi positively assessed Massad's general argument, the Mexican economist differed with what he deemed Massad's over simplistic approach to ECLA.
[359] Carlos Massad, "Economic Research in Latin America," 222.

tools and econometric methodologies and the enhancement of data collection across Latin American nations, spanning vital indicators like population demographics, wage trends, national income and product figures, unemployment data, and indices of physical output.[360] Furthermore, in response to the Alliance for Progress's call for Latin American social scientists to actively contribute to regional economic and social advancement, Massad argued for a research-minded approach to Latin American economic integration and land and fiscal reforms, the three most vital aspects of economic research in Massad's view. Massad critically noted that Latin American policymakers approached these reforms with emotion rather than analytical rigor. He advocated for an exhaustive examination of alternative policy paradigms and institutional frameworks, urging for their integration into a comprehensive planning framework and the necessity for descriptive analytics to illuminate the unique facets of Latin American socio-economic realities.[361]

In conclusion, Massad underscored three central caveats for the research in economics in Latin America amid the efforts asked by the Alliance for Progress to produce economic and social transformations in the region. First, given the difficulties in collecting and evaluating information in Latin America and the associated expensive costs, Massad pointed out that efforts should be made to maintain research groups capable of obtaining information from primary sources. Second, Massad argued that in Latin America, many economists began their work with a value-laden view of how the world should be, using economic analysis to promote their particular worldviews. As a

[360] Ibid., 223-225.
[361] Ibid., 225-238.

result, empirical evidence became secondary if it did not support their specific position. This intuition-led economic analysis undermined the development of economic knowledge as a "cumulative process" while threatening the continuity of research work across the region. In this scenario, fostering teamwork was the best option available to ensure some degree of continuity. Last, Massad highlighted that Latin American countries required more and better researchers. Well-trained Latin American social scientists were insufficient in number at the time and, as Massad stressed, Latin American economic research needed foreign scholars for extended stays: "One-month visitors are welcome; one-year colleagues are needed!"[362]

In December 1963, Carlos Massad received a second Rockefeller Foundation fellowship, this time for six months, to complete his doctorate at the University of Chicago. Jaime Fuenzalida, the acting Dean of the School of Economics at the University of Chile, sponsored his application. The fellowship provided a stipend of $350, a significant improvement from what he had received during his first stay. However, his wife and now five children did not accompany him. Following the advice of Arnold Harberger and Joseph Grunwald, Massad planned to spend two separate winter quarters in Chicago in 1964 and 1965, coinciding with Chilean summer, to work on his doctorate. During the 1964 winter quarter, Massad returned to Chicago and also used the opportunity to visit Madison, where he familiarized himself with the Land Tenure Center at the University of Wisconsin —an institution that partnered with the University of Chile to create a program of agricultural economics in the 1960s.[363] When

[362] Ibid., 237-239.
[363] Carlos Massad to Don Kanel, 6 April 1964, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison. I will develop this topic in Chapter 5.

Charles M. Hardin met Massad in New York, he observed that Massad looked "tired" after his "rough go" in Chicago. Hardin, the Rockefeller Foundation's Associate Director, expected Massad to complete his doctorate in 1965 and that he would visit Colombian universities such Los Andes and Del Valle afterward.[364] Massad found his stay in Chicago "quite profitable." His seminar approved his thesis prospectus just a day before his departure for Chile. Following the advice of Arnold Harberger, he shifted his original research focus from external economies of scale in industrial development to a study of the Chilean money supply and its relationship with the inflationary process in the Chilean economy. Massad sought to identify the monetary policy rules implicit in the functioning of the Chilean economy, particularly how changes in foreign trade, government operations, and private sector credit demand influenced the money supply.[365] When Massad left Chicago, he anticipated returning in the winter quarter of 1965 to complete his doctorate.

However, Eduardo Frei Montalva's victory in the September 1964 presidential elections abruptly changed Massad's academic plans. Massad, who was deeply involved in the Frei candidacy, was nominated as Vice President of the Central Bank in November 1964. With these new responsibilities, Massad found himself lacking the time and energy to devote to preparing his final doctoral thesis. Consequently, he was unable to return to Chicago to complete his doctoral studies. Although the Rockefeller Foundation kept the fellowship open until September 1965, Massad was unable to

[364] CMH Interview, 20 March 1964, box 114, folder 1958, SG 10.1, series 309e, RAC, Rockefeller Foundation.
[365] Carlos Massad to Boyd Compton, 29 October 1963, and Carlos Massad to Boyd Compton, 3 August 1964, box 114, folder 1958, SG 10.1, series 309e, RAC, Rockefeller Foundation. Harberger, along with Harry Johnson and Albert Rees, served on Massad's thesis committee.

utilize it. In a farewell letter to Jesse Perry Jr., Rockefeller Foundation's Fellowship Officer, Massad thanked him for the award and confessed that "it is nevertheless gratifying to realize that the knowledge in economics I have acquired is being put into practice in service of my country. The economic lines the Government is applying in the economic field show every reason to be optimistic."[366]

3.4 Carlos Massad, A Mediator Between Chile and the United States During Intense Times (1964-1973)

Since the 1958 presidential elections, the Christian Democratic Party garnered the support of a broad coalition of economists and development experts associated with ECLA. CDP's political platforms in 1958 and 1964 responded systematically to the country's economic stagnation, drawing inspiration from a moderate version of ECLA structuralism. President Eduardo Frei Montalva placed great trust in economists to spearhead structural reforms such as agrarian reform, popular promotion, the Chileanization of copper, ambitious plans of housing construction, and education and healthcare restructuring.[367] Frei Montalva was, indeed, "very *cepalino*."[368] ECLA economists, such as Jorge Ahumada and his book *En vez de la miseria*, strongly influenced Frei Montalva in believing in the crucial importance of Latin American economic integration to provide a solution to the unequal terms of trade with developed countries that, under this view, hindered Latin America's capacity to accelerate its

[366] Carlos Massad to Jesse P. Perry Jr., 4 January 1966, box 114, folder 1958, SG 10.1, series 309e, RAC, Rockefeller Foundation.
[367] Silva, *In the Name of Reason*, 120-123.
[368] Montecinos, *Economists, Politics and the State*, 46.

economic and social development.[369] Frei Montalva was also a leader identified with the original vision of the Alliance for Progress and the international cooperation it established.

The Frei Montalva administration relied heavily on the expertise of the School of Economics at the University of Chile from the moment of its victory in 1964. In November of that year, Frei Montalva appointed Carlos Massad and Sergio Molina, the dean of the School of Economics, vice president and president of the Central Bank, respectively.[370] Molina, a University of Chile graduate in business administration, also became Frei Montalva's Minister of Finance until 1968. Massad was part of a working group of economists that included Ahumada and Molina. Frei Montalva considered him a brilliant professional. Soon, Massad and Molina, who espoused the same line of economic policy, became Frei Montalva's closest economic advisors and critical makers of crucial policies, such as the stabilization program implemented from 1964 on.[371]

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[369] Jorge Ahumada, *En vez de la miseria* (Santiago: Editorial del Pacifico, 1973); Burger, *An Intellectual History of ECLA Culture*, 142-188. Burger argues that Ahumada was a "different *cepalino*."

[370] The Central Bank of Chile was established in 1925 during a significant political crisis that led to the enactment of a new Constitution. Under the Alessandri administration, the Kemmerer mission, led by the Cornell graduate economist and financial expert Edwin Walter Kemmerer, was tasked with designing a series of monetary reforms. These reforms aimed to stabilize the fluctuating value of the Chilean currency, including the establishment of the Central Bank. The Central Bank was given the authority to issue currency, return to the gold standard, regulate other banks, and reform the tax structure and fiscal system to enhance economic efficiency. However, the impact of the Great Depression on Chile hindered the Central Bank's ability to achieve its goals of price and exchange rate stability. Over the following decades, the objectives of the Central Bank became more flexible and were influenced by political priorities and the need to address inflation. In 1953, a new law aligned the objectives of the Central Bank with the developmental policies that Chile had been following since the late 1930s. By the early 1960s, under the administration of Jorge Alessandri, the Central Bank underwent significant institutional transformations that would last for almost 25 years. Alessandri's administration passed a new organic law, leading to the fusion of the bank with the International Exchange Commission, and professionalizing the role of the bank's board of directors. Camilo Carrasco, *Banco Central de Chile 1925-1964. Una historia institucional* (Santiago: Banco Central de Chile, 2009) 69-116.

[371] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.

During the first half of the Frei administration, its stabilization program, which included measures regarding taxes, wages, price controls, and monetary policy, largely met the requirements set by the U.S. government and the International Monetary Fund in exchange for aid under the Alliance for Progress. Between 1964 and 1966, a tax reform, signed into law by President Jorge Alessandri, increased state revenues from 14 to 16 percent of Chile's GDP. Between 1964 and 1967, real wages increased by over 10 percent annually. Following a slow and gradual devaluation of the escudo to promote exports and reduce imports, the Christian Democratic administration reduced inflation from 38 percent in 1964 to 17 percent in 1966. Between 1964 and 1967, the U.S. government loaned more than 82% of the approximately $423 million USAID-injected aid in Chile during the Frei Montalva years.[372] In 1965, the Paris Club agreed on a favorable restructuring of Chile's external debt, and in 1966, the Frei Montalva administration signed a standby agreement with the IMF. Hurtado-Torres has aptly defined these years as a "time of hope" for liberal modernization advocates. The transformations projected by modernization theory experts seemed on the right path. Chile traversed significant redistributive changes with sustained economic growth, social inclusiveness, and political stability.[373]

Under the Molina-Massad administration, the Central Bank's policies closely aligned with U.S. adjustment recommendations. The government significantly reduced

[372] Between 1964 and 1970, U.S. aid to Latin American countries totaled approximately 3,603,915 in current dollars. The distribution of this aid was as follows: Argentina (0,54%), Bolivia (3,42%), Brazil (36,17%), Chile (11,74%), Colombia (16,32%), Costa Rica (2,36%), Dominican Republic (9,17%), Guatemala (2,60%), Guyana (1,59%), Haiti (0,52%), Mexico (1,07%), Nicaragua (2,35%), Panama (3,42%), Paraguay (1,57%), Peru (3,71%), Uruguay (1,94%), Venezuela (1,52%). Hurtado-Torres, *The Gathering Storm*, 55.

[373] Hurtado-Torres, *The Gathering Storm*, 51-56.

borrowing from the Central Bank to combat inflation, with monetary policies playing a central role in curbing the Chilean economy's chronic increases in living costs. One of the most significant transformations was the implementation of monetary policies that relied on a computational model based on cost models and estimates of money demand. The Central Bank utilized a mathematical expenditure model to estimate inflation and project increases in money supply. The Central Bank maintained interest rates close to international standards and directed credit towards the government's priority policy objectives. However, the fixed exchange rate failed to keep pace with inflation, and budget deficits were deteriorating in real terms. Following advice from Arnold Harberger, then a consultant for USAID, Carlos Massad, Sergio Molina, and Edgardo Boeninger, who served as the Frei Montalva administration's budget director between 1964 and 1969, implemented a crawling peg policy. This policy, internationally celebrated, helped to gradually adjust the exchange rate in line with the inflation rate to maintain an external equilibrium.[374]

Retrospectively, Harberger indicated that Carlos Massad "was a product of our project so that this success [the disinflation between 1964-1967] was not unrelated to our project [of the University of Chicago School of Economics]."[375] In part, Harberger was right. Massad embodied a strong interpretation of the principles of the Alliance for Progress, and the fiscal and monetary policies he implemented aligned with the international aid framework he had learned at Chicago. Massad took a firm line for stabilization and gradually forced measures to improve monetary and exchange policies

[374] Camilo Carrasco, *Banco Central de Chile 1964-1989. Tomo II.1. Una historia institucional* (Santiago: Banco Central de Chile, 2009), 42-50.
[375] Harberger, "Sense and Economics: An Oral History with Arnold Harberger," 182.

through the Central Bank board, which was heavily favorable to commercial and private banking interests. Along the lines of the praise for Massad from Chicago scholars and Rockefeller Foundation officials, a U.S. official regarded Massad as a "competent economist by any standards" and admired how he "astounded people with his thoroughness of understanding and his honesty in approaching or discussing technical problems" as vice-president of the Central Bank.[376]

Hurtado-Torres identifies 1967 as a turning point, marking the beginning of a "time of trouble" for the Christian Democratic technocratic-oriented administration. Several events contributed to this shift. In early 1967, the Senate denied President Frei Montalva the necessary constitutional permission for his trip to visit President Lyndon Johnson in the United States. The partnership between Frei Montalva and Johnson did not sit well with leftist and right-wing parties, who seized the opportunity to inflict a defeat to the Chilean President. Growing tensions with workers, and the emergence of a more ambitious platform within the CDP demanding a "non-capitalist path toward development," which provoked an ideological gulf between this group and the party's *freísta* majority, were the backdrop of the resurgence of inflation in 1968 and the failure of Molina's 1968 wage readjustment bill that led to his resignation as Finance Minister. By 1968, Johnson's popularity had faded away following the escalation of the Vietnam War, and, as a consequence of the changes in the political environment in the United States, the Alliance for Progress followed the same path. Several Latin American governments showed reluctance to consistently embrace the Alliance's policies, leading

[376] From Amembassy Santiago to Department of State, "Information on Frei's Official Party Going to Washington," 31 December 1966, box 2026, RG 59, Central Foreign Policy Files, 1964-1966, Political and Defense, NARA II.

to a decline in its effectiveness in the region.[377] In Frei Montalva's bitter words, the Alliance for Progress had "lost its way" with the rise of military dictatorships instead of democratic consolidation in Latin America and the incapacity of this policy to meet its promises of economic and social development.[378]

The resurgence of inflation dealt a significant blow to the inflated expectations of Christian Democrats and amplified the divide between technocrats and politicos. A U.S. Embassy report on Chile's economic situation in June 1968 highlighted the growing influence of the politically oriented forces within the government, particularly the recently appointed Economy and Interior Ministers Juan de Dios Carmona and Edmundo Pérez Zujovic. The ascent of the "politicos" within the government reduced the influence of Carlos Massad, now President of the Central Bank, Jorge Cauas, Massad's successor in the Central Bank's vice-presidency, and Raúl Sáez, who briefly served as Finance Minister after Molina. The new Minister of Economy Carmona, a determined lawyer and politician, sought to adjust the elements of the government's stabilization efforts by resorting to measures that, according to the report, were short in technical competence. Carmona proposed increasing personnel in the price control agency, "educate" consumers about the reasons behind high prices, forming a national committee to raise productivity, and relaxing the credit policy to encourage production.

[377] Hurtado-Torres, *The Gathering Storm*, 72-89.
[378] Eduardo Frei Montalva, "The Alliance That Lost Its Way," *Foreign Affairs* 45, no. 3 (April 1967): 437–448; Taffet, *Foreign Aid as Foreign Policy*, 89. According to Taffet, in this essay Frei became more nationalistic in response to aid pressure.

The name of the report's section on Carmona's plan was very telling: "How to Fight Inflation Without Making Anyone Mad."[379]

However, in Chile, frustrations mounted as the Frei Montalva administration proved incapable of controlling inflation and propelling the Chilean economy to higher levels of growth. During its last three years, the Frei Montalva administration's social expenditure drastically diminished due to inflationary pressures. Additionally, two significant events in 1969 underscored that the Frei Montalva administration was losing its initial impulse. A deadly police repression of an illegal land seizure in Puerto Montt in March, which took the lives of several demonstrators, and, in October, a military mutiny directed by former Army General Roberto Viaux against the Christian Democratic government, allegedly motivated by the military's low salaries, showed that the social costs of reform were high for a state that had historically expanded its obligations without increasing its revenues.[380]

In this scenario, intra-government tensions reached their highest point following the end of the negotiations with the copper company Anaconda to nationalize its assets in Chile. Radomiro Tomic, a prominent leader of the party's left and the likely presidential candidate for the 1970 election, opposed the strategy of nationalizing copper through negotiations with U.S. companies instead of through legislative action and rejected the copper agreements with Anaconda. Carlos Massad, one of the closest interlocutors of U.S. Ambassador to Chile Edward Korry, Minister of Mines Alejandro Hales, and Frei Montalva's third and last Minister of Finance, Andres Zaldívar, had

[379] From Amembassy Santiago to Department of State, "Biweekly Economic Review-Chile: 1968 Edition, No. 12," 26 June 1968, box 599, RG 59, Central Foreign Policy Files, 1967-1969, Economic, NARA II.
[380] Hurtado-Torres, *The Gathering Storm*, 93-96.

negotiated these agreements that gave the majority, but not the totality of the property of copper mines to the Chilean state. According to Hurtado-Torres, the three of them threatened to resign if Tomic's opposition ended up modifying the terms of the copper agreements. Frei Montalva resisted the pressures from Tomic, and the economic team remained intact, but the episode showed how deep the divisions were within the Christian Democratic Party.[381]

The professionalization of the Central Bank and other state agencies responded to Frei Montalva's general inclination to favor technocracy over politics. This tendency alienated some of the politico-doctrinal sectors of the CDP, who pushed to preserve the original communitarian socialism that inspired the Christian Democratic Party. In more extreme cases, they broke away from the CDP and formed new parties in 1969 and 1971, aligning themselves with the left and its new coalition, the Popular Unity (PU).[382]

Following the victory of Salvador Allende, the candidate of the Popular Unity, in the 1970 presidential election, Massad resigned from his position as President of the Central Bank. Earlier that year, the Frei Montalva administration had nominated him as a candidate for the executive directorship of the International Monetary Fund on behalf of Chile, Argentina, Bolivia, Ecuador, and Paraguay. He was elected to this position, which he began in November 1970. Massad spent the duration of the Popular Unity government living in Washington, DC.[383] As Claudia Kedar has argued, during the Allende years, IMF staff and Chilean key economic actors found in the "depoliticization" and "technocratisation" of their relations a way to navigate the

[381] Ibid., 130-136.
[382] Silva, *In the Name of Reason*, 123.
[383] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.

hostility between their opposed ideological principles and create a beneficial cooperation.[384] Massad's statements on Chile during Executive Board meetings confirm Kedar's hypothesis. Despite being a well-known member of the Christian Democratic Party and an opponent of the economic policies of the Popular Unity government, Massad's language in official communications remained coldly objective, focusing solely on describing the economic policies of the Popular Unity administration and the Chilean context. When necessary, he subtly conveyed his differing points of view.[385] As part of his duties as IMF Executive Director for South America, Carlos Massad frequently traveled to Chile. He used these chances to meet with his close friend and former classmate at the University of Chile, Carlos Matus. Matus was one of Salvador Allende's economic advisers, briefly served as Minister of Economy in 1972, and was the president of the Central Bank when the military coup d'état occurred in 1973. In Santiago, Massad and Matus talked about the difficulties that the Chilean economy was experiencing and what could happen shortly. Matus acknowledged to Massad that political pressures were so intense that implementing austerity measures was difficult, as the Christian Democratic administration had also experienced.[386]

During the first year of the Pinochet dictatorship, Massad represented Chile before the IMF Executive Board. Accompanied by Jorge Cauas, Raúl Saez, and U.S. economist Paul Rosenstein-Rodan, Massad met with the military junta to discuss,

[384] Claudia Kedar, "Salvador Allende and the International Monetary Fund, 1970–73: The Depoliticisation and Technocratisation of Cold War Relations," *Journal of Latin American Studies* 47, no. 4 (November 2015): 717-747.
[385] Mr. Massad's Statement on Chile EBM 71/104 (10/6/71), 5 October 1971, Executive Board Documents; Statement by Mr. Massad on Chile's EBM 73/70 (7/9/73), July 8, 1973, Executive Board Documents, IMF Archives, electronic records.
[386] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.

among other things, negotiations with Anaconda regarding the payment of promissory notes.[387] This group acted as informal economic advisors to the military junta until 1974. From his international post, Massad recommended the IMF authorities to support Pinochet's regime by granting a stand-by arrangement.[388] The position of Christian Democrats such as Frei Montalva, who publicly supported the military coup, and Massad was troublesome for their former allies of the Ford Foundation, which had been a significant source of funding for university development in Chile.[389] Massad, a respected scholar in the U.S. social sciences community, had gained considerable prestige over the past decade in connection with the work that the Ford Foundation had funded in Chile. In their correspondence with New York, the Ford Foundation officers in Santiago began to perceive Massad as a potential critic of the Foundation's role and its decision not to restore the previous relationship with Chilean academics before the Popular Unity government, where liberal scholars had precedence over Marxist social scientists.[390] As the repression and human rights violations under Pinochet's regime intensified, Christian Democrats like Massad distanced themselves from the military regime in 1975. Notwithstanding, his connections with U.S. foundations and universities would never again be as strong as they had been before 1970.[391]

[387] Republic of Chile, Military Junta, Act no. 30, 7 November 1973. Military Junta Records, Library of the National Congress.
[388] Statement by Mr. Massad on Chile EBM 74/5 (1/30/74), 29 January 1974, Executive Board Documents, IMF Archives, electronic records.
[389] In chapter 6, I explore in more depth the role of the Ford Foundation in Chile.
[390] Richard Dye to William Carmichael, "Report on my visit to Chile, March 20-23," 26 March 1974, box 1, folder 11, FA 721, RAC, Rockefeller Foundation.
[391] Carlos Massad, interview by Patricia Arancibia Clavel, July 20, 2009.

3.5 Conclusion

This chapter unveils the role of Carlos Massad in catalyzing the U.S.-dominated internationalization and professionalization of economics in Chile. Massad's top academic performance at the University of Chicago amazed his professors and the officials of the Rockefeller Foundation, favoring an increasing interest in Chilean students within U.S. academic circles. Upon returning to Chile, Massad led the Institute of Economics at the University of Chile during a crucial period characterized by a growing desire for societal transformation. Massad helped shape and decisively expand the intellectual network of economists, who were increasingly sought after in planning, administration, policymaking, teaching, and research roles to address urgent social and economic problems in Latin America by governments, universities, and the private sector. Massad also had to respond to the drawbacks of social sciences being drawn into politics, polemics, and immediate utility. His response to these problems was a "research-minded approach to 'reforms,'" particularly land and agrarian reforms, fiscal policy, and Latin American economic integration. At this moment of internationalization of the discipline of economics, Massad unequivocally championed "policy-oriented research" as the most effective means to navigate the complex terrain of societal change and economic development.[392]

Massad's role exemplifies a significant phenomenon unfolding in Chile: the emergence of the U.S.-trained Chilean economist as a defining figure in the country's intellectual landscape. In the postwar years, the discipline of economics rose as a new pivotal arena of contact between the Americas, where social scientists in the U.S. and

[392] Carlos Massad, "Economic Research in Latin America," 238.

Latin America undertook transnational projects to improve the communications between academic cultures and address Latin America's economic development problems. The transnational economist forged in this crucible was a scholar of action who would take formal or informal responsibility in crafting policy. Massad, a Catholic, son of migrants, and a good example of the "statist" Chilean middle class that supported the growing Christian Democratic movement in the 1960s, epitomized one of the versions of this transnational scholar, a figure poised to navigate the intersection of academia and policy making.

The emergence of the U.S.-trained economist in Chile lays the groundwork for two key themes this dissertation explores in the following chapters. Chapter 4 delves into the internationalization of Chilean economists during the 1960s, examining the experiences of Chileans who studied economics at U.S. universities sponsored by the Rockefeller Foundation and the individual cases of Ricardo Lagos and Alejandro Foxley. Chapter 5 analyzes the pivotal role assumed by U.S.-trained economists as leading researchers and policymakers at the University of Chile, the Chilean state, and intergovernmental organizations, positions that conferred these actors greater legitimacy and influence in the economics profession in Chile. Massad's involvement was central to both developments. On the one hand, as the head of the Institute of Economics at the University of Chile, Massad served as a mentor, facilitator, and employment resource for numerous Chilean students pursuing economics studies at various U.S. universities in the 1960s. On the other hand, economics, as implemented in Chile, demanded that economists assume positions of technocratic power, an

experience in which Massad predated his fellow graduate students from the University of Chicago and paved the way for younger generations of economists.

Chapter 4: The U.S.- Dominated Internationalization of Chilean Economists in the 1960s: The Cases of Ricardo Lagos and Alejandro Foxley (1960-1970)

4.1 Introduction

On August 28, 1969, Harry Shlaudeman, a U.S. Embassy officer stationed in Santiago, penned a classified airgram to the State Department, assessing the Embassy's efficacy in identifying and cultivating relationships with future Chilean leaders. Shlaudeman believed the Embassy had achieved a commendable level of success in this endeavor, noting a significant number of individuals in positions of influence within Chile whom Embassy personnel had actively sought out and identified as potential future leaders in national political affairs. The U.S. Embassy officer posited that "in both political circles and in the military, individuals seldom reach top leadership positions without coming to the Embassy's attention early in the game." Chile's stable institutional structure, the relatively solid career patterns the country could provide, and the fact that young men were, to an increasing extent, assuming positions of authority explained in no small measure Shlaudeman's confidence in the U.S. Embassy's future success in affecting actions and decisions of young Chilean leaders. Despite the reluctance of young leftist leaders to engage with U.S. personnel and deficiencies in the Embassy's program for gathering information on prospective leaders, Shlaudeman reported that "the Embassy considers our contacts with the sectors that will probably provide Chile's future leaders to be entirely adequate." Notably, he observed that irrespective of their political leanings, these promising young leaders exhibited a uniform sense of nationalism and

a corresponding suspicion of U.S. intentions and actions. Shlaudeman highlighted that these young leaders were "brighter and better trained than were their elders and thus potentially more capable of dealing with Chilean problems." For instance, he underlined that many young leaders within the governing Christian Democratic Party had received various grants to study in the United States, while others who pursued education at U.S. universities had also risen to prominence in Chilean society. Shlaudeman thought this last group deserved particular attention, especially those who studied economics at U.S. universities in the preceding decade. Shlaudeman contended, "as a result of their training, even the more hostile of the grantees are more willing to approach Chilean problems with reason instead of emotion, better prepared to resolve instead of complicating the difficulties of modernization, and more able to understand if not sympathize with the origins and limits of the United States policies."[393]

Chapter 4 expands the topics of the previous chapter by looking at the internationalization of Chilean economists in the 1960s from a bottom-up perspective that centers on graduate students in the United States.[394] It explores the profound

[393] Amembassy Santiago to Department of State, "Identifying and Building Influential Relationships with Future Leaders," 28 August 1969, box 1976, RG 59, Central Foreign Policy Files, 1967-1969, Political and Defense, NARA II.

[394] Before this date, the Rockefeller Foundation, the Kellogg Foundation, and the Guggenheim Memorial Foundation were pioneers in launching significant programs to strengthen cultural and educational exchanges during the 1920s and 1930s. In the 1940s, the U.S government began sponsoring exchanges under the Convention for the Promotion of Inter-American Cultural Relations, signed in 1936. Between 1939 and 1948, there were 801 students from Chile in the United States. In the 1947-1948 academic year, out of 115 students, 3 studied general economics, 2 studied business administration, and 1 studied commerce. Notable Chilean economists who studied at U.S. universities before 1960 include Jorge Ahumada (Harvard University), Jorge del Canto (University of California-Berkeley), and Jorge Marshall (Harvard University). In 1955, the agreement establishing the Commission for Educational Exchange between the United States and Chile was signed, and in 1956, the partnership between the University of Chicago, ICA, and the CU began operating. The first exchange of professors between the United States and Chile took place in 1920 when a professor from the University of California went to the Pedagogic Institute and 2 Chilean professors went to California. "Chile" and "U.S. Cultural Relations with Chile," box 316, folder 23, Bureau of Educational and Cultural Affairs Historical Collection, University of Arkansas Libraries Special Collections Division, University of Arkansas.

influence of the education received by Chilean economists in U.S. universities on the large-scale development assistance extended to Chile by the U.S. government during the 1960s and contextualizes the experiences of these young scholars, many of whom received funding from the Rockefeller Foundation, pursuing graduate studies across multiple universities. It takes a closer look at the trajectories of Ricardo Lagos and Alejandro Foxley during their time as economics graduate students at Duke University and the University of Wisconsin-Madison, spanning from Lagos' departure for Durham in 1961 to Foxley's completion of his doctorate at the University of Wisconsin-Madison in 1970.

What type of economics training did Chilean students receive at U.S. universities? This chapter examines how Chilean scholars became recipients of strategic knowledge aimed at establishing a transnational consensus on economic theory and tools. The U.S.-dominated internationalization of economics expressed the complexities and tensions of the growing influence of experts in politics and the politicization of expertise during Cold War Chile. Among these scholars, the trajectories of Ricardo Lagos and Alejandro Foxley, both talented and politically engaged, epitomized the impact of Cold War science in Chile. Ricardo Lagos, a lawyer and author known for provocatively criticizing Chilean capitalism, embarked on his studies at Duke University as a young leader of the Radical Party. Alejandro Foxley was a Catholic chemical engineer affiliated with the Christian Democratic Party out of his admiration for the party’s principal leader, Eduardo Frei Montalva. The first section provides an overview of the experiences of Chilean students who, supported by the Rockefeller Foundation, pursued economics studies at U.S. universities. It also

examines the diverse perspectives of economists regarding the advantages and challenges associated with the U.S.-dominated internationalization of Chilean economists. The second section focuses on Ricardo Lagos's time at Durham between 1961 and 1966, where he engaged in a predominantly Keynesian intellectual environment. His reproach of the imperialist goals of "Project Camelot" in 1965 marked a significant moment in his academic trajectory, after which he would become a well-respected professor and administrative leader at the University of Chile. The last section examines Alejandro Foxley's path to earning a Ph.D. in economics at the University of Wisconsin-Madison from 1963 to 1970. An exceptional event propelled Foxley toward graduate studies in the United States. As president of the student federation at the Catholic University of Valparaíso (CUV) in 1960, Foxley co-authored a critical letter to President Eisenhower during his visit to Chile. The events that followed Eisenhower's response to the student's letter drew Foxley into the spotlight, highlighting the competition between the United States and Cuba for the hearts and minds of Chilean youth.

4.2 The Internationalization of Chilean Economists: Experiences and Debates in the 1960s

The phenomenon of Chilean students traveling to study economics at graduate schools in the United States offers a revealing glimpse into the pivotal role U.S. universities played in advancing the modernizing agenda that the United States sought to propagate in developing nations, ultimately contributing to the construction of a global capitalist

order. From 1956, when the first cohort of Chilean students began their studies in economics at the University of Chicago under the agreement with the CU, until 1970, the Rockefeller Foundation alone sponsored nearly forty graduate students in economics at various stages of their academic careers.[395] While most of these grantees pursued doctoral or master's degrees in economics, some recipients also pursued master's degrees in business administration (such as Rolf Lüders) or public administration (like Luis Escobar). However, not all recipients completed their intended courses of study. The reasons for discontinuation were multiple and specific to each individual, including some cases in which candidates failed to meet the academic standards of their U.S. universities. Despite these occasional setbacks, Chileans who successfully graduated from U.S. universities found themselves in high demand upon their return to Chile and within the broader Latin American region. They secured positions in Chilean and Latin American universities, various Chilean government agencies, and international and private institutions.

The dominant position of the University of Chicago among Chilean students prompted doubts among some prestigious economists within the Rockefeller Foundation network.[396] In 1957, MIT professor Paul Samuelson observed that there

[395] While the University of Chicago stood out as a primary destination for Chilean students pursuing economic studies in the United States, it was not the only university attracting Chilean students. The data I gathered includes 44 grantees between 1956 and 1970. 10 of them studied at the University of Chicago, 5 at Harvard University, 4 at MIT, 3 at Yale University and the University of California-Berkeley, and 2 at Cornell University. The remaining Rockefeller Foundation fellows studied at Michigan State University, the University of Oregon, Purdue University, University of California-Davis, University of Southern California, University of Pennsylvania, University of Wisconsin-Madison, Stanford University, and the University of Michigan. 8 of them studied at European universities (Oxford University, Cambridge University, the London School of Economics, the University of Sussex, the Christian Albrecht Universitat, and the University of Technology in Vienna).

[396] The selection process for these opportunities involved the students themselves, advice and sponsorship from their professors in Chile, and the channels of the Rockefeller Foundation with the potential hosting universities. However, the final decision on acceptance ultimately rested with the

must have been some institutional difficulties with the National University [University of Chile] that led ICA, as it were, to tie up links with Chicago University rather than Harvard or MIT. Samuelson, in an interview excerpt with a Rockefeller Foundation official, showed skepticism of what he called "Chicago's monolithic nature" and questioned whether Chile's socio-economic environment was a good fit for the implementation of pure laissez-faire principles.[397] Similarly, later that year, the Rockefeller Foundation official Montague Yudelman pondered the feasibility of fostering a Harvard-Chile relationship.[398] Throughout the 1960s, several Chilean students attended Harvard University, and some Harvard professors contributed to educational endeavors in Chile; still, it was challenging to meet the conditions of the University of Chicago's more consistent and sophisticated leadership and institutional interest in Chile, carried forward with government and foundation financial support.

Before starting their graduate studies, most of these students possessed a bachelor's degree in business administration from either the University of Chile or the Catholic University. In a few instances, professionals in agronomy transitioned to agricultural economics and law graduates shifted their focus to economic studies. Most grant recipients had accumulated significant professional experience, with universities, the Central Bank, and CORFO serving as their primary employers. Their research

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respective higher education institutions. For example, Mario Albornoz, a student at the University of Chicago, faced rejection from the Office of Admission at Stanford University in 1964 because he sought a non-degree candidacy admission to study statistics. After that, he simply returned to the Department of Economics at the University of Chicago to resume advanced training in economics statistics and econometrics. Mario Albornoz to Charles Hardin, 12 February 1964, box 99, folder 1780, RG 10.1, series 309-309e, RAC, Rockefeller Foundation.

[397] EMW Diary Interview of P.A. Samuelson MIT, 15 February 1957, box 106, folder 1865, RG 10. 1, series 309 e, RAC, Rockefeller Foundation.

[398] Interviews MY, 3 August 1957, box 35, folder 289, RG 1.2, series 309s, RAC, Rockefeller Foundation.

interests and initial publications, in both Spanish and English, predominantly centered around the broad spectrum of economic development topics relevant to Chile. These topics encompassed the labor market, monetary and fiscal policies, international trade, and agricultural economics. Some scholars specialized further in economic theory, statistical methods, mathematical economics, and econometrics. During their time in the United States, these students had the opportunity to collaborate with and learn from well-known economists in economic development. Notable figures among their advisors or instructors included Richard Eckaus (MIT), Arnold Harberger (University of Chicago), Lloyd Reynolds (Yale), Albert Hirschman (Harvard), and Raymond Mikesell (University of Oregon). Generally speaking, professors at U.S. universities were pleased with the work done by Chilean students.

Most grant recipients were married men born in the 1930s in Santiago, many of whom were recent fathers. Alongside covering fellowship costs, typically extending for up to two years, the Rockefeller Foundation provided a monthly family allowance to support these scholars. While this financial aid included medical examinations for the grantees, it did not extend to covering medical expenses, medications, or hospital bills for their spouses in the event of illness. Rockefeller Foundation officials closely monitored the entire experience of the grantees, starting from the application process, including meeting English proficiency requirements and visa status, to the challenges of settling into accommodations. This oversight continued through the final stages of their graduate studies, including typing their dissertations for official submission and completing the necessary paperwork, such as the tax clearance form, before departing the United States. While proficiency in English was a great asset, and some fellows

also spoke French, not all grantees were fluent in English upon their arrival in the United States. U.S. professors acknowledged the capacity of such Chilean students to overcome these language barriers when they existed. For example, Dr. Jay Wiley, adviser to Ernesto Lezaeta at Purdue University, explained why his pupil was highly regarded in the economics department. "His English was terrible when he arrived in this country. His educational background had been in civil engineering, so that he knew next to nothing of economics. It took him two attempts to pass the preliminary examination, which he did this past January."[399]

The representation of women among Rockefeller Foundation fellows was minimal during this period. Only one woman, unmarried and born in 1934 in Santiago, received a Rockefeller Foundation scholarship. Teresa Jeanneret, a professor and researcher at the School of Economics at the University of Chile and its Institute of Economics since 1955, was appointed at Cornell University from 1968 to 1970, where she pursued a doctorate under the guidance of Jaroslav Vanek, a Czech-American economist renowned for his expertise in labor-managed economics.[400] In the report detailing her interview for the grant, the Rockefeller Foundation official portrayed Jeanneret as someone who had a wide range of interests in public affairs, had excellent connections in the leadership sector of Chilean society, and was sincere in her intentions to return to university teaching upon completion of her doctoral studies in the United States. The official added that Jeanneret's interest in government was not

[399] Interview with Dr. Jay Wiley, 23 September 1969, box 113, folder 1945, RG 10.1, series 309e, RAC, Rockefeller Foundation.

[400] His influence on Jeanneret can be seen in Teresa Jeanneret, Leopoldo Moraga, and Lorraine Ruffing, *Las experiencias autogestionarias chilenas* (Santiago: Departamento de Economía de la Universidad de Chile, 1976), where Jeanneret defended the viability of labor-managed enterprises in Chile.

that of a "bureaucrat," but of a "policy-advisor." She impressed her interviewer as "a political animal." All these qualities made her an "outstanding in every way" candidate for the fellowship.[401]

In Chile, as in most of Latin America, the distinction between undergraduate and graduate studies, as practiced in U.S. universities, was not customary. Universities did not typically integrate postgraduate studies into the regular curriculum for academic or professional degrees. Alongside the occasional financial strains that arose, meeting educational requirements and coping with the difficulties of academic labor proved to be formidable challenges for many Chilean students. Juan Braun, a graduate student at Harvard University, expressed his dismay at the rigorous demands of graduate studies in the United States to a Rockefeller Foundation official. The agent of the Rockefeller Foundation did not seem moved, as many international students shared similar sentiments.[402] Chilean students adjusted their daily routines to accommodate the demands of studying in a foreign language. For example, Mario Cortés, a graduate student at Yale University, routinely woke up at 7:30 AM to study or attend classes from 8 AM until 10 or 10:30 PM. He used to work all day Saturday and Sunday during his first academic periods in the United States. Cortés initially lacked confidence in spoken English, although he could understand lectures well. In addition, he and his wife dedicated an hour each evening to studying English.[403] Despite these challenges, Chileans felt that their experiences in U.S. universities were profitable. Unlike Chilean

[401] Report of interview, 4 October 1967, box 112, folder 131, RG 10.1, series 309s. RAC, Rockefeller Foundation.
[402] Interviews EWM, 20 June 1960, box 98, folder 1764, RG 10.1, series 305e-309, RAC, Rockefeller Foundation.
[403] Interviews CMH, 22 March 1961, box 105, folder 1845, RG 10.1, series 309e, RAC, Rockefeller Foundation.

programs, where tracks were typically mandatory, U.S. universities offered greater flexibility, allowing students to concentrate on areas of personal interest. Lectures were not as stressed as in Chile, and libraries were wealthy. From a broader perspective, Chilean graduates recognized the profound political and economic value of the strategic knowledge they acquired at U.S. universities.

These transnational encounters prompted economists to examine their meaning and efficacy in driving economic and social progress in less affluent contexts. Within this debate, the transferability of economic theories, fueled by the internationalization of economists across developed and developing nations and the role of theory in addressing developmental challenges, emerged as central themes. Among economists, three primary perspectives stood out. One perspective maintained that existing economic theories held universal relevance; an idea associated with a neoliberal approach to economics. Adherents of this view suggested that while there might be significant deviations between the fundamental features of underdeveloped and advanced economies, economics could accommodate these differences by adjusting values for parameters and coefficients within theoretical frameworks and expressing them mathematically.[404] Another group argued that the disparities between economic theories formulated in developed countries and the realities of less developed nations were so profound that comprehensive development theories were unattainable. They saw little possibility for compatibility between the two. Some, like Swedish economist Gunnar Myrdal, contended that the unique circumstances of less developed countries

[404] Milton Friedman, "The Methodology of Positive Economics," 3-43.

rendered traditional economic theories, largely irrelevant, creating the need to formulating new theories for these countries.[405]

Among the voices contributing to these discussions within the U.S.-Chile economics network, Joseph Grunwald offered an insightful viewpoint. He considered the debate among economists on that methodological issue "futile" and "destructive" in advancing comprehension of economic development processes. Grunwald advocated for a pragmatic approach, distinguishing between valuable and useless tools in economic development for poorer nations, such as, for example, the shortcomings of U.S. agricultural colleges' emphasis on productivity over foundational reforms like land redistribution for long-term production growth. Grunwald argued that while abstract economic theories were indispensable for acquiring knowledge, they needed meaningful empirical grounding —a role universities could help fulfill through research. In the 1962 Kennecott lecture at the University of Arizona, Joseph Grunwald, then a professor at Yale University, delineated three major roles for U.S. universities in advancing knowledge and comprehension of economic development processes in impoverished nations: the importance of academic collaboration with universities abroad, the necessity of training individuals in development issues, and their critical role in disseminating information about the challenges faced by underprivileged regions worldwide to the American public through various media channels such as television, radio, and popular magazines. Grunwald acknowledged the complexities inherent in the presumed universal applicability of social sciences, such as rational

[405] Gunnar Myrdal, *Economic Theory and Underdeveloped Regions* (New York, San Francisco, and London: Harper Torchbooks, 1971), 100-106.

theory in economics. Given the divergent perspectives and methodologies employed by scientists from different countries, he recognized that the universality of such theories might falter. This divergence could stem from varying thought processes, analytical approaches, or interpretations of empirical evidence and experiments, thereby rendering the foundation of these theories on "shakier grounds."[406]

How could theories such as the core inquiry of economic theory of how to optimally allocate scarce resources to maximize production be transferred from developed to underdeveloped countries? Grunwald posited that economic theory in developed countries, whether addressing efficiency, production, international trade, inflation, or planning, was crafted to address marginal changes in the long term rather than structural changes in the short term. Grunwald observed that, in contrast, Latin American economists questioned the validity of theories based on marginal calculations to think about economic development as, among other things, they were skeptical of the *ceteris paribus* assumption.[407] For Grunwald, this created a "problem of communication" between economists from Latin America and wealthier countries as they had a different set of values in defining the goals of economic theory. Unlike economists from wealthier countries, who mainly sought to maximize rates of economic growth, Latin American economists incorporated social and political factors

[406] Joseph Grunwald, "The American University Faces the Underdeveloped World," 28 March 1962, box 223, folder 32, Bureau of Educational and Cultural Affairs Historical Collection, University of Arkansas Libraries Special Collections Division, University of Arkansas. Joseph Grunwald also presented these ideas in a speech at the University of Chile for his honorary incorporation into the academic faculty of the Department of Economics on May 11, 1964. Joseph Grunwald, "La universalidad de la ciencia económica y los problemas del desarrollo," *El Trimestre Económico* 32, no. 125 (January-March 1965): 140–152.

[407] In Latin, *ceteris paribus* means "all other things being equal". In economics, the *ceteris paribus* assumption serves as an indication of the effect one economic variable has on another, provided all other variables remain the same.

into their analyses, aiming to improve socioeconomic welfare—which included not only economic growth but aspects of redistribution of income and wealth.[408]

Intellectuals associated with ECLA, such as Aníbal Pinto and Celso Furtado, represented Grunwald's portrayal of Latin American economists. They advocated for the necessity of development theories tailored to the specific realities of each nation.[409] For example, in a presentation at a joint conference of U.S.-Latin American economists sponsored by the Social Science Research Council (SSRC) and the Institute of Economics at the University of Chile in 1962, ECLA intellectuals and University of Chile faculty Osvaldo Sunkel and Aníbal Pinto questioned the suitability of the training Chileans received in economics at U.S. universities. They believed important notions of science and political economy were at stake. Sunkel and Pinto questioned whether the collaboration achieved an appropriate balance between the resources employed in training Latin American economists in the United States and the benefits obtained in professionalism, contribution in their home countries, and fulfillment of U.S. objectives. They concluded that the academic cooperation was neither an economic investment for the United States nor fruitful for Latin American countries. According to Sunkel and Pinto, graduates trained at U.S. universities carried an analytical baggage that scarcely met the reality of Latin America's development problems. In this view, these returnees became "culturally alienated." Sunkel and Pinto also distanced themselves from the U.S.-oriented internationalization of economics, which they identified with the wave of mathematization that characterized the field of economics

[408] Grunwald, "La universalidad de la ciencia económica y los problemas del desarrollo," 148-149.
[409] Osvaldo Sunkel and Aníbal Pinto, "Economistas latinoamericanos en Estados Unidos," in Las *ciencias sociales en América Latina*, eds. Antonio Murga and Guillermo Boils (México D.F.: Universidad Nacional Autónoma de México, 1979), 235.

in U.S. universities, leading to the identification of scientific rigor with mathematical language.[410]

Carlos Hurtado and Patricio Silva, professors at the University of Chile who had graduated from Harvard University and the University of Pennsylvania, contradicted Sunkel and Pinto. Hurtado and Silva argued that Chileans studied economics with professors who had made relevant contributions to developing theoretical and practical instruments employed not only in the bubble of U.S. universities but with practical applications in underdeveloped countries.[411] They also rejected the idea that international students in the United States dedicated their efforts to studying theoretical problems unrelated to the reality of their countries. Graduate students had their hands on the economic issues of underdeveloped countries. Hurtado and Silva argued that Pinto and Sunkel's viewpoint failed to see that the internationalization of the discipline of economics was not only binational but multilateral and global. In their view, the influence of foreign professors and students trained abroad improved the universities' standards by highlighting and attempting to prevent the "operational fossilization" of economic professionals in Chile.[412]

The debate about the internationalization of economists showed two things. On the one hand, it reflected the political divide forged among economists around the interrelations between the United States and Chile, the problems of economic

[410] Osvaldo Sunkel and Aníbal Pinto, "Economistas latinoamericanos en Estados Unidos," 235, 239.
[411] The list included prestigious economists Joseph Schumpeter, Wassily Leontief, Alvin Hansen, Paul Samuelson, William Rostow, H.Chenery, Albert Hirschman, Simon Kusnetz, Paul Rosenstein Rodan, G. Haberler, C. Kindleberger, J. Duesenberry, R.Dorfman, R. M. Solow, T.C. Koopmans, A. Gershenkron, and O.Eckstein. Carlos Hurtado and Patricio Silva, "Economistas latinoamericanos en Estados Unidos," *Economía* 83-84 (1964): 73-76.
[412] Ibid., 73-76.

development, and the politicization of universities and social sciences. On the other hand, it revealed that the discipline of economics was entering an epochal change in Chile, an era in which, as Hurtado and Silva put it, "the abacus and old calculator machines will be replaced by electronic computers."[413]

4.3 A Chilean Economist is Born: The Life of Ricardo Lagos at Duke University (1961-1966)

Ricardo Lagos Escobar was born on March 2, 1938, in Santiago. He was raised by his mother, a piano teacher, and influenced by his politically active family, including one of his uncles, a deputy who supported Arturo Alessandri. Other relatives also shaped Lagos's upbringing and his involvement in politics, particularly his aunt Fresia, a member of the Radical Party and Chile's first female mayor.[414] Ricardo Lagos's schooling reflected his middle-class background. He attended the Manuel Montt school between 1944 and 1948, an institution that emphasized inquiry-based learning over memorization and lacked traditional grading hierarchies. Later, he attended the Manuel de Salas school and the Instituto Nacional, a traditional public school where he experienced the socioeconomic diversity of Chilean society. In 1949, despite his youth, he participated in protests against the González Videla administration because of the rising costs of living.[415]

[413] Ibid., 76.
[414] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I* , 23-41.
[415] Ibid., 41-69.

Lagos's professional trajectory crystallized when he entered the University of Chile to study law in 1955. Influenced by his family's ties to the Radical Party and his reformist ideals, he gravitated towards leftist factions within the party, critical of right-leaning policies such as the outlawing of the Communist Party. Despite disagreeing with specific measures, he embraced the Radical Party's legacy of democratic progress and economic modernization. Young Lagos's perspective on the United States shifted after witnessing the CIA-backed coup in Guatemala in 1954. Previously, he admired U.S. wartime achievements, but the coup against Jacobo Arbenz altered his views on U.S. intervention in Latin America. His family's connections, mainly through his uncle Rodrigo González, who served as Chilean Ambassador to Guatemala, provided firsthand insight into Guatemalan politics and fueled Lagos's repudiation of the coup. As a student, Lagos engaged in political activism, particularly during the social unrest of 1957 against President Ibáñez's administration. He organized demonstrations against government policies, witnessing discontent among marginalized urban populations. This moment of upheaval revealed to him the existence of overlooked sectors within society, such as the marginal poor living in the slums of the city.[416]

In his years at the University of Chile's School of Law, Ricardo Lagos engaged in active student politics. He was elected President of the law student government and supported the Radical Party's candidate, Luis Bossay, in the 1958 presidential campaign, which ended with Bossay placing fourth. In 1959, Lagos unsuccessfully ran for the vice presidency of the Student Federation of the University of Chile (FECH, Federación de Estudiantes de Chile), aligning with the recently relegalized Communist

[416] Ibid., 69-94.

Party. Later, tensions arose within the Radical Party due to its collaboration with the administration of President Jorge Alessandri, leading Lagos to eventually resign from the party in 1961 while he was in the United States.[417]

Lagos's interest in economics blossomed under the guidance of his professor Alberto Baltra, one of the principal Chilean promoters of ECLA's ideas about the impact of unequal terms of trade on the welfare of Latin American countries and leader of the left-leaning wing of the Radical Party. Serving as Baltra's teaching assistant, Lagos delved into micro- and macroeconomics, Keynesian theory, and national accounting.[418] He found economics more engaging than the rigidity of legal studies. He was particularly interested in its applicability to real-world issues. Under Baltra's guidance, Lagos focused his undergraduate thesis on the concentration of economic power in Chilean industries, proposing state ownership or control of the main industrial sectors to counteract monopolistic tendencies in the Chilean economy. His thesis became a widely circulated book and garnered attention from the Chilean left, including Salvador Allende.[419]

Lagos's economic studies reinforced his alignment with the political left. Influenced by the ECLA theory regarding the impact of unequal trade terms between the center and the peripheries, Lagos decided to pursue a career in economics. He admired economists like Aníbal Pinto, Jorge Ahumada, Celso Furtado, Raúl Prebisch,

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[417] Ibid., 100.
[418] Ibid., 103-106. The textbook "Ingreso nacional. Introducción y análisis," written by Yale economist Richard Ruggles, then recently published by the Fondo de Cultura Económica, seems to have imprinted a strong impression on Lagos, who had to teach its content in Baltra's lectures.
[419] Ibid., 110-112. The book went through five editions between 1961 and 1965, and received some reviews and comments, mostly critical, in the United States. Ricardo Lagos, *La concentración del poder económico: su teoría, realidad chilena* (Santiago: Editorial del Pacifico, 1965), 171-173; Byron White, review of *La concentración del poder económico: su teoría, realidad chilena*, by Ricardo Lagos, *American Economic Review* 53, 1 (March 1963): 190-191.

and other social scientists such as sociologist Aldo Solari, who promoted a socio-economic approach to development. What attracted Lagos was ECLA's interdisciplinary approach and advocacy for industrial development and import substitution to alleviate poverty in Latin America. This intellectual milieu solidified Lagos's decision to study economics abroad.[420]

Like many University of Chile students, Ricardo Lagos aspired to study economics abroad but faced financial hurdles. Despite being accepted to Yale University and Stanford University, he could not secure the necessary scholarship. However, his mentor Alberto Baltra connected him with Robert Sidney Smith, professor of Latin American economics at Duke University. Smith visited Chile periodically and arranged a tuition fellowship for Lagos. Although Lagos lacked English proficiency, he obtained the required certification from the Chilean-North American Institute to attend Duke University. Securing funds to sustain himself in the United States was challenging, but with a $200 scholarship from the University of Chile, assistance from his mother, and support from his father-in-law, Lagos embarked on his journey to Durham.[421]

Armed with one of Paul Samuelson’s books in Spanish, Ricardo Lagos arrived for the first time at Durham in the spring quarter of 1961, a few days after President John Kennedy’s inauguration. Immediately, Lagos immersed himself in the rigor of graduate studies, spending long hours in the library and honing his reading skills to meet program demands.[422] The master's program at Duke University in economics

[420] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 116-119.
[421] Ibid., 125-133.
[422] Ibid., 133-136.

demanded 15-18 hours of coursework in economics and 6-9 hours in a minor field or 24 hours across all subjects, culminating in a thesis. Doctoral candidates were required to complete sixty semester hours of coursework. Mandatory courses encompassed quantitative analysis, microeconomic analysis, political economy, economic theory, macroeconomic analysis, and economic history. Those lacking prior training in quantitative analysis had to undertake additional classes covering calculus, differential equations, and statistical methods courses to meet entrance requirements.[423]

Ricardo Lagos encountered a predominantly Keynesian environment at Duke University's Department of Economics. Keynesian principles advocated government intervention to maintain employment, stimulate investment, and prevent economic depressions while accepting moderate inflation. Governments had to guarantee minimal conditions for citizens' welfare, including health, unemployment, and poverty assistance.[424] Lagos's doctoral advisor, Professor Calvin Bryce Hoover, embodied Keynesian economics at Duke.

Calvin Bryce Hoover had extensive academic experience, championed New Deal policies, and served in various government roles during and after World War II. Following his military service in World War I, Hoover received a Ph.D. from the University of Wisconsin and went to Duke University in 1925, where he later became Department chairman for two decades (1937-1957) and Dean of Duke University's Graduate School for ten years (1938-1947). Hoover, a long-time friend of Keynes, taught courses such as "Economic Systems" and "Economic Functions of the State"

[423] Ibid., 133; "Graduate-Degree Requirements in Economics: Related information," 1 June 1963, box 46, folder A-Dept. Matters, 1961-1967, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.
[424] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 136-140.

and wrote several books, among them *Economic Life in Soviet Russia*, for which he earned a fellowship from the SSRC to conduct research in the USSR (1929-1930), and *Germany Enters the Third Reich*, for which he had a sabbatical leave in Germany in the days when Hitler came to power (1932-1933).[425] Hoover was a New Dealer and a wartime economist.[426] In Hoover's own words, the philosophy of the New Deal rested on "the determination to meet crises, as they arise, with actions instead of with resignation," while acknowledging that "(we) have no intention of simply waiting with the hope that a balance will be restored by so-called natural processes."[427] His government service included work in the Department of Agriculture during the New Deal period, as head of the OSS Northern European operations, and as an advisor to the U.S. Group of the Allied Control Council that took over the government of the Allied-occupied zones of Germany after the end of World War II in Europe. President Harry Truman awarded Hoover the Medal of Freedom for this work in 1947. Later, he was one of the principal developers of the Marshall Plan. In 1953, Hoover became President of the American Economic Association (AEA) and retired in 1966 as the principal leader of the Department of Economics at Duke University.[428]

In 1961, Ricardo Lagos took a summer course with Calvin Hoover, focusing on economic concentration, antitrust issues, and anti-monopoly legislation. Lagos found

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[425] Calvin Hoover, *The Economic Life of Soviet Russia* (New York: The Macmillan Company, 1931); *Germany Enters the Third Reich* (New York: The Macmillan Company, 1933).
[426] As his memoirs attest, Calvin Hoover, *Memoirs of Capitalism, Communism, and Nazism* (Durham: Duke University Press, 1965), esp., 149-175; "In Memoriam: Calvin Bryce Hoover 1897-1974," *The American Economic Review* 66, no. 4 (September 1976): 725–726.
[427] Calvin Hoover, "Philosophy of the New Deal," box 42, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.
[428] "The Calvin Bryce Hoover Memorial Fellowship, Economics Department, 1947-1997," box 3, folder reports 1979 (2), Duke University Archives, Duke University; "In Memoriam: Calvin Bryce Hoover 1897-1974," 726.

in Hoover an intellectual interlocutor whose teachings resonated with his political interests and convictions on state-economy relations, emphasizing the importance of balanced industrial and agricultural development for economic progress.[429] In his graduate studies, Ricardo Lagos focused on economic development in Latin America, but he kept his academic experience and personal interests open to more than economics. In his leisure time, Ricardo Lagos exploited the vast bibliographic resources of Duke University's libraries to follow the policies of the Kennedy administration, its international relations, the Cuban Missile Crisis, and Soviet issues.[430] As part of his class assignments, Lagos wrote a paper on Soviet taxation, in which he analyzed the characteristics of the different tax systems in the Soviet Union from 1917 on and how some features of the Soviet taxation differed from Marxist theory.[431] Other Lagos's assignment papers dealt with Chile's low agricultural production,[432] inflation and investment in Chile,[433] and how the Keynesian multiplier, the principle that government spending increases consumer spending, functioned in underdeveloped countries. In this eleven-page work, Ricardo Lagos concluded that "it is impossible to apply wholesale a theory formulated in the framework of an advanced economy to underdeveloped countries."[434] While improving his command of English, Lagos secured some grants from the Duke University Ford Workshop, the Duke

[429] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 138-139.
[430] Ibid., 143-145.
[431] Ricardo Lagos, "Impuestos Soviéticos," 1962, box 15, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[432] Ricardo Lagos, "Algunas causas de la baja producción agrícola," 1962, box 15, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[433] Ricardo Lagos, "Inflación e inversión en el caso chileno," 1962, box 15, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[434] Ricardo Lagos, "El multiplicador en países subdesarrollados," 1962, box 15, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

University Council of Hispanic Research Grant, and a Rockefeller Foundation Grant that allowed him to conduct research for his master's thesis and doctoral dissertation.[435] Professor Hoover also obtained departmental funding for his graduate students, including Lagos. It came from "The Fund of the Anonymous Donor." The anonymous donor was Pleasant Huber Hanes, head of the P.H. Hanes Knitting Company based in Winston-Salem, North Carolina.[436]

In 1962, as Ricardo Lagos welcomed his first son, he began his master's thesis, focusing on Chile's agricultural system. This theme was part of a more ambitious project describing the Chilean economy. Supported by a grant from Duke University's Department of Graduate Studies, Lagos conducted summer research at the Library of Congress in Washington D.C.[437] Divided into four chapters, Lagos's thesis employed quantitative analysis to scrutinize various aspects: the land resources, population, and income of Chile's agricultural sector; the historical trends in agricultural production over the past 50 years; an in-depth exploration of the factors contributing to Chile's subdued agricultural output, including land tenure, pricing mechanisms, credit availability, foreign exchange policies, and inflation; and the ramifications of the agrarian reform bill passed under the Alessandri administration in 1962. Lagos contended that Chile's concentrated land tenure and precarious labor conditions for peasants played a pivotal role in constraining agricultural productivity. However, he noted a transformative shift with the introduction of the agrarian reform legislation,

[435] Ricardo Lagos, *Industry in Chile: Some Structural Factors* (Ph.D. dissertation, Duke University, 1966), 359.
[436] Calvin Hoover to P. Huber Hanes Jr, 3 September 1963, box 42, folder Academic, P. Huber Hanes, 1960-1965, Calvin Bryce Hoover Papers, Duke University Archives, Duke University. Hoover dedicated his memoirs to P. Huber Hanes, Jr. as a "patron of research and friend."
[437] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 149-152.

which endowed the Chilean government with the constitutional authority to expropriate land. This departure from the classical laissez-faire model signaled a transition towards a more "directed" economy.[438]

Figure 2. *Ricardo Lagos and Carmen Weber in Durham, North Carolina, 1961*.
Source: Ricardo Lagos and Carmen Weber, 1961, Ricardo Lagos Archives, https://arle.udp.cl/index.php/ricardo-lagos-y-carmen-weber.

After writing his master's thesis, Ricardo Lagos took an oral examination to proceed toward his doctorate. This examination covered macro- and microeconomics, monetary theory, comparative economic systems, Latin American economic

[438] Ricardo Lagos, *The Agricultural System of Chile* (M.A. Thesis, Duke University, 1963), 100.

development, and international relations and organizations.[439] Lagos had to answer questions such as "List the main models or types of models, used in growth theory and indicate the elements which distinguish which model best fits the following economies: Brazil, India, Canada, Israel, Nigeria? Why? On what conditions does the usefulness of a model depend?" and "Compare and contrast the conceptions of the banking system and the role of monetary policy exemplified by: the "currency school," the "Banking school," the "Cambridge school," the "Chicago school," the Radcliffe Committee, and Gurley and Shaw."[440] An evaluation committee comprising William P. Yohe, Robert S. Smith, Joseph J. Spengler, Calvin Hoover, and Robert Wilson approved Lagos's performance in February 1963.[441] Following this achievement, Lagos returned to Chile the next month to work on his doctoral dissertation topic: the concentration of economic power within Chilean industries.

Upon returning to Chile, Ricardo Lagos interpreted modernization theory from a socialist perspective. Lagos believed in a progress-oriented historical paradigm fueled by a belief that economists held the keys to societal progress. Influenced by economists such as John M. Keynes, Walt W. Rostow, who upheld the importance of investment in economic growth and emblem of modernization theory, and Simon Kuznets, Lagos firmly believed he could contribute to economic discussions in Chile with the theories and viewpoints he obtained at Duke. He held firm to the conviction that economic growth intrinsically stimulated improvements in income distribution and saw the correlation between economic advancement and democracy as inherent, a view that

[439] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 149-150.
[440] "Questions for Mr. Lagos," box 45, folder Academic-Prelim exams, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.
[441] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura*. *Memorias I*, 150.

was in harmony with his understanding of socialism as a deepening of democratic rule and the improvement of the living standards of lower classes.[442] At the same time, Ricardo Lagos's views on the asymmetry of U.S.-Latin America relations became more complex. In addition to his negative vision of U.S. imperial power, along the lines of former Guatemalan president Juan Jose Arévalo's metaphorical fable *The Shark and the Sardines*, Lagos acquired a more balanced view of the system of checks and balances upon which the federal government functioned while living in the United States.[443] One of the main takeaways for Ricardo Lagos was that the United States had a working institutional system that made its democracy improvable. It had countervailing powers that prevented the concentration of power in a single dominant actor. Ricardo Lagos was critical of the role of U.S. interventions in Latin America but optimistic that democracy, economic knowledge, and a combination of creativity and planning would help to orient public policies toward what citizens wanted in a social democratic framework.[444]

Back in Chile in 1963, Ricardo Lagos was appointed an Assistant Professor of Political Economy at the University of Chile's School of Law. Lagos aspired for something more as he desired to be a part of the Institute of Economics. Despite his intentions, Ricardo Lagos lacked connections within the Institute and decided to give an unsolicited call to its director, Carlos Massad. Lagos recalled this situation in his memoirs:

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[442] Ibid., 154-156.
[443] Juan José Arévalo, *The Shark and the Sardines (*New York: Lyle Stuart, 1961); Lagos, *La concentración del poder económico*, 67.
[444] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura*. *Memorias I*, 151-152.

> The secretary asked me why I wanted to meet with [Massad]. "Well," I replied, "I want to work there." A few days later, he received me. I explained to him that, at that moment, I was a Ph.D. candidate in economics, interested in becoming part of the staff. Massad became very content with the degree for which I was a candidate, but he was surprised that, being a lawyer, I was applying for a doctorate in a different professional area. He kindly heeded my request and explained that budgeting problems were complex but that he would check what he could do.[445]

A few weeks later, Ricardo Lagos received a favorable response from Carlos Massad. The Institute of Economics required a legal expert to collaborate with Kurt Ullrich, an agricultural economist trained at Iowa State University and the University of Chicago, for a research project on agricultural taxes in Chile.[446] The Institute of Economics hired Lagos temporarily as a lawyer, not an economist. Still, the Institute of Economics eventually extended his contract indefinitely, becoming Lagos's new academic home as a researcher. Ricardo Lagos also obtained a position at the University of Chile's schools of Journalism and Political and Administrative Sciences as an instructor for a course on economic systems.

What kind of teacher and researcher was Lagos? In a heartfelt letter addressed to Calvin Hoover, there are some clues to answer this question. Ricardo Lagos thanked him "for your teachings, advice, and kindness, that made our two years in the U.S. one of our best experiences that I am sure I will have in my life." [447] Lagos told his advisor that he had been able to teach two courses and become a researcher for the Institute of Economics and asked Hoover for the publishing information of the Spanish version of his book *The Economy, Liberty, and the State*, which was only available in English in

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[445] Ibid., 157.
[446] The product of that work was Kurt Ullrich and Ricardo Lagos, *Agricultura y tributación: dos ensayos* (Santiago: Universidad de Chile, Instituto de Economía, 1965).
[447] Ricardo Lagos to Calvin Hoover, 5 June 1963, box 16, folder Lagos Ricardo, 1963-1964, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.

the University of Chile's library. Ricardo Lagos wanted to use his mentor's book in his economic classes for journalists. *The Economy, Liberty, and the State* was an essay on the history of national economies, liberty, and state power that adhered to an intellectual defense of the reformed U.S. capitalist system after New Deal policies in contrast to the economic systems in place under the totalitarian rule of the Communist Soviet Union and Nazi Germany.[448] In his communications with Hoover, Lagos also expressed dissatisfaction with the book review of his *La concentracion del poder económico* by a University of Puerto Rico professor, which appeared in the journal *American Economic Review.* Lagos's reviewer saw a predominantly Marxist inspiration in his book, dismissing, according to Lagos, its social democratic and anti-imperialist inspirations. "Not because I could think that the book is good (Dr. Smith knows my opinion about that, especially after two years studying at Duke) but because it gives a wrong impression about my political ideas." Lagos also resented a Communist publication from Moscow, *International Affairs*, that criticized his book because of "the petit bourgeoisie ideas of the author."[449] In his concise answer, Calvin Hoover encouraged Lagos to keep working and use qualitative methods of research, visit the areas for his doctoral research's fieldwork to have a look at the physical layout, and conduct interviews with labor unions and the management of some copper companies.[450]

In 1965, Ricardo Lagos was involved in a significant episode that underscored the tension between the United States' hegemonic influence in Latin America and the

[448] Calvin Hoover, *The Economy, Liberty, and the State* (New York: The Twentieth Century Fund, 1959).
[449] Ricardo Lagos to Calvin Hoover, 5 June 1963, Calvin Bryce Hoover Papers.
[450] Calvin Hoover to Ricardo Lagos, 10 June 1963, box 16, folder Lagos Ricardo, 1963-1964, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.

autonomy of social sciences in Chile. The year prior, the U.S. Department of Defense and the Special Operation Research Office of the American University in Washington D.C. devised Project Camelot. This project aimed to analyze the potential for internal conflicts in underdeveloped nations, devise strategies for prevention, and collect psychological data on political, social, and military actors.[451] Chile, where the study of sociology was growing exponentially, was chosen as the project's testing ground in Latin America. The Project Camelot implementation was tasked to a Chilean-American anthropologist based at the University of Pittsburgh, Hugo Nutini.[452] Under the plan, Nutini would organize a team of sociologists and other social scientists, a task for which he contacted the University of Chile's and the Catholic University's sociology departments. However, Nutini encountered resistance from Chilean academics, including Ricardo Lagos, who perceived the project's ulterior motives beyond its academic facade when he was contacted to participate on it. The story of Project Camelot in Chile could have ended in this academic behind-the-scenes. However, in June 1965, the project made it to the news spotlight after U.S. Ambassador to Chile, Ralph Dungan, protested his lack of information on the project. Government and opposition newspapers claimed the project was an attempt at anti-communist espionage and undue intervention in Chilean issues. Moreover, the U.S. had recently invaded the Dominican Republic. The idea of Project Camelot did not land in a welcoming political

[451] Francis Manno and Richard Bednarcik, "El proyecto Camelot," *Foro Internacional* 9, no. 2 (October - December 1968): 206-218; Ellen Herman, "Project Camelot and the Career of Cold War Psychology," in *Universities and Empire. Money and Politics in the Social Sciences During the Cold War*, ed. Christopher Simpson (New York: New Press, 1998), 97-133.
[452] The plan was named Camelot after the fantastic capital of the legend of King Arthur, popularized by T.H. White's novel *The Once and Future King*.

atmosphere.[453] The Chamber of Deputies initiated a semester-long investigation, summoning Ricardo Lagos to testify on August 10 and September 6, 1965, regarding his involvement in Project Camelot as part of the people contacted to be part of it, carrying the weight of suspicions that the matter raised among the investigation committee.[454] As attested by the records of the Chamber of Deputies, Lagos declared that he opposed Project Camelot since he knew about it because it was harmful to national interests and supposed the use of social sciences for political ends.[455]

After the Project Camelot episode, Ricardo Lagos returned to Durham between February and May 1966 to complete and defend his doctoral dissertation, *Industry in Chile. Some Structural Factors*. This work embraced a clear structuralist view. In six chapters, the dissertation posited that Chile's industrialization would continue and remain desirable if its future growth rate paralleled that of the preceding three decades. The initial chapters provided a historical overview of Chile's economy and the evolution of its industrial sector since independence. Lagos drew on the insights of Aníbal Pinto, emphasizing Pinto's explanation of the significant development of Chile during the 19th century (especially between 1830 and 1861) and the centrality of factors such as the Chilean political stability, the discovery of several mines of silver, copper and nitrates, and the emergence of "Schumpeterian" entrepreneurs who, by seeing and seizing opportunities for economic ventures in the exploitation of these minerals, led the Chilean economic expansion in that century.[456]

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[453] Hurtado-Torres, *The Gathering Storm*, 49, 59-67.
[454] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 183-188.
[455] Republic of Chile, Chamber of Deputies, 16 December 1965, 3144, National Congress Record of Sessions, Library of the National Congress.
[456] Lagos, *Industry in Chile: Some Structural Factors*, 47-48.

Lagos's analysis of industrialization, based on the Hoffman and Chenery models,[457] demonstrated how the import substitution process concerning consumer goods was exhausted, and the Chilean manufacturing sector had to develop intermediate and capital goods to maintain its growth rate. Ricardo Lagos projected that more capital-intensive production methods would be used in this development, increasing the industries' capital requirements. Lagos also discussed the idea that industrialization "saved" foreign currency, a statement that he qualified by acknowledging that imports of finished products declined and imports of raw materials increased with industrialization. He argued that what was saved were the values added by national industry to the imported raw materials.[458] The main contribution of Lagos's dissertation was measuring Chilean industrial concentration using a concentration coefficient that he calculated.[459] Lagos's dissertation's main finding was that the concentration level was high in at least five of twenty industrial groups and that such concentration could increase soon. Unlike his previous work, Lagos employed sophisticated mathematical techniques to explain industrial concentration levels. He concluded that concentration tended to be higher in developing countries due to market

[457] In his study of industrial growth, Walter G. Hoffmann, argued that as the industrial growth progresses, the ratio of value added by consumer goods to capital goods decreases. Consumer and capital goods were defined based on the proportion of their output used for consumption versus capital formation. Hoffman's theory proposed four stages of industrialization, each characterized by the changing ratio of net outputs between consumer and capital goods industries. Hollis Chenery, on the other hand, believed that while there was a common pattern of development among most nations, it was not inevitable for all countries to pass through the linear phases of the "stage theory" proposed by earlier development theorists such as Walt W. Rostow. Armando Lago, "The Hoffmann Industrial Growth Development Path: An International Comparison," *Weltwirtschaftliches Archiv* 103 (1969): 41–57, esp. 41-42; Hollis Chenery, "Patterns of Industrial Growth," *The American Economic Review* 50, no. 4 (September 1960): 624–654; Simon, David, ed., *Key Thinkers on Development* (London and New York: Routledge Taylor & Francis Group, 2019), 105-111.

[458] Lagos, *Industry in Chile: Some Structural Factors*, 121-122.

[459] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 188-190; Lagos, *Industry in Chile: Some Structural Factors*, 306-347.

size and economies of scale, predicting a rise in Chilean industrial concentration alongside increased economies of scale. Ultimately, in an heterodox conclusion, Lagos foresaw challenges for Chilean industry in absorbing the expanding labor force under these conditions.[460]

Ricardo Lagos successfully defended his Ph.D. dissertation in economics before a committee composed of professors Calvin Hoover, Frank Hanna, Robert Smith, William Yohe, and Mark Van Aken, a historian specializing in Latin America.[461] Although Lagos's dissertation, published in Spanish by the Institute of Economics in 1966, did not generate the same level of interest in Chile as his earlier book, it marked a significant evolution in his economic views, perhaps because it refined the prevailing notion that traditional import-substitution strategy would be conducive to Chile's economic development. This work signaled Lagos's shift towards a more complete understanding of the bottlenecks faced by import-substitution industrialization. Upon his return to Chile in 1966, Ricardo Lagos dedicated himself to research at the Institute of Economics at the University of Chile while teaching economic courses across various disciplines, including law, journalism, economics, and political sciences. From then on, Ricardo Lagos would help build the social sciences structures in Chile while fostering its academic networks.

[460] Lagos, *Industry in Chile: Some Structural Factors*, 254-258.
[461] R. L Predmore to William Yohe, "Regarding Ricardo Lagos," 21 April 1966, box 44, folder Academics-doctoral examinations 1965-1966, Calvin Bryce Hoover Papers, Duke University Archives, Duke University.

4.4 The Making of an Economist Amidst the Cold War: Alejandro Foxley at the University of Wisconsin-Madison (1960-1970)

Alejandro Foxley Rioseco was born on May 26, 1939, in Viña del Mar, a coastal city near Santiago. Raised in a middle-class household, Foxley learned the value of responsibility and hard work early on, shaped by the economic constraints of having six siblings. Catholicism profoundly influenced his upbringing. He attended one of Chile's oldest Catholic schools, where he engaged in social work for the underprivileged and affiliated with Catholic Action ideals.[462] The naval tradition ran strong in Foxley's family as his father was a retired Navy private. This heritage instilled a sense of discipline and duty in Foxley, who completed mandatory military service when an adolescent. Despite the strict regimen of his familial environment, Foxley aspired to pursue higher education in civil engineering, a goal hampered by financial limitations.[463] In 1957, Foxley applied to the Catholic University of Valparaíso for chemical engineering, the only engineering program available there. Despite its rigors, Foxley succeeded in subjects like physics, thermodynamics, and mathematics while balancing laboratory work and academic studies.[464]

At CUV, Foxley became involved with groups exploring Catholic political philosophy and Christian Humanism, in parallel with the rise of the Christian Democratic movement in Chile. Inspired by figures like Eduardo Frei Montalva,

[462] In 1923, Pope Pius XI strongly promoted Catholic Action, a movement that involved the participation and collaboration of lay people in the apostolic mission of the Catholic Church, including social activism and the battle against atheistic Communism. In Chile, the Catholic Action developed important efforts to alleviate extreme poverty.
[463] Stipicic and Barría, *La segunda transición*, 17-20.
[464] Ibid., 20.

Foxley joined the Christian Democratic Party in 1958, drawn to its commitment to social justice and poverty alleviation. While focusing on his studies, Foxley's involvement in the Christian Democratic Party deepened, culminating in his election as President of the student government at CUV in 1960. His election as a student representative marked a crucial moment for Foxley's career. It put him into the political arena during a transformative period in Latin America's history.

The context of Alejandro Foxley's encounter with economics was the reception of the Cuban Revolution in Chile, the harsh reaction of the United States to the new geopolitical scenario, and how Cuba and the United States attempted to defend or win positions in Latin America after 1959. In the wake of the revolution, Chilean university students were captivated by the revolutionary fervor emanating from Cuba. Castro's defiance of the corrupt Batista regime and his anti-imperialist rhetoric resonated deeply, particularly among those disenchanted with U.S. influence in the region. The Federation of Chilean Students, representing student bodies across Chilean universities, openly expressed solidarity with the nascent Cuban government. This solidarity underscored a growing disagreement between conservative sectors of society, who viewed Cuba as a communist threat, and progressive voices who saw it as a beacon of resistance against imperialism.[465] In January 1960, as the United States sought to reinforce its relations with Southern Cone countries, the U.S. government announced President Dwight Eisenhower's forthcoming official visit to Chile as part of his goodwill tour of South America the following month.

[465] Marco Antonio Rocca, *Presencia de la FECH en la vida nacional, 1955-1961* (Santiago: Editorial Forja, 2013), 95-96.

The seven presidents of Chilean university student bodies, including Foxley representing the Catholic University of Valparaíso, took a calculated stance. They penned an open letter to President Eisenhower to unequivocally express their discontent with his visit and the broader policies of U.S. intervention in Latin America. The student leaders, predominantly aligned with the Christian Democratic Party, wielded significant influence among the twenty-five thousand students across seven Chilean universities.[466] Patricio Fernández, an engineering student and FECH's President, was at the helm. The letter, whose framework and arguments bore a noticeable resemblance to the concerns articulated by intellectuals associated with ECLA in the preceding decade, asserted the student leaders' status as representatives of diverse political affiliations, with a majority identifying as "Christians" and nearly all as "free thinkers."[467] Their intent was clear. They wanted to address fundamental issues concerning the United States' relationship with Latin America. Their message underscored their solidarity with the sovereignty of Cuba and their opposition to U.S. meddling in the political affairs of Latin American nations.[468]

Dated February 24, 1960, Chilean students organized the letter around three core problems: the underlying philosophy guiding the Inter-American system, the

[466] The rise of Christian Democrats in Chilean politics had been palpable since their ascendance to several student government bodies in 1956 and the formal founding of the party in 1957. In the 1958 presidential contest, their candidate Eduardo Frei Montalva third-place finish displaced the Radical Party's Luis Bossay, signaling a major change in the political landscape. The Christian Democratic Party embraced the Social Doctrine of the Catholic Church and was rooted in a profound critique of capitalism inspired by Christian Humanism, configuring an ideological center less amenable to compromise compared to the pragmatic stance of the Radical Party in prior decades. The party's youth was particularly fervent in their quest for societal change as this episode reveals.

[467] Federation of Students of Chile to President Dwight D. Eisenhower, 24 February 1960, box 7, folder Chile (2), pp. 1-2, Eisenhower Dwight D.: Papers as President, International Series, Dwight Eisenhower Presidential Library.

[468] Rocca, *Presencia de la FECH*, 104.

pricing system and its moral implications for trade between the United States and Latin American nations, and the imperative of respecting Cuba's right to self-determination. The Chilean students viewed the Inter-American system as a framework that obligated Latin American solidarity with the United States while offering disproportionate benefits to the latter. They called for reciprocity over aid and emphasized three key aspects: continental security without military dominance, promotion of democracy, and economic integration to drive industrialization and development in Latin America.[469] Additionally, they challenged the prevailing notion of "least cost" market mechanisms for natural resource acquisition, advocating for an ethical concept of just price to bridge the gap between industrial and raw material-producing nations. They posed a poignant question to President Eisenhower and the United States: “Has the United States become a “satisfied nation,” one which fight for the maintenance of the prevailing order in the world and Latin America?” The students saw the U.S. 's leadership role as one that “should encourage by all legitimate means those who fight for the creation of a new social order, one which would be closer to Lincoln’s immortal definition, ‘a government of the people, by the people, and for the people’”.[470] Concerning Cuba, they warned against U.S. intervention, as it would erode trust and respect among “the young, the poor, and the decent people of Latin America.” While critical of Castro's regime, they refrained from embracing it fully, citing concerns over its anti-democratic aspects. However, they rejected labeling the Cuban Revolution as Communist, pointing out its comparatively moderate land reform and other social progress.[471] Rhetorically,

[469] Federation of Students of Chile to President Dwight D. Eisenhower, 24 February 1960, pp. 1-2, Eisenhower Dwight D.: Papers as President, International Series.
[470] Ibid., 2-3.
[471] Ibid., 3-4.

the letter was persuasive. Surprisingly, President Eisenhower responded to their message as the letter "made its impression" on him.[472]

President Dwight Eisenhower spent two days in Santiago between February 29 and March 2, 1960. During his stay, Eisenhower received multitudinous greetings from Chileans waving U.S. flags as his motorcade passed toward the U.S. Embassy in Santiago. He met right-wing liberal President Jorge Alessandri at La Moneda, addressed a speech to the Chilean Congress, and visited the self-managed neighborhood San Gregorio in Santiago's poor municipality of La Granja.[473] His diplomatic and personal efforts to convince Alessandri, who maintained a non-interventionist approach in foreign policy, to condemn Communist Cuba were in vain.[474] In his trip to Chile and other Latin American countries, Eisenhower encountered grim poverty and dire living conditions that sharply disappointed him. He returned to the U.S. with a "sense of ominous unrest" as the Chilean students' letter accused the United States of being insensitive to poverty, and the signs of the failure of U.S. foreign economic policy in Latin America were eloquent.[475]

The letter from Chilean students allowed the Eisenhower administration to articulate its vision for the United States' role in Latin America after the emergence of the Cuban Revolution. In the words of Christian Herter, U.S. Secretary of State, by giving wide circulation to the student's letter and the President's reply, the Eisenhower

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[472] Dwight Eisenhower, *Waging Peace, 1956-1961* (New York: Doubleday & Company, Inc., 1965), 529.
[473] The Universal Newsreel's episode on Eisenhower's visit to Chile deemed the Chilean university leaders as "student radicals." King Rose Archives, *Eisenhower in Chile 1960. U.S. Role in Latin America* (Youtube, 2014), video, 1:44, https://www.youtube.com/watch?v=DulgmhMdHkw.
[474] Rehren, "El "liderazgo encubierto" de Eisenhower," 258-274.
[475] Rabe, *Eisenhower and Latin America*, 136-137.

administration would make substantial progress "in countering and perhaps correcting some of the important misconceptions about the United States which are widely held in student circles in Latin America."[476] In his initial response to the students, Eisenhower recognized that Chileans were giving "serious thoughts to hemispheric and world problems," that some of their critical comments were "justified," but that other statements indicated a "serious lack of comprehension of U.S. position and responsibilities."[477] The Eisenhower administration's response revealed the strategic importance assigned to universities and the education of future leaders during the Cold War. It was a sound strategic move, considering Chile's characteristic dynamic where university political leadership often translated into national political influence. Engaging in a dialogue with the Chilean youth had to follow that channel.

The Eisenhower administration's official reply to the Chilean student's letter came from the U.S. Ambassador to Chile, Walter Howe, on April 6, 1960. In a comprehensive document, Howe began with the assertion that the United States did not consider itself a "developed" or "satisfied" nation as, should it happen, "either the millennium will have arrived, or we will be slated to disappear into history." Howe portrayed the United States as a willing partner for cooperation with Latin America, with no pretensions of infallibility, and committed to an exercise of democracy that "provides the means for the correction of errors."[478]

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[476] Memorandum by Christian A. Herber for the President: Reply to Chilean Students' Letter, 30 March 1960, box 7, folder Chile (2), Eisenhower Dwight D.: Papers as President, International Series, Dwight Eisenhower Presidential Library.
[477] Dwight Eisenhower, "Interim Reply to the Student Federation," 30 March 1960, box 7, folder Chile (2), Eisenhower Dwight D.: Papers as President, International Series, Dwight Eisenhower Presidential Library.
[478] Walter Howe to Patricio Fernández, "Suggested Reply," 30 March 1960, box 7, folder Chile (2), pp. 3-4, Eisenhower Dwight D.: Papers as President, International Series, Dwight Eisenhower Presidential Library.

In addressing specific concerns raised by Chilean students, Howe underlined how initiatives such as the Organization of American States and Operation Pan-America offered extensive financial and technical assistance for various developmental endeavors across Latin America, including the promotion of economic development through the improvement of agriculture, housing, child welfare and education, and science. The U.S. Ambassador pointed out that the Inter-American system stemmed from the world's response to the perils of Fascist, Nazi, and Communist regimes to freedom. [479] Expanding his rebuttal to address economic cooperation, Ambassador Howe refuted the students´ allegations of exploitation as ¨gross exaggeration.¨ The diplomat emphasized the significant U.S. investments and support to the process of economic development in Latin America that included the improvement of the population's knowledge and skills and the provision of adequate capital for industry and agriculture to increase the productivity of labor and the supply of modern life's necessities and amenities.[480] Addressing the contentious issue of Cuban self-determination, Howe urged the Chilean students to reconsider their stance and expressed his disappointment that the students´ letter had critiqued the U.S. position on Cuba without acknowledging Cuba's attacks on the U.S. Howe stated that the United States loathed the lack of freedom of expression, legal equal protection, and the right to choose a representative government in Cuba. Last, Ambassador Howe pledged to circulate the Chilean students' letter among U.S. universities to foster greater dialogue between the youth of both nations.[481]

[479] Ibid., 5-12.
[480] Ibid., 12-22.
[481] Ibid., 23-27.

The Chilean students found themselves at the epicenter of the Inter-American Cold War, especially after President of Cuba Osvaldo Dorticós published a letter addressed to Patricio Fernández to express the people of Cuba's gratitude for the Chilean student's defense of the Cuban Revolution in their exchange with the Eisenhower administration. In a lengthy document dated April 10, 1960, Dorticós rebutted Howe's accusations against the Cuban government and invited the Chilean students to explore Cuba with complete freedom.[482] The Eisenhower administration also invited the group of student government's presidents to visit the United States. The Chilean students accepted both invitations and took advantage of such a position to continue the exchange of open letters with the U.S. and Cuban governments before they visited both countries.[483]

Alejandro Foxley and the other student leaders were in the rare situation of having the possibility to decide whether they liked U.S. capitalism or Cuban socialism better. As president of the CUV student government, Alejandro Foxley was part of the delegation of seven students who visited the United States and Cuba in May and June 1960. During their trip to the United States, the Chilean students visited Washington D.C., Philadelphia, San Francisco, Albuquerque, Santa Fe, Los Alamos, Chicago,

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[482] "Carta a estudiantes chilenos," in *Documentos de la revolución cubana 1960*, ed. José Bell, Delia Luisa López, and Tania Caram (La Habana: Editorial de Ciencias Sociales, 2007), 174-184, esp. 184. See also, "Artículo de Víctor Raúl Haya de la Torre en el Excelsior de México," in Rocca, *Presencia de la FECH*, 113.For a framework to understand this historical view, Thomas Wright, *Latin America in the Era of the Cuban Revolution* (Westport and London: Praeger, 2001), 1-38.

[483] The Chilean student's reply to Ambassador Howe's response reinstated their commitment to a "democratic solution" to Latin America's underdevelopment with U.S. participation open to a multinational dialogue, Latin American integration, and new participation schemes for the people of both Americas. Their reply to President Dorticós praised the revolution and the Cuban people's revolutionary spirit while arguing that the revolution could only be legitimate and effective if it followed the rule of law and the government of democratic institutions."Carta respuesta de la FECH al Presidente de los Estados Unidos," in Rocca, *Presencia de la FECH*, 148; "Respuesta de la FECH al Presidente de Cuba," in Rocca, *Presencia de la FECH*,152-158, esp. 157.

Pittsburgh, and Nueva York.[484] They visited Havana and Santiago de Cuba in Cuba between June 1-8, 1960, then San Juan, Puerto Rico, and, to the disappointment of U.S. Embassy to Chile officials, returned to Cuba invited by Fidel Castro to tour the Sierra Maestra by helicopter.[485] These visits helped Foxley to make an informed decision about his life's course.[486]

The State Department invited the group of Chilean students for a forty-day educational travel project under the International Educational Exchange Program (IEEP). The Chilean students visited universities, farms, industrial centers, and cooperatives on their tour, participated in seminars, and met theoretical physicist Robert Oppenheimer, inventor of the atomic bomb. This character impressed them.[487] They could not meet President Dwight Eisenhower in person. While in the U.S., a powerful earthquake destroyed several southern Chilean cities, making the students drop out of U.S. news almost wholly.

The Cuban government was highly interested in how the Chilean students saw the revolution's development in Cuba. The Chilean students met with Cuban political leaders and some political detractors. The Cuban government welcomed them at the airport with banners with their names, local TV channels interviewed them the same night of their arrival, the Cuban press covered their stay, and Chilean students even inspired a documentary. Chilean students had the chance to meet informally with Fidel

[484] *La Nación*, "Dirigentes universitarios contaron sus impresiones sobre los EE. UU y Cuba," 24 June 1960.
[485] Robert M. Phillips to William L. Krieg, 10 June 1960, box 7, RG 59, Bureau of Inter-American Affairs/office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.
[486] Stipicic and Barría, *La segunda transición*, 23.
[487] *La Nación*, "Dirigentes universitarios contaron sus impresiones sobre los EE. UU y Cuba," 24 June 1960.

Castro and Che Guevara, who told them some stories about the early days of the revolution in power.[488] According to a retrospective account of that trip, it seems that Alejandro Foxley was the only Chilean student who did not succumb to the fascination for Che Guevara.[489]

U.S. reports on the Chilean students' visits to the U.S. and Cuba offer another perspective. In the report of a conversation between Chilean students Alejandro Foxley, Horacio Pavez (Federico Santa María Technical University), and Fernando Munita (Catholic University) with several U.S. Embassy officials, the Charge d'Affaires William Krieg informed the Department of State that Chilean students admitted that the U.S. policy to the Latin America situation was more complex than they initially believed. Although they stuck by the essential points of their letter after their trip, Krieg suggested that the U.S. made "a positive gain" by "correcting distortions in their basic image of the U.S. and of Puerto Rico." However, regarding Cuba, Krieg acknowledged that the U.S. should admit a "net loss." Krieg's report described Chilean students as "mesmerized by Fidel and his group." According to this report, the Chilean students "were apparently so overwhelmed by the "revolution" that they are completely convinced that the legitimacy of its goals is such that any means are justified in achieving them."[490] A later communication by Hewson A. Ryan, in which he informed the FECH's decision not to send a student delegation to the Latin American Youth

[488] Che Guevara also told Chilean students a hilarious anecdote about how he had become President of the Central Bank of Cuba when mishearing the word "Communist" instead of "economist" in a question posed by Fidel Castro who was looking for a professional to govern the bank. Stipicic and Barría, *La segunda transición*, 24-25.
[489] Ascanio Cavallo and Rocío Montes, *La historia oculta de la década socialista 2000-2010* (Santiago: Uqbar Editores, 2022), 367.
[490] William L. Krieg to Robert M. Phillips, 23 June 1960, box 7, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.

Congress organized by Cuba, pointed to very slight positive results for the Chilean student's Cuban visit. However, Ryan declared some optimism about the long-term consequence of the group's visit.[491] He pointed out that the trip was successful in the objective of making Chilean students reexamine their thinking and provide a more ample background against which they could make their arguments.[492]

While newspaper reports suggested that Foxley initially held admiration towards Cuba, his visit to the U.S. appeared to have a lasting impact on him, shifting his perspective over the long term.[493] He was the only student in the group who studied in the U.S. afterward. In his own retrospective words, Foxley absorbed ideas of inclusiveness, opportunities, and academic excellence, which impressed him enough to change his mind about the United States. He realized that the United States was on "the brink of technological development, innovation; it was a country that functioned like a clock under a democratic system."[494] Regarding Cuba, Foxley, like most Christian Democrats, distanced himself from the unlawful course of the Cuban process. Retrospectively, Foxley could realize the improvisations and lack of planning and technical knowledge upon which the revolutionaries ran the economy and land reform in Cuba.[495]

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[491] Hewson A. Ryan to Robert M. Phillips, 26 July 1960, box 7, RG 59, Bureau of Inter-American Affairs/Office of West Coast Affairs, Records Relating to Chile, 1956-1963, NARA II.
[492] Hewson Ryan to The Department of State, "Annual Report on the International Educational Exchange Program in Chile, July 1, 1959, to June 30, 1960," 29 July 1960, box 316, folder 23, Bureau of Educational and Cultural Affairs Historical Collection, University of Arkansas Libraries Special Collections Division, University of Arkansas.
[493] *El Diario Ilustrado*, "Impresiones de visita a EE. UU y Cuba dieron ayer estudiantes," 23 June 1960.
[494] Stipicic and Barría, *La segunda transición*, 26.
[495] Ibid., 24.

After this life-shaping experience, Alejandro Foxley returned to Chile convinced that he wanted to pursue a doctorate in economics in the United States.[496] In 1962, Foxley completed his engineering degree with *summa cum laude* honors and was awarded the prize to the best-graduating student given by the Catholic University of Valparaíso's School of Engineering. One year later, Foxley, with his wife Gisela Tapia, departed to study for a Ph.D. in economics at the University of Wisconsin-Madison. At Wisconsin, Foxley worked under the supervision of John Strasma, who also was a professor at the University of Chile. During his first two years in the United States, Alejandro Foxley lived off of a Fulbright and Ford International fellowships.[497] His monthly stipend amounted to approximately 175 dollars, which became more strained when his wife stopped working to care for their first child.[498] In 1964, Alejandro Foxley earned a two-year scholarship from the Doherty Foundation, but finances remained tight for the family. Even though Alejandro Foxley had to learn what was an almost entirely new discipline for him, he successfully navigated his coursework. In October 1965, Foxley passed his preliminary examinations with distinction and obtained a Master of Arts in economics. After two years at Madison, in 1965-66, Foxley went to Harvard University as a special graduate student to conduct research for his Ph.D. dissertation.[499]

At Harvard University, Foxley met some of the principal intellectuals of developmental economics. Hollis Chenery, a former Marshall Plan economist in

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[496] Ibid., 26.
[497] Curriculum vitae Alejandro Foxley, August 1982, folder 159/67, Department of Information Services Records, UDIS, Rare Books and Special Collections and University Archives Hesburgh Library, University of Notre Dame.
[498] Stipicic and Barría, *La segunda transición*, 26.
[499] Ibid.

Europe and a USAID assistant administrator in the first half of the 1960s, and Albert Hirschman were among them. Hirschman, a German-born economist, had held a position in the Federal Reserve Board in the 1940s and served as economic advisor and consultant for the Colombian government in planning development in the 1950s. Hirschman had also taught at the University of California-Berkeley, Yale University, and Columbia University. By the time Foxley met him, Hirschman had published two important books that approached developmental economics from a dissenting perspective with current trends, *The Strategy of Economic Development* (1958) and *Journeys Towards Progress: Studies of Economy Policy-Making in Latin America* (1963).[500] Hirschman was skeptical of prevailing doctrines of modernization that suggested linear paths to development as they emphasized large-scale infrastructure projects and maximizing conventional growth measures in developing countries. Although his contact at Harvard with Hirschman was brief, Hirschman's impact on Foxley's career endured in at least two ideas. Hirschman's qualitative approach to research and view of the ultimate inconclusiveness of social knowledge, as well as Hirschman's concern for the intersection of development with democracy and equity, resonated deeply with Foxley's perspectives.[501]

In late 1966, Foxley returned to Chile to teach at ESCOLATINA and the Catholic University and to work at the National Office for Planning (ODEPLAN,

[500] Albert Hirschman, *The Strategy of Economic Development* (New Haven and London: Yale University Press, 1958); Hirschman, *Journeys Toward Progress*; Adelman, *Worldly Philosopher*, 325-381. An earlier book, first published in 1945, *National Power and the Structure of Foreign Trade* (Berkeley and Los Angeles: University of California Press, 1969), also could be added to this list. Hirschman saw himself as a kind of grandfather to dependency theory.

[501] More on this, in chapter 6. For example, Alejandro Foxley, Michael McPherson and Guillermo O'Donnell, "Introduction," in *Development, Democracy, and the Art of Trespassing: Essays in Honor of Albert O. Hirschman* (Notre Dame: University of Notre Dame, 1986), 1-4.

Oficina de Planificación Nacional). State planning was one of the principal steps taken by the Frei Montalva administration in Chile toward rationalizing economic development. The Christian Democratic government established the National Office for Planning in 1967 as a response to the Alliance for Progress's requirements for institutionalizing development plans.[502] At the time that Foxley returned to Chile, ODEPLAN had an agreement with the Massachusetts Institute of Technology to work on topics of development and planning models.[503] ODEPLAN was a natural destiny for Foxley, whose doctoral research focused on economic planning and planning theory, Chenery's main field of expertise.[504]

Between 1968 and 1970, ODEPLAN and the MIT Center for International Studies, financed by the Ford Foundation, carried out a joint program of policy-oriented economic research to produce general methodologies useful for the orientation of further studies and the understanding of the development problems in Chile. In this program, Alejandro Foxley worked closely with MIT developmental economists such as Richard Eckaus and Peter Clark, who stayed in Chile for a few months between those years. A substantial part of the ODEPLAN-MIT research program was devoted to developing multisectoral linear programming models for the Chilean economy. In an

[502] Osvaldo Sunkel, "Cambios estructurales, estrategias de desarrollo y planificación en Chile (1938-1969)," *Cuadernos de la Realidad Nacional* 4 (June 1970): 31-49, esp. 45-49. The origins of planning in Chile go back to the creation of the Production Development Corporation by the center-left coalition of the Popular Front in 1939. CORFO, one of whose departments were reorganized as ODEPLAN in the 1960s, was established to confront the country's underdevelopment by fomenting the diversification of its industrial capacity.

[503] See Richard S. Eckaus and Paul N. Rosenstein-Rodan, eds., *Analysis of Development Problems. Studies of the Chilean Economy* (Amsterdam and London: North Holland Publishing Company, 1973).

[504] See for example, Hollis Chenery, ed., *Studies in Development Planning* (Cambridge: Harvard University Press, 1971); Hollis Chenery and Moises Syrquin, *Patterns of Development, 1950-1970* (Washington D.C.: World Bank, Oxford University Press, 1975); Hollis Chenery, *Structural Change and Development Policy* (Washington D.C.: World Bank, Oxford University Press, 1979).

article co-authored with Clark from the International Bank for Reconstruction and Development and Anna María Jul from the University of Pennsylvania, Foxley studied multisectoral models' usefulness in evaluating particular investment projects. The idea behind the multisectoral linear programming model was to seek efficiency in project evaluation by tracing some development alternative programs that embodied assumptions about technical and behavioral parameters and economic policy decisions and changes. This computational method of project evaluation would allow a major consistency between the requirements of economic policies and the growth objectives previously set forth by policymakers.[505]

Foxley's doctoral dissertation, *Desequilibrios estructurales y alternativas de crecimiento para la economía chilena en el periodo 1970-1980,* informed his research for the ODEPLAN-MIT program. In his dissertation, Foxley took an eclectic approach to demonstrate the usefulness of multisectoral and aggregated models in identifying structural disequilibrium in the Chilean economy and for projecting its growth between 1970 and 1980.[506] Foxley revisited ECLA's thesis about structural disequilibrium with a framework skeptical of several of the fundamentals of ECLA's system. Foxley doubted that ECLA's theory could be applied and valid for all Latin American economies, how it identified the stage of import-substitution strategy with industrialization in Latin America, and its emphasis on deteriorating terms of trade as

[505] Peter Clark, Alejandro Foxley, and Ana María Jul, "Project Evaluation within a Macroeconomic Framework," in Eckaus and Rosenstein-Rodan, *Analysis of Development Problems*, 199-226. See also, Peter Clark, and Alejandro Foxley, "Target Shooting with a Multisectoral Model," in Eckaus and Rosenstein-Rodan, Analysis *of Development Problems*, 341-345.

[506] Alejandro Foxley, *Desequilibrios estructurales y alternativas de crecimiento para la economía chilena en el periodo 1970-1980* (Ph.D. dissertation, University of Wisconsin-Madison, 1970). The thesis was written in Spanish.

a primary explanation for dependency and external disequilibria. Drawing on Hollis Chenery's theory, Foxley expanded the concept of structural disequilibrium to encompass sources beyond external factors, such as savings-investment deficits and limitations in capital absorption. These constraints contributed to the underutilization of economic resources, resulting in a "structural rigidity" within the economy— one of the key assumptions underlying Foxley's dissertation.[507]

Foxley integrated two computer-based models in his dissertation: aggregate gaps and multisectoral optimization. The aggregate gaps model facilitated the identification of primary financial imbalances in the developmental process, lending temporal consistency to the analysis. Meanwhile, the multisectoral optimization model delineated the context of economic transformations in 1975 and 1980. Through data computational analysis, Foxley's dissertation projected significant financial imbalances within the Chilean economy over the ensuing decade. He forecasted that internal financial disparities would be predominant, stemming from foreign aid impacts and stagnating exports compared to domestic savings. By applying the multisectoral model to various economic policies, Foxley's model consistently preferred export expansion over import substitution. This preference suggested inefficiencies associated with self-sufficient development paradigms, where import-substitution policies were the main mechanisms of economic growth.[508] Along with this, Foxley's model showed that the costs of unemployment absorption would only grow and that there would be decreasing returns for increasing amounts of domestic savings.[509]

[507] Ibid., 16-26.
[508] Ibid., 217.
[509] Ibid., 217-219.

Foxley's work on general equilibrium models relied on mathematical legitimacy that accompanied the transformation of policymaking, economic rationality, and computer-oriented social science in a quantitative search for statistical efficiency.[510] Faster computer systems able to handle larger quantities of data pushed the possibilities of the mathematization of economics further. Foxley's mathematical models, for example, relied on the mathematical programming system of IBM and a computer, IBM-360, which made his work of combining large sets of numerical data possible.[511] Foxley's doctoral dissertation, a clear example of the mathematical sophistication of economics propelled by computers, was approved in June 1970 by a committee composed of professors Theodore Morgan, John Strasma, and Samuel Morley.

After completing his Ph.D. at the University of Wisconsin-Madison, Alejandro Foxley became an economic researcher and Executive Director at the Catholic University's Center of National Planning Studies (CEPLAN, Centro de Estudios de Planificación Nacional). Foxley, with Massad and other economists, also helped elaborate the Christian Democratic candidate Radomiro Tomic's platform for the 1970 presidential election, showing how economists had a new institutional role in Chile.[512]

[510] See a later work, Alejandro Foxley, "Development Alternatives Under Conditions of Reduced External Dependency," in *The Role of the Computer in Economic and Social Research in Latin America,* ed. Nancy Ruggles (New York and London: National Bureau of Economic Research, 1974), 191-209.
[511] Foxley, *Desequilibrios estructurales,* 73.
[512] "Tarea del Pueblo," *Política y Espíritu* 317, August 1970, 42. Foxley's trajectory at CEPLAN will be discussed in Chapter 6.

4.5 Conclusion

This chapter historicizes Chilean graduate students pursuing doctoral studies in economics at U.S. universities during the 1960s, focusing on Ricardo Lagos and Alejandro Foxley's careers at Duke University and the University of Wisconsin-Madison, respectively. Their presence in the United States was part of a broader initiative of global development education aimed at promoting market liberalization and fostering local private capital growth in less wealthy countries.[513] During the 1950s and 1960s, the United States provided substantial federal resources to Latin American nations, advocating for a combination of market-oriented strategies and social democratic ideals for their development. The training of economists in U.S. institutions played a pivotal role in advancing the modernization agenda that the United States championed in Third World countries. Economics, understood as "a public mission" and a specialized knowledge for state planning and national development that was different from the pursuits of business administration, emerged as a critical domain for disseminating U.S. liberal ideals post-World War II.[514]

This internationalization of Chilean economists consolidated economics as an independent and widespread discipline within Chile while expanding U.S. intellectual influence during the Cold War. U.S.-trained Chilean economists assumed the responsibility of statecraft and began positioning themselves as custodians of sound policymaking. This intellectual exchange also served as a vehicle for propagating U.S.

[513] Westad, *The Global Cold War*, 8-38, esp. 27-32.
[514] Offner, *Sorting Out the Mixed Economy*, 115-143.

economic policies, as acknowledged in the Schleudeman report cited in the chapter's introduction.

However, Lagos, Foxley, and the dozens of Chileans who attended U.S. universities in this period appropriated economic ideas in ways that transcended the binary logic of the Cold War. They engaged critically with notions of economic development. Ricardo Lagos and Alejandro Foxley are good examples of the “Latin American intelligentsia” that negotiated from the bottom up the meanings of U.S. policies aimed at fostering state-driven capitalist development to prevent a new communist revolution in Latin America in the 1960s. Their dissertations' critical exploration of structuralism within the context of a weakened import-substitution model highlights that their experience at U.S. universities transformed how they confronted the crucial problem of the Chilean state’s economic role. This transnational arena also created economic scholars who would be essential mediators in the North-South dialogue in the upcoming years by leading the U.S.-oriented professionalization of economics in Chile. The subsequent chapters trace this process, which led to an increasing blending of economics with politics and the embedding of U.S.-style economics into academic institutions and government policymaking from the 1960s onwards.

Chapter 5: The U.S-Oriented Professionalization of Economics in Chile: The University of Chile as a "Contact Zone" (1960s-1970s)

5.1 Introduction

This chapter explores how professional economists, a small and marginal group in the 1950s, became influential intellectual and political elites in Chile. It examines how this process, driven by the U.S.-oriented professionalization of economics, coincided with the technocratization of the state, which broadened and accelerated from the 1960s onwards.[515] The public status of economists in Chile rose exponentially during the 1960s and 1970s. Economists had more access to policymaking roles, and their intellectual prowess influenced the trajectory of state policies. In tracing the history of the rise of economists' professional legitimacy, this chapter sheds light on the intersection of U.S. global foundations and Chilean universities, shifts within state bureaucracies, and evolving ideological currents within economics. This chapter illuminates the early stages of U.S.-educated economists' ascent to positions of power and influence in Chilean society. It analyzes a crucial institution such as the Department of Economics at the University of Chile, where Chilean economists trained at U.S. universities like Massad, Lagos, and Foxley developed their first professional steps and, along with U.S. economists teaching or conducting research in Chile, formed what Gilbert Joseph defines as a transnational "contact zone," a space where power flows "culturally" beyond diplomacy.[516] In this zone, Chilean and U.S. economists, spanning

[515] Montecinos, *Economists, Politics and the State*, 1-14, esp. 2.
[516] Gilbert Joseph, "What We Now Know and Should Know. Bringing Latin America More Meaningfully into Cold War Studies," in Joseph and Spenser, *In from the Cold*, 17.

a broad spectrum of schools of thought, worked together, competed for hegemony, and mutually influenced one another.[517]

The U.S.-modeled professionalization of economics in Chile unfolded against a transnational backdrop of profound epistemological, political, and economic shifts arising from global student protests, the antagonism between capitalist and communist models of social and economic organization, and decolonization. Solovey characterizes the aftermath of Project Camelot's demise as an "epistemological revolution" marked by a reevaluation of the nexus among politics, patronage, and social sciences.[518] Beginning in the 1960s, political contexts increasingly shaped the landscape of social research, challenging the post-World War II ideals of objectivity, value-neutrality, and professional autonomy that had previously underpinned the work of social sciences. This chapter examines how the University of Wisconsin-Madison and the Rockefeller Foundation, significant conduits of U.S. influence in Latin America during the 1960s, decisively contributed to the U.S. modernization-oriented professionalization of economics in Chile. By examining economists' strategic cultivation of connections with these institutions to advance the social sciences in Chile, this chapter joins previous works that show that the binary categories used to interpret relationships between universities, foundations and U.S. government are not always coherent with subordination or autonomy, but a more complex phenomenon that requires a closer approach to the sites in which multivocal negotiations took place.[519] The case of

[517] Joseph, "What We Now Know and Should Know," 17.
[518] Mark Solovey, "Project Camelot and the 1960s Epistemological Revolution: Rethinking the Politics-Patronage- Social Science Nexus," *Social Studies of Science* 31, no. 2 (April 2001): 171-206.
[519] Fernando Quesada, "Between the Eagle and the Condor: The Ford Foundation and the Modernization of the University of Chile," in *Teaching Modernization: Spanish and Latin American Educational*

Ricardo Lagos as head of FLACSO (1971-1974), a major institutional recipient of Ford Foundation funding, shows how the U.S.-modeled professionalization of economics increasingly incorporated regional think tanks into its network.

This chapter argues that the University of Chile was an ecumenical "contact zone" of economists during most of the 1960s. It contends that contrary to the CU and the predominant influence of the University of Chicago there, the University of Chile adopted a more diverse approach to U.S. economics education. While the School of Economic Sciences at the University of Chile did not establish a formal partnership with the University of Chicago, it did maintain significant ties with various international organizations such as the University of Wisconsin-Madison, the Rockefeller Foundation, ECLA, and other Latin American economics departments. Driven by post-World War II humanitarian ideals, Latin American and U.S. economists championed an economic development approach that prioritized social dimensions over the increasingly strict neoliberal-monetarist focus of their counterparts at the Catholic University. By the late 1960s and early 1970s, efforts to create a diverse intellectual environment at the University of Chile were ultimately unsuccessful. The ascent of economists to positions of power became another arena of dispute for ideological influence. It caused the economics department to split into two different academic units, a division that persisted until 1973.

Expanding on Chapters 3 and 4, this chapter focuses on the history of the economics department at the University of Chile in the 1960s and early 1970s. The first

Reform in the Cold War, eds. Óscar J. Martín García and Lorenzo Delgado Gómez-Escalonilla (New York: Berghahn Books, 2019), 221-245.

section explores Carlos Massad's role as director of the Institute of Economics from 1959 to 1964. It examines his contributions to the expansion of ESCOLATINA, which, following its merger with the Institute of Economics in 1962, emerged as the premier hub for economics education for Latin American students. It also examines the Institute of Economics' collaboration with the Land Tenure Center at the University of Wisconsin-Madison (UWM) starting in 1963. This partnership, akin in some respects to the cooperation between the Catholic University and the University of Chicago, facilitated the exchange of scholars and students, particularly in the realm of agricultural economics. Building on Massad's role, the second section explores the impact of U.S.-trained Chilean economists on the School of Economics at the University of Chile from 1964 to 1970. In doing so, it illuminates their complex relationship with the Rockefeller Foundation, which targeted the establishment of a university development program between 1964 and 1968 aimed at bolstering the study of economics and other social sciences as its priority. The third section examines the role of one of these economists, Ricardo Lagos, as head of FLACSO and his activity within the network of state-oriented economic ideas during the Popular Unity years and after the coup d'etat in 1973. This chapter demonstrates how the U.S.-oriented professionalization of economics was a complex, two-way process encompassing government circles, universities, and Chilean and regional think tanks.

5.2 Forging Institutional Pathways: The School of Economics at the University of Chile and the Land Tenure Center at the University of Wisconsin-Madison in the 1960s

During the early 1960s, Carlos Massad, in his role as head of the Institute of Economics, was instrumental in leading the institution to become a leading center for economics training and research in the region. Following its amalgamation with ESCOLATINA in 1962, the Institute of Economics was renamed the Institute of Economics and Planning (IEP) and became fully responsible for this graduate program. It marked the inception of what John Strasma[520] dubbed "a golden age" in a retrospective analysis written for the Ford Foundation —Strasma's report is a detailed source of information about the history of the discipline of economics at the University of Chile in the 1960s. During this period, according to Strasma's laudatory description, Massad immediately emerged as a "dynamic leader, popular with the staff and inspiring it to hard work, good teaching, and productive research."[521]

[520] John Strasma, born in 1932, earned a B.A. in business administration from DePauw University (1949-1953) and an M.A. and Ph.D. in Economics from Harvard University (1955-1960), under the mentorship of Arthur Smithies. Prior to his academic pursuits, Strasma gained practical experience as a job study engineer at Procter & Gamble Manufacturing Co. (1953-1954) and later served as a research associate at the Federal Reserve Bank of Boston (1958-1959). In 1960, Strasma, who arrived in Chile to research on a Fulbright fellowship, was invited by Joseph Grunwald and Luis Escobar to join ESCOLATINA as a full-time professor. During his tenure at ESCOLATINA from 1960 to 1964, Strasma dedicated himself to teaching and research. He briefly ventured into consultancy work, participating in the UN/FAO/ECLA joint mission to Bolivia in 1961 as a fiscal planning consultant. Subsequently, he assumed roles such as a visiting professor at the University of Wisconsin, a lecturer at the UN Development Studies in Dakar, and an Associate Professor of Economics and Director of the Land Tenure Center at the University of Wisconsin upon his return to Chile in 1966. Strasma's career in Chile extended to program advising for the Latin America & the Caribbean Program of the Ford Foundation (1967-1970), where he provided guidance on development in social sciences, particularly in economics, as the foundation's representative for Chile. John Strasma, "Some personal notes toward a history of the graduate program (ESCOLATINA), 1957-1964," 24 January 1972, Virtual Vault, RAC, Rockefeller Foundation; Staff Bios "S" 1953-2004, John Strasma, box 7, series 2, Ford Foundation records, RAC, Rockefeller Foundation; William Gormbley to Don Kanel, 22 August 1967, box 11, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.

[521] Strasma, "Some personal notes," 24 January 1972, Virtual Vault.

Between roughly 1961 and 1964, the University of Chile achieved a substantial rise in the quality of teaching and research in economics at the graduate level, at least according to U.S. observers such as John Strasma and various Rockefeller Foundation officers. They referred to the work done by Chilean scholars with satisfaction despite concerns regarding resource constraints and potential overlap with other international institutions' research initiatives. In terms of pedagogy, Massad and Strasma collaborated in 1961 to overhaul ESCOLATINA's curriculum, aligning it more closely with the structure of U.S. university programs. The revised curriculum replaced the previous one-year-plus thesis format with a more rigorous two-year framework encompassing coursework and seminars. Additionally, the focus of the research program shifted from primarily applied economic studies to addressing critical Latin American development challenges, notably in agriculture, labor, monetary and fiscal policy, and Latin American economic integration.[522] This academic realignment reflected an effort to position the University of Chile as a center for scholarly engagement with the pressing societal issues affecting the Chilean economy.

To achieve this transformation in teaching, the University of Chile required more economists trained in the United States. As Kluger, Morin, and Rossier suggested in their collective biography of ESCOLATINA, a power dispute ensued between advocates of a more autochthonous approach to economics and proponents seeking to emulate U.S. educational programs.[523] Under Massad's direction, which decisively

[522] Interviews CMH, Dean Carlos Massad, Center for Economic Research University of Chile, 23 July 1963, box 36, folder 295, RG 1.2, series 309s, RAC, Rockefeller Foundation. See the appendix.
[523] Elisa Klüger, Johanna Gautier Morin and Thierry Rossier, "The First Graduate School of Latin American Economic Studies (ESCOLATINA) between "Autochthonous" and International Logics (1956-1964)", *Revue d'histoire des sciences humaines* 42 (2023), https://doi.org/10.4000/rhsh.8086.

steered the dispute in favor of an academic model aligned with U.S. standards, international professors such as Strasma and an increasing roster of Chilean economists trained abroad gathered at the Institute of Economics. Only some of these economists held graduate degrees and their areas of specialization spanned a broad spectrum, encompassing economic theory, statistics, planning, agricultural economics, economic development, transportation economics, finance, and monetary theory and history.[524]

The influx of Chilean economists who graduated from U.S. universities notwithstanding, the Institute of Economics and Planning grappled with a shortage of senior visiting professors. The pressing need for development economists, fueled by demands from initiatives like the Alliance for Progress and ECLA, led to a scarcity of candidates proficient in Spanish. Massad attempted to establish a faculty exchange program with Yale University, but this effort did not yield the expected results. In 1962, in another effort to build a professional faculty, Massad reached sixty foreign scholars following the recommendations of the attendants to a conference in Santiago. Massad could only recruit Keith Griffin from Oxford University and John Enos from MIT. The scarcity of available senior visitors necessitated prolonged stays for professors like John Strasma and Robert Brown, another Harvard graduate on a Fulbright fellowship, to fulfill teaching and research obligations at the IEP. A fortunate circumstance allowed Albert G. Hart from Columbia University, an expert on monetary policy, to volunteer to work half-time at the Institute for some time. His employer, a U.N. technical assistance program project at the Chilean Ministry of Finance, needed help utilizing his full potential. Strasma described Hart as "close to a genius" who took a genuine interest

[524] Ibid.; Strasma, "Some personal notes," 24 January 1972, Virtual Vault.

in developing the program of ESCOLATINA and with "an impact during that year [1962] not even approached by any visiting professor since."[525]

Despite the financial constraints on economic research, the nature of employment for Latin American economists, and the urgent need for foreign visiting scholars, IEP fulfilled its original objective of becoming a school for Latin Americans. A mail survey conducted in 1965 gathered 103 responses from students who had undertaken one or more years of study at ESCOLATINA since 1963. Their answers offered evidence of the institution's impact on Latin American students. The survey findings revealed that international students who had studied at ESCOLATINA assumed important roles in their respective countries. These roles ranged from cabinet positions and roles within planning agencies to occupying top academic positions such as chairs, directorships, and deanships at over a dozen universities throughout the region.[526] As a transnational regional project, ESCOLATINA became a mediation point between Chilean scholars trained in U.S. universities and Latin American students who had completed their studies in Chile.

In the early 1960s, the IEP advanced several fields of research. Agriculture and its policy objective, land reform, occupied a central place under Massad's tenure from 1959 to 1964. Massad's approach to research mirrored the "Wisconsin idea," the notion that university research should be applied to serve citizens' needs both individually and

[525] Strasma, "Some personal notes," 24 January 1972, Virtual Vault.

[526] The survey showed that there were 23 university professors, 19 public sector functionaries, 5 Central Bank functionaries, 6 University research institute directors, 15 researchers, 13 International organization staff, 12 graduate students elsewhere, and 10 in other positions. Strasma, "Some personal notes," 24 January 1972, Virtual Vault.

collectively.[527] Additionally, Massad wanted to avoid the inbreeding of hiring graduates of the same school as happened at Harvard or Yale. The University of Chile, a state-supported institution that aimed to serve Chile and Latin America, sought a different model, similar to those of well-reputed land grant universities such as Berkeley, Michigan, or Wisconsin.[528] The need to improve agricultural economics in Chile fostered the creation of ties between the University of Chile and the Land Tenure Center at the University of Wisconsin-Madison, an institution resulting from the Alliance for Progress.

The Alliance for Progress placed land reform as the linchpin of its economic development agenda. However, in the early 1960s, Chile faced a scarcity of expertise in agricultural economics despite its crucial political importance. With a limited history in teaching or researching this field, Chilean universities lacked specialized professors in agricultural economics. Only U.S. scholars and students trained in Chicago developed research in agricultural economics at the CU, and experts visiting Chile, such as Solon Barraclough from the Food and Agriculture Organization (FAO) and Thomas Carroll from the Inter-American Foundation (IAF), helped the circulation of knowledge and policies in this field. Recognizing this gap, Carroll and Barraclough, instructors of ESCOLATINA's advanced agricultural economics course in the first semester of 1963, advocated for the establishment of an agricultural economics center at the University of Chile.[529] Carlos Massad wanted to create a "really good graduate

[527] Robert J. Lampman, ed., *Economists at Wisconsin, 1892-1992* (Madison: Department of Economics University of Wisconsin, 1993), 21.
[528] Strasma, "Some personal notes," 24 January 1972, Virtual Vault.
[529] They proposed assistance from a U.N. special fund for this initiative. The idea came to fruition later as the Institute of Agrarian Reform Training and Research (ICIRA, Instituto de Capacitacion e

program" in agricultural economics at the University of Chile and developed the idea with the help of the representatives from FAO and IAF.[530]

Thus, the University of Wisconsin appeared in the equation. In 1951, the University of Wisconsin sponsored the first World Land Tenure Conference in Madison to seek solutions for equitable land ownership and access to markets and credit for peasants in underdeveloped nations. The Conference's committee concluded that land tenure was an extremely urgent world issue, whose administration required a significant overhaul to achieve social justice globally by addressing maldistribution of ownership, credit, landlord-tenant relations, and uneconomic fragmentation of farm units. Out of this conference, the University of Wisconsin founded the Land Tenure Center (LTC) in 1962. Embracing the spirit of the "Wisconsin Idea" of problem-solving, the LTC received support from AID, private foundations, and state grants, in alignment with the principles of the Alliance for Progress. During the 1960s, the LTC research and training program focused almost exclusively on Latin America, primarily Colombia, Bolivia, and Chile. The LTC also worked in Brazil, Venezuela, Mexico, and Central America.[531] The LTC's interdisciplinary approach meshed well with the University of Chile's ethos of intellectual autonomy.[532] Its multidisciplinary approach drew upon research in law, history, political science, agricultural and general economics, rural and public sociology, journalism and mass communication,

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Investigacion en Reforma Agraria), which integrated with the Institute of Economics and Planning at the University of Chile.

[530] Solon Barraclough to Raymond Penn, 26 December 1962, box 1, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin,Madison.

[531] Lampman, *Economists at Wisconsin*, 172. Later, the Land Tenure Center expanded its work to Africa and Asia.

[532] Joseph Thome, interview by author, September 7, 2023. Interdisciplinarity was one of the LTC's most distinctive features. Its staff included economists, political scientists, agricultural economists, lawyers, agricultural engineers, and sociologists.

anthropology, and geography. This broad disciplinary spectrum allowed professionals in the host country, faculty from Wisconsin, and students from the U.S. and Latin America to formulate original research projects jointly.

The collaborative efforts between the University of Chile and the University of Wisconsin's Land Tenure Center to produce research on land tenure, agrarian reform, and their implications for Chile's economic and social development formally began in 1963. In January 1963, at the invitation of Carlos Massad and Solon Barraclough, University of Wisconsin-Madison professor of agricultural economics Peter Dorner engaged in a FAO-sponsored short course aimed at training legal professionals for agrarian reform policies and in an ESCOLATINA seminar where participants deliberated upon the future of agricultural economics teaching and research at the University of Chile. Dorner's visit coincided with a significant legislative development; the moderate agrarian reform law passed by the Jorge Alessandri administration (1958-1964) in August 1962. This law allowed the Chilean state to expropriate poorly utilized farms at a small scale and created two agencies that would direct the process during the 1960s and 1970s, the Agrarian Reform Corporation (CORA, Corporación de la Reforma Agraria) and the Institute for Agricultural Development (INDAP, Instituto de Desarrollo Agropecuario). The law also created an intergovernmental council, the Superior Council of Agricultural Development, that could request the development of studies from the University of Chile and other

academic institutions to comply with its primary task of planning the agrarian reform.[533]

Peter Dorner's first trip to Chile gave him firsthand insight into the country's agricultural landscape. While visiting a publicly owned large-scale farm, he encountered pressing rural realities similar to those across Latin America, which included land concentration, stagnant productivity, and rigid income distribution systems. This trip convinced Dorner that the University of Chile would be a good partner despite some constructive criticism he had concerning the prevailing strong inclination among Chilean scholars towards theoretical frameworks and statistical analysis. In Dorner's view, this heavy influence stemmed from economic literature used at U.S. universities.[534] For Dorner, conducting highly theoretical research in Chile was inappropriate, given the sparse data available and the questions needing research. For instance, he highlighted the misguided focus on the ramifications of parcelization for irrigation systems, suggesting that policy interventions might be more urgently necessary to improve outcomes than further theoretical inquiry. The U.S. professor believed that the emphasis on mathematics, theory, and statistics resulted from Chileans' concern with acquiring professional respectability. Massad seemed to disagree with Dorner on these topics, but their differences did not prevent ESCOLATINA and the LTC from agreeing on a working arrangement.[535]

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[533] Diario oficial de Chile, November 27, 1962, *Ley no. 15.020. La Reforma Agraria Chilena* (Santiago: Impr. El Diario Ilustrado, 1963), esp. art. 6.

[534] See for example, Paul Samuelson and William Nordhaus, *Economics* (New York: McGraw-Hill, 1985); Alfred Stonier and Douglas Hague, *A Textbook of Economic Theory* (New York: John Wiley & Sons Inc, 1964); Helen Mary Walker and Joseph Lev, *Statistical Inference* (New York: Holt, 1953).

[535] Peter Dorner, "Notes and observations from a visit to Santiago, Chile," 22 January -3 February 3 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison; Peter Dorner to Carlos Massad, 20 February 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.

In April 1963, the University of Chile and the Land Tenure Center forged a cooperative program. This initiative entailed the provision of technical staff from the College of Agriculture at the University of Wisconsin to deliver a course at the graduate program of economics at the IEP, cooperation on research of land tenure and agricultural productivity, and the visit of two U.S. professors and a few students to Chile beginning in 1964. Analysis of data and the findings of research projects would be available to the IEP and the LTC, and both institutions were allowed to publish research conclusions provided due acknowledgment of the other institution's contribution and the protocol of sharing manuscripts at least two months before publication.[536] The Land Tenure Center's funds for this collaboration were partly from AID and partly from University of Wisconsin-Madison sources. Peter Dorner, representing the University of Wisconsin-Madison, was responsible for seeing those expenditures of AID funds conformed to the AID-University of Wisconsin-Madison contract.[537]

The University of Chile expressed a preference for an association in "an informal way" with the Land Tenure Center.[538] As Carlos Massad explained to Raymond Penn, founder and first director of the Land Tenure Center, the policy of the Institute of Economics since 1955 had been to accept financial and other assistance only when the Institute was "free to publish the data and all research conclusions," specifically to ensure academic freedom. Massad's reservations stemmed from one

[536] Carlos Massad to Raymond Penn, 24 April 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[537] Raymond Penn to Carlos Massad, 30 April 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[538] Carlos Massad to Raymond Penn, 6 March 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.

specific clause in Penn's proposed agreement concerning the possible classification of some of the materials collected with AID funds.[539] Understanding the University of Chile's entrenched policy against formal university-to-university contracts that might intrude upon intellectual autonomy, U.S. professors recognized the need for flexibility.[540] Eventually, the Land Tenure Center consented to omit references to Wisconsin's AID contract from the agreement with the University of Chile. Barraclough, who was more familiar with the University of Chile's academic culture, explained to Penn,

> To understand Massad's position, you should imagine what the reaction of an administrator in the University of Wisconsin would be if some foreign university, for instance from West Germany, should propose to put some of its staff in Madison to carry out some joint research but asked that the University of Wisconsin agree not to publish any information arising from the research that was contrary to the security regulations of the West German government. I do not think that any American university could accept these conditions and do not believe that the Institute of Economics Research will do so as it is trying to establish its reputation for highly objective research and complete academic freedom.[541]

Peter Dorner, who arrived in Chile in July 1963, was the first director of the LTC in Chile from 1963 to 1965.[542] The scope of the LTC's research was vast and encompassed all aspects of agrarian reform, including legislation, finance, communication in rural areas, income distribution, and productivity. The output of the Land Tenure Center was prolific. It included publications disseminated in a newsletter

[539] Carlos Massad to Raymond Penn, 24 April 1963, Land Tenure Center Records, 1951-2013.
[540] Solon Barraclough to Raymond Penn, 11 April 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[541] Solon Barraclough to Raymond Penn, 26 April 1963, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[542] Dorner was followed by Marion Brown (1965-1966), John Strasma (1967-1968), and lawyer Joseph Thome (1969-1970).

submitted to the LTC in Madison, papers and reports, teaching materials for ESCOLATINA, public lectures, short extension courses, and seminars given in Santiago and other Chilean cities, participation in international meetings, film footage, compiled bibliographies and glossaries, and a multitude of research projects, data, and student theses.[543] Methodologically, the LTC's work relied heavily on fieldwork in the countryside conducted by both U.S. and Chilean economists and their graduate students from economics, law, or agronomy.[544] In a short time, Dorner noted satisfactorily that the LTC had "excellent contacts and working relationships" with the Institute of Economics, FAO, AID/Chile, the Institute of Agrarian Reform Training and Research (ICIRA), ECLA, and several other agencies and institutions in Chile.[545]

The Land Tenure Center's most significant contribution lay in bolstering agricultural economics scholarship and education while advocating for a Keynesian rationale for land reform. Central to this advocacy was the assertion that achieving a more equitable distribution of income was essential for sustaining full employment within the economy.[546] Wisconsin economists, drawing insights from the LTC's work in Chile, arrived at a pivotal conclusion: while technical advancements and agricultural investments had the potential to boost employment and income, only through fundamental structural reforms in the institutions governing resource organization, utilization, and allocation could the impact of that progress be maximized. They

[543] Memorandum, "A Proposal for Financing to Expand the Research and Training Program of the Land Tenure Center," box 3, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[544] Joseph Thome, interview by author, September 7, 2023.
[545] Peter Dorner, "Report to Land Tenure Center on Research Activities in Chile (January 1, 1964-June 30, 1964)," box 11, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.
[546] Peter Dorner, *Carta abierta a los agricultores chilenos* (Santiago: Edición especial para la sociedad de economistas agrarios de ESCOLATINA e ICIRA, 1965).

underscored that political objectives were equally vital alongside the correct application of technical policies. In addressing the broader economic development issue, Wisconsin economists emphasized that mere GDP growth was insufficient to alleviate rural poverty. The key was to achieve more efficient use of resources and being capable of mobilizing the government and the people to create opportunities and enhance the skills of the agrarian-class majority so they could participate in the benefits of economic growth successfully. Recognizing the complexity of agrarian reform, LTC scholars cautioned against relying solely on legislative measures and administrative structures. What was required was a genuinely committed government and peasant organization able to challenge the immense landowner's power.[547] In doing so, these economists played a hegemonic role by fostering the public mission of economics while making their conventional wisdom, mostly based on Keynesian theory, dialogue with Latin American structuralism.

[547] The work of the LTC in Chile extended for over ten years. Its main goal was to explore economic development as an issue directly related to agriculture and to establish a comprehensive body of knowledge on ownership, tenure, and agrarian structure based on local data. The Land Tenure Center at Madison also received several students from Chile. They included Claudio Barriga (Ag. Econ.); Mario Cortés (Econ.); Jaime del Pino (Commerce); Alfredo del Río (Sociology); Gonzalo Falabella (Rural Sociology); Hernan Fuenzalida (Law); Rogelio Imable (Ag. Econ); Eugenio Maffei (Rural Sociology); Sergio Maturana (Ag. Econ.); Emilio Montero (Ag. Econ.); Felipe Paul (Ag. Econ.). Peter Dorner, "Report to Land Tenure Center on Research Activities in Chile (January 1, 1964-June 301, 1964)," Land Tenure Center Records, 1951-2013; Memorandum, "Land Tenure Center Objectives and Results in Chile: A Reflective Progress Report on Five Years of Team Efforts," box 11, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin- Madison; "Staff and Students associated with the program of the Land Tenure Center, 1962-1968," box 6, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.

5.3 The Rockefeller Foundation and the School of Economics at the University of Chile (1964-1970): Patronage, Alignment or Misalliance?

The School of Economics at the University of Chile, including its undergraduate program and the IEP, exemplified the institutional development of social sciences in Chile during the 1960s. It embodied the Cold War as "an intellectual field force" where faculty groups adopted agendas, methodologies, and political preferences aligned with the modernizing standards of economics education and research promoted by U.S. actors in Chile and Chileans trained in the U.S. As Gilman suggests, these incentives and responses encompassed a spectrum of possibilities, ranging from alignment with to resistance against the political, cultural, and socioeconomic paradigms stemming from the Cold War question about capitalist or socialist modernization.[548]

Carlos Massad, head of the IEP, facilitated the U.S.-oriented professionalization of economics at the University of Chile using the "Wisconsin idea," the philosophy that university expertise should be used to solve national problems. He saw this U.S.-oriented professionalization of graduate education as a project aligned with the Chilean tradition of public education the University of Chile represented. Massad believed that universities were critical actors in the generation of national economic development to help solve the country's problems. However, the university's efforts required coordinated governmental funding. In Massad's view, higher education's state-led modernization, public financing, and corresponding requirements presented a dilemma: balancing academic freedom with state-university coordination.

[548] Gilman, "The Cold War as Intellectual Force Field," 507-523, esp. 513-514.

The methods used to allocate state resources to universities, and for universities to determine their internal distribution, were vital in managing the potential conflict between freedom and state control.[549]

As a prominent member of the Christian Democratic Party, Massad had to face this question. During the Frei Montalva years, despite his active role in policymaking, Massad never truly disengaged from the University of Chile's School of Economics. He retained his position as a professor of Monetary Theory, considering it "the best way to keep in touch with theoretical aspects and the most recent thinking and development in his field." Moreover, Massad frequently had students doing research work under his supervision on issues and problems connected with Central Bank policy.[550] By 1966, Massad, who entered the Frei Montalva administration planning to complete his Ph.D. at the University of Chicago and return to his academic post at the University of Chile, was convinced of ESCOLATINA's crucial role in training good economists to assist government agencies. In a conversation with Rondo Cameron, a professor at the University of Chile and the Rockefeller Foundation's special field representative in Latin America in 1966, Massad emphasized that there was a tremendous need and demand for economists to help develop government programs, not only in Chile but also in other Latin American countries.[551]

The implications of the Frei Montalva government's demand for professional economists from the University of Chile had significant consequences for Rockefeller

[549] Carlos Massad, "Las universidades y el desarrollo económico en Chile," in *La universidad en tiempos de cambio*, Juan de Dios Vial Larraín et al. (Santiago: Editorial del Pacifico, 1965), 59-73, esp. 70-71.
[550] From Amembassy Santiago to Department of State, "Information on Frei's Official Party Going to Washington," 31 December 1966, RG 59.
[551] Excerpt from RKD Latin America Trip Diary, 18 April 1966, box 37, folder 299, RG 1.2, series 309s, RAC, Rockefeller Foundation.

Foundation actors. As a critical piece for the Rockefeller Foundation's plan of developing Santiago as an international center in social sciences, Massad's departure from the head of the IEP in 1964 created a conflict for Rockefeller Foundation officers. Officers with experience in Chile frowned upon the trend of university faculty leaving for government positions. The Rockefeller Foundation wanted the University of Chile to expedite plans to confer graduate degrees. Massad's departure undoubtedly affected these plans. Rockefeller Foundation officers believed that no one like Massad would lead the expansion of the School of Economics at the University of Chile and its research arm, ESCOLATINA, into a more permanent "social science campus." During meetings between U.S. economists in Chile and Rockefeller Foundation officers, questions arose about whether the new Acting Director of the Institute of Economics and Planning, Roberto Maldonado, was aware of or sympathetic to the objectives of "creating an international center, instituting an expanded program of training and research for non-Chilean economists and creating a 'campus' to draw close together work in economics, demography, political science, and sociology." They also wondered how Massad's departure would impact the prospects of associating the work in economics produced at the Catholic University with developments at the University of Chile and whether sending a field staff economist to Santiago was worth it. "With whom will he work, and in what relation to teaching, research, and institution building?"[552] After one year into the Christian Democratic administration, a Rockefeller Foundation officer noted with disappointment that Massad, who served as

[552] From RLW to KWT, RKD, GF, 10 December 1964, box 36, folder 296, RG 1.2, series 309s, RAC, Rockefeller Foundation.

President Frei's representative on the University Council, was more preoccupied with immediate short-run affairs of the Central Bank and the government's projection into the future than with long-term university development problems.[553]

Despite concerns about Massad's stepping down, the Rockefeller Foundation continued supporting the Institute of Economics and Planning, albeit with reservations. Alongside other institutions, such as the Ford Foundation, AID, Fulbright, and OAS, the Rockefeller Foundation invested resources, influence, and interests in the University of Chile's economics faculty. The type of faculty the Rockefeller Foundation helped shape can be exemplified by the 1966 professor roster at the IEP. There were 34 researchers, 28 of whom were men and six women, all Chilean. The majority had studied at the University of Chile. Except for Ricardo Lagos, Gustavo Sariego, and Pedro Cabezón, all had graduated from business administration at the University of Chile. Most of these professors had received training at universities in the United States, including Stanford University, Iowa State University, Yale University, University of Michigan, MIT, Duke University, University of Wisconsin-Madison, Vanderbilt University, Harvard University, and the University of Chicago. Most of the faculty studied at the graduate level without earning a degree. While most of the faculty had pursued graduate-level studies, only a few, like Ricardo Lagos, had obtained a master's degree and were on track to completing a Ph.D. Carlos Hurtado was the only one in this sample who had earned a doctorate.[554]

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[553] Rondo Cameron to Robert L. West, 28 October 1965, box 36, folder 298, RG 1.2, series 309s, RAC, Rockefeller Foundation.

[554] "Universidad de Chile, Instituto de Economía y Planificación, Programa de investigación, Antecedentes para la elaboración del programa de investigación 1968-1970," January 1968, box 35, folder 288, RG 1.2, series 309, RAC, Rockefeller Foundation.

After Massad stepped down from the directorship of the IEP, several U.S. observers noted a decline in the performance of ESCOLATINA. John Strasma characterized the period between 1964 and 1969 as one of "weak leadership," in which "the graduate program and Institute continued to function but growth was limited to the impact of staff members returning from training abroad."[555] Similarly, William Carmichael, a consultant to the Ford Foundation on its Latin American programs and dean of the School of Business and Public Administration at Cornell University, shared the view that the quality of ESCOLATINA had diminished. His concerns also encompassed the fragmentation of the research conducted by institutes and their proliferation in Chile.[556] In another example of these critical considerations, John P. Harrison, Director of the Institute of Latin American Studies at the University of Texas, suggested to Joseph E. Black and R.K. Davidson of the Rockefeller Foundation in 1966 that while the overall university development program in Chile needed to maintain the "competitive balance" between the University of Chile and the Catholic University, a Rockefeller Foundation initiative should not disturb it. Harrison pointed out that due to the migration of personnel from the University of Chile to the government, the economics faculty at the Catholic University had become "superior."[557]

From the perspective of Rockefeller Foundation officers, promoting greater collaboration in research and graduate training between the economics faculties of the University of Chile and the Catholic University was essential for a joint research and

[555] Strasma, "Some personal notes," 24 January 1972, Virtual Vault.
[556] Rondo Cameron to Robert L. West, 26 August 1965, box 36, folder 297, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[557] John P. Harrison to Joseph E. Black and R.K. Davidson, 7 September 1966, box 33, folder 272, RG 1.2, series 309, RAC, Rockefeller Foundation.

graduate program to elevate the quality of economics training in Chile. However, a Rockefeller Foundation officer's report noted that the authorities of the University of Chile were reluctant to collaborate with those of the Catholic University due to the more conservative stance of the latter's economics faculty.[558] Consequently, the two institutions continued to work independently towards the conferral of graduate degrees.[559] Last, criticism also referred to ESCOLATINA. In a letter to Robert West, Rockefeller Foundation's Associate Director in 1966, Rondo Cameron expressed his impression that "Chilean students do not regard ESCOLATINA very highly," in part because ESCOLATINA did not offer a "degree with monetary value." Graduates of ESCOLATINA only received "a certificate that they have completed the course."[560]

As a "patron of modernization" in the social sciences, the Rockefeller Foundation sought to elevate the teaching and research of economics to a more advanced level. In 1966, faculty at ESCOLATINA, through a committee chaired by John Strasma, proposed a comprehensive reorganization of the graduate program to offer master's and doctoral degrees equivalent to those awarded by U.S. or European universities.[561] The goals of this reform were multifaceted, including to provide a higher academic training for economists, to form professors for Latin American universities, to prepare economists capable of engaging in international academic

[558] In my conversation with Rolf Lüders, one of the most influential academics at the Catholic University's School of Economics, he acknowledged that the University of Chile and the Catholic University did not collaborate as extensively as, for example, the University of Chicago did with other universities and departments. Rolf Lüders, interview by author, January 26, 2023.
[559] Rondo Cameron to Ralph K. Davidson, 2 March 1966, box 37, folder 299, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[560] Rondo Cameron to Robert L. West, 8 February 1966, box 33, folder 272, RG 1.2, series 309, RAC, Rockefeller Foundation.
[561] Rondo Cameron to Ralph K. Davidson, 5 August 1966, box 37, folder 300, R.G. 1.2, series 309, RAC, Rockefeller Foundation.

circles and working for public and international institutions, and to give outstanding professionals from other fields the opportunity to acquire training in economic sciences and foster interdisciplinary integration for the analysis and planning of economic and social development. The curriculum predominantly featured textbooks reflecting a Keynesian perspective, authored by prominent U.S. and European economists.[562]

The reorganization plans for ESCOLATINA sparked dissent from prominent ECLA economists Aníbal Pinto and Osvaldo Sunkel. Pinto voiced his concerns in a document that critiqued the proposed changes to the graduate program. He argued that the reforms lacked a "social diagnosis" and emphasized that the training students received was overly "abstract" and "theoretical", heavily reliant on mathematical and statistical tools. In contrast, students had limited knowledge about Latin America, and its place in the global context, its structural characteristics, and its social and political dynamics. From Pinto's perspective, Chile and Latin America were largely overlooked in the curriculum, aside from a single trimester focused on "Latin American problems." The rest of the program, he noted, was dominated by "the high-level abstractions and subject matter that constitute the program of some North American universities." This phenomenon was evident in the course's bibliography, which largely excluded Latin American scholarship. As Pinto observed, "if one were to be guided by these references -and let me make clear that I am not speaking personally, since I am one of the very few Latin Americans cited *en passant*- one would come to the conclusion that this is a

[562] For example, Paul Samuelson (Economic Analysis I), Alvin Hansen (Economic Analysis III), Benjamin Higgins (Economic Development), Charles Kindleberger (International Economics), and Robert Dorfman, Paul Samuelson, and Robert Solow (Linear Programming). Faculty of Economic Sciences, University of Chile, Graduate School Reform and Extension Project, box 37, folder 300, R.G. 1.2, series 309, RAC, Rockefeller Foundation.

desert region from the point of view of intellectual creation in economic matters." Pinto believed that ESCOLATINA graduates should not be "masters and Ph.Ds. made in and for the USA," but rather economists "made in and for Latin America."[563] At the heart of the debate posed by Pinto was a fundamental question: whether economic tools such as theory, statistics, mathematics, and economic history were ideologically neutral or whether their applicability varied depending on the specific cultural context where economic analysis was applied.

These controversies were difficult to settle. Pinto and Sunkel's opposition eventually led Edgardo Boeninger, dean of the School of Economics, to develop an alternative plan for reorganization, one more aligned with the views of the left-leaning faculty. The implementation of curricular reforms was postponed until 1968 to allow for further debate, a decision that Rockefeller Foundation officers disliked.[564] In early 1967, Rondo Cameron expressed disappointment with the progress made by the School of Economics. He informed Edgardo Boeninger that the predominant sentiment in New York was inclined to terminate all aid to the School of Economics. Cameron provided several reasons to support this view: the Rockefeller Foundation's global commitments, resource constraints, and the extended assistance already provided to the School of Economics. The main reason was that "the Faculty -or, more specifically, the Instituto de Economía and ESCOLATINA- have not completely fulfilled the obligations undertaken by your predecessors some years ago." Cameron specifically pointed out the expectation that by 1966, the University of Chile would have launched a doctoral

[563] Aníbal Pinto, "Notes Referring to the Projects for Reorganization of the Graduate Teaching," box 37, folder 300, R.G. 1.2, series 309, RAC, Rockefeller Foundation.
[564] Rondo Cameron to Ralph K. Davidson, 13 September 1966, box 37, folder 300, R.G. 1.2, series 309, RAC, Rockefeller Foundation.

degree program. The Rockefeller Foundation also expected a significant increase in professors holding doctorates engaged in full-time teaching and research at ESCOLATINA. Eventually, Cameron persuaded Rockefeller Foundation officers to agree to provide interim support to ESCOLATINA, mainly to fund scholarships for Latin American students attending the program. The amount was not as large as the University of Chile's authorities expected.[565] One year later, only after intervention by the University of Chile's rector, Eugenio González, Boeninger was able to secure $60,000 from the Rockefeller Foundation. He presented a plan for curriculum reform, teaching improvement, and cooperation with other institutions such as the Catholic University, the University of California, FLACSO, and the University of Chile's Center for Social and Economic Studies (CESO, Centro de Estudios Socioeconómicos).[566] However, no evidence suggests that these projects impacted the increasingly strained relationship between the School of Economics at the University of Chile and the Rockefeller Foundation.

Despite the challenges with ESCOLATINA and the University of Chile's inability to collaborate effectively with the Catholic University (and vice versa), academics such as Massad and Lagos remained the primary reasons for Rockefeller Foundation actors to maintain trust in the development of social sciences in Chile. John Harrison expressed this sentiment clearly in a letter to William Olson from the Rockefeller Foundation, stating, "Should people [like Lagos and Massad] with the

[565] Rondo Cameron to Edgardo Boeninger, 19 January 1967, box 37, folder 301, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[566] Interviews WCO, Dean Edgardo Boeninger, 13 February 1968, box 37, folder 301, RG 1.2, series 309s, RAC, Rockefeller Foundation; Eugenio González and Edgardo Boeninger to Ralph K. Davidson, 6 March 1968, box 37, folder 302, RG 1.2, series 309s, RAC, Rockefeller Foundation.

intelligence, academic background and feel for research emerge as heads of entities such as economics and law, there is an increased reason to expect that the Rockefeller Foundation would have a fruitful role to play in Chile in the social sciences."[567] During this period, the Rockefeller Foundation initiated the development of a graduate program in the social sciences outside of the two leading universities in Santiago in agreement with the educational authorities of the Christian Democratic government. The concept was to establish a structure independent of the University of Chile and the Catholic University, supervised by Chilean social scientists with excellent standing levels at U.S. universities to supervise research and graduate training. Ricardo Lagos, who served as the director of the School of Political and Administrative Sciences at the University of Chile from 1967 to 1969, was one of these researchers. The plan also included economists Óscar Muñoz (Yale), Rolf Lüders, Ernesto Fontaine (Chicago), Carlos Hurtado (Harvard), Andrés Bianchi, and sociologist Raúl Urzua (UCLA). While the idea did not come to fruition in the short term, John Harrison's description of Ricardo Lagos proved to be remarkably accurate: "Lagos is the only one of the group with obvious political possibilities, and he combines this, curiously, with the best publication record."[568]

The outcomes of the 1969 elections for the heads of the economics and law faculties did not align with the Rockefeller Foundation officers' desire to see Massad and Lagos in leadership positions. Ricardo Lagos, representing the left, ran for the deanship of the School of Law but lost to Eugenio Velasco, a lawyer from the Radical

[567] John Harrison to William Olson, 16 June 1968, box 37, folder 302, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[568] John Harrison to William Olson, 22 November 1968, box 34, folder 281, RG 1.2, series 309s, RAC, Rockefeller Foundation.

Party who served as the incumbent dean.[569] Meanwhile, Carlos Massad ran for the deanship of the School of Economics but lost to Edgardo Boeninger. Rockefeller Foundation officers did not hold as much sympathy for Boeninger as they did for Massad. They considered Massad a vastly superior scholar, economist, teacher, and research-oriented director than Boeninger. But Massad, known for his strong commitment to maintaining the Christian Democratic Party in power, faced resistance from left-wing faculty members who viewed him as biased towards his political affiliation, someone who "would make all of his appointments to positions of power on a party basis."[570] While this partisan image of Massad seemed unfair to the Rockefeller Foundation officer who heard it, Massad could not secure the election victory on behalf of the political forces aligned with the Christian Democratic Party and the interests of the Rockefeller Foundation within the economics faculty.

The U.S.-oriented professionalization of economics at the University of Chile contributed to divisiveness in its academic and administrative activities, perhaps mirroring the tensions inherent in the donor-recipient relationship between the United States and Latin America and the low image of the United States that Latin Americans had once it was evident that pragmatism and short-term political goals had replaced the original economic idealism of the Alliance for Progress.[571] By the end of the 1960s, political sentiments in the country and within the School of Economics at the University

[569] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 204-213.
[570] John Harrison to William Olson, 16 June 1968, box 37, folder 302, RG 1.2, series 309s, RAC, Rockefeller Foundation.
[571] Taffet, *Foreign Aid as Foreign Policy*, 67-93, 186-189, where the author discusses how U.S. policymakers gave up on the idealistic vision inherent in the origins of the Alliance for Progress and the Rockefeller Report of 1969, which recommended a reduction of U.S. involvement in Latin America as its ability to affect the course of events was limited.

of Chile shifted leftward. Economists with a firm grounding in Marxist theory and a commitment to President Allende's economic policy program and election campaign in 1970 gained control of the Institute of Economics and Planning, leaving opposed those aligned with the U.S.-oriented professionalization of economics and anticommunism. During the Popular Unity years, Ricardo Lagos saw himself in a special situation as one of the few economists at the University of Chile aligned with the Allende administration who had earned a Ph.D. in economics at a U.S. university. As a prominent scholar with a strong reputation cultivated at the University of Chile, Ricardo Lagos embodied the pursuit of knowledge of dependency theorists who proposed a critical view of capitalist development and its socio-political domination in connection with economic asymmetries between wealthier and less affluent nations. Their mission, attempting to reestablish an intellectual tradition based on "comprehensive social science," was to demonstrate the interconnectedness of Latin American social, economic, and political development.[572]

5.4 Ricardo Lagos in the 1970s: Democratic Socialism from a Latin American Perspective

Ricardo Lagos played an active role in university politics at the University of Chile between 1970 and 1973. In 1969, he was elected for two years as the General Secretary of the University of Chile, a position second only to the rector. After the university

[572] Fernando Henrique Cardoso and Enzo Faletto, *Dependency and Development in Latin America* (Berkeley, Los Angeles, London: University of California Press, 1979), ix.

reform of the late 1960s, academics, students, and workers elected the General Secretary. In this capacity, Lagos acted as a minister of public faith, overseeing the university's governance.[573] During his tenure, Ricardo Lagos worked closely with Edgardo Boeninger, former dean of the School of Economics, who served as the rector. Lagos represented the democratic left within the university, advocating restructuring its research and extension programs to reinforce its autonomy. He believed that this autonomy was under threat from the market-oriented professionalization pushed by the more liberal factions represented by Boeninger.[574]

In June 1971, Ricardo Lagos sought reelection for the position of General Secretary at the University of Chile. The election of the rector and the general secretary, who campaigned as a team, mirrored the escalating political polarization in Chile. Lagos formed a ticket with lawyer Eduardo Novoa, the candidate of the Allende government, who was known for his politically committed juridical expertise and his role as the architect of the Popular Unity administration's controversial legal strategy. In a tightly contested race, Lagos and Novoa succumbed before the incumbent rector, Edgardo Boeninger, who secured his reelection with the support of the Christian Democratic Party and right-wing factions. The political divergence between Lagos and Rector Boeninger regarding the direction of the university reform was a sample of the broader political conflict unfolding at the national level.

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[573] Which included the *claustro pleno*, the Superior Normative Council, and the Directive Council. He was responsible for administrative, curricular, and academic matters, including leading the Publishing Central Committee, which produced *Anales de la Universidad de Chile*, the university's centennial publication. Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 210.

[574] Ricardo Lagos, "Organizar y estructurar la nueva universidad," 1969, box 286, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation; Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 209-210.

Figure 3. *Ricardo Lagos and Fidel Castro in 1970.*
In 1970, representatives from the University of Chile and the Technical University of the State were invited to Cuba by the University of Havana. In this photo, Ricardo Lagos is speaking. **Source:** Reunión de académicos chilenos y cubanos con Fidel Castro, 1970, box 138, Ricardo Lagos Archives, https://arle.udp.cl/index.php/reunion-de-academicos-chilenos-y-cubanos-con-fidel-castro-2.

Ricardo Lagos supported the Allende administration's para-Keynesian economic policies. These policies of deficit-spending focused on consumption rather than investment or production, achieving relative success in 1971.[575] That year, the

[575] In 1971, the international economic order underwent a significant shift. In August of that year, U.S. President Richard Nixon announced the end of convertibility of U.S. dollars to gold, effectively concluding the postwar Bretton Woods system. As a representative of Chile as a delegate at the XXVI General Assembly of the United Nations in New York, Lagos condemned Nixon's attempt to reshape the global economy and called for a profound restructuring of the monetary system. Latin American countries held international gold reserves, and Lagos strongly criticized the unequal distribution of economic development benefits, asserting that wealthier nations were monopolizing these benefits. He pointed out that between 1950 and 1968, the rate of growth, participation in global trade expansion, and foreign investment, particularly from the U.S., were significantly lower in poorer countries compared to wealthier ones. Lagos advocated for preferential treatment for less developed countries in the new global economic order. Intervention of Ricardo Lagos, UN General Assembly Second Committee 1377, 1971, CLARLE S.5, Archive Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

Allende administration's short-term economic reactivation, aiming to increase aggregate demand and enhance the purchasing power of people with low incomes while leveraging the economy's idle capacity to boost supply, saw impressive results. Gross National Income (GNI) surged by 9.1%, primarily driven by the excellent performance of the manufacturing sector. Unemployment rates decreased significantly in Santiago and other major cities. During its first year in power, the Popular Unity administration put inflation under control, achieving a CPI index as low as 15.6% in September 1971. In addition to these economic achievements, the Popular Unity administration took several significant steps, such as the nationalization of copper and other minerals, the acquisition of a majority stake in the banking system, the seizure of an amount of land equivalent to the land expropriated by the Christian Democratic administration over the previous six years and initiated the Area of Social Property (ASP) program. This program, a cornerstone of the left administration's platform, aimed to transfer privately-owned industrial assets to the state.[576] Regarding distributive goals, real wages increased, leading to expanded consumption of essential goods. [577] Like President Allende and the moderate sectors of the Popular Unity coalition, Lagos understood that the transition to socialism would entail a social cost that it was imperative to minimize. They recognized that non-economic factors, such as popular mobilization and the shaping of social consciousness in support of the socialist project, were vital for the successful realization of Chile's democratic model of socialism.

[576] Stefan De Vylder, *Allende's Chile: The Political Economy of the Rise and Fall of the Unidad Popular* (Cambridge, New York, Melbourne: Cambridge University Press, 1976), 112-163.
[577] Felipe Larraín and Patricio Meller, "La experiencia socialista-populista de la Unidad Popular, 1970-1973," *Cuadernos de Economía* 27, no. 82 (December 1990): 317-355.

Despite the promising start of the Popular Unity administration's economic policies, Ricardo Lagos was aware of several potential challenges that could arise from their implementation. One of these challenges was the integration of monopolistic industries, which could maintain higher remuneration levels compared to other enterprises, into the Area of Social Property. This policy might lead to significant wage disparities between workers in different industries and undermine the profitability of socialized sectors, as they would be unable to pass on high wage costs in their prices. Another of his concerns was the increasing rigidity of trade due to its growing complexity. In a constructive critique, Lagos foresaw the problems that would eventually precipitate an economic crisis in Chile between 1972 and 1973—which saw inflation reach an historical peak of almost 800%. These included the exhaustion of supply following the initial economic reactivation, the reduction of idle industrial capacity, shifts in international relations impacting Chile's ability to renegotiate its external debt, mounting pressure from workers for salary increases, a decline in international reserves, and the need to increase public expenditure to maintain levels of public investment. [578]

Between September 1971 and March 1972, Ricardo Lagos assumed the role of Director at the Institute of Economics and Planning at the University of Chile. In late 1972, the Institute of Economics and Planning at the University of Chile experienced a profound ideological division that led to the establishment of two separate departments.[579] The Institute of Economics and Planning split along ideological lines,

[578] Cuatro opiniones sobre el primer año de gestión económica del presidente Allende, *Panorama Económico* 266, January-February 1972, 25-28.
[579] Palma, *Reseña histórica*, 82-84.

with academics and students divided between the Department of Political Economy, located at the north campus and comprised of left-wing academics (where Lagos remained), and the Department of Economic Sciences, situated at the west campus and formed by right-wing and Christian Democrat-leaning professors. According to a Ford Foundation report, this political struggle virtually paralyzed research and teaching from 1968 to 1972, with the two groups ceasing nearly altogether their professional and personal contact with each other.[580] In an indicative episode of this ideological divide, students and staff voted in a referendum to determine whether faculty should teach Marx's *Capital* or Keynes's works at the Institute of Economics and Planning, which was part of the north campus. Retrospectively, Lagos recalled feeling somewhat removed from the intensity of these ideological struggles.[581] A glimpse into the bibliography of Lagos's course on the Chilean economy during that period reveals his institutionalist intellectual preferences, distant from radicalized views of revolution. Assigned readings included works such as Aníbal Pinto's *Chile, A Case of Arrested Development* and Albert Hirschman's *Journeys toward Progress: Studies of Economic Policy-Making in Latin America*.[582]

In December 1971, Ricardo Lagos, a social economist strongly influenced by the historical-structural approach of dependency theory, became Secretary General at the Latin American Social Sciences Faculty (FLACSO) with the support of the Allende

[580] Lovell Jarvis to Peter Bell, "Current Status of the Department of Political Economy, North Campus, University of Chile," 23 November 1973, box 1, folder 7, FA721, RAC, Rockefeller Foundation.
[581] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 226.
[582] Ricardo Lagos, "Curso de Economía chilena. Programa," 1971, box 23, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation. The syllabus also included other authors such as Chilean historians Francisco A. Encina and Ricardo Donoso, and economists Carlos Hurtado and Frank Fetter. None of these authors could be identified as a radical thinker.

administration. FLACSO was a graduate Institute established in 1957 with backing from UNESCO to train Latin American sociologists, political scientists, and public administrators.[583] At the time of Lagos' appointment, FLACSO oversaw the Latin American School of Sociology (ELAS, Escuela Latinoamericana de Sociología, est. 1957), the Latin American School of Political Sciences and Public Administration (ELACP, Escuela Latinoamericana de Ciencia Política, est. 1964), and the Coordinating Institute of Social Research (ICIS, Instituto Coordinador de Investigaciones Sociales, est. 1970). Between 1957 and 1973, the "Chilean" FLACSO expressed an extraordinary case of academic development, facilitated by the influence of Latin American countries within UNESCO and Chile's commitment to institutionalizing social sciences as part of a broader state-driven project to professionalize scientific work. The University of Chile played a substantial role in academic and financial terms, at least until 1965—when the Camelot Project strained its relationship with external funding sources.[584] The university reform turmoils in the late 1960s further shaped the trajectory of FLACSO, leading to its gradual distancing from UNESCO. Initially modeled on U.S. academic structures, FLACSO underwent a significant transformation as a new generation of professors and students, increasingly aligned with radical politics, began questioning established methods, course content, and bibliographies. These groups ultimately embraced a Marxist-oriented, historical-

[583] Franco, *La FLACSO clásica (1957-1973)*, 25-49; Fuenzalida, *La primera FLACSO (1957-1966)*, 2.
[584] Fernanda Beigel, "La Flacso chilena y la regionalización de las ciencias sociales en América Latina (1957-1973)," *Revista Mexicana de Sociología* 71, no. 2 (April-June, 2009), 319-349, esp. 322-328, 332.

structuralist approach to social sciences, integrating FLACSO into a Latin American project sympathetic to the project of the Popular Unity in Chile.[585]

Although not a revolutionary himself, Ricardo Lagos consolidated FLACSO's theoretical shift from development to dependency, positioning the institution to compete for regional leadership and external funding within the social sciences network in Latin America. During the Popular Unity years, FLACSO emerged as a burgeoning center for the theoretical debates inspired on the structural transformations pursued by the Popular Unity administration. Lagos' role in FLACSO provided him a platform to comprehend the similarities and differences among Latin American countries as well as the complexities of speaking about a "singular" Latin America. He developed an understanding of the distinct demographic realities, territorial extents, and geopolitical situations of each country.[586] At the time of Lagos's appointment, FLACSO remained a relatively small organization in Latin America. Only three countries had ratified its statutes (Chile, Ecuador, and Panama). Under Lagos's leadership, FLACSO experienced a significant institutional growth and a geographical and intellectual decentralization. This period of decentralization was accompanied by challenges such as the need for greater integration among FLACSO's academic units, budgetary fragmentation, lack of effective coordination, and a shortage of specialized professors. In response, Lagos implemented a series of financial and administrative reforms. These included centralizing project funding requests and establishing clear priorities to regulate competition among academic units. He also led a curriculum overhaul,

[585] Beigel, "La Flacso chilena y la regionalización de las ciencias sociales en América Latina (1957-1973)," 345. See also, Aldo Marchesi, *Latin America's Radical Left* (New York: Cambridge University Press, 2018), *111*-120.
[586] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 233.

recognizing that the adoption of innovative approaches like dependency theory reinforced FLACSO's theoretical dominance in the teaching of social sciences across Latin America.[587]

In 1973, President Allende appointed Ricardo Lagos as Chile's Ambassador to the Soviet Union. Since the publication of his first book in 1960 and his resignation from the Radical Party in 1961, Ricardo Lagos had become close to socialist political circles, although without becoming a party member. Due to the harsh parliamentary opposition faced by the Allende regime, Lagos' diplomatic nomination was unable to secure the required congressional approval for his appointment to the Soviet Union.[588] When the Chilean military staged the coup d'état in 1973, Lagos was engaged in his academic endeavors at FLACSO. The military uprising exacted a devastating personal toll on Ricardo Lagos and many other Chilean intellectuals.[589] For Lagos, it meant the loss of his academic positions at the University of Chile and FLACSO. The military regime's apparatus of repression viewed FLACSO and its network of social sciences with suspicion, considering them to be sympathetic to Communism. As a result, academics and students associated with FLACSO, as well as those in other Chilean universities, became victims of brutal repression. Lagos, who was not a target of repression immediately, played a crucial role in assisting several academics to escape the country and save their lives.[590] The Pinochet dictatorship severed the funding that

[587] Ricardo Lagos, "Informe presentado a la Asamblea General de FLACSO," 1975, box 23, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[588] Diana Massis and Guillermo Hidalgo, *Lagos. El hombre-El político* (Santiago: Grupo Editorial Planeta, 1999), 79-83.
[589] Jeffrey M. Puryear, *Thinking Politics. Intellectuals and Democracy in Chile, 1973-1988* (Baltimore and London: The Johns Hopkins University Press, 1994), 33-39.
[590] Massis and Hidalgo, *Lagos*, 93-94.

FLACSO received from the Chilean government. By the end of 1973, Lagos negotiated with the military authorities for the transfer of professors, much of the research, and the general secretary of FLACSO to the University of Buenos Aires.[591] Confidential information leaked to Lagos in November 1973 by a second-degree cousin who worked in the Navy's secret services prompted him to leave Chile abruptly with his second wife, Luisa Durán, and their four children. This information revealed that the Pinochet dictatorship was planning to arrest him.[592]

In April 1974, while establishing FLACSO's offices in Buenos Aires and seeking funding in France and Germany, Ricardo Lagos received an invitation from Federico Gil, a political scientist, and founder and president of the Latin American Studies Association at the University of North Carolina, Chapel Hill. Gil invited Lagos to be a visiting professor for the 1974-1975 academic year. Lagos accepted the offer and resigned from his position as general secretary of FLACSO to depart for the United States. The appointment was for one year, during which Gil and Lagos conducted a seminar analyzing the Chilean experience during the Popular Unity administration. This seminar marked the first serious attempt to understand the breakdown of Chilean democracy and explore the possibilities of its recovery. Participants included Chilean politicians, intellectuals, and qualified observers from the United States and Latin American countries.

Ricardo Lagos, Federico Gil and German sociologist Henry Landsberger, a former professor at the University of Chile from 1961 to 1965, organized the

[591] Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 289-290.
[592] Ibid., 290-291.

conference entitled *Chile: 1970-1973, Lessons of an Experience*. Funded by the Ford Foundation, the meeting occurred at the Institute of Latin American Studies of the University of North Carolina at Chapel Hill from April 27 to May 7, 1975. The conference brought together a diverse group of participants, including members of the Allende administration and a multidisciplinary range of social scientists with an interest in Chilean issues, such as Richard Fagen, Juan Linz, José Nun, Paul Sigmund, and Arturo Valenzuela (political scientists); Glaucio Soares, Hernán Vera, and Hugo Zemelman (sociologists); and the economist John Strasma.[593] The conference organizers framed the discussions around two central questions regarding the emergence of the Pinochet dictatorship: First, "Was the Chilean Road to Socialism (or, as Allende preferred, the political road to socialism) viable?" and second, "Did the military regime emerge in response to social tensions resulting from the inadequate development of Chilean society during the preceding forty years?"[594]

The gathering of Chilean politicians and U.S. and Latin American intellectuals organized by Lagos in the tranquil setting of Chapel Hill provided a platform for rational discussion of the Chilean experience through the lenses of academic plausibility and ideological difference at a moment when reprisals against left-wing politicians, intellectuals, and workers were occurring in Chile.[595] In his analysis

[593] Attendants included former ministers of the Allende administration such as Jorge Tapia Valdés and Sergio Bitar. Clodomiro Almeyda, another former minister, was unable to attend at the last minute. Also present were Christian Left Party deputies Luis Maira and Julio Silva Solar, as well as a former political opponent of the Popular Unity, Christian Democratic Radomiro Tomic. Gabriel Valdés, former Foreign Minister of the Frei Montalva administration, did not attend the event due to its political content conflicting with his position at the United Nations Development Programme. Joseph Grunwald was invited but unable to attend.

[594] Federico Gil, Ricardo Lagos, and Henry Landsberger, eds. *Chile at the Turning Point. Lessons of the Socialist Years, 1970-1973* (Philadelphia: Institute for the Study of Human Issues, 1979), 4.

[595] Notable by their absence were the Christian Democrats who, despite vehemently opposing Allende and advocating for the defense of democracy, ultimately tolerated the coup d'état. They were not invited

presented at the conference, Lagos introduced the center-periphery model advocated by Latin American scholars such as Enzo Faletto, Fernando Cardoso, and José Luis Reyna to address the questions raised. Lagos highlighted the central role of Argentinian political scientist Guillermo O'Donnell's analysis in explaining why the coup d'état occurred in Chile. O'Donnell argued that bureaucratic authoritarian regimes in Latin America emerged primarily due to the rigidity of social structures, which limited the pace at which new sectors could be incorporated into the benefits of capitalist development. According to O'Donnell, incorporating new social sectors led to others forgoing or reducing their share of the benefits. In such a context, sectors losing power resorted to breaking the rules and using force. This phenomenon occurred in countries like Chile, where the economic growth initiated by industrialization gave rise to more demanding social classes. O'Donnell's theory challenged the "optimistic equation" of a linear correlation between development and democracy that predominated in the 1960s. According to this theory, instead, there was an apparent affinity between high modernization in the long run and bureaucratic authoritarianism.[596]

Building upon these ideas, Lagos interpreted the events in Chile as "almost inevitable." He argued that "the military coup did not take place just to block the construction of a socialist state; it would have occurred regardless of the type of civilian government ruling in Chile." Lagos believed that while the experience of the Popular

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to the conference. At the time, Lagos was pessimistic enough to state in the introduction of the book resulting from the almost forty hours of formal presentations, commentaries, and debates held at the conference, that "the dialogue with those sectors of Chilean society has been lost, perhaps forever." Nevertheless, he expressed hope that new generations could renew this dialogue.Gil, Lagos, and Landsberger, *Chile at the Turning Point*, 14.

[596] Guillermo O'Donnell, *Modernization and Bureaucratic-Authoritarianism. Studies in South American Politics*. (Berkeley: Institute of International Studies, University of California, 1973), 196-199. A nuanced updating of this view in J.S.Valenzuela and A.Valenzuela, *Military Rule in Chile*, 1-12.

Unity government may have accelerated the arrival of the coup, it would have taken place regardless. Lagos argued that if Alessandri or Tomic, the other two contestants in the presidential election, had assumed power in 1970, they would have likely faced similar pressures for social change because Chile's flawed social structure prevented the necessary economic growth to satisfy a growing and more demanding working class.[597] Was the coup d'état in Chile inevitable, as a structuralist like Lagos argued? Although much political and international analysis still needed to be explored, Lagos was correct in pointing out that as Chile was not experiencing robust economic growth, its economic problems were structural and long-term and not solely attributable to flaws in the economic strategy of the Allende administration. In viewing development within a structuralist historical framework, Lagos aligned with the thinking of social scientists such as Aníbal Pinto, who had recognized the necessity of a democratic consensus and rapid state-led economic growth to propel Chile toward development. Although achieving these goals was far more challenging in practice than in theory, the ideas exposed at Chapel Hill provided the Chilean left with pathways to examine the reasons behind the collapse of the Allende administration and to begin restructuring its historical project.

5.5 Conclusion

This chapter examines the development of a network of Chilean economists trained at U.S. universities, in collaboration with international organizations and U.S.

[597] Gil, Lagos, and Landsberger, *Chile at the Turning Point*, 3.

economists, within the economics department at the University of Chile during the 1960s and early 1970s. As Parmar observed, building networks among Third World universities was a key objective of U.S. philanthropy, in close alignment with U.S. government interests. This effort sought to cultivate a critical mass of scholars who could serve as instruments for broad national development.[598] This chapter argues that while no single U.S. university exerted the same hegemonic influence over the University of Chile's School of Economic Sciences as the University of Chicago did at the CU, the collaborative efforts at this "contact zone" introduced a more progressive paradigm rooted in Keynesian principles within the university's production of economic knowledge in the 1960s. Despite this, the economics department at the University of Chile remained ecumenical, with a diverse intellectual environment that included ECLA intellectuals, Marxists, University of Chicago graduates, and Keynesian reformists. As discussed in this and previous chapters, a key point of contention among faculty was the approach to knowledge generation, whether economic analysis should be universally applicable or if specific social dynamics were an inescapable factor for economic approaches.

In addition to these intellectual debates, division along political lines became increasingly pronounced. The emergence of transformative political projects, such as the governments of Christian Democrat Eduardo Frei Montalva and Socialist Salvador Allende, turned universities into strategic battlegrounds of a broader political struggle. These projects, regardless of their degree of success, shared a common feature: the central role of economists in the research, design and implementation of government

[598] Parmar, *Foundations of the American Century*, 11.

policies. As economists gained prominence in policymaking, the economics department at the University of Chile began to fracture by the late 1960s. This division ultimately led to the formation of two separate departments, reflecting the ideological confrontation between the left, center, and right that characterized Chile until the democratic breakdown in 1973. The military coup of 1973 and Augusto Pinochet's rise to power abruptly ended the decades-long institutionalization of social sciences that had been developing in Chile since the 1950s, as the case of FLACSO dramatically showed. The prior democratic ideological pluralism gave way to the junta's rigid political goals and economic orthodoxy, fundamentally reshaping academic life.[599] In this scenario, center-left economists were among the few who could provide theoretical coherence, articulate an opposition to neoliberal policies, and denounce their social costs.

[599] Silva, *In the Name of Reason*, 115-120.

Part III. The Transnational Battle Over Economic Ideas and Policies in Chile, 1970s-1990s

Part III examines the role of U.S.-trained economists in the politicization of economics and the economization of policymaking during the Pinochet dictatorship (1973-1990) and the Concertación era from 1990 to 2010. From a global perspective, while the 1970s was the decade of the New International Economic Order (NIEO), a global model of international redistribution elaborated by Global South nations and intellectuals that culminated in the 1980 North-South report of the Brandt commission, the 1980s saw how a neoliberal order challenged and later transformed the New Deal order in the United States.[600] Additionally, the demise of the Bretton Woods system and the 1973 stagflation world crisis marked the end of the post-Second World War boom. Realizing that inflation and slow growth could exist together showed the vulnerability of Keynesian theory and strengthened neoclassical economics.[601]

In Chile, under the military regime, the relationship between the state and universities underwent a significant transformation. The traditional "benefactor" treatment given to higher education institutions before 1973 shifted to an interventionist phase from 1973 to 1980. During this period, the dictatorship restructured university administration, governance, and curricula. The University of Chile, under military-appointed rectors until 1990, saw reductions in its scope, with regional campuses

[600] Paul Adler, "Creating 'The NGO International:' The Rise of Advocacy for Alternative Development, 1974-1994," in Macekura and Manela, *The Development Century*, 305-325, esp. 308-316; Slobodian, *Globalists*, 257-262. An historical exploration of the ascent and triumph of neoliberals under the Reagan administration (1981-1989) and how Democrats implemented neoliberal principles under the Clinton administration (1993-2001) in Gerstle, *The Rise and Fall of the Neoliberal Order*, 107-188.

[601] From a theoretical standpoint, it was Friedman's critique of the Phillips Curve what initiated the decline of Keynesian theory. Burns, *Friedman: The Last Conservative*, 275-310, esp. 295-300.

transformed into separate entities. In the 1980s, the Pinochet dictatorship further restructured the higher education system, allowing the creation of profit-driven private universities to accommodate the growing demand for higher education.[602]

This period also marked a significant shift in the professionalization of economics in Chile. The military regime exacerbated the merging of technocratic administration with an economic style of reasoning that heavily favored neoliberal academic ideas, marginalizing Keynesian and left-leaning economic perspectives. The dictatorship's control of universities facilitated the transformation of the neoliberal paradigm, critical of the inefficiency of government policymaking, into the mainstream economic paradigm. Under Pinochet, a group of economists, many of whom graduated from the University of Chicago School of Economics, gained great power and influence. Pinochet's economists viewed the market as the principal, and often sole, economic agent while advocating for minimal state intervention and reducing the government's role in the economy.[603] Pinochet's experts reduced the state's economic intervention by reversing the expropriations of the Frei and Allende administrations, substantially withdrawing CORFO from entrepreneurial activities, cutting public expenditure, deregulating and privatizing key markets such as education, pensions, and healthcare through a coherent legal encasement, and favoring private initiative over other actors such as unions, students, or informal workers. These changes, along with a massive opening of the economy, fundamentally reshaped distributional equality

[602] Cristián Cox, "Politicas de educación superior en Chile, 1970-1990: generación y resultados," 285-339.
[603] Valdés, *Pinochet's economists*, 253-280.

patterns and expanded transnational consumption.[604] These shifts consolidated neoliberalism as the prevailing economic paradigm in Chile during the mid-1970s and 1980s, largely without the democratic debate that might have exposed its pitfalls.

Before the crisis of pluralism in universities, think tanks acquired a magnific relevance in gathering intellectual opposition to the military regime and keeping alive the network of social sciences that had developed in Chile from the 1950s on. The Chilean military regime's "orthodox" stabilization adjustments prompted social scientists to find ways to counter the neoliberal policies implemented by the military government. As Margarita Fajardo and Jeremy Adelman have explained, this context, especially the debt crisis of 1982 and its severe impact on the living standards of the poor, led a generation of Latin American intellectuals, including Alejandro Foxley and Ricardo Lagos, to move away from their structuralist roots towards a more "conjectural," "less deterministic" approach to economic and social phenomena. This rethinking of structuralism spurred the envisioning of futures beyond the Friedmanite glorification of market efficiency and positive economics.[605] They understood that development was not simply a linear process explainable by scientific correlations. Instead, it was a complex historical process shaped by multiple factors beyond economic indicators, with social ramifications that were difficult to control. Ricardo Lagos and Alejandro Foxley played a crucial role in this intellectual transformation among center-left economists starting from the late 1970s. They were instrumental in

[604] J. Samuel Valenzuela and Arturo Valenzuela, eds., *Military Rule in Chile. Dictatorship and Oppositions* (Baltimore and London: The Johns Hopkins University Press, 1986); Ricardo Ffrench-Davis, *Economic Reforms in Chile. From Dictatorship to Democracy* (New York: Palgrave Macmillan, 2010), 9-24; Heidi Tinsman, *Buying into the Regime. Grapes and Consumption in Cold War Chile and the United States* (Durham: Duke University Press, 2014), 23.
[605] Adelman and Fajardo, "Between Capitalism and Democracy," 3-22.

shaping a comprehensive development analysis, reevaluating the state's redistributive role while trying to maintain their development ideas distinct from the mainstream of pro-market economics.

To historicize this evolution, chapter 6 examines the battle over economic ideas between neostructuralists and neoliberals. As Chilean universities traversed a prolonged crisis of pluralism, CIEPLAN took a leading role over the network of international think tanks and Chilean private centers of research on social sciences that mushroomed under the military regime.[606] CIEPLAN, dominated by Christian Democrats, produced policy-oriented research and coordinated center-left economic intellectuals throughout the Pinochet dictatorship. CIEPLAN economists formulated an "applied structuralism" in their response to Pinochet's liberalization, privatization, and stabilization policies.[607] As Morales and Ibacache observe, between 1976 and 1984, CIEPLAN developed as an independent research center, maintaining a critical approach to the Pinochet dictatorship. It adopted a primarily structuralist approach but began adapting to the unprecedented degree to which the military government had opened the Chilean economy to world markets by 1980. Following the debt crisis of 1982-1983 and until 1990, CIEPLAN economists adjusted to Pinochet's experiment of market-driven growth while strongly criticizing its social costs on people living in poverty. They also underlined the need to return to democratic rule through consensus,

[606] María Teresa Lladser, *Centros privados de investigación en ciencias sociales en Chile* (Santiago: Academia de Humanismo Cristiano, FLACSO, 1986), esp. 131-140.

[607] The Chilean economy under the military regime exhibited fluctuations. Two depressions in 1974-75 and 1982-83 were followed by recoveries and resumption of growth, which eventually reshaped the strategy of Pinochet's economists from an orthodox approach until 1981-1983 to a more pragmatic approach between 1983 and 1988. Eduardo Silva, "The Political Economy of Chile's Regime Transition: From Radical to "Pragmatic" Neo-liberal policies," in *The Struggle for Democracy in Chile, 1982-1990*, eds. Paul Drake and Ivan Jaksić (Lincoln and London: Nebraska University Press, 1991), 98-127.

political stability, and gradual changes.[608] In this period, Ricardo Lagos, who represented a different political culture from most Christian Democrats at CIEPLAN, helped reconcile socialism, representative democracy, and the market. This renovation of Chilean socialism severed ties with the Leninist tradition and sought to develop a coalition with the political center to achieve lasting socioeconomic transformations with a sociopolitical majority.[609] By the end of the decade, these efforts to rethink alternatives to Pinochet's neoliberal model culminated into an equitable economic growth agenda embodied by the platform of Concertación, the subject of the epilogue. This strategy of "growth with equity," as Moreno and Ibacache argue, represented the goal of neostructuralist thinking of balancing the state and the market.[610]

[608] Juan Jesús Morales Martín and Roberto Ibacache Monasterio, "Democracia, sociedad y neoestructuralismo en el Chile de la transición (1988-1994): el papel de los economistas de CIEPLAN (1988-1994)," in *Intelectuales, Democracia y Derechas*, eds. Alfredo Falero, Charles Quevedo, and Lorena Soler (Buenos Aires: CLACSO, 2020), 131-160, esp. 134, 136-137. The authors name the first phase "classic CIEPLAN," and the later, "adapted CIEPLAN."
[609] Manuel Antonio Garretón, "The Political Opposition and the Party System under the Military Regime," in Drake and Jaksić, *The Struggle for Democracy in Chile,* 211-250, esp. 235.
[610] Morales Martín and Ibacache Monasterio, "Democracia, sociedad y neoestructuralismo en el Chile de la transición (1988-1994): el papel de los economistas de CIEPLAN (1988-1994)," 146-151.

Chapter 6: Neostructuralism versus Neoliberalism in the Era of Structural Adjustment: Center-Left Economists and Pinochet's Neoliberal Model (1970s-1980s)

6.1 Introduction

This chapter examines how center-left economists such as Ricardo Lagos and Alejandro Foxley responded to Pinochet's neoliberal economic experiment. In delineating center-left economists' response to Pinochet's neoliberal model, it argues that they creatively abandoned previous structuralist-based dirigiste notions in vogue in the 1950s and 1960s. Instead, they helped shape a neostructuralist approach to economic policies by 1990. As Bitar has observed, one of the distinctive features of neostructuralist thinking was the recognition of the vital importance of political and institutional factors, such as democratic participation and social considerations, in the analysis of economic problems. In addition, neostructuralism aimed to redefine the state's economic functions, enhance its efficiency, combat bureaucracy, and foster cooperation between workers and employers.[611] This chapter spans the period from 1973 to 1988, illustrating the role of the Ford Foundation in supporting the opposition to the Pinochet dictatorship by assisting private non-governmental organizations such as CIEPLAN, FLACSO, and VECTOR (Centre for Economic and Social Studies, Centro de Estudios Económicos y Sociales). The democratic breakdown in Chile

[611] Sergio Bitar, "Neo-Conservatism versus Neo-Structuralism in Latin America," *CEPAL Review* 34 (April 1988): 45-62, esp. 47-48. See also, Lustig, "From Structuralism to Neostructuralism: The Search for a Heterodox Paradigm," 27-42, esp. 37-39. According to Lustig, neostructuralism is distinguished by several key characteristics: a focus on short-term analysis rather than long-term perspectives, an awareness of uncertainty, a less complacent view on inflation compared to earlier structuralist theories, and a clear understanding that solutions must be reached through consensus.

compelled the Ford Foundation to shift its focus from Rostowian modernization theory that dominated in the 1960s to ensuring human rights, upholding democracy, and sustaining the network of social sciences in Chile.[612]

In the face of the rise of the Chicago-style model in Chile and its deindustrialization program, center-left economists repurposed their ideas and institutions, turning towards liberalization, acceptance of market solutions and instruments of austerity and inflation control. This shift was a complex, transnational process that, as Margarita Fajardo argues by looking at the case of ECLA, began from within institutions rather than from the outside. Under the leadership of Enrique Iglesias from 1972 to 1985, ECLA, for instance, recalibrated its publications from regional to national focus, created a periodical to diffuse its ideas, and redirected its attention to monetary matters, building bridges with the IMF. [613] This rethinking of structuralism, led by ECLA intellectuals and supported by the Ford Foundation, fostered the opposing views to the emerging neoliberal consensus. Neostructuralist thinking aimed to deconstruct the dichotomies inherent in earlier structuralism, such as those between import substitution and export strategies, the market and planning, and agricultural development and industrialization.[614] As a result of integrating these economic considerations, neostructuralism gave rise to an "integral approach" that viewed the

[612] Parmar, *Foundations of the American Century*, 212-219.
[613] Margarita Fajardo, "Development Beyond the Golden Era: CEPAL in the global 1970s," in *International Organizations and Global Development*, eds. Nicholas Ferns and Angela Villani (Berlin and Boston: Walter de Gruyter GmbH, 2024), 73-94, esp. 83-92.
[614] Bitar, "Neo-Conservatism versus Neo-Structuralism in Latin America," 60-61.

simultaneous pursuit of economic growth and equity not as conflicting goals but as an achievable possibility.[615]

By the late 1970s, several countries in Latin America, including Pinochet's Chile, found themselves grappling with an increasingly unmanageable dependency on foreign indebtedness. One of the main points of contention between neostructuralists and neoliberals revolved around the form of insertion in the international economy and the level of dependence on international trade.[616] Neoliberals prioritized the payment of foreign debt as the most critical issue, aligning with the increasingly anti-state environment of the United States and the privatization of development in the 1980s.[617] However, opponents of Pinochet pointed out the greater vulnerability of the Chilean economy to external shocks.[618] Pinochet's structural adjustment throughout the 1980s

[615] See Economic Commission for Latin America and the Caribbean, *Changing Production Patterns with Social Equity. The Prime Task of Latin American and Caribbean Development in the 1990s* (Santiago: ECLAC, 1990). In essence, the "integral approach" called for an enhanced development of human capital alongside redistributive measures to improve the coverage and efficiency of social policies. Its recommendations encompassed various key areas, including a reform of fiscal policies, involving increased public savings for investment, improving the allocation of social expenditures, and simplifying tax systems to enhance collections; the continual openness of the economy, both for imports and exports while maintaining a high and stable exchange rate to protect exporters; the strategic emphasis on technology as a crucial means to generate wealth and benefits for companies, particularly those in less developed areas; a focus on human capital development in the long-term; incentives to the creation of businesses and support entrepreneurs; a selective government intervention in the economy; modernization of agriculture, with a focus on a small-scale agriculture and comprehensive water management to mitigate land conflicts; a rationalization of natural resource exploitation, calling for a shift away from the prevailing pattern of short-term maximum exploitation of both renewable and non-renewable resources; the improvement and expansion of basic utilities such as access to services like electricity, potable water, communications, banking, insurance, and transportation; enhancement of the role of financial institutions as the participation of banks and developmental trusts in financial markets were to be strengthened to complement the resources of public institutions; collaboration between state and private sectors and the selectivity and self-limitation of the state in its economic action; and a global economic or outward integration beyond the Latin American or inward integration prevalent in the region from the 1960s on.

[616] The structure of production, financing, savings, and investments, distribution of income, wealth, and extreme poverty, the size and functions of the state, and how much attention was paid to sociopolitical factors should also be mentioned. Bitar, "Neo-Conservatism versus Neo-Structuralism in Latin America," 50-60.

[617] Joanne Meyerowitz, *A War on Global Poverty. The Lost Promise of Redistribution and the Rise of Microcredit* (Princeton and Oxford: Princeton University Press, 2021), 91-93.

[618] Ffrench-Davis, *Economic Reforms in Chile*, 77-106.

successfully promoted non-copper exports and efficiently substituted imports, but they often disregarded the social consequences for low-income classes.[619] In contrast, center-left economists criticized the International Monetary Fund's conditions for structural adjustment policies in developing countries. They argued that these conditions increased the global cost of the adjustment process and unfairly burdened debtor countries.[620] In rethinking their economic strategies, economists critical of Pinochet's regime re-evaluated the new forms of interdependence among global regions brought about by the debt crisis of the 1980s. They called for, with little immediate success, a more equitable relationship between developed and developing countries.

This chapter explores how center-left economists responded to the negative externalities of the Pinochet dictatorship's policies from the 1970s to the late 1980s while revising their notion of a mixed economy. They redefined state action as solely industrial policy and no longer state enterprise.[621] The first section traces the presence of the Ford Foundation in Chile in the 1970s, contextualizing the Ford Foundation's interest in safeguarding some degree of pluralism at the academic level in Chile after the coup d'etat in 1973. The alliance of the Ford Foundation with Chilean center-left scholars that later formed CIEPLAN marked a pivotal moment for the development of social sciences in Chile in the ensuing years. The second section delves into the history of CIEPLAN, examining its role in reshaping structuralist thinking during the late

[619] Felipe Larraín, "The Economic Challenges of Democratic Development," in Drake and Jaksić, *The Struggle for Democracy in Chile*, 276-301, esp. 277-281.
[620] Carlos Massad, "External Financing in Latin America: Development, Problems, and Options," in *The United States and Latin America in the 1980s*, ed. Kevin J. Middlebrook and Carlos Rico (Pittsburgh: University of Pittsburgh Press, 1986), 169-199; Carlos Massad and Roberto Zahler, "The Adjustment Process," in *Adjustment with Growth: A Search for an Equitable Solution*, ed. Khadija Haq and Carlos Massad (Islamabad: North South Roundtable, 1984), 43-80; Alejandro Foxley, "Latin American Development After the Debt Crisis," *Journal of Development Economics* 27 (1987): 201-225.
[621] Silva, "The Political Economy of Chile's Regime Transition," 120.

1970s and 1980s. It also explores how this approach harmonized with the ideas of U.S. Keynesian economists, particularly those associated with the Ford Foundation. The third and fourth section analyzes the contributions of Ricardo Lagos and Alejandro Foxley, who assumed prominent political roles in the opposition from the early 1980s, in spreading the opposition's economic ideas. The former section focuses on their critical assessment of the Pinochet dictatorship's economic policies, especially the military regime's management of the 1982 debt crisis. The later section examines how Lagos and Foxley led an intellectual struggle against Pinochet's economists, revisiting the compromise state of the previous decades and paving the way for a developmental approach that sought to integrate growth and equity in the 1990s.

6.2 The Ford Foundation and the Network of Social Sciences in Chile in the 1970s

By 1973, the Ford Foundation was one of the most essential non-governmental U.S. actors operating in Chile.[622] Its efforts were primarily directed towards social sciences with the purpose of fostering pluralism through the lens of modernization theory and a staunch belief in the universal applicability of U.S. technical know-how and the inherent correlation between economic growth and development and freedom. In this perspective, economics was seen as "infrastructural," a value-neutral science that served as the basis for modernization and development.[623] Since 1960, the Ford Foundation's offices in Santiago and Buenos Aires had overseen the development,

[622] Puryear, *Thinking Politics*, 10-32.
[623] Parmar, *Foundations of the American Century*, 213-214.

monitoring, and evaluation of 68 institutional grants and 13 foundation-administered projects, totaling $24,5 million in expenditures in Chile. Among the most significant initiatives funded by the Ford Foundation in Chile was a cooperative agreement between the University of Chile and the University of California, which provided $10 million over ten years to the University of Chile for research in social sciences.[624] From 1960 to 1971, the University of Chile and the Catholic University jointly claimed 58 percent of the total project funds. The Ford Foundation's primary program activities focused on agriculture, education, population studies, science and technology, and social sciences. In this area, the Ford Foundation's efforts concentrated on the development of graduate training and research in economics, sociology, and political science, professional training and research in applied areas such as management, law, economic planning, and urban and regional planning, and the development and application of these social sciences to understand and facilitate solutions to public problems.[625]

By the early 1970s, FLACSO and the Catholic University's Center of National Planning Studies (CEPLAN, Centro de Estudios de Planificación Nacional) emerged as the primary recipients of Ford Foundation funding in social sciences.[626] CEPLAN was an interdisciplinary center created in 1970 as a product of the Catholic University's reform under the rectorship of Christian Democrat Fernando Castillo Velasco.

[624] Quesada, "Between the Eagle and the Condor," 229-235.
[625] Peter Bell to William Carmichael, "Santiago Office Report on Fiscal Year 1971," 13 December 1971, box 1, folder 1, FA721, RAC, Rockefeller Foundation.
[626] In 1971, the Ford Foundation granted $113,440 to FLACSO for its regional programs in sociology and political science. The Ford Foundation was evaluating to assist FLACSO in establishing a doctoral program in social sciences. Along with CEPLAN, other recipients were the Department of Sociology at the Catholic University, ILPES, and CIDU.

CEPLAN's studies focused on planning, public policies, and the institutional aspects of development. In its first phase, CEPLAN emphasized the comparative analysis of socialist systems and their applicability to Chilean society. In 1971, CEPLAN received a grant of $145,000 to evaluate economic policies in Chile over the past decade and to study socialist planning models. Alejandro Foxley, who was nominated as executive director of CEPLAN in 1970, expanded the issues he treated in his doctoral dissertation in this intellectual platform.[627]

In 1971, with the support of the Ford Foundation, CEPLAN published its first book. This publication was the outcome of a seminar organized by the Catholic University to discuss the applicability of other socialist experiences to Chile.[628] Foxley, who remained an intellectual without involving himself in politics during the Popular Unity years, attempted to establish links of academic dialogue between pro and anti-government sectors of an increasingly divided Chilean society. This seminar and book were an example of Foxley's intellectual attitude. Alejandro Foxley contributed to the workshop by examining several economic organization alternatives available to Chile during the transition towards socialism under the Popular Unity government. Foxley

[627] For example, "Opciones de desarrollo bajo condiciones de reducción en la dependencia externa. Un análisis cuantitativo" in *Proceso a la industrialización chilena*, Óscar Muñoz Gomá et al. (Santiago: Ediciones Nueva Universidad/Vicerrectoría de Comunicaciones Universidad Católica de Chile/ CEPLAN, 1972), 176-219.

[628] Alejandro Foxley, ed., *Chile: búsqueda de un nuevo socialismo* (Ediciones Nueva Universidad: Universidad Católica de Chile, Centro de Estudios de Planificación Nacional, 1971). The event brought together several social scientists, many of whom were part of the Popular Unity administration. The discussions covered topics related to the challenges faced during the socialist construction in Chile under the Popular Unity government. These topics included: the relationship between socialism and democracy, the collaboration between Marxists and Christians, the participation of Chilean workers in the construction of socialism and enterprise self-management, including an analysis of the experiences of Poland and Yugoslavia in implementing systems of self-management, the challenges of economic development, decentralization, and state planning in the establishment of a national economic organization.

critically analyzed the traditional socialist model exemplified by the USSR, highlighting its rigid political system's failure to provide democratic channels for worker participation in power and decision-making. He also pointed out the high complexity of the Soviet's economic structure, which made it extremely difficult to manage, and the inefficiency of its planning system and mechanisms for economic decision-making. Foxley examined socialist models such as Yugoslavia's that aimed to decentralize the economy and empower the working class. He concluded that the most efficient model would be a decentralized economy with space for direct worker management of industries. To reach this conclusion, Foxley made three key arguments. First, he emphasized that Chile's economic structure differed significantly from that of European socialist countries at the start of their transformation processes. Second, he noted that the Chilean economy was at least as complex and likely more diversified than most socialist countries. Last, Foxley argued that considering these factors, it would be more advantageous for Chile to follow the path of decentralized economic organization, similar to what socialist countries were doing in the early 1970s. For Foxley, the best alternative for socialism in Chile, given its level of economic and political development, would involve a combination of more centralization in the design of global policies and macroeconomic decisions, increased participation of workers in the decision-making and management processes within industries, and greater decentralization in production management and investment allocation.[629]

During the Allende years, while the Nixon administration and private foreign investors withdrew from Chile amidst widespread uncertainty and tension, the Ford

[629] Ibid., 138-169.

Foundation did not turn away from Chile. A challenging atmosphere, characterized by political polarization, surrounded the Santiago office's work since the beginning of the Allende administration.[630] Lovell Jarvis, advisor in economics for the Ford Foundation office in Chile, recalls that Ford Foundation officials deliberately tried to avoid contact with U.S. embassy personnel.[631] Despite the burdens created by the polarized ambiance in Chile, an observer from the Ford Foundation considered that universities retained their pluralism and autonomy during the Allende administration's first year in office. Additionally, the socialist government maintained or moderately enlarged the budgets of the University of Chile and the Catholic University. Amidst the political turmoil, Peter Bell, a Ford Foundation officer in Santiago, preferred adopting "optimistic" assumptions regarding the Popular Unity program's efforts to build socialism and the continuity of legal and political processes.[632] The Ford Foundation continued its operations "normally," prioritizing professional and scientific standards to uphold its institutional autonomy and integrity among a community of professionals and scientists across ideological and partisan divides with which they had maintained relations for long.[633] In economics, Ricardo Lagos, and Alejandro Foxley were among them.

The military coup d'etat in 1973 reshaped the priorities of the Ford Foundation in Chile, leading to a focus on protecting the intellectual assets developed over the

[630] Quesada, "Between the Eagle and the Condor," 237.
[631] Lovell Jarvis, interview by author, September 14, 2023.
[632] Peter Bell to William Carmichael, "Santiago Office Report on Fiscal Year 1971," 13 December 1971, FA 721.
[633] Ford Foundation personnel in Santiago in the 1970s was Peter Bell, Representative, Peter Hakim, Assistant Representative, Nita Manitzas, Advisor in Social Sciences, Gerry Dean, Advisor in Agricultural Economics, Lovell Jarvis, Advisor in Economics, Richard Fagan, Advisor in Political Science, Gary Horlick, law studies, and Tom McCarthy, population studies. Lovell Jarvis, interview by author, September 14, 2023.

previous decade, embracing a more locally driven style of development, and preserving the existing knowledge network.[634] Universities and the pluralistic academic model built before 1973 were in crisis. At the University of Chile, leftist professors and students were expelled and entire social sciences departments shut down. The Department of Political Economy was dismantled. Its dean, Roberto Pizarro, was forced to flee the country. Of the 1,800 students in the department, only 200 were reassigned, while many academics faced persecution or sought asylum in foreign embassies.[635] Following the restructuring of Chilean universities in 1973, the authorities of the economics departments, including those at the University of Chile, became loyal to the military regime and were increasingly dominated by the emerging neoliberal ideology.

The Ford Foundation, although officially maintaining its "apolitical" position, informally helped academics persecuted by the Pinochet regime to relocate abroad. The breakdown of democracy severely disrupted organized intellectual life in Chile. Memorandums from Ford Foundation officials revealed how discouraged they were by the situation in Santiago, including concerns for their security. There were serious discussions about the possibility of closing the Santiago office. However, individuals such as Ricardo Lagos, Alejandro Foxley, and other intellectuals, including Domingo Santa María, Edgardo Boeninger, Luis Ramallo, and Fernando Castillo Velasco, strongly urged the Foundation to remain in Chile and do whatever possible to help preserve some semblance of intellectual life in Chile. They emphasized that the Ford

[634] Parmar, *Foundations of the American Century*, 214-215.
[635] Enrique Oteiza, "Newsletter CLACSO," 20 March 1974, Virtual Vault, RAC, Rockefeller Foundation. Carlos Massad and Sergio Molina lost their economic professorships at the University of Chile. Vial, Ogaz, and Carrasco, *Una trascendental experiencia académica*, 249.

Foundation's withdrawal could have severe financial and moral damage to the Chilean academic community. Ricardo Lagos and Alejandro Foxley hoped to protect minimal academic conditions such as freedom to obtain literature and materials, read, write, and teach, and freedom to research and publish.[636]

In this adverse scenario, Alejandro Foxley emerged as an intellectual leader, mediating between intellectuals opposed to the Pinochet regime and the Ford Foundation. The coup d'état was one of the most profound shocks of his life.[637] Soon after the democratic rupture, Foxley began envisioning the goals that center-left social scientists would pursue in the following decades: the integration of economic and political efficiency as prerequisites for an effective long-term redistributive strategy.[638] In 1974, following the publication of the volume *Income Distribution in Latin America*, he had the opportunity of developing this view with remarkable intellectual freedom, criticizing the limitations of traditional economic theories (neoclassical, post-Keynesian, and Marxist) in understanding income distribution mechanisms in Latin America. According to Foxley, these theories failed to account for the "lack of homogeneity" in the economic, social, and political structures within and between countries in the region. He aimed to broaden the analytical framework of the general theories, which typically focused on two factors (capital and labor), two sectors (investment goods and consumer goods), and two social classes (exploiters and exploited). In this book, Foxley presented three critical arguments for setting aside

[636] Richard Dye to William Carmichael, 11 October 1973, box 1, folder 3, FA 721, RAC, Rockefeller Foundation.
[637] Stipicic and Barría, *La segunda transición*, 37-38.
[638] Alejandro Foxley, "Distribución del ingreso y agentes sociales del proceso de desarrollo en Chile: un análisis para la década del 70," in *Los actores de la realidad chilena*, ed. Ramón Downey (Santiago: Editorial del Pacífico/ Instituto de Estudios Políticos, 1974), 9-31.

these general theories in forming a redistributive strategy. First, he argued that these grand theories overlooked fundamental characteristics of developing economies, such as their historical productive structures and the identification of social groups based on their positions within these structures and other categories, such as occupational category, income level, and degree of organization. Second, Foxley argued that general theories dealt with the functional distribution of income rather than the personal distribution of income.[639] In contrast to the functional income distribution, the latter allowed the differentiation of the earnings of less known sectors, such as self-employed workers and the managerial class, part of the poorest and wealthiest groups of the population, respectively. Last, Foxley's perspective viewed the state not only as an entity that altered the primary distribution of income *ex-post*, as general theories did, but also as an agent capable of modifying distribution *ex-ante* through changes in property structures, appropriation of the means of production, and investment programs aimed at reorienting the use of economic surplus.[640]

Two years into the Pinochet dictatorship, the group of Christian Democratic economists led by Foxley at CEPLAN faced a loss of financial and academic support from the Department of Economics at the Catholic University. As a result of overt harassment and political constraints, including a terrible episode a few months after the coup d'etat in which military personnel shot at Foxley's feet to make him dance,

[639] Functional income distribution distinguishes between the shares of types of income used for different spending purposes, whereas personal income distribution measures the inequality of a specific type of income. Functional income distribution indicates the amount of labor income there is to share, while personal income distribution reveals how equally labor income is distributed among individuals.
[640] Alejandro Foxley, ed., *Income Distribution in Latin America* (Cambridge, London, New York, Melbourne: Cambridge University Press, 1974), 2-7, esp. 6.

center-left economists were forced out of the university in 1976.[641] In this hostile environment, Foxley, along with a group of high-caliber economists, most of whom had graduated or would graduate at U.S. universities, including Ricardo Ffrench-Davis, José Pablo Arellano, René Cortazar, Oscar Muñoz, Eduardo Aninat, as well as sociologist Dagmar Raczynski, established CIEPLAN with support from the Ford Foundation. The CIEPLAN members were deeply convinced that traditional development ideas had become outdated and that the outcomes of public policies were unsatisfactory. The democratic crisis in Chile prompted them to revisit the diagnosis of how Latin American societies functioned and how their economies operated, as well as to explore possible alternatives to solve the chronic economic problems in the region.[642]

6.3 The Chilean Birth of Neostructuralism: CIEPLAN's Economic Critiques of the Pinochet Dictatorship (1976-1982)

The genesis of the growth with equity policies implemented in Chile during the 1990s can be traced back to the establishment of CIEPLAN in 1976, the institution that succeeded CEPLAN. Alejandro Foxley, Oscar Muñoz, and Ricardo Ffrench-Davis, all doctors from prestigious U.S. universities (Wisconsin-Madison, Yale, and Chicago, respectively) who had served in technical roles during the Frei Montalva administration and as researchers at CEPLAN during the Popular Unity years, chose to remain at the

[641] Vial, Ogaz, and Carrasco, *Una trascendental experiencia académica*, 248-254. Lovell Jarvis, interview by author, September 14, 2023.
[642] "Lineamientos centrales del programa de Investigación de CIEPLAN. Documento preparado para Reunión del Consejo Asesor de la Corporación," November 1976, box 9, folder 3, Albert O. Hirschman Papers, Mudd Library, Princeton University.

Catholic University of Chile following the coup d'etat. Initially, they could conduct their research during the first years of the Pinochet dictatorship, although in a substantially different political climate. As time passed, this group of center-left economists confronted financial difficulties, especially after the economics department at the Catholic University aligned itself more closely with the economic policies of the Pinochet regime. Ricardo Ffrench-Davis recounts when CEPLAN staff, faced with a 20% budget cut, were given the ultimatum, "You will see how you distribute the budget. Who you fire."[643] Within the hostile environment imposed by the Pinochet dictatorship, these economists led by Foxley managed to establish CIEPLAN with support from the Ford Foundation and the Ebert Foundation of Germany.

CIEPLAN represented the institutionalization of center-left economists outside the government and universities in Chile. Comprised of high-quality economists specialized in financial and macroeconomic matters, CIEPLAN became part of a broader network of regional think tanks devoted to research in social sciences, a network that Latin American intellectuals established in response to the authoritarian, laissez-faire military regimes that governed the Southern Cone between 1964 and 1990. CIEPLAN emerged from and maintained strong connections with international scholars and institutions, which helped its staff develop a programmatic orientation and solidify its position within the social sciences network in Latin America and the United States. International scholars such as Albert Hirschman from the Institute for Advanced Study at Princeton University, Richard Eckaus from MIT, Albert Fishlow from the University of California, Berkeley, Uruguayan Enrique Iglesias, ECLA Executive

[643] Ricardo Ffrench-Davis, interview by author, March 4, 2023.

Secretary, Victor Tokman, Director of the Regional Employment Program for Latin America and the Caribbean (PREALC, Programa Regional del Empleo para America Latina y el Caribe), Fernando Henrique Cardoso from the Brazilian Center of Analysis and Planning (CEBRAP, Centro Brasileiro de Análise e Planejamento), Guillermo O'Donnell, Director of the Center of Studies on State and Society (CEDES, Centro de Estudios de Estado y Sociedad) in Argentina, and Rodrigo Botero, founder of FEDESARROLLO and Colombia's Minister of Finance between 1974 and 1976, comprised CIEPLAN's first advisory board.[644]

During its initial years, CIEPLAN's finances were precarious. CIEPLAN relied on non-regular "soft money" from foreign sources. Between 1976 and 1980, CIEPLAN received three grants from the Ford Foundation. Additionally, the United Nations Development Program (UNDP) funded studies on employment and poverty through PREALC for $240,000. The Ebert Foundation, the Swedish Development Research Center (SAREC), the Canadian International Development Research Centre (IDRC), the Rockefeller Foundation, the Social Science Research Council (SSRC), the Latin American Council on Social Sciences (CLACSO), the Ford Foundation's International Economic Order Competition, and CELADE through PISPAL provided smaller grants in the range of $10,000 to $30,000. In a report for the Ford Foundation, Shane Hunt, an expert in Peruvian economic problems affiliated with the Department of Economics and the Center for Latin American Development Studies at Boston University, underscored CIEPLAN staff members' economic dedication to their cause despite these financial difficulties. Hunt noted that CIEPLAN's salary levels were 50% below

[644] Ibid.

equivalent skill levels in the private sector and 10-20% below university salary levels. With evident admiration for CIEPLAN staff's efforts amidst the Pinochet dictatorship, Hunt stated that "while this does not represent the economic disaster visited upon the middle classes of Peru during the last years of the military government, it nevertheless indicates that CIEPLAN staff members have had to pay a significant price for the academic independence they have enjoyed."[645]

For Hunt, CIEPLAN's high-quality economists were both "inheritors of structuralism" in the Latin American context and part of the "worldwide intellectual community which represents the inheritance of Keynesianism and progressive liberalism" in the North Atlantic context.[646] Alejandro Foxley and the CIEPLAN staff worked tirelessly to establish this scholarly prestige and receive support from the international community. The continued support from the Ford Foundation attests to these efforts. By the late 1970s, Foxley aimed to secure a substantial endowment of $75,000 from the Ford Foundation, similar to that of CEBRAP in Brazil. CIEPLAN needed a reliable and predictable source of funds to further its activities as a non-profit private organization. For the Ford Foundation to meet Foxley's request, it was crucial to assess CIEPLAN's importance within the Latin American scene compared to other institutions the foundation supported in the region. During this period, the Ford Foundation prioritized maintaining high-quality, critical debate within the constrained environment of many Latin American countries under authoritarian rule. Foxley aimed for CIEPLAN to fulfill this role while also engaging the Ford Foundation in a

[645] Shane Hunt, "Report to the Ford Foundation on CIEPLAN," November 1980, reel 6448, FA 732B, p. 21, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[646] Ibid.

substantial, innovative, and long-term institution-building project.[647] Foxley's efforts bore fruit in 1987 when CIEPLAN and the Ford Foundation reached an agreement on a $600,000 grant to fund CIEPLAN's educational programs through a capital fund.[648]

The scholarly tone and reputation of CIEPLAN staff, which led Silva to appropriately refer to them as "monks," were crucial for disseminating economic ideas of the opposition through working papers and academic symposia, especially when the legitimacy of economists as experts was becoming popular. It was the only authorized way of spreading dissident ideas for many years in Pinochet's Chile.[649] CIEPLAN's journal, *Colección de Estudios CIEPLAN*, first published in July 1979, received widespread attention in Chile despite its small press run of 1,500 copies and reduced volume of sales.[650] In addition to the journal, CIEPLAN staff actively contributed their ideas to news magazines and weekly reviews such as *Mensaje* and *Hoy*, two opposition journals linked to the Catholic Church that the Pinochet dictatorship reluctantly permitted to publish. Over time, CIEPLAN-organized academic symposia evolved into seminars and business luncheons to establish connections with business and working-class members, many of whom were associated with the Catholic Church and the Christian Democratic Party. These events served as platforms to engage in dialogue on relevant social policy questions, including instances where, for example, 300 hundred people interested in economic matters gathered to discuss economic issues with the

[647] Jeffrey Puryear to Richard Dye, "Projected Support for CIEPLAN," 9 January 1978, reel 4269, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[648] Memorandum of Understanding. Establishment of a Capital Fund for the Corporation of Latin American Research (CIEPLAN), reel 6448, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[649] Silva, "Technocrats and Politics in Chile," 217-220.
[650] Hunt, "Report to the Ford Foundation on CIEPLAN," November 1980.

Archbishop of Santiago, Raúl Silva Henríquez, one of the principal opponents of Augusto Pinochet during the first years of the military rule.[651]

Within a few years, CIEPLAN earned recognition as one of Latin America's best economic research institutions, a view shared by Ford Foundation officials.[652] Despite the initial political and financial limitations, under Alejandro Foxley's leadership, the economic think tank emerged with a noteworthy influence in monitoring economic policies within the strict confines imposed by the Pinochet dictatorship. Silva aptly argues that CIEPLAN's staff became the technocratic opposition to Pinochet's neoliberal technocrats within the depoliticized arena the military regime wanted. Pinochet's economists argued that "the theme of economic policy can only be treated by specialists."[653] In sustaining this view, Pinochet's economists defined the economic role of the state by overlooking workers' participation in policy formulations and neglecting input from small business associations and corporations. Center-left economists defended the state's traditional economic role against this extreme rationality. As Foxley noted in a column, Pinochet's ideological economists dismissed public enterprises, which had been historically vital formation crucibles of entrepreneurs, technicians, and skilled workers that benefited the private sector, as "inevitably inefficient" even though they were as efficient as private enterprises when well managed.[654]

In response to the challenge posed by Pinochet economists and the inherently exclusionary nature of their economic policies, the scholars at CIEPLAN devoted

[651] Ricardo Ffrench-Davis, interview by author, March 4, 2023.
[652] Lovell Jarvis, interview by author, September 14, 2023.
[653] Quoted in Silva, "Technocrats and Politics in Chile," in Drake, *Money Doctors*, 219.
[654] Alejandro Foxley, "Los mitos y las empresas públicas," *Revista Hoy* 21, October 19-25, 1977, 25.

themselves religiously to elaborating rigorous technical studies to contest Pinochet economists' idea that they were the sole possessors of economic truth. In this context, Foxley pointed out that while technocratic knowledge was undoubtedly crucial, it could not be adequately understood if isolated from the insights and contributions of workers, producers, and social organizations. He argued that only through a more equitable distribution of the benefits of the free-market economy could technocrats correct the tendency of Pinochet's economic model to concentrate power in the hands of a select group of business elites. Contrary to the beliefs of Pinochet's economists, Foxley asserted that this drive for equity would not arise from the market but would require the intervention of democratic institutions.[655] But democracy seemed like a distant goal in the late 1970s.

Under Pinochet's authoritarian rule, the Chilean state systematically reduced its social expenditure on essential services such as education, health, housing, and pensions. By 1977, it had become increasingly evident that growing unemployment, low incomes, and worsening living conditions were the social costs of the Pinochet regime's economic policies.[656] People experiencing poverty and impoverished middle-class segments could not afford their most basic needs. Foxley argued that Pinochet's abandonment of the middle class, a heterogeneous mixture of professionals, small producers, businesspeople, white-collar workers, and skilled laborers, marked a departure from the past. Traditionally, the Chilean middle class had been the primary contributors to most state welfare programs through taxes and retirement funds, but

[655] Alejandro Foxley, "¿Modelo excluyente o participativo?, *Revista Hoy* 15, September 7-13, 1977, 25.
[656] Alejandro Foxley, "Los gastos sociales y la política económica," *Revista Hoy 9*, July 27-August 2, 1977, 27.

with the military regime's distribution of resources, they received fewer benefits than they financed.[657] CIEPLAN economists reasonably pointed out that the weakening of the middle class, alongside the increasing poverty, within the context of the Pinochet regime's push for global economic interdependence and market liberalization, posed a long-term challenge to Chilean national identity as, traditionally, the state was a source of this identity and the middle-class its principal agent since the 1920s.

To address the issue of the Pinochet regime's exclusionary development and its anti-state ideas, CIEPLAN staff argued that only a development approach integrating economic, social, and cultural factors could effectively incorporate the majority of Chileans and prevent the dissolution of the national into the global and foreign brought about by the sumptuous consumption of increasingly wealthier Chilean elites.[658] As a response to the approach of neoliberals to the economy, CIEPLAN's research focused on broader issues of economic policy, empirical studies related to Latin America, and studies of Chilean economic history within the framework of the Latin American structuralist tradition.[659] The underlying goal of this research was to creatively rethink the orientation of economic science and assess what type of development would be desirable and feasible for Chile. In identifying several knowledge gaps in the quest for more adequate development strategies and economic policy designs to achieve national autonomy, CIEPLAN staff began to question the intellectual dependency of economics in less affluent countries.[660] Like Aníbal Pinto's critiques in the 1950s, Foxley criticized how Latin Americans imitated foreign ideas without creativity or originality

[657] Alejandro Foxley, "La clase media," *Revista Hoy* 29, December 14-20, 1977, 28.
[658] Ricardo Ffrench-Davis, "En busca de una identidad," *Revista Hoy* 53, May 31-June 6 1978, 28.
[659] Oscar Muñoz Gomá, "¿Economía sin historia?, *Revista Hoy* 47, April 19-25, 1978, 31.
[660] "Un nuevo orden económico," *Revista Hoy* 51, May 17-23, 1978, 26-27.

in their reflections. Foxley went further, underlining how the disproportionate adoption of foreign lifestyles by Chilean elites, characterized by an excessive opulence reliant on imports more suitable for wealthier countries, reflected the gaps between rich and poor exaggerated by the Pinochet version of Chilean affluent society.[661]

As a response to Pinochet's regime's heavy emphasis on foreign trade and investment and its prioritization of transnational corporation power, CIEPLAN staff identified three main areas of research interest: employment and poverty, the military regime's economic policy and institutional aspects, and international economics and the foreign sector —particularly the multilateral and global features of the NIEO and domestic policies of developing countries, topics that were supported by the Ford Foundation.[662] Their interdisciplinary approach set CIEPLAN economists apart from Pinochet's economists, who were less inclined to consider insights from other social sciences. CIEPLAN staff and collaborators included political scientists and sociologists who produced research on family, poverty, education, and other social problems beyond pure economic tools and methods.[663]

CIEPLAN's most crucial research category comprised studies on the economic model implemented by the Pinochet dictatorship. From 1975 on, after the rise of

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[661] Alejandro Foxley, "Ideas ajenas o creatividad nacional," *Revista Hoy* 44, March 29-7 April 7, 1978, 27.

[662] CIEPLAN to Richard Dye and William Carmichael, "Some Suggestions on Research Issues about Developing Countries in the New International Economic Order and Forms of Fostering Research," April 1977, reel 3477, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation; "Research in International Economics in Latin America: A Proposal," June 1978, and "Strengthening Participation of Developing Countries in international Economic Affairs," reel L-432, L78-315, FA 734, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.

[663] For example, an indispensable contribution from CIEPLAN was Dagmar Raczynski and Claudia Serrano's book *Vivir la pobreza*, which proved that the quality of life of Chilean families depended primarily on the domestic labor of women and the social relations they were able to form in their neighborhoods, with the help of the state or the Church. Dagmar Raczynski and Claudia Serrano, *Vivir la pobreza. Testimonios de mujeres* (Santiago: PISPAL-CIEPLAN, 1986).

Chicago-trained economists to a significant influence in the military regime's economic policy design, Chile became one of the most extreme examples of liberalization and deregulation trends that characterized both the Western world and parts of the Third World in the late 1970s and 1980s.[664] Under the intellectual and human leadership of Alejandro Foxley, CIEPLAN staff documented the policy announcements and events of the Pinochet dictatorship. This material supported more analytical studies on political economy and poverty during the 1980s. The intellectual labor of CIEPLAN was vital as they functioned as a "watchdog," observing and preventing the government from concealing or misrepresenting unfavorable information about its economic performance. For instance, in September 1977, a study that focused on the consumer price index and the structure of consumption by René Cortazar, soon-to-be a Doctor in Economics from MIT, revealed that the official government calculations had underestimated the consumer price index for the last quarter of 1973 during the first three months of the military regime in power. As a result, official government figures regarding salaries were inexact.[665] While government statements claimed that real wages had reached an index rate of 105.8 in January 1976 based on an inflation level of 508% in 1973, CIEPLAN figures, based on

[664] In April 1975, with the backdrop of an international recession triggered by the 1973 oil crisis, which decreased copper prices and increased oil import costs, the Minister of Finance Jorge Cauas implemented shock policies to tackle rising inflation and address Chile's worsening balance of payments deficit. Cauas' financial stabilization program introduced drastic austerity measures, including a 27% reduction in government expenditures in real terms, a halving of public investment, significant cuts to state personnel, and service reductions. These shock policies substantially reduced the credit growth rate to the public sector, and the real money supply was slashed to one-third of its previous level by the end of 1975.

[665] René Cortazar, "Precios y Remuneraciones," in *Modelo económico chileno. Trayectoria de una crítica*, José Pablo Arellano et al. (Santiago: Editorial Aconcagua, 1982), 290-292. *Modelo económico chileno* is a compilation of contributions from Foxley and CIEPLAN economists in different magazines and journals such as *Hoy*, *Analisis, Mensaje, Ercilla, Que Pasa, El Mercurio, and Estudios CIEPLAN* between 1975 and 1981.

an inflation rate of 794% for 1973, showed that the real wage rate was actually below its January 1970 level (equivalent to 100), reaching only 66 in January 1976. Government authorities had considerably exaggerated real wages for white and blue-collar workers. Jeffrey Puryear, a Ford Foundation representative in the Southern Cone, acknowledged how even those sympathetic to the military regime called for the government to rectify its error. Puryear saw even modest actions like this one as demonstrations of the "potential of social sciences over time to affect conventional wisdom on important public issues."[666]

Alejandro Foxley became one of the most intelligent commentators on the military regime's economic stabilization measures and transition towards a free-market economy in the late 1970s. Between 1976 and 1980, the military government showed positive results in macroeconomic indicators. The military regime curbed inflation, international reserves increased to address Chile's balance of payments, and economic output recovered to levels of 1970. Yet, Foxley and others noted the adverse effects accompanying the Pinochet dictatorship's adjustment policies: heightened unemployment, a surge in informal labor, a regressive distribution of income and household expenditures, low investment levels, and an escalating external debt burden. Foxley denounced the changes implemented by the Pinochet dictatorship as "a new form of structuralism" with no less revolutionary reach and vigor than the transformations attempted by the Popular Unity government. Foxley perceived that the Chicago School-inspired monetarist stabilization plan implemented by the Pinochet

[666] Jeffrey M. Puryear to James Himes, 13 December 1977, reel 4269, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.

dictatorship between 1974 and 1979 had long-term objectives, which prevailed whenever there was a trade-off between them and short-term adjustment policies. The tools favored by Pinochet economists differed from those structuralist economists preferred. Privatization, opening the economy to world markets, and massive transfers of resources to specific industries and finance sectors led to the emergence and consolidation of new domestic and transnational powerful economic groups with economic and political influence. The military regime imbued the Chilean economy with greater openness, specialization, and domestic production efficiency. These changes also rendered the Chilean economy more vulnerable to the changes in the global economic arena and external shocks and fluctuations.[667]

In Foxley's view, the epitome of the Pinochet regime's economic policies post-1973 materialized in the Minimum Employment Program (PEM, Plan de Empleo Mínimo), a program introduced in 1975. This state-administered make-work program aimed to relieve unemployed people in dire conditions of poverty, providing them with petty jobs such as sidewalk and public square maintenance. Yet PEM's scope extended to encompass a broader range of labor, from construction and repair of affordable housing to infrastructure projects such as power line installation, road construction, and bridge maintenance. PEM workers also undertook tasks involving water sanitation for agriculture, small-scale mining, forestation and deforestation, childcare support, and municipal services. Initially tailored for unemployed male breadwinners, the program gradually expanded to incorporate women and young adults seeking their first

[667] Alejandro Foxley, *Towards a Free Market Economy, Chile: 1974-1979* (Santiago: CIEPLAN, 1980), 7.

employment. PEM workers received a remuneration ranging from slightly below the minimum wage to half of that standard, bereft of even the minimal rights afforded to formal employees. The economic situation of the marginalized workforce of PEM did not differ substantially from that of the unemployed.[668] For Foxley, driving down labor costs to incentivize job creation represented an improper approach to combat unemployment. Instead, Foxley advocated state-driven macroeconomic policies such as increased social expenditure directed towards investment, housing, and public infrastructure.[669]

In contrast to Pinochet's economists' hostile ideological criticism of the pre-1973 welfare state, under Alejandro Foxley's leadership, CIEPLAN researchers analyzed the Chilean state's strengths and shortcomings through historical lenses. While acknowledging that traditional development patterns had not necessarily improved the standard of living for people with low incomes, they discovered that by the 1960s, state social expenditure had a non-linear and imperfect redistributive effect.[670] The Agrarian Reform (1965-1973) and the Popular Unity's Social Area of Property (1970-1973) were radicalizations of a redistributive principle seeking the reduction of inequality through the expropriation of property but ultimately failed to transfer wealth from the rich to peasants and workers of socialized enterprises.[671]

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[668] Jaime Ruiz-Tagle and Roberto Urmeneta, *Los trabajadores del Programa del Empleo Mínimo* (Santiago: Programa de Economía del Trabajo Academia de Humanismo Cristiano, Programa de Investigaciones Sociales sobre Población en América Latina, 1984); Eduardo Morales, *Políticas de empleo y contexto político: el PEM y el POJH* (Santiago: Programa de la Facultad Latinoamericana de Ciencias Sociales, 1984).
[669] Alejandro Foxley, "El desempleo y los trabajadores," *Revista Hoy* 58, July 5-11, 1978, 29.
[670] Alejandro Foxley, Eduardo Aninat, and José Pablo Arellano, *Las desigualdades económicas y la acción del estado* (Mexico D.F: Fondo de Cultura Económica, 1980), 9-33.
[671] Ibid., 261-267, esp. 262.

In 1979, the Pinochet dictatorship implemented structural changes in the Chilean economy, known as the "seven modernizations," a monumental reorientation of social policies that Sebastián Edwards identifies with the birth of the neoliberal regime in Chile. These policies, aimed to expand market relations in society and pave the way for a new constitution, encompassed seven areas: labor policy, education, healthcare, social security, administrative organization of the country, agriculture (especially water rights), and justice.[672] According to Alejandro Foxley, the "neoconservative" rationality underpinning these changes viewed economics as a science based on the assumption of individual rationality. Foxley explained that "individual rationality" meant that:

> Every individual seeks to maximize their satisfaction (preferences), and the market is shown to be the most efficient instrument to achieve this objective. The market solution is optimal for everybody concerned. On the other hand, preferences, as expressed through the market, are independent of any form of coercion, particularly the one arising from political institutions. Neoconservatives believe political institutions to be used by individuals to obtain gains from others through some form of coercion. Only the market is free from the contaminating force of politics. This is why they see the free market as the foundation on which all individual freedoms are based.[673]

In the wake of the conservative counterrevolution in the United States during the 1980s, Chile's model of capitalism without liberty began to be acclaimed as a paradigm in sound economic management. Chile emerged as a showcase of the victory

[672] Edwards, *The Chile Project*, 125-128.
[673] Alejandro Foxley, *Latin American Experiments in Neoconservative Economics* (Berkeley, Los Angeles, London: University of California Press, 1983), 99-100. Also, Pilar Vergara, "Changes in the Economic Functions of the Chilean State under the Military Regime," in J.S.Valenzuela and A.Valenzuela, *Military Rule in Chile*, 85-116. It is important to note that what Foxley referred to as "neoconservative" in the Latin American context is commonly understood as "neoliberal." In Latin America, liberalism primarily refers to economic ideas.

of laissez-faire over pump-priming policies. In other words, as a Ford Foundation officer put it, "growth considerations were in and equity considerations were out."[674] The import substitution model was intrinsically flawed for Pinochet economists, but their dismissal of it as a system was predicated on a gross oversimplification of the history of the Chilean state's economic role, as center-left economists would counter argue. In addition, Pinochet economists strongly criticized state intervention in the market, particularly family wage policies, governmental price controls, and the social security system.[675] Pinochet economists placed great emphasis on rational theory and how economic incentives shape people's behavior and optimal resource allocation.[676] Allocative efficiency became an unquestionable principle. Another prominent feature of this economic project was the targeted allocation of resources to directly benefit the extreme poor, prioritizing poverty reduction over addressing income disparities between the rich and the poor in the trade-off between income distribution and poverty.[677] Furthermore, the intellectual landscape witnessed a notable shift from Keynesianism to neoliberalism, with the latter ascending as the new mainstream economic doctrine: retrenchment of the state, strong preference for market solutions, and the predominance of the quantitative theory of money.

However, amidst these shifts, economists such as Foxley, Lagos, and those rooted in the historically informed rationality of structuralism bravely highlighted the

[674] Hunt, "Report to the Ford Foundation on CIEPLAN," November 1980, Ford Foundation records.
[675] Sergio de Castro, foreword to *"El Ladrillo." Bases de la política económica del gobierno militar chileno* (Santiago: Centro de Estudios Públicos, 1992), 37-38, *141*-143; 149-150.
[676] Juan Andrés Fontaine, "Transición económica y política en Chile (1970-1990)," *Estudios Públicos* 50 (Fall 1993): 229-279.
[677] Rolf Lüders, interview by author, June 3, 2020.

Chilean model's shortcomings to both national and international audiences.[678] Under the Pinochet dictatorship, the Chilean economy experienced a pronounced stratification that exacerbated the gap in living standards between the affluent and the rest of society. The Chilean model's intrinsic contradiction between economic freedom and political authoritarianism defined much of the rest of the decade. Economists such as Foxley and Lagos navigated these years by acknowledging Pinochet economists' objective of revitalizing the economy. They also underscored that the military regime's neglect of equity issues was a historical error and verged on immorality.

6.4 The Possibility of Neostructuralism I: Economic Crisis (1982-1983)

By the early 1980s, center-left economists were engaged in reevaluating the structural frameworks of economic development in Latin America. They did so in response to prevailing monetarist and neoliberal perspectives advocating for pure market-driven development. These economists sought to derive policy implications for the appropriate linkages that countries in Latin America should establish with the world economy and the necessary adjustments needed in their economies due to the accumulated debt growth of the previous decade. During the 1960s, Latin American countries' debt stemmed from public assistance received through programs of the

[678] During the 1980s, CIEPLAN staff, particularly Alejandro Foxley, cultivated a robust relationship with the University of Notre Dame. In 1982, Foxley co-founded the Helen Kellogg Institute for International Studies in 1982 with political scientist Guillermo O'Donnell and economist Ernest Bartell. Given CIEPLAN's economic constraints, the collaboration with the Department of Economics at the University of Notre Dame and the Kellogg Institute, which included CIEPLAN researchers serving as professors, was highly beneficial both financially and morally. "Informe Final, Grant Fundacion Ford-CIEPLAN, January 1, 1983-March 31, 1984," reel 4269, FA 732B, p. 41, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.

Alliance for Progress. By the 1970s, most of the sources of their debt had shifted, with most borrowings coming from private banks. The availability of "apolitical" private money was relatively more straightforward compared to obtaining loans from institutions such as the World Bank and regional development banks.[679] Center-left economists recognized that relying on debt-based development, especially through deregulated free market borrowing, was likely to lead to a financial crisis. They foresaw that such a crisis would deepen Chile's economic vulnerabilities and have significant repercussions for the region in the following decade. Beginning in 1982, the worst scenario unfolded.[680]

In 1982, the Chilean economy plunged into recession. The external shocks associated with the Latin American debt crisis, including the cutoff of bank loans, a sharp increase in international interest rates, and a decline in terms of trade exacerbated by falling copper prices, precipitated a severe economic crisis. In response, the Pinochet regime devalued the Chilean peso and implemented a market-driven "automatic domestic adjustment," which further deepened the crisis. As a result, Chile experienced the largest contraction of GDP among Latin American countries that year, with a 14 percent decline.[681] Alongside the deterioration of macroeconomic indicators due to the debt crisis, unemployment soared, growing to around 1 million people, —30% of the Chilean labor force, including workers of PEM and other make-work programs. Real

[679] Albert Fischlow, "Latin American External Debt: Problem or Solution?" reel 5149, FA 732B, pp. 3-9, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[680] Alejandro Foxley, ed., *Reconstrucción económica para la democracia* (Santiago: Editorial Aconcagua/CIEPLAN, 1983), 15-94.
[681] Ricardo Ffrench-Davis, "Debt and growth in Chile: Trends and prospects," in *Debt and Transfiguration?: Prospects for Latin America's Economic Revival* , ed. David Felix (Armonk, N.Y.: M.E.Sharpe, 1990).

wages plummeted, and investment and per capita income stagnated. The foreign debt rose to $17 million, equivalent to 85% of the value of exports. The recession also saw several small businesses go bankrupt, eroding the support of the middle classes for the capitalist project of the military regime. The decline in living standards was most keenly felt by those already experiencing poverty. The 1982 recession revealed all the misery, social deterioration, and inequality that the Pinochet regime neglected.[682]

Despite the limited space for dissent under the Pinochet regime, economists like Alejandro Foxley and Ricardo Lagos used every opportunity they had to critique the military regime's economic policies well before the onset of the recession. They warned against the neoliberal experiment's severe consequences on the Chilean economy and its people. In particular, CIEPLAN economists criticized how the Pinochet regime's economic model, oriented towards specialization and international trade with incentives for domestic efficiency, increased the Chilean economy's vulnerability. They highlighted how the Pinochet regime's exclusionary capitalist model prioritized reducing labor costs and directing resources toward sectors of the entrepreneurial class aligned with its rule through the privatization of state companies, market liberalization, and inflation control policies.[683] Taking an increasingly political stance, center-left economists denounced the social costs of the Pinochet dictatorship, its triumphalist narrative, and its unwillingness to adapt to the challenges presented by the economic crisis.

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[682] Pamela Constable and Arturo Valenzuela, *A Nation of Enemies. Chile under Pinochet* (New York and London: W.W. Norton & Company, 1991), 232; James Petras and Fernando Leiva, *Democracy and Poverty in Chile: The Limits to Electoral Politics* (Boulder: Westview Press, 1994), 35. For macroeconomic indicators between 1973 and 1990, including GDP growth, growth of domestic expenditure, inflation, and unemployment rates, see the appendix.

[683] Alejandro Foxley, "La historia de fondo," *Revista Hoy* 152, June 18-24, 1980, 26-27.

Both Foxley and Lagos highlighted the inflexibility of Pinochet economists in responding to the crisis. Foxley argued that the significant historical proportions of the 1982 recession were largely self-inflicted by the Pinochet regime's inability to control the rapid growth of private debt. In 1979, the military regime implemented a fixed exchange rate and liberalized the entry of foreign capital, providing an incentive for Chilean banks and companies to accumulate external debt. Chilean banks found themselves with significant liquidity, which they lent to a population eager to consume and invest using the available credit. The fixed exchange rate made imported products cheaper, further fueling this trend. Foxley questioned that the military regime's economic authorities signaled to producers and consumers alike to take on debt without limits, encouraging the establishment of new enterprises and the consumption of more sophisticated products. This influx of artificial liquidity led to a temporary recovery in demand and production, creating a semblance of collective prosperity. However, it was only later that authorities appropriately dimensioned the extent of Chile's external debt, the significant imbalance in the export sector's balance of payments, and the deterioration of financial institutions, some of which went bankrupt.[684]

Ricardo Lagos, who returned to Chile in 1978 as director of the ILO's regional program PREALC and became a member of one of the factions of the Socialist Party, also criticized the orthodox approach adopted by Pinochet's economists in handling the crisis. Lagos questioned Pinochet's economists for repeating the same mistake made by Chilean technocrats during the economic crisis in 1931, following the Great

[684] Alejandro Foxley, "Cinco lecciones de la crisis actual," *Colección de estudios de CIEPLAN* 8 (July 1982): 161-172, esp. 163-164.

Depression. In the 1930s, state technocrats stubbornly adhered to the prevailing scientific truth of the time, which advocated for minimal state intervention and letting the economy adjust automatically.[685] The Pinochet dictatorship's response to the economic crisis reminded Lagos of the era of dictator Carlos Ibáñez del Campo. In 1931, Ibáñez del Campo fell victim to wishful thinking, believing he had the economy under control just weeks before he was forced to abruptly leave power and flee Chile due to the social unrest provoked by the economic crisis. Lagos criticized that the period of authoritarianism was profoundly changing Chile as well. Neoliberal economists inflexibly imposed their ideas, in contrast to the democratic culture before the coup d'etat, when democratic participants openly debated those ideas. Pinochet economists refused to pay attention to voices like Lagos', who warned that orthodox policies could create more problems than they could solve.

Celebratory narratives of the Pinochet regime often commended the economic recovery from 1976 to 1980 as proof that the Chilean model was successful. Lagos played a crucial role in tempering this euphoria from a professional standpoint as one of the few voices from the democratic left able to criticize the military regime's economic policies openly. His condition as an international scholar gave him this opportunity. To do so, Lagos discussed the scientific principles of economics, arguing that economic science is not neutral but rooted in paradigms responding to political projects. Lagos and a cohort of Socialist economists and sociologists, including the dependency theory's intellectual Enzo Faletto, formed a private research center,

[685] Ricardo Lagos, "El precio de la ortodoxia," 1981, box 47, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

VECTOR, to criticize the economic policies of Pinochet's neoliberal project. In many respects, VECTOR echoed the perspectives of CIEPLAN but from a socialist standpoint. In an interview where Lagos predicted that Pinochet's economic model would lead to a greater concentration of economic power, he criticized the military regime's economic authorities for their decision to provoke a recession to address the debt crisis. The Socialist economist articulated a fundamental principle questioning the orthodox management of the Chilean economy by Pinochet's economists during the crisis.

> I don't think I have the truth in economic matters or that someone else has it. Economic problems are too complex for someone to believe they have the truth, and the rest are plumbers. Perhaps my quota of responsibility dwells in that, at some point, I could have acted as if I had the absolute truth. Today, I know that economic matters can be debated with plenty of formulae, but definitively, they all end in political options. And if they are political options, there is no single truth. We have to accept that there are other points of view. And that society must choose between the different ways of seeing economic matters.[686]

The crisis made the Pinochet dictatorship more pragmatic.[687] In addressing the sharp recession, the Pinochet regime intervened in the bankrupt banking system to rescue financially distressed institutions, buying their nonperforming loans and making the banks repurchase them with their profits. This intervention involved the Central Bank acquiring the external debt of the rescued commercial banks through a large increase in domestic debt and, later, through external borrowing.[688] These measures

[686] Ricardo Lagos, "De la crisis va a emerger una economía aún más concentrada," *Revista Cosas*, 17 December 1981.
[687] Silva, "The Political Economy of Chile's Regime Transition," 98-127.
[688] Vitorio Corbo and Stanley Fischer, "Lessons from the Chilean Stabilization and Recovery," in *The Chilean Economy. Policy Lessons and Challenges*, ed. Barry P. Bosworth, Rudiger Dornbusch, and Raul Labán (Washington DC: The Brookings Institution, 1994), 41.

alleviated the crisis and allowed a recovery of the Chilean economy and real wages.[689] Yet, the 1982-83 recession reshaped the dynamics between the Pinochet dictatorship, the still outlawed opposition political parties, and the Chilean people. As the social consequences of the recession deepened, workers, women, and students began to express their discontent through days of national protests against the Pinochet dictatorship, the violation of human rights, the lack of fundamental liberties, the dire economic situation, and Pinochet's continued hold on power.[690] Representatives such as Ricardo Lagos, among others, gave political voice to these demands as part of the Socialists participating in the Democratic Alliance. This coalition, consisting of Christian Democrats, Radicals, Socialists, and other groups, sought a "provisional" government to replace Pinochet, but their attempts to negotiate with the military regime a succession for the dictator and the establishment of a mixed economy were unsuccessful, despite the effervescence of the period.[691] Although the opposition achieved some significant victories, securing more freedom of press, the ability of political parties to operate, and the restoration of elections for professional and student associations in 1984, Pinochet reinstated a state of siege to quell the people's mobilization.[692]

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[689] However, the economy and workers' real wages did not fully recover to their pre-crisis levels until 1989.

[690] To understand this unipersonal rule, Arturo Valenzuela, "The Military in Power: The Consolidation of One-Man Rule," in Drake and Jaksić, *The Struggle for Democracy in Chile*, 21-72.

[691] "Acta Nº1. Acuerdos para la transición: dimensión económica,"; "Síntesis reunión miércoles 6 de julio 1983, sobre estrategia económica de transición,"; Alianza Democrática, "Bases del Diálogo para un gran acuerdo nacional," box 22, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation; Ricardo Lagos, "Gobierno provisional es el tema a debatir," *Apsi* 140, April 3-9, 1984, 10-11.

[692] Genaro Arriagada, *Por la razón o la fuerza: Chile bajo Pinochet* (Santiago: Editorial Sudamericana, 1998), 191-192. Some of these victories included the lifting of the ban on books in June 1983, the emergence or reemergence of political periodicals and journals such as *Apsi* (1983), *Análisis* (1975), *Cauce* (1983), and *Fortín Mapocho* (1984).

6.5 The Possibility of Neostructuralism II: Intellectual Struggle (1984-1988)

Following the failure of attempts to weaken the Pinochet regime, center-left economists in Chile began sowing the seeds of neostructuralist ideas. Particularly, they focused on rethinking the role of the state in the economy. Where structuralism aimed for structural reforms through controlling capital accumulation, developing key industries, and protecting the economy from external fluctuations, and where neoliberalism viewed the state primarily as a guarantor of minimal market conditions such as order, protection of private property, contract enforcement, data collection, and a limited safety net, neostructuralist economists saw the state as a tool for generating social and political consensus, increasing the competitiveness of exports though public-private partnership, facilitating the upgrading and adaptability of workers, and producing social cohesion. In contrast to structuralist thought, where the state was the key agent of development, neostructuralists believed development would arise from technical changes resulting from dynamic insertion into the global economy. In this view, the state could deliberately promote competitive exports and facilitate their entrance into the global economic flow.[693]

How did Lagos and Foxley come to these views in the context given by the Pinochet dictatorship? Essentially, they formulated their response to mitigate the social costs resulting from the military regime's prioritization of Chile's massive debt repayment and "trickle down" strategy without compensating the less affluent. By the

[693] For these definitions, see Fernando Ignacio Leiva, "Toward a Critique of Latin American Neostructuralism," *Latin American Politics and Society* 50, no. 4 (Winter 2008): 4.

late 1970s, Ricardo Lagos had underscored the need for a new approach that prioritized meeting the basic needs of the majority.[694] As a Socialist, Lagos envisioned a model based on democratic and egalitarian principles, integrating economic growth with social justice. At the core of this alternative was a call to rethink development, questioning the ecological impacts of industrialized countries, such as pollution and depletion of natural resources, and addressing potential limitations to growth. The primary objective of this "democratic egalitarian" model was to ensure the satisfaction of basic human needs within society, including food, education, health, housing, consumption, capital goods, and other services.[695]

By the early 1980s, Lagos recognized that implementing this democratic model would be difficult. Neoliberal policies raised significant obstacles for alternative strategies, including the limited capacity of countries like Chile to obtain external resources, such as credit or exports to developed countries, particularly in an international economy experiencing recession. Developed countries were less inclined to lend money to highly indebted countries in the 1980s. Additionally, there were challenges such as the destruction of aggregate value in industries and the decline in the quality of the labor force. Lagos argued for a strengthened role of the state in the economy, in contrast to overarching inefficiency accusations leveled against it by its neoliberal critics.[696] Lagos believed that state intervention should focus on resource

[694] The ILO World Employment Program of the 1970s introduced a basic needs development strategy that prioritized employment and human needs at the core of development efforts. See International Labour Office, *Employment, Growth and Basic Needs: A One World-Problem* (New York and London: Praeger Publishers, 1977).
[695] Ricardo Lagos, "Latin American Development in Perspective and Some Notes in Its Prospective," January 1978, box 84, pp. 63-65, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[696] Ricardo Lagos, "Herencia neoliberal y estrategia económica," *Revista Hoy* 307, June 8-14, 1983, 34-36.

planning, promoting regional integration, strict control of international trade, and investment in the country's productive structure through public expenditure.[697]

However, the outlook in the mid-1980s appeared daunting for those who advocated for a stronger role of the state in the economy. Amidst this era of structural adjustment in Latin America, Pinochet's reduction of the state's size reversed the historical patterns of public-private investment in Chile, traditionally led by the state. In 1970, public investment accounted for 70% of Chile's total investment. By 1985, it had plummeted to 35%. Moreover, the Pinochet dictatorship decreased public investment as a proportion of GDP from 18% to 13-14%, and private domestic investment could not fill the gap left by the state's retreat from the economy. The reduction of public investment increased the level of private indebtedness. According to Lagos, only imbuing a sense of "co-responsibility" on developed countries to share the sacrifices of adjustment could allow the Chilean state to effectively manage the external debt, direct external resources into private business, and successfully negotiate with international financial markets.[698] Despite these circumstances, Lagos underscored that the state and the public sector of the economy had significant roles as investors and builders of comparative advantages to stimulate the necessary economic growth. With the state at its helm, the public sector of the economy had to lead a strategy to reorient industrial capacities in Chile. Thinking on the successful cases of export-led growth in Southeast Asia, Lagos argued that the state had to create

[697] Ricardo Lagos, "El papel económico del estado y la democracia," box 47, CLARLE S.1; Ricardo Lagos and Enzo Faletto, "El futuro del estado en Chile: opciones de transformación económica y social," box 76, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[698] Ricardo Lagos, "El tratamiento político de la deuda externa. Seminario internacional cooperación política regional para la democracia," 1985, box 47, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

comparative advantages through the industrial redeployment of the public sector. Exporting manufactured and technologically sophisticated goods would either expand growth or generate new avenues for growth in the following decades.[699]

While reorienting growth was indispensable, Ricardo Lagos believed that the state had to redirect growth toward the population that had not benefited from its fruits in the previous decades and modify the basis of the concentrated economic structure bequeathed by neoliberal policies. Post-Pinochet democracy not only had the moral duty to dismantle the repressive apparatus of the military regime and realign the Chilean state with respect to human rights, achieving the subordination of the armed forces to democratic power, but also had the mission of creating a distributive economy attacking poverty more aggressively with the standard of the basic human needs development strategy.[700] For Lagos, social equity complemented the growth-centered and mixed economic policies he defended to reconnect socialist ideas with national problems. Social equity simply meant "to seek to eliminate the more significant pockets of poverty."[701] The social equity-reoriented growth promoted by Lagos would substantially build concert policies for the future after the military regime, allowing the poorest to integrate into the scope of developmental policymaking. These economic policies were the other face of Lagos' strongly ethical view of democracy as a vindication of human rights and of human rights not only as a rejection of violence but

[699] Ricardo Lagos, "Seminario Eural de la Fundación Ebert," 1985, box 84, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[700] Ricardo Lagos, "Desarrollo y equidad como requisitos de la democracia," 1986, box 84, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[701] Lagos, "Seminario Eural de la Fundación Ebert," 1985, CLARLE S.1.

as a right to life and a right of the people to have the tools to participate, create, and transform their own life in society.[702]

Along the same lines, throughout the 1980s, CIEPLAN researchers developed an alternative development strategy to adapt structuralist ideas to the Chilean context in response to neoliberal economic views and their social costs. Echoing the strategy of "growth with redistribution," which had its roots in the more progressive line of the World Bank in the 1970s under Hollis Chenery and in ECLAC's turn towards neostructuralism, CIEPLAN's research aimed at achieving equitable growth and eradicating poverty. CIEPLAN staff emphasized four critical pillars of this strategy. First, they believed defining the basic needs of people experiencing poverty was essential. Second, "growth with redistribution" required a substantial improvement in economic efficiency, particularly for less skilled workers who were less competitive in an increasingly globalized economy. Third, while recognizing the heterogeneity of economic and social structures in developing countries, CIEPLAN intellectuals understood that traditional policy instruments affected different social groups to varying degrees when applied through the market. Last, building upon Albert Hirschman's idea of an "antagonistic development" —which describes the conflictive and potentially destructive nature of development processes- Foxley and CIEPLAN researchers incorporated factors such as political instability, market inefficiencies, ideological struggles, and the contradictory relations between the entrepreneurial class' drive for capital accumulation and society's tendency toward equality when

[702] Ricardo Lagos, *Democracia para Chile. Proposiciones de un socialista* (Santiago: Pehuén, 1985), 114-117.

considering the possibilities of development in a country like Chile. CIEPLAN economists concluded that policy instability stemmed from opposing views about the type of development Chile should pursue.[703]

In response to the lack of substantial agreement in mid-1980s Chile,[704] CIEPLAN researchers believed that building a consensus, different from the zero-sum competition between totalizing projects seen in previous decades, was essential for progress.[705] This option for consensus entailed adopting a pluralist regime with concerted and gradual policies agreed upon by workers and entrepreneurs. Such policies aimed to address unemployment, improve productivity, reduce economic uncertainty, and tackle the social problems left unsolved by the authoritarian regime.[706] In its 1986 report of activities to the Ford Foundation, CIEPLAN's narrative acknowledged that Pinochet's suppression of social organizations mediating between the state and individuals, such as unions and those gathering *pobladores*, women, youth, neighborhoods, and cultural activities, followed an economic rationality that considered interactions among social groups through market relations as "more efficient" than through their group interests. Neoliberal policy makers deemed those groups as a distortion of the "rational" goals of public policies. This shift in the relationship between state and society had resulted in the "generation of a social vacuum between the state and individuals and the subsequent atomization of the social

[703] "Project: Corporation for Latin American Economic Research (CIEPLAN), 1980," reel 4269, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[704] The failure of the National Accord summoned by the Democratic Alliance, the center-right party National Union, and the Catholic Church in 1985 showed that there was no common ground between the dictatorship and the opposition.
[705] Alejandro Foxley, *Para una democracia estable* (Santiago: CIEPLAN, 1985), 97-132.
[706] Ibid., 125-128.

structure into thousands of small and socially isolated groups." Faced with this scenario, in which top-down intellectual approaches did not consider what "concrete social actors think and desire," there was a recognized need for a more systematic effort from intellectuals, particularly economists, to "detect what has occurred with these actors and align with the more real agenda of problems they visualize and prioritize."[707]

The intellectual contributions of economists such as Ricardo Lagos and Alejandro Foxley not only addressed the significant social division and economic crisis Chile experienced during the 1980s but also influenced anti-Pinochet popular opinion with some success. Following their diagnosis, CIEPLAN researchers developed an outreach program called *Dialogues with the Community.* This program encompassed three main activities: visits to provinces to engage with workers, students, entrepreneurs, peasants, intellectuals, and church organizations; lectures directed at unions, students, social leaders, professionals, and general audiences; and seminars for college students and professors of economics at regional universities. Additional efforts included publishing a newsletter, organizing activities with local communities through church organizations, and hosting fora, workshops, and informal gatherings.[708] Furthermore, CIEPLAN economists, particularly Alejandro Foxley, participated in television, radio, and magazines, which helped popularize their ideas and align them more closely with the common sense of the majority that did not enjoy the benefits of Pinochet's economic model.[709]

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[707] "Informe de actividades Grant Fundación Ford 1986," reel 6698, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[708] "Informe de actividades Grant Fundación Ford 1986, 1987, 1988, and 1989," reel 6698, FA 732B, Ford Foundation records, CIEPLAN, RAC, Rockefeller Foundation.
[709] For example, *Almorzando en el 13*, a political talk show of the Catholic University's Channel 13, and *Improvisando* of the Radio Chilena.

Perhaps it was Foxley's vision of a "possible country" that best suited the extenuating circumstances in Chile, dominated by a prolonged political violence and deep social segregation that eroded its capacity to progress for many years. Foxley conceived this idea to combat the prospective threats of mediocrity, backwardness, and international isolation that Chile would face if political and socio-economic affairs persisted as they had in the 1980s. In Foxley's view, the danger lay in the emergence of a dual Chile: one part successfully integrated into the global economy through exports and financial instruments, and the other, backward, condemned to precarious conditions, merely providing services to the globalized sector. If Pinochet's Chile continued on its trajectory, the country would have a public sector maintaining fiscal equilibrium but failing to meet the basic social needs of the poorest. With a debt tripling its exports, Chile would have to remain heavily dependent and vulnerable externally. However, Foxley, as a possibilist, believed in a different future. Alejandro Foxley's vision of a "possible country" emphasized eradicating political violence and rejecting warlike rhetoric and strategies for accessing power. For Foxley's thesis, overcoming the discord that characterized the Pinochet dictatorship was a precondition for building a pluralist country capable of reconciling and making politics responsive to social demands. Workers needed to moderate their demands and compromise to contribute to the national project. Chileans had to accept the fundamental role of entrepreneurs, previously barely tolerated, in constructing the country's wealth. Entrepreneurs, in turn,

had to recognize and encourage workers' creative contributions to improve productivity.[710]

While the state needed to assume greater social responsibility and design policies to enhance the quality of life for the impoverished agricultural sector, the urban poor, and the unemployed in a broader context of cooperation between political and social adversaries, in his view of the post-Pinochet "possible country" Foxley argued that overcoming statism was essential for Chile to integrate into the global market and the international community of democracies. According to Foxley, "the answers, the solutions, should not be made from the top down, from a state before which there is a relation of vulnerability and dependence." Chile had to "stimulate the emergence of new social institutions to strengthen the non-state sphere, allowing its citizens to associate in diverse interests (...), depoliticize the social, push innovation and creativity forward, stimulate pluralism in worldviews and lifestyles."[711] Chile would not be perfect, but it would be possible. Was this turn to depoliticizing society an opportunistic ideological conversion of a former critic of the military regime's policies, a learning from past mistakes, or did earlier criticisms no longer make sense?

[710] Alejandro Foxley, *Chile y su futuro. Un país posible* (Santiago: CIEPLAN, 1987), 11-15; 209-224. Alejandro Foxley was a "possibilist" in the context of center-left economists' struggles against Pinochet. Possibilism, a concept aptly defined as the result of "self-subversion, trespassing, and the absence of *Weltanschauung* [a comprehensive, ideologically based view of the world]," is what best describes Foxley's public role as a development practitioner. As Lepenies argues in his study about Albert Hirschman's contribution to possibilism, from the point of view of possibilism, development does not derive from one correct approach. It does not adhere to paradigms that prevent identifying what is possible under local circumstances. Development is "the search for endogenous processes, not external pushes." Phillipp Lepenies, "Possibilism: An Approach to Problem-Solving Derived from the Life and Work of Albert O. Hirschman," *Development and Change* 39 (3) (2008): 437–459, esp. 440, 450, https://doi.org/10.1111/j.1467-7660.2008.00487.x.

[711] Alejandro Foxley, "Un país posible," *Revista Hoy* 515, June 1-7, 1987, 30.

Perhaps it was a combination of the three as the political context in Chile was daunting. By 1988, all attempts to remove Pinochet from power had failed, including an assassination attempt orchestrated on September 7, 1986 by the Patriotic Front Manuel Rodríguez (FPMR, Frente Patriótico Manuel Rodríguez), the military wing of the Communist Party, which was founded to confront the military regime.[712] The constitutional framework established by the military junta in 1980 remained intact following a "catastrophic equilibrium" that prevented both the government and the opposition from imposing their conditions or reaching a compromise.[713] This constitutional itinerary led to a pivotal moment: a referendum on October 5, 1988 where Chileans had to decide whether to support the candidate chosen by the military regime to hold the presidency for the next eight years.[714] The candidate, officially announced only a month prior to the referendum, was Augusto Pinochet.

During the 1988 referendum campaign, both Lagos and Foxley played crucial roles in promoting the message of Concertación, an offspring of the earlier Democratic Alliance, as a critique of the Pinochet dictatorship. Lagos, instrumental in founding the "Party for Democracy" in 1987 as "a tool to defeat Pinochet,"[715] worked tirelessly to

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[712] In retaliation, the military regime, under the infamous National Information Center (CNI, Central Nacional de Informaciones), carried out a brutal repression. This included the targeted assassination of Communist militants and the arrest of several political dissidents, among them Ricardo Lagos. Lagos, with the support of an international coalition led by former President Jimmy Carter and U.S. Ambassador to Chile Harry Barnes, endured nineteen days of imprisonment in the Capuchinos detention center in Santiago. Lagos, *Mi vida: de la infancia a la lucha contra la dictadura. Memorias I*, 521-554.

[713] Arriagada, *Por la razón o la fuerza*, 219.

[714] On October 1, 1986, the military implemented a voting registration law, designed to make the voter registration process more cumbersome. Then, on March 27, 1987, the military regime passed a law regulating political parties. Initially, most of the opposition distrusted the conditions imposed by the military regime voting registration and the legalization of political parties. However, faced with the political reality, all parties, including the Communist Party, eventually accepted these rules. As a result, people massively registered to vote throughout 1988.

[715] Ricardo Lagos, "El partido de la democracia," *Revista Hoy* 496, 19-25 January 1987, 12. The Party for Democracy was established with the aim of reforming the political, economic, and social structures created by the military regime. It was officially founded on December 15, 1987, through the

mobilize support for the opposition across Chile. Lagos visited every corner of Chile from north to south, from mountain to ocean, organizing the party and rallying support for participation in the referendum.[716] On the night of April 25, 1988, Lagos emerged as the leading figure in the political battle against Pinochet. During a live appearance on the political talk show *De cara al país*, Lagos made a bold and brave gesture. Expressing his disgust with the military regime for the first time on national television, he pointed one of his fingers directly at the camera, addressing Pinochet with a clear message: "I think it is unacceptable that a Chilean has so much ambition for power to seek to be 25 years in power."[717] This gesture, popularly known as "Lagos' finger," sent shockwaves through La Moneda and resonated deeply with the Chilean people, gaining him a place in their collective memory.[718] Just days earlier, Alejandro Foxley had caused controversy on the same program by revealing that, out of a population of approximately 10 million, Chile had 5 million people living in poverty. Foxley's statement triggered a significant scandal among the technocrats of the military regime, yet no one could convincingly refute his claim.[719]

collaboration of Socialists, former Communists, left-wing Christians, and intellectuals from VECTOR and FLACSO, including Heraldo Muñoz, José Joaquín Brunner, Angel Flisfisch, and Manuel Antonio Garretón. Ricardo Lagos served as its first President.

[716] Between December 1987 and March 1988, more than 30,000 Chileans signed up to support the party. Ricardo Lagos, *Después de la transición* (Santiago: Ediciones B, 1993), 32.

[717] Ricardo Lagos, "De cara al país, entrevista," box 158, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation. Lagos's gesture was shocking not only because he was the first leftist politician to appear on national television since 1973, but also because of the manner in which he publicly challenged Pinochet's image. His approach was sober, calm, yet assertive, an attitude unfamiliar to a whole generation of Chileans who had not experienced the democratic exchange that was once so characteristic of Chilean society before 1973. With this small but significant gesture, Lagos played a crucial role in helping Chileans to regain freedom from fear.

[718] "¿Por qué Lagos desesperó a La Moneda?," *Revista Hoy 563*, May 2-8, 1988, 6-8.

[719] "Quienes son esos cinco millones," *Revista Hoy* 561, April 18-24, 1988, 25-27.

Despite the Pinochet regime's sustained economic recovery from 1984, by 1988, most Chileans still felt the economic and political situation was dire. Ultimately, center-left forces gathered in the Concertación coalition defeated Pinochet in the referendum. The defeat of Pinochet in 1988 marked a turning point in Chilean politics and economy. According to Foxley, it represented the resolution of the "cultural clash" between the Pinochet dictatorship's individualistic revolution and the Chilean people's humanistic economic approach. Foxley criticized the military regime's "Social Darwinism," where the market selected the fittest, as being ruthless toward the poorest and the "informal" labor sector. The Pinochet regime led to a situation where a significant part of the labor force became "human beings that have an unstable, low-income job, and lack possibilities to program their life beyond the next 24 hours."[720] The Concertación's politico-economic mission would be to provide opportunities to the sectors that had been left behind by the Pinochet regime's neoliberal modernization.

6.6 Conclusion

This chapter has historicized the emergence of neostructuralism in Chile during the 1970s and 1980s as a response to neoliberal economic dominance while revisiting some of the emphases of earlier structuralist thought. Since 1976, CIEPLAN, formed in response to the academic crisis provoked by the rise of the Pinochet dictatorship, gathered economists trained at various U.S. universities to offer a research program focused on three main areas to enhance redistribution and alleviate poverty: the structure of employment, underemployment, and poverty; international cooperation

[720] "El factor común de la esperanza," *Revista Hoy 586,* October 10-16, 1988, 17.

and integration; and the role of the state, economic policy and income distribution. Building on this research, CIEPLAN researchers identified goals aimed at rethinking structuralist economic ideas and promoting alternatives to neoliberal policies, which had redefined the relationship between the state and society by legitimizing the market as the highest form of social interaction.[721]

Throughout the 1970s and 1980s, this intellectual renovation, led by economists such as Ricardo Lagos and Alejandro Foxley, became intertwined with opposition to Pinochet's regime and support from U.S. actors such as the Ford Foundation. This struggle against the military dictatorship unfolded in three dimensions. Politically, a broad and diverse spectrum of Pinochet's opponents mobilized for democracy and the respect of human rights. Economically, anti-Pinochet economists monitored and critiqued the neoliberal transformations, and their social costs provoked by withdrawing the state from the economy, weakening domestic industries, and cheapening labor. Center-left economists viewed these years as a "lost decade" economically. Socially, following the disastrous consequences of the 1982-83 recession in Chile, center-left economists diagnosed the failure of the "trickle-down" economic strategy in addressing poverty. By the end of the decade, the Pinochet dictatorship had left the country with high poverty rates. In this context, the Concertación coalition came to power, seeking to present a heterodox alternative to neoliberal policies.

[721] Marcus Taylor, *From Pinochet to the "Third Way:" Neoliberalism and Social Transformation in Chile* (London: Pluto Press, 2006), 6-7; 43-44.

Epilogue: The Concertación Years (1990-2010)

The four Concertación administrations of Christian Democrats Patricio Aylwin and Eduardo Frei Ruiz-Tagle and Socialists Ricardo Lagos and Michelle Bachelet, spanning 1990 to 2010, successfully managed Chile's economy, reduced poverty, integrated Chile into the global economy, and maintained social stability while addressing the traumatic legacies of the Pinochet era. The Concertación's core objectives were maintaining democracy and social stability through gradual reforms aimed to address both growth and equity issues simultaneously.[722] Its program included an effective renegotiation of external debt, a reorientation of public expenditure to benefit people experiencing poverty, and increased taxes on higher incomes to finance pro-poor initiatives. The Concertación coalition, formed by the Christian Democratic, Socialist, and Radical parties and the Party for Democracy, promised to modernize the state's economic role while adapting it to the globalization-dominated environment of the 1990s. This reform of the state's economic role presented significant societal challenges. The technocrats of Concertación aimed to achieve modernity and efficiency to adapt to rapid technological changes, the massification of higher education, the promotion of entrepreneurial creativity among all societal actors, and the rationalization of the state to increase its productivity. The Concertación's action plan sought to lay the foundation for a highly competitive economy capable of integrating effectively with the global market and addressing the lack of development

[722] Alejandro Foxley and Ricardo Ffrench-Davis to Patricio Aylwin, 17 May 1988, Digital Repository Archive Patricio Aylwin Azócar, http://www.archivopatricioaylwin.cl/handle/123456789/7506.

in poorer regions of Chile.[723]

The Concertación coalition's U.S.-informed technocratic nature was evident in the prominence of U.S.-trained economists who held critical economic and social policymaking positions. This professionalism and technocracy were essential to the coalition's identity. United by a shared opposition to Pinochet's legacy, Concertación's technocrats prioritized an agenda focused on equitable economic growth as the cornerstone of their reformist plans. Within an international context shifting towards market-centered policies defined by the Washington Consensus paradigm,[724] the Concertación administrations supported the export-led free market model developed during the Pinochet dictatorship with minor modifications. This model facilitated economic growth and improvements in living standards, a reduction in poverty, and an increase in the level of social expenditure.[725] The Chilean model was notable for these achievements and the societal impacts of privatization and decentralization in welfare provision, including pensions, healthcare, housing, education, and labor relations. In balancing economic growth and social equity, the administration prioritized growth, often at the expense of those in greater need of social equity. As Kurt Weyland aptly

[723] Programa de Gobierno Concertación de Partidos por la Democracia, July 1989, Digital Repository Archive Patricio Aylwin Azócar, http://www.archivopatricioaylwin.cl/xmlui/handle/123456789/8082.
[724] John Williamson, "What Washington Means by Policy Reform," in *Latin American Adjustment: How Much Has Happened?* , ed., John Williamson (Washington: Institute for International Economics, 1990), 7-20. Williamson, who coined the expression of "Washington Consensus," identified a group of economic policy instruments as important for Washington-based institutions. These included reducing national budget deficits, redirecting spending from politically popular areas toward neglected fields with high economic returns, broadening and simplifying the tax system, liberalizing the financial sector with the goal of market-determined interest rates, adopting a competitive single exchange rate, reducing trade restrictions, abolishing barriers to foreign direct investment, privatizing state-owned enterprises, abolishing policies that restrict competition, and providing secure, affordable property rights.
[725] Paul Drake and Iván Jaksić, "El 'modelo chileno.' Democracia y desarrollo en los noventa," in *El modelo chileno. Democracia y desarrollo en los noventa*, eds., Paul Drake and Iván Jaksić (Santiago: LOM Ediciones, 1999), 20-22.

puts it, in the 1990s, the Concertacion did not attain the self-congratulatory "growth with equity" but "growth with greater equity."[726]

The economists who played a central role in the intellectual opposition to the Pinochet regime held essential positions within Concertación administrations.[727] As politicians, Ricardo Lagos and Alejandro Foxley, as well as the generation of scholars they represented, brought intellectual rigor to politics, drawing on the legacies of institutions like CIEPLAN, FLACSO, VECTOR, and other think tanks.[728] In contrast to Pinochet's economists, several center-left technocrats engaged in political parties, assuming leadership roles during the 1990s within the Party for Democracy (Lagos) and the Christian Democratic Party (Foxley). Economists within Concertación, often associated with a hybrid mixture of expert knowledge and political drive, consistently took charge of the economic ministries in Concertación administrations.[729] Export-driven economic growth was the cornerstone of the Concertación strategy. However, unlike the "trickle-down" model of the Pinochet dictatorship, Concertación technocrats viewed economic growth through democratic governance and compromise. They were preoccupied with the redistributive effects of social policies and implemented special programs to reduce poverty. Philosophically, most Concertación economists did not see economic growth as a product of natural economic forces but rather as an outcome

[726] Kurt Weyland, "'Growth with Equity' in Chile's New Democracy?," *Latin American Research Review* 32, no. 1 (1997): 37–67, esp. 60.
[727] Puryear, *Thinking Politics*, 1-9.
[728] Ibid., 60-70.
[729] Davila, Olivares, and Avendaño identify as economic ministries Finance, Economy, Energy, Environment, Public Works, Labor, Transportation and Telecommunications, and CORFO, and as social ministries, Justice, Public Health, Women, Social Development, Housing, Culture, and Education. They identify as political ministries, Interior, Presidency Secretary, Government Secretary, and Foreign Affairs. Mireya Davila, Alejandro Olivares, and Octavio Avendaño, "Los gabinetes de la Concertación en Chile (1990-2010)," *América Latina Hoy* 64 (2013): 67–94, esp. 71, https://doi.org/10.14201/alh.10232.

of state-market cooperation and social inclusion. At a macroeconomic level, the Concertación coalition preferred active and countercyclical policies over cyclical auto-adjustments. At a microeconomic level, Concertación's policies aimed to regulate market failures and minimize state failures in its economic role. Concertación economists viewed the state's economic role as a counterweight to firms and as a compensatory mechanism for the negative social externalities resulting from poorly regulated markets.[730]

The Concertación coalition responded to political and economic conditions that were not optimal. After the 1988 referendum, the Concertación and the military regime began a constitutional negotiation process to amend Pinochet's extensive presidential powers, bolster the role of the Congress, introduce limited civilian oversight of the military, and grant political rights to Communists and other Socialist groups. This pact, endorsed by an overwhelming popular majority in a referendum held on July 30, 1989, laid the groundwork for a peaceful transition of power that allowed Augusto Pinochet to stay as Commander in Chief of the Army until 1998—where the Chilean dictator continued to be a threat to the stability of the democratic regime and remained a polarizing figure in society.[731] On the economic front, despite excellent economic performance since 1985, with an average growth rate of 7%, Chile had one of the worst income distributions in Latin America by the late 1980s.[732] In 1990, approximately 5

[730] Patricio Meller, "Consideraciones económicas en torno al gobierno del presidente Lagos," in *El gobierno de Ricardo Lagos: la nueva vía chilena hacia el socialismo*, ed. Robert Funk (Santiago: Ediciones Universidad Diego Portales, 2006), 96.
[731] Arriagada, *Por la razón o la fuerza*, 265-271. Later,Pinochet became Senator for life under the 1980 Constitution. In 1998, he was arrested in London for crimes against human rights. After prolonged diplomatic negotiations between Chile and the U.K during his arrest, which lasted over a year and a half, he was permitted to return to Chile, where he did not face a trial.
[732] Patricio Meller, "Pobreza y distribución del ingreso en Chile (década de los noventa)," in Drake and Jaksić, *El modelo chileno*, 41.

million people, or 39% of the population, were living below the poverty line.[733]

The Aylwin administration (1990-1994), with Alejandro Foxley as Minister of Finance and Ricardo Lagos as Minister of Education, came to power just a few months after the fall of the Berlin Wall in November 1989. With the subsequent disintegration of the Soviet bloc in the following years, the Cold War's bipolar international system transitioned into a multipolar world order dominated by the U.S. military and economic power. The end of the long-standing bipolar equilibrium in the international relations system presented challenges for small Latin American countries like Chile, which had to navigate the new U.S. hegemony while integrating with the rest of the region amidst growing market-driven globalization and rapid technological changes.

Alejandro Foxley's role as president of CIEPLAN during the 1970s and 1980s and as coordinator of the Concertación's economic platform for the 1989 presidential election positioned him as the first Minister of Finance in the Aylwin administration in 1990. Many of the researchers from CIEPLAN joined him in various economic posts within the first Concertación administration.[734] Two primary political convictions that presented practical challenges underpinned Foxley's pursuance of equitable growth. First, Foxley believed that macroeconomic equilibrium —characterized by sustained growth, low inflation, fiscal responsibility, aggregate demand consistent with the economy's productive capacity, and sustainable external deficits and net debt— was a necessary condition for governing Chilean society and addressing people's needs.[735]

[733] Drake and Jaksić, "El 'modelo chileno.' Democracia y desarrollo en los noventa," 15.
[734] Patricio Silva, "Technocrats and Politics in Chile: From the Chicago Boys to the CIEPLAN monks," in Drake, *Money Doctors*, 205-230, esp. 223.
[735] Ricardo Ffrench-Davis, *Reforming Latin America's Economies. After Market Fundamentalism* (New York: Palgrave Macmillan, 2005), 17.

Tangible economic achievements and poverty reduction were crucial for establishing hegemony for Concertación, particularly when the center-left coalition's political agenda faced a Congressional stalemate. Under the Aylwin administration, the Chilean economy experienced a virtuous cycle of sustained growth, increasing from 3.3% in 1990 to 11.2% in 1992 and 5% in 1994. This economic expansion created favorable conditions for improving formal labor. Moreover, reducing inflation to rates below 15% was a resounding triumph for the Aylwin administration. Decreasing prices enhanced the real purchasing power of workers' salaries and wages, contributing to higher consumption and savings. Domestic private investments also grew, leading to the creation of more job opportunities. The Aylwin administration needed to showcase these successful macroeconomic indicators to convince the public that the center-left could manage the economy effectively, an idea that Concertación's rightist political opposition had challenged since the 1988 referendum.

Macroeconomic equilibrium permitted Concertación to pursue a more equitable growth. Reflecting this goal, during its four-year term, the Aylwin administration expanded social expenditure by 30% compared to the Pinochet era. This increase was particularly significant in education (up by 43%), healthcare (up by 38%), and housing (up by 70%). In addition, Foxley and his team successfully negotiated a comprehensive tax reform with Congress in 1990, facilitating increased state revenues to support these initiatives. It increased the minimum wage by 26%, resulting in a 7% rise in real salaries

and wages, and alleviated housing and utility debts for over one million families, debts that had persisted since the 1982 crisis.[736]

Foxley's second important conviction was that democracy was essential for development, productive transformation, and social equity. While rejecting Fukuyama's "end of history" liberal thesis, Foxley maintained that the future of Chilean democracy depended on constructing a political consensus to foster economic development opportunities. He argued that Chile's ability to generate a cooperative political culture was a prerequisite for stable policies promoting growth, investment in people, and social development. Democracy was vital for development because it allowed those experiencing poverty to integrate, at least partially, into the economic and political system.[737]

In Foxley's philosophy, social equity was an outcome of democratic stability and macroeconomic equilibrium. Two critical challenges emerged from this thesis. First, the democratic regime needed to bring the state closer to citizens by decentralizing the benefits of economic policies, effectively modernizing at the local level. This task was far from simple. It required reducing the structural inequalities of the Chilean economy, diversifying exports, transforming social consensus into entrepreneurial creativity, fostering a disciplined and coherent working class, and maintaining an effective state apparatus. The Aylwin administration took significant steps to address these challenges by activating collaboration mechanisms with microbusinesses, appointing regional governments, and resuming the democratic

[736] Alejandro Foxley, "Democracia y desarrollo en América Latina," in *La economía política de la transición: el camino del diálogo* (Santiago: Ediciones Dolmen, 1993), 180.
[737] Ibid., 179-183.

election of municipal governments. However, spreading job and education opportunities beyond major cities such as Santiago, Valparaíso, and Concepción, urban centers that faced signs of poverty and marginality on their outskirts, proved difficult.[738] Concertación's primary challenge was to engage citizens, particularly those with low incomes, in modernization initiatives undertaken by the Aylwin administration.

The second challenge was to enhance Chile's negotiation power to integrate into the global market economy of the 1990s. In Foxley's view, if democracy equated to modernization and modernization equated to the internationalization of the economy, Concertación's development strategy was crucial to meeting the labor, productivity, and democratic stability standards required by developed countries, as framed by the Washington Consensus.[739] The Aylwin administration successfully aligned Chile with this global market hegemony. Foxley renegotiated the external debt, facilitating Chile's normalization within international financial markets. He also reduced tariffs on trade and capital liberalization and allowed domestic capital, including pension administration funds, to invest abroad. The Aylwin administration also liberalized rules for foreign investment to enable foreign investors to repatriate their profits. Under Foxley's management of Chile's finances, the country saw a significant decrease in inflation and maintained low unemployment rates, which helped neutralize potential discontent. Investment, both private and public savings, and

[738] Ibid.

[739] Babb argues that the effectiveness of the Washington Consensus institutions' loans market-liberalizing conditions was partly due to the relative influence of "sympathetic interlocutors" or "technopols," economists in government that graduated at U.S. or British universities such as Foxley. Babb, "The Washington Consensus as Transnational Policy Paradigm: Its Origins, Trajectory and likely Successor," 279.

international reserves increased while the external debt decreased, solidifying Chile's position within the post-Cold War economic order.[740]

Alejandro Foxley was a strong advocate for North-South integration in the early 1990s, recognizing that the substantial expansion of the Chilean economy required the capacity of developed countries to absorb this growth.[741] The Aylwin administration found strong partners in the endeavor of hemispheric cooperation through President Bush's June 1990 proposal for a Western Hemisphere Trade System and the Clinton administration (1992-2000).[742] Concertación leaders aimed for Chile to participate in the economic liberalization trend that emerged after the end of the Cold War. In November 1992, Patricio Aylwin congratulated President-elect Bill Clinton, suggesting that "a free trade agreement between our two countries will act, in reality, as a buttress to the democratic environment we have worked so hard to create and which so many Americans supported through difficult times."[743] The expanding Latin American market was attractive for U.S. exports, and the new Democratic administration was interested in Chile's political and economic experiment, which could also help Clinton's goal of revitalizing the U.S. economy. Eventually, after a lengthy negotiation process, Chile and the U.S. signed a free trade agreement (FTA) in 2004. The

[740] Foxley, "Democracia y desarrollo en América Latina," 182-183.
[741] Alejandro Foxley, *Toward an Era of Hemispheric Cooperation. Chilean Finance Minister Alejandro Foxley and former U.S. International Trade Commission Chairwoman Paula Stern Consider the Prospects for Chile-United States Free Trade* (Washington DC: Brookings Institution, Inter-American Dialogue, 1993).
[742] Alejandro Foxley, "Chile, la iniciativa Bush y la integración latinoamericana," Patricio Aylwin Azócar Presidential Records (1990-1994), Patrimonial Archive University Alberto Hurtado, University Alberto Hurtado, https://archivopatrimonial.uahurtado.cl/index.php/chile-la-iniciativa-bush-y-la-integracion-latinoamericana.
[743] Patricio Aylwin to Bill Clinton, 18 December 1992, Patricio Aylwin Azócar Presidential Records (1990-1994), Patrimonial Archive University Alberto Hurtado, University Alberto Hurtado, https://archivopatrimonial.uahurtado.cl/index.php/22z30.

agreement, among other things, required eliminating certain tariffs, reducing barriers to trade in services, and ensuring adequate enforcement of domestic labor and environmental laws. [744]

Since 1990, Concertación leaders aimed to address avoidable socioeconomic disparities and treat Chileans equitably by allocating resources and opportunities based on individual circumstances. For policymakers like Foxley and Lagos, economic growth without a corresponding social development was vulnerable. Under Concertación administrations, equity became a key goal of social policies. This concept of equity encompassed economic fairness, social mobility, and the interconnection of multiple factors such as political and socio-economic stability, quality of education, infrastructure, and public services. The Concertación administrations confronted poverty aggressively, significantly expanding social spending while maintaining macroeconomic equilibrium as previously described. For instance, with the financial support of the World Bank, the Aylwin administration launched an ambitious program to improve the quality of education for $240 million with Ricardo Lagos as Minister of Education between 1990 and 1992.

[744] Office of the United States Trade Representative, Executive Office of the President, *Chile FTA*, https://ustr.gov/trade-agreements/free-trade-agreements/chile-fta/final-text. The opening of the Chilean economy led the country to sign economic cooperation agreements with Bolivia and Venezuela during the Aylwin administration, and free trade agreements with the Southern Common Market (1996), Canada (1997), and Mexico (1999) during the Frei Ruiz-Tagle administration. The Lagos administration signed FTAs with the European Union (2003) and the United States (2004). During the Bachelet administration, Chile signed treaties of economic cooperation at different levels with the countries of the P4 (Singapore, New Zealand, Brunei), China (2006), Japan, India (2007), Panama, Cuba (2008), Colombia, Australia, and Peru (2009). By 2010, Chile accessed 86 percent of the global gross domestic product through this state-driven expansion to international markets. Silvia Borzutzky and Gregory Weeks, eds., *The Bachelet Government. Conflict and Consensus in Post-Pinochet Chile* (Gainesville: University Press of Florida, 2010), 4.

In this post, Ricardo Lagos played a leading role in the Aylwin administration. Despite the challenging nature of the position and the potential risks it posed for his presidential ambitions for 1993, Lagos embraced the role with ease. For him, it was like returning to a familiar place as he had been the second authority of the University of Chile from 1969 to 1971.[745] As Minister of Education, Lagos saw an opportunity to align the Concertación administrations with the tradition of public education as a driver of national economic growth. By the beginning of the 1990s, Chilean children attended schools for an average of nine and a half years, a year less than children in developed countries. School attendance was nearly universal for children aged six to thirteen, 75% for those aged fourteen to seventeen, and illiteracy rates, depending on measurement methods, ranged from 4 to 14%, the lowest point in Chilean history. For Lagos and his interpretation of the Concertación project, these conditions were insufficient for Chile to effectively adapt to the demands of globalization, knowledge, and technology-driven development. He emphasized the need to transform the quality of public education.[746] The state's previous action had neglected the quality of education for children in poor rural areas and marginalized urban sectors. While school attendance rates were high, the lack of resources hindered poor children's readiness for a development model centered on the globalization-driven services sector of the economy. Ricardo Lagos recognized that improving education quality and ensuring equitable distribution of resources was key to reducing the gap between rich and poor. In an interview, Lagos assertively pointed out that "today, technology obliges everyone to have ten or twelve

[745] Lagos, *Mi vida: gobernar para la democracia. Memorias II*, 104-113.
[746] Ricardo Lagos, "Los países progresan a partir del nivel de conocimientos de su población," 1991, box 2, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

years of education. In the future, workers will manage computers. How do you prepare for that and change?"[747]

As Minister of Education, Ricardo Lagos implemented the MECE program (Programa de Mejoramiento de Calidad y Equidad de Educación) to improve quality and equity in education. This program allocated resources to the poorest schools among Chile's nine thousand educational establishments.[748] The MECE program demonstrated the Concertación administration's credibility with U.S. actors. The World Bank allocated $170 million, repayable over 15 years, to fund the MECE program's total cost of $243 million. This credit was the first U.S. loan received by a Chilean government for education since 1970.[749] MECE aligned with the World Bank recommendations to enhance quality and equity across preschool, elementary, and secondary education levels and to modernize the Ministry of Education's management.[750] Over five years, MECE intended to allocate $180 million for elementary education, $39 million for

[747] Ricardo Lagos, "Al profesor le toca dar la prueba," 1993, box 303, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

[748] The MECE program built on the previous P-900 program, which was funded with assistance from the Swedish and Danish governments. The P-900 program targeted the 10% of elementary schools with the lowest standardized test scores in Spanish and Math, providing comprehensive support that included breakfast and lunch for students, special teacher training, textbooks, libraries, and assistant teachers to support students from disadvantaged backgrounds.The P-900 program faced criticism for the low participation of subsidized private schools, limited municipal government involvement, and the shortage of well-equipped assistant teachers. René Salame Martín, "El programa de las 900 escuelas," *Puntos de referencia Centro de Estudios Públicos* 66 (October, 1990): 1-9.

[749] Memorandum, "MECE, Ayudamemoria sobre contexto, orientaciones, y acciones principales de la política educacional del gobierno," Patricio Aylwin Azócar Presidential Records (1990-1994), Patrimonial Archive University Alberto Hurtado, University Alberto Hurtado, https://archivopatrimonial.uahurtado.cl/index.php/ayuda-memoria-sobre-contexto-orientaciones-y-acciones-principales-de-la-politica-de-educacional-de-gobierno.

[750] "Proyecto de Mejora de la Calidad de la Educación Términos de Referencia Acordados con el Banco Mundial," 1990, box 62, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

preschool education, $16,5 million for strengthening the Ministry of Education, and $2,5 million for secondary education.[751]

The MECE program impacted 5,000 public school projects, primarily focusing on reducing inefficiencies caused by high dropout and grade repetition rates—conditions affecting 200,000 out of 2,1 million elementary school students. The program also aimed to bolster preschool education, particularly for two- and three-year-olds, then with minimal coverage. MECE's ultimate goal was to encourage low-income families to send their children to school by improving the basic conditions for learning. These improvements included providing free textbooks, equipping classroom libraries, offering healthcare assistance, upgrading school infrastructure, and training teachers. MECE staff also sought to influence teaching practices through a decentralized decision-making process that enabled school communities to propose and implement tailored solutions to improve education quality based on their specific needs.[752]

In the 1990s, in the aftermath of the Washington Consensus, Chile appeared as one of the most dynamic emerging economies and a model of structural reform, liberalization, and stabilization for the region. This success relied on remarkable GDP growth, increased savings and investment, a consistent reduction in inflation, unemployment, and poverty, and a decreased vulnerability to external economic shocks. However, was the "Chilean model" a uniform paradigm or a series of diverse approaches? As Ffrench Davis argues, the Concertación coalition adopted a distinctive

[751] Memorandum, "Estado actual de preparación de proyecto MECE," Patricio Aylwin Azócar Presidential Records (1990-1994), Patrimonial Archive University Alberto Hurtado, University Alberto Hurtado, https://archivopatrimonial.uahurtado.cl/index.php/estado-actual-de-preparacion-de-proyecto-mece.

[752] Ricardo Lagos, "Educación y pobreza. La experiencia reciente en Chile," 1993, box 159, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.

approach to building a market economy, setting their reforms apart from those implemented by the Pinochet dictatorship since 1973, which were driven by "market fundamentalism." Under the leadership of Alejandro Foxley, Concertación introduced significant "reforms to the reforms" in both macroeconomic and social policies. Between 1990 and 1995, Concertación implemented a more coherent "macroeconomics-for-development" strategy than in any other period of the Concertación era in which the Chilean economy experienced more vulnerabilities from external crises. This strategy focused on increasing investment in people, diversifying and adding value to exports, and achieving sustainable macroeconomic equilibrium.[753] Foxley directed such a strategy with relative success as Chile, a traditionally capital-scarce country, was able to form capital rapidly.[754]

Eduardo Frei Ruiz-Tagle, son of Eduardo Frei Montalva, won the 1993 presidential election in a landslide. The second Concertación administration (1994-2000) aimed to eradicate poverty while expanding Chile's insertion into the global economy. Like the Aylwin administration, the Frei Ruiz-Tagle administration adopted cautious macroeconomic policies to maintain equilibrium and political stability. Concertación's technocrats improved Chile's export-oriented model, attempting to escape from the failed populist economic models in the 1980s in Brazil, Peru, and Argentina. Economic stability allowed development policies, including the expansion of the education reform initiated during the Aylwin administration, public training for workers, support for small businesses to develop export products, and improvements

[753] Ffrench-Davis, *Reforming Latin America's Economies*, 213-215.
[754] Ibid., 226.

of the public infrastructure —with Lagos, who became Ministry of Public Works in 1994, at its helm.[755]

The latter half of the Frei Ruiz-Tagle administration presented a different panorama. In 1997 and 1998, the Asian financial crisis strongly impacted the Chilean economy. It led President Frei Ruiz-Tagle, following the advice of Central Bank President Carlos Massad, to implement austerity measures and cut public expenditures to control the exchange rate.[756] As a consequence of this response, private credit became more expensive, negatively affecting small businesses and their capacity to create jobs.[757] The economy, which had grown at an annual 6% rate between 1987 and 1997, slowed to 3,4% in 1998 and contracted to -0,4% in 1999. That year, unemployment rose to 11,4%, eroding middle-class support for the Concertación administration.[758] Economic instability was a central issue during the 1999 presidential campaign between Ricardo Lagos and Joaquín Lavin, a University of Chicago-trained economist. Despite protests from Lagos' economic team, Carlos Massad maintained austerity measures and the Central Bank's independence, as he believed elections should not influence monetary policy.[759]

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[755] Kurt Weyland, "La política económica en la nueva democracia chilena," in Drake and Jaksić, *El modelo chileno*, 65-67.

[756] With the agreement of Congress, Eduardo Frei Ruiz-Tagle appointed Carlos Massad as president of the Central Bank in August 1996. "Massad al Banco Central," *Revista Ercilla* 3039, August 12-25, 62. At the time of this appointment, Massad served as Minister of Public Health in the Frei Ruiz-Tagle administration.

[757] During the crisis, Massad defended the stability of the Chilean currency. The Minister of Finance, Eduardo Aninat, who held a Ph.D in economics from Harvard University, believed it was better to devalue the *peso* rather than limit credits and investments. When Brazil's economy fell into crisis at the beginning of 1999, Massad maintained the Central Bank's policy line with the support of President Frei Ruiz-Tagle.

[758] Cavallo and Montes, *La historia oculta de la década socialista*, 40-41.

[759] Carlos Massad, *Central Banking: The Chilean Experience from the 1990s* (Washington DC: Center for Strategic and International Studies, 2003); Alberto Naudón and Luis Álvarez, eds., 25 *años de autonomía del Banco Central* (Santiago: Banco Central de Chile, 2016).

Despite these challenges, Ricardo Lagos became the third President of the Concertación era in 2000. His administration maintained Concertación's economic framework, aiming to reduce income inequality.[760] Lagos viewed development as more than economic growth; it was about providing equal opportunities and essential public goods like education, healthcare, social security, and the right to live in a society of equals. Lagos saw development and democracy as intertwined, as a virtuous combination to build a society without "fear of losing a job, because there is unemployment insurance; fear of not being able to provide education, because education is a public good for everyone; fear of illness or accidents, because there is a health service; or the fear of aging, because there is a social security system."[761]

The Lagos administration promoted economic growth while advancing social safety net reforms. Unlike the "trickle-down" model of the Pinochet era, Lagos' policies emphasized state-market cooperation and social inclusion.[762] Under Lagos, Chile's economy remained stable, controlling inflation, reducing unemployment, and increasing real salaries. The economy grew 3-6% annually, exports and imports doubled, and national savings increased.[763] Along with his successful management of the economy, Lagos questioned the Washington Consensus as these market-oriented policies were exhausted and no longer sufficient to face the unique challenges posed by the need of social reforms, including a high inequality that prevented better

[760] Ricardo Lagos, "Chile Looking Towards the Future: Growing with Equality," 1 October 1999, box 2, folder 8, Politics in Chile I, 1968-2001, Rare Books and Special Collections Princeton University Library, Princeton University.
[761] Ricardo Lagos, "Discurso del presidente de la República en seminario Democracia, Economía y Ciudadanía, organizado por el PNUD," CLARLE S.5, Ricardo Lagos Escobar Archives, Democracy and Development Foundation.
[762] Meller, "Consideraciones económicas en torno al gobierno del presidente Lagos," 96.
[763] Cavallo and Montes, *La historia oculta de la década socialista*, 248.

outcomes in human development indicators.[764] The Lagos administration's focus on macroeconomic stability, sustainable growth, and social changes through efficient state administration and partnership with the market aligned with the "third way" program of the social democracy led by Tony Blair in the United Kingdom, Lionel Jospin in France, and Gerhard Schroeder in Germany —still, due to the persistent inequalities in the region, Latin American social democrats had to concentrate on other problems than their European counterparts such as the deepening of rural and urban poverty, the expansion of the distribution gap, and the worsening of violence and insecurity.[765] By the end of his term in 2006, Ricardo Lagos enjoyed a 71% approval rating, reflecting his success in balancing economic freedom with social equity.[766]

In 2005, Michelle Bachelet, formerly Lagos's Minister of Public Health and Defense, became the first woman elected President of Chile. Her rise symbolized the "normalization of politics" in the early 2000s.[767] Bachelet embodied a challenge of traditional elites and the negotiated consensus-based policymaking characteristic of the post-Pinochet era. She aimed to involve citizens, especially women and young people, in decision-making. The non-confrontational nature of Chilean politics of consensus during the Concertación era and the binomial electoral system limited her political

[764] Ricardo Lagos, "El escenario global del nuevo milenio. Desafíos para Chile y América Latina. Discurso," 1999, CLARLE S.5, Ricardo Lagos Escobar Archives, Democracy and Development Foundation; Programa de la Naciones Unidas para el Desarrollo, *Desarrollo humano en Chile. Nosotros los chilenos: un desafío cultural 2002* (Santiago: PNUD, 2002).
[765] Ricardo Lagos, "La tercera vía latinoamericana," box 159, CLARLE S.1, Ricardo Lagos Escobar Archives, Democracy and Development Foundation; Lagos, *Mi vida: gobernar para la democracia. Memorias II*, 733-737.
[766] Alan Angell, "Change or Continuity? The Chilean Elections of 2005-06," in *Democracy After Pinochet: Politics, Parties and Elections in Chile* (London: Institute for the Study of the Americas, 2007), 112.
[767] For the idea of "normalization of politics," Kirsten Sehnbruch and Peter M. Siavelis, "The Future of the Rainbow Coalition," in Sehnbruch and Siavelis, *Democratic Chile*, 318-324.

ambitions and reforms, constraining her promise of a citizen's government.[768] Like previous Concertación administrations, the Bachelet administration focused on enhancing growth with equity within the consensus politics framework. In 2006, a massive student movement demanded substantive changes to the public education system, destabilizing her administration.[769] Bachelet responded by creating an extra-congressional educational commission, which gave negotiated consensus a more formal shape. Following its recommendations, Bachelet introduced education reform proposals and allocated additional resources, neutralizing some of the discontent. As for its social agenda, the Bachelet administration created a universal minimum pension in 2008 and established an unemployment insurance system.[770] The poorly implemented Transantiago public transportation reform in 2007 damaged Concertación's reputation and popularity. Her effective handling of the 2008 subprime global crisis by funding social policies helped restore some support. In January 2010, right-wing candidate Sebastian Piñera defeated the Concertación's candidate, former President Eduardo Frei Ruiz-Tagle, marking the start of a new political cycle.

After 1990, Chile maintained an open economy, aggressively pursuing other markets to achieve sustainable economic growth in the long term, reduce excessive inequality and lack of social protection, and provide stable and transparent governance. Following the relative success of Concertación in achieving these goals, the demands and expectations of Chileans began to evolve dramatically. Political preferences,

[768] Peter Siavelis, "What It Takes to Win and What It Takes to Govern: Michelle Bachelet and the Concertación," in Borzutzky and Weeks, *The Bachelet Government*, 27-49.
[769] Mary Rose Kubal, "Challenging the Consensus. The Politics of Protest and Policy Reform in Chile's Education System," in Borzutzky and Weeks, *The Bachelet Government*, 117-135, esp. 125-129.
[770] Sehnbruch and Siavelis, "The Future of the Rainbow Coalition," 317.

societal relations, economic expectations, and cultural behaviors gradually aligned with those of developed nations. Yet, neither the state nor the market adapted at the speed and scale necessary to fulfill Chileans' longstanding development dreams.

Conclusion

The development of economics as a discipline and profession in Chile from the 1930s to the 1990s was a multifaceted process shaped by transnational interactions involving governments, universities, global foundations, and think tanks. The development of economics throughout the twentieth century illustrates the relationships between state behavior, foreign and economic policies, university influence and the academic knowledge they produced, and non-governmental actors, often reinforcing one another. By examining the interplay of these elements, we can gain insights into Chile´s broader political economy history through the prism of transnational academic exchange. This dissertation argues that by expanding the analysis of transnational entanglements, scholars can understand the impact of U.S. influence in Chile as a hegemonic exercise of soft power going beyond modernization or dependency theories-centered paradigms. The individualistic and anti-state principles of U.S.-style neoliberal economics proved persuasive for portions of Chilean society, even if the Pinochet dictatorship imposed them with an iron hand. By examining how economics evolved from a niche academic field in the 1940s and 1950s to a dominant force among Chile's governing elites by the 1990s, I argue that the prominence of a U.S.-style economics discipline and profession and the rise of U.S.-trained economists to powerful positions were significant outcomes of the U.S. role in the Cold War and the force of the U.S.-oriented structuring of the Chilean economy and economic policy.

Before World War II, Chile adhered to an economic model characterized by nationalism and protectionism, a paradigm compatible with postwar Keynesianism and

Latin American structuralism. In line with the import-substitution industrialization strategy, the Chilean state increasingly took on roles in financing, managing, and producing social services. During this period, European strains of the aforementioned theories, particularly from Great Britain, France, and Germany, influenced economic knowledge in Chile. However, this trend shifted after World War II and the emergence of U.S. global hegemony. The postwar liberal order led by the United States became the new reference point for the relationship between the state, society, and individuals. The transformation of economics training and research in Chilean universities, influenced by U.S.-style economics, drove and supported this cultural shift. We can historicize this process by examining the careers and contributions of economists Carlos Massad, Ricardo Lagos, and Alejandro Foxley as graduate students, professors, and public figures. Their transnational trajectories illustrate how the discipline of economics became autonomous, ubiquitous, and influential, reflecting the cultural power of science during the Cold War era.

Chilean universities played a crucial role in developing economics as a discipline. The University of Chile, although not the first school of economics in Chile or Latin America, became a vital institution from its establishment in 1935. It emerged as a regional leader in economic knowledge production by the 1950s, becoming an intellectual extension of the Chilean state's shift towards ISI. It produced technocratically minded statist professionals such as Flavián Levine, who spearheaded state-led enterprises after CORFO´s foundation in 1939. The school's contribution to ECLA theory was evident, with professors like Jorge Ahumada, Alberto Baltra, Osvaldo Sunkel, and Aníbal Pinto contributing to the formation of ECLA culture in

Chile. This leadership position spurred the Catholic University to seek ways to balance the intellectual field. Unlike the structuralist-driven economics discipline at the University of Chile, the economics program at the CU focused on private actors, market principles, and business administration. However, by the mid-1950s, it was not yet fully autonomous, and its prestige was still developing. During this period, with the support from the Eisenhower administration, which aimed to influence economic policymaking through initiatives like the Klein-Saks Mission under the Ibáñez administration, the University of Chicago and ICA launched a cooperation program with the CU. This program, which facilitated the exchange of U.S. professors to establish U.S.-style economics training and research at the CU, allowed Chilean students to study economics at the University of Chicago, and changed the course of the economics discipline in Chile.

Both ECLA and the University of Chicago made key contributions in the internationalization and professionalization of economics in Chile. They provided theories, scholars, and networks that facilitated the circulation of economic knowledge. Carlos Massad, a student at the University of Chile, exemplified these processes. As part of the first generation of Chileans to study economics in the United States under the University of Chicago-ICA-CU agreement, Massad's success demonstrated to U.S. scholars the high level of achievement capable from Chilean students. Later, as the director of the Institute of Economics at the University of Chile, he expanded the institution's training and research capabilities by fostering connections with U.S. scholars and institutions beyond the University of Chicago. Massad's leadership in the 1960s highlighted the ecumenical nature of Chilean schools of economics, which

incorporated influences from U.S. scholars and Chilean graduates from myriad universities, including the University of Chicago, MIT, Harvard University, Duke University, and the University of Wisconsin-Madison. Various economic theories, including structuralism and neo-Keynesianism, influenced these scholars and their ideological inclinations. Massad's career also underscores the significant support from global foundations that aided the internationalization and professionalization of U.S.-style economics in Chile, providing vast resources to facilitate these intertwined transformations.

The Institute of Economics at the University of Chile and ESCOLATINA played key roles in the transformation and advancement of the discipline of economics in Chile. These institutions became a tripartite "contact zone" where U.S., Latin American, and Chilean scholars with diverse perspectives converged, reshaping research and graduate training. This integration elevated the University of Chile to a regional leadership in the 1950s and 1960s. ESCOLATINA, in particular, became a site for producing economists and policymakers across Latin America. The enhanced researching capacities at the University of Chile attracted a significant number of economists trained at U.S. universities, who became a priority for positions in government and academia. Ricardo Lagos and Alejandro Foxley were among them. Upon their return to Chile, both of them and several other economists who graduated from U.S. universities between 1960 and 1970 took up influential positions in governmental agencies, notably the Central Bank and ODEPLAN, as well as in universities such as the University of Chile, the Catholic University, and FLACSO. As professors and researchers, they decisively contributed to the professionalization of

economics in Chile and Latin America. While global philanthropic foundations supported these processes, they did so without compromising the national perspectives or autonomy at these Chilean universities, fostering a form of ideological pluralism within the confines of U.S.-style postwar liberalism. However, during the Frei and Allende years universities became arenas for national ideological struggles. Economists, immersed in debates around modernization and dependency theories within a structuralist framework, confronted the tensions between reform, revolution and counterrevolution. This ideological polarization ultimately led to the division of the University of Chile's economics department into opposing academic units—affecting training and research and halting the development of a graduate program.[771]

The national crisis of 1973 disrupted the Chilean university system and its transnational connections in the social sciences. The previously ecumenical nature of the economics department at Chilean universities collapsed as Marxist and structuralist approaches, scholars, and students were forcibly marginalized or expelled from universities. This purge of socialist or socialist-leaning individuals played a crucial role in elevating the influence of economists who took control of the economy under the Pinochet dictatorship. The suppression of diverse viewpoints and the elimination of a pluralistic academic environment enabled Pinochet's economists, who were experienced professionals with extensive academic training, to implement their policies

[771] ESCOLATINA was reinstated after 1973 and abolished in 1985. By 1990, the University of Chile had two master's programs: in economics and industrial economics, the latter offered by the School of Engineering. The University of Chile initiated a doctoral program in 2000 and after this year has created several master's programs in different areas of economics. During the twentieth first century, several other Chilean universities have created master's programs in economics as well. Montecinos, "Economics: The Chilean Story," 176-178.

without facing democratic scrutiny or much intellectual opposition from universities controlled by neoliberal economists. Pinochet's economists skillfully presented their ideas as products of an exact science, positioning themselves as authoritative figures in what they perceived as the laboratory setting of Chilean economy and society. Their free-market policies initially brought economic stability to Chile in the years before the debt crisis of 1982-1983. However, the social instability triggered by this depression created opportunities for intellectual critique of the Pinochet regime. Economists such as Alejandro Foxley and Ricardo Lagos seized these chances to challenge and criticize the regime's neoliberal policies.

While the Pinochet regime initially leveraged economic policies to its advantage, the power of economic ideas also galvanized opposition to the dictatorship. Critiques of the Pinochet regime's policies greatly contributed to achieving what social pressure for democracy and human rights had struggled to secure: a path away from dictatorship. The formation of the Concertación filled the political and economic vacuum left by 17 years absent of democracy and economic pluralism. In the 1980s, Concertación economic leaders embraced the principle of "growth with social equity." This equity-centered development philosophy, combined with a conjectural approach to knowledge, starkly contrasted with the rigid orthodoxy of Pinochet's economists. Economists like Ricardo Lagos and Alejandro Foxley, leaders in the making of Concertación, acknowledged the limits of their knowledge, paying tribute to an academic culture rooted in the broader network of social sciences institutions such as CIEPLAN and FLACSO that helped to mount an intellectual resistance against the Pinochet dictatorship.

After 1990, the Concertacion administrations re-legitimized social democratic goals, although the market remained the foremost economic determinant and mechanism of social interaction.[772] The market-driven restructuring of state-society relations involved social welfare reforms that constrained popular participation and controlled resource flow to low-income sectors.[773] Global capitalism impacted workers and the poor, with Concertación policies demobilizing organized labor and reducing labor conflict. As Winn argues, by 1990 the Pinochet dictatorship had triumphed by implementing drastic economic and labor policies and fostering a culture of individualism and consumerism. Concertación's project further legitimized these changes.[774] Kubblock's study of copper miners' labor culture highlights that, by the end of the century, market-driven individualism, consumerism, and mass popular culture had almost eradicated the miners' communitarian culture spatially and symbolically. Workers were no longer organizing together and prone to abandon class solidarity.[775] Scholars like Julia Paley, Verónica Schild, and Clara Han have explored the impact of neoliberalism on the underprivileged. Their research observed changes towards more individualistic citizenship and the poor's responses to the material and symbolic exclusions in present-day Chile, highlighting how technocratic knowledge overlooked the contributions of grassroots organizing and local subjectivities.[776] From

[772] Taylor, *From Pinochet to the "Third Way,"*, 6-7; 43-44.
[773] Paul Posner, *State, Market, and Democracy in Chile: The Constraint of Popular Participation* (Basingstoke: Palgrave Macmillan, 2009), 155-157.
[774] Peter Winn, "The Pinochet Era," in *Victims of the Chilean Miracle. Workers and Neoliberalism in the Pinochet Era, 1973-2002*, ed. Peter Winn (Durham and London: Duke University Press, 2002), 51-52.
[775] Thomas Kublock, "Class, Community, and Neoliberalism in Chile: Copper Workers and the Labor Movement During the Military Dictatorship and the Restoration of Democracy," in Winn, *Victims of the Chilean Miracle*, 250-255.
[776] Verónica Schild, "The Hidden Politics of Neighborhood Organizations: Women and Local Participation in the Poblaciones of Chile," in *Community Power and Grassroots Democracy. The*

the perspective of an "anthropology of care," Han points out the tensions between principles of "self-care" and "self-responsibility" promoted by neoliberal discourses and the ways they are lived by the poor. Neoliberalism has had an impact on embodied experiences of self, agency, and collectivity, as job instability, expanded consumer debt, and competition for receiving limited anti-poverty resources at the local level shape experiences of living in destitution within intimate relations.[777]

In contrast to the pre-1973 "benefactor" state and the military regime, the Concertación administrations embraced equity as a central goal while striving to improve the quality of public services. From 1940 to 1973, the Chilean state focused on expanding social services through substantial public investments. After 1973, the military government shifted strategies, using subsidies and vouchers to eliminate pockets of poverty. While both the pre-1973 state and the military regime directed social expenditures primarily towards women and children, Concertación broadened its scope to include a broader range of low-income groups. This expansion encompassed children, youth, women, older adults, indigenous people, individuals with disabilities, and small-scale agricultural and urban entrepreneurs, particularly in poor municipalities and towns.[778] Concertación's social policies emphasized investing in social capital and providing productive assistance, intending to empower social actors to claim their rights. However, within the dominant framework of market-driven

Transformation of Social Life, eds. Michael Kaufman, and Haroldo Dilla Alfonso (London and New Jersey: Zed Books, 1997), 137, 142-143; Julia Paley, *Marketing Democracy. Power and Social Movements in Post-Dictatorship Chile* (Berkeley and London: University of California Press, 2001), 20.

[777] Clara Han, *Life in Debt. Times of Care and Violence in Neoliberal Chile* (Berkeley: University of California Press, 2012), 5-6.

[778] Dagmar Raczinsky, *Políticas sociales y de superación de la pobreza en Chile* (Austin: University of Austin, Texas, 2002), http://lanic.utexas.edu/project/laoap/claspo/dt/0005.pdf.

development, the fulfillment of these promises was inconsistent and unequal across different segments of society. Throughout the Concertación years, Chileans achieved varying degrees of rights satisfaction through struggles, negotiations, and adaptation.

Overall, the Concertación project was not a monolithic endeavor, and critical voices questioned whether its achievements were sufficient to foster long-term social justice. A key concern was whether the Concertación administrations were genuinely building a social welfare model capable of achieving equity and social integration or if the dominance of free-market principles would cancel the effects of social policies, reducing them to mere appendages of market operations.[779] This dilemma highlighted a significant power imbalance within the Concertación cabinet between economic and social authorities, where the Minister of Finance held the most influence over social agendas. It also exposed the uncertain ability of the Concertación administrations to coordinate social policies with local actors effectively.

Perhaps the main legacy of the Concertación era is the principle that the result of democratic processes should evaluate governments based on the quality and coherence of their public policies and that achieving development goals requires substantial collaboration among the state, private actors, and social organizations. The post-1990 Chilean governance model successfully delivered equitable growth, although the reach of social policies could have been broader than envisioned.[780] For ordinary Chileans, the Concertación era marked a period of relative prosperity, with living conditions notably better than those of previous generations. However, the

[779] Raczynski, *Políticas sociales*, 145-147.
[780] For selected macroeconomic and social indicators of Chile's changes between 1990 and 2021, see the appendix.

predominance of market dynamics, the reduction of state influence in the economy and society, and the individualization of society, conditions influenced by predominating and academically consensual economic knowledge, left a lasting impact on modern Chile. Today, the governance cycle that began in 1990 is experiencing a crisis with an uncertain outcome. Chile's neoliberal political and economic model, based on the consensus reached between neoliberals and neostructuralists, is under strain. In the last five years, the left, anti-establishment sectors, populists and independents, and the conservative far-right have challenged its rule. The resolution of this hegemonic crisis is still in the making.[781]

In this work, I have sought to tell the history of the transnational circulation of economic ideas and policies beyond the Chicago boys while acknowledging the dramatic economic policy changes implemented by Pinochet's economists in the 1970s and 1980s and their profound impact on ordinary Chileans. The draconian nature of this transformation in Chile's economic paradigm was more a consequence of the authoritarian rule of the Chilean military than of ideas that, as Amy Offner argues, were rooted in the mixed economies of the postwar years and later reused by neoliberals across different Latin American countries.[782] Yet, from a broader perspective, it is worth asking why and how scholars trained in U.S. universities came to support an authoritarian regime.[783] Chile is not unique in adopting neoliberal policies devised by

[781] In 2019, a popular revolt against Sebastián Piñera's second administration (2018-2022) led to the initiation of a Constitutional Convention to redraft the Chilean Constitution. This process, marked by oscillations between radical anti-establishment and conservative waves, failed twice in 2022 and 2023.
[782] Offner, *Sorting Out the Mixed Economy*, 278.
[783] See the questions raised by Marcos González Hernando and Tomas Undurraga, "Expertos y complicidad intelectual en la dictadura chilena," in *Complicidad económica con la dictadura chilena: un país desigual a la fuerza*, eds. Juan Pablo Bohoslavsky, Karinna Fernández and Sebastián Smart, eds. (Santiago: LOM Ediciones, 2019), 191-205.

U.S.-educated economists. Similar stories can be found throughout the region, though each will take different forms depending on national contexts. The historic role of governments in the economy, elite training universities, societal relations, and the role of non-governmental actors, such as global philanthropic foundations, think tanks, and multilateral institutions, will shape these stories in distinctive ways. I hope this work encourages further exploration of these issues.

This approach raises questions about the diversity within the so-called "style" of U.S. economics and its imperialist undertones, which distinguish it from intellectual traditions in other Western countries. As a discipline with a history spanning over a century, U.S. economics has evolved through debates and paradigmatic shifts, ultimately becoming the individualism-driven discipline that we know today. U.S. economics traces a circle beyond which it is costly to venture. However, within the broad confines of that boundary, there are many ways to interpret the central issue economics seeks to understand: how individuals and societies behave in the face of scarcity.

This dissertation revolves around the careers of three individuals with different ideologies and varying responses to various events, ideas, and institutions. I argue that their experiences can be unified by using concepts like neostructuralism, developmental economics, reformism, or center-left economists —although all of them must be qualified. Neostructuralism characterizes economic ideas emphasizing the state's role in fostering productive modernization and social equity from the late 1970s to the early 2000s. It encompasses economists who adopted a conjectural approach to economics and opposed neoliberalism's extreme manifestations and legacies. Foxley

and Lagos deserve this label very much. Massad was more of a pragmatic liberal. Another approach to unifying the experiences of the economists I examine in this work is through Albert Hirschman's well-known typology of development theories, including orthodox economics, neo-Marxism, Marx's writings on colonial development, and developmental economics.[784] Through their careers, Foxley, Lagos, and Massad can be viewed, to varying degrees and moments, through the lens of Hirschman's typology as developmental economists. The three of them were committed to social reform in Chile. Often they situated themselves in what Albert Hirschman's biographer would describe as the "neglected, ravaged space between the romance of revolution and the firmament of reaction."[785] Throughout the latter half of the twentieth century and the first decades of the current century, Massad, Lagos, and Foxley established fruitful political and intellectual relationships with the more cosmopolitan, inclusive, and reformist sectors of the United States.[786] As for their

[784] In his 1979 essay "The Rise and Decline of Development Economics," Hirschman established a typology of theories of development of the periphery. This typology revolves around the rejection of the monoeconomics claim, which was "the view that underdeveloped countries as a group are set apart, through a number of specific economic characteristics common to them, from the advanced industrial countries and that traditional economic analysis, which has concentrated on the industrial countries, must therefore be recast in significant respects when dealing with underdeveloped countries," and the mutual-benefits claim, which was that "economic relations between these two groups of countries could be shaped in such a way as to yield gains for both." Hirschman identified four basic theories based on the assertion or rejection of these claims. Orthodox economics, according to Hirschman, adhered to both claims. Conversely, neo-Marxist theories rejected both claims. Hirschman attributed a unique position to Marx's scattered writings on the development of colonial or "backward" regions, where he accepted the monoeconomics claim, but dismissed the mutual-benefits claim. This stance formed the third theory in Hirschman's typology. The final basic theory outlined by Hirschman was development economics. This theory rejected the monoeconomics claim while embracing the mutual-benefits claim. Albert Hirschman, "The Rise and Decline of Development Economics," in *Essays in Trespassing. Economics to Politics and Beyond* (Cambridge: Cambridge University Press, 1981), 3-5.

[785] Jeremy Adelman, *Worldly Philosopher: The Odyssey of Albert O. Hirschman* (Princeton: Princeton University Press, 2013), 17.

[786] Foxley, McPherson and O'Donnell, "Introduction," 1-4; Ricardo Lagos, "Kalman Silvert: An Appreciation," in *Kalman Silvert: Engaging Latin America, Building Democracy*, eds. Abraham Lowenthal and Martin Weinstein (Boulder and London: Lynne Rienner Publishers, 2016), 1-6. In this work, I also highlight Carlos Massad's relationship with Joseph Grunwald, one of the founding members

political sympathies, the term "center-left," which sometimes could be used to describe the reformist experience of the Popular Fronts coalition from 1938 to 1947 or 1952, refers to the alliance between Christian Democrats, Socialists, and other political parties that defeated Pinochet in the 1988 referendum. While not all Socialists may have embraced centrism nor all Christian Democrats identified with the left, the term "center-left" became common in post-1973 Chile to describe the opposition to Pinochet, excluding the Communist Party that adopted an armed resistance to the dictatorship. Lagos, Foxley, and Massad were prominent members of these parties, justifying their inclusion under this term.

The academic and political experiences of Massad, Lagos, and Foxley underscore that development encompasses more than economic growth. While economic growth is a constituent element, alone it cannot eradicate inequality. Development is a continuous process that unfolds through time and space and can be achieved at different scales and is driven by social and institutional pressures and interests. As a historian, I am hesitant to formulate an axiom, but I strongly resonate with Brazilian economist Celso Furtado's 1964 assertion to his University of Wisconsin interviewers that "economists don't have all the tools to solve the development problem."[787] Delving into this history shows that economics and science can be approached creatively, leaving room for alternative choices, methods, and outcomes. Making science plural involves navigating through often contradictory or diverging ideas and concepts. Critical analysis and intellectual freedom are essential

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of the Latin American Studies Association (LASA) and a great contributor to Inter-American relations in economics.

[787] Interview with Celso Furtado, 7 July 1964, box 14, Land Tenure Center Records, 1951-2013, UWM Archives, University of Wisconsin-Madison.

for scientific progress, as economic theories are not absolute; they vary over time, space, and scale, and scholars constantly redefine them. Economics cannot be separated from the economists that produce theories, nor can it be studied in isolation from social processes and circumstances or without engaging in dialogue with other overlapping fields of knowledge. Massad, Lagos, and Foxley's careers in economics reaffirm that addressing development, inequality, and the material conditions of individuals and societies requires moving beyond ideology, ignorance, and, most importantly, inertia.[788]

Studying the transnational development of an academic discipline is a fascinating endeavor that cannot tolerate intellectual fatigue as it opens numerous venues for further research across time, space, and other domains of knowledge and their respective connections. A pluralist science that understands its knowledge as provisional will be essential to Chile's future challenges as part of Latin America. In this work, I have aimed to explore potential venues of dialogue between history and economics, examining how historical thinking can enhance our understanding of the world of economists. Looking at the history of transnational intersections of knowledge

[788] After 2003, Carlos Massad gradually retired from public life to spend more time with his family, though he continued teaching economics. In 2009, Alejandro Foxley left the Ministry of Foreign Affairs following a disagreement with President Bachelet on her approach to Cuba and Venezuela. After retiring from public service, Foxley moved to Washington D.C. to join the Carnegie Endowment for International Peace, where he resumed his intellectual pursuits, focusing on development and its challenges in Latin America. Upon returning to Chile, Foxley resumed his work at CIEPLAN, dedicating his efforts to researching the "middle-income" trap. This notion refers to the stagnation in per capita income and a decline in an economy's competitiveness, which Chile began facing from 2008. Ricardo Lagos maintained a more active public participation until 2024, when he retired from public life. In 2009 and 2018, he considered running for presidency but was dissuaded by the lack of support from his Socialist Party.

is a way to ask ourselves where human intelligence is and how crucial different perspectives are for its production.

Appendices

I. Courses at the School of Commerce and Industrial Economics, University of Chile (1935)

Year	Commerce	Hours	Industrial Economics	Hours
1st Year	Political Economy	4	Political Economy	4
	Economic History	3	Economic History	3
	Notions of Law and Labor Legislation	3	General Economic Geography	3
	Customs Administration	3	Notions of Law and Labor Legislation	3
	Commercial Mathematics	2	Commercial Mathematics	2
	Accounting	3	Industrial Technology	2
	German, French, or English	3	Raw Materials	2
			Industrial Energy	2
			Accounting	3
			German, French, or English	3
2nd Year	Economic Policy	3	Economic Policy	3
	Statistics	2	Statistics	2
	Commercial Geography	3	Economic History	3
	Economic History	3	Commercial Geography	2
	Customs Administration	3	Industrial Technology	2
	Financial Mathematics	2	Notions of Technical Drawing	2
	Accounting	3	Tax Legislation	2
	Tax Legislation	2	German, French, or English	3
	German, French, or English	3	Industrial Accounting	3
3rd Year	Public Treasury	2	Public Treasury	2
	Consular and Customs Law and Commercial Treaties	2	Industrial and Agricultural Law	2
	Communications, Tariffs, and Transportation	2	Costs and Budget Accounting	2
	Propaganda and Advertisement	2	Communications, Tariffs, and Transportation	2
	Business Organization and Administration	3	Propaganda and Advertisement	2
	Commercial Law	3	Industrial Technology	2
	German, French, or English	3	German, French, or English	3
	Supplementary Mathematics	3	Supplementary Mathematics	3

Source: Universidad de Chile, *Escuela de Comercio y Economía Industrial*, 5-7.

II. Institutions for postgraduate studies and research in economics in Latin America by 1960.

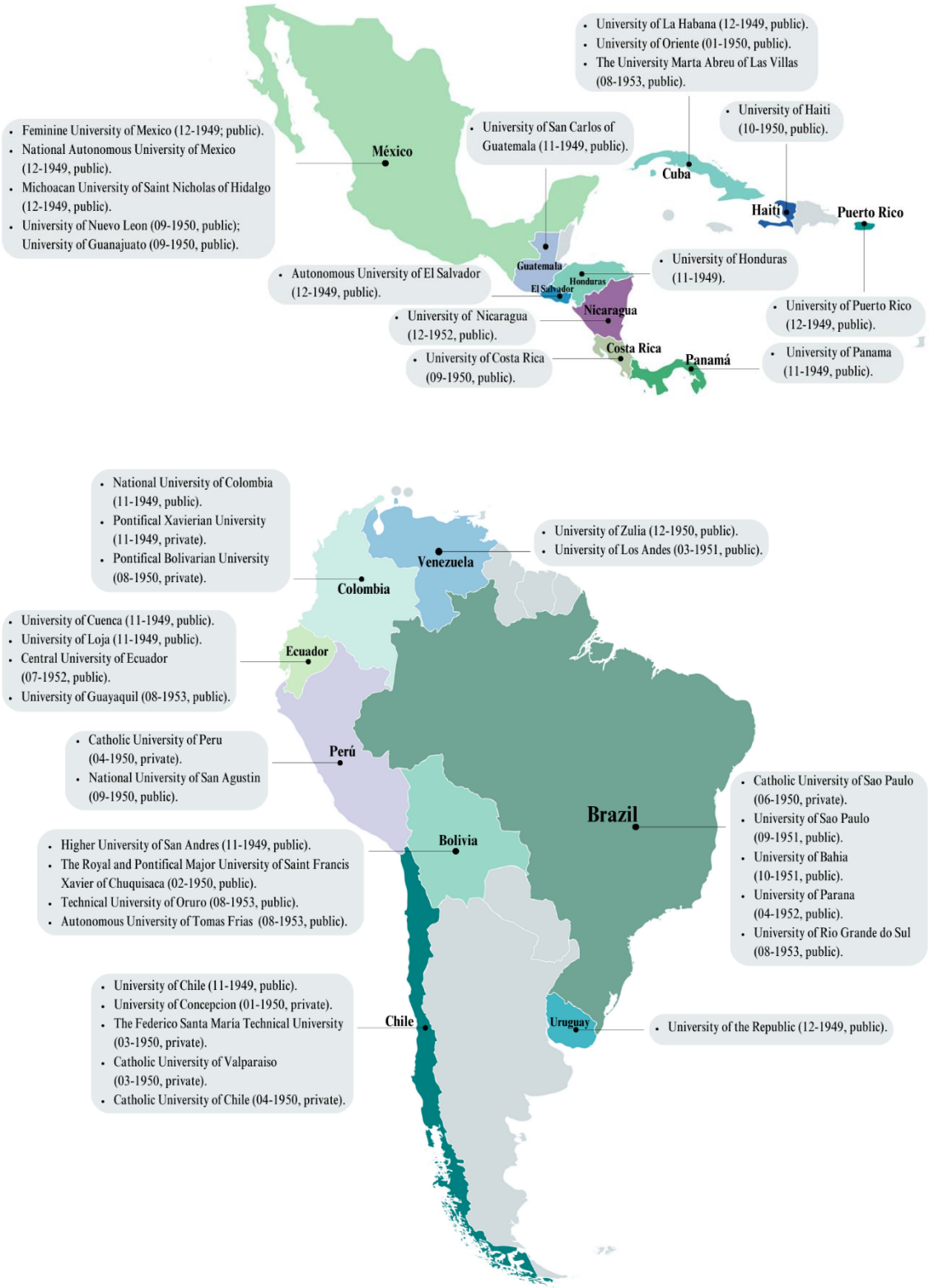
Source: Howard Ellis, Benjamín Cornejo, and Luis Escobar Cerda. *The Teaching of Economics in Latin America* (Washington D.C: Pan American Union, General Secretariat, Organization of American States, 1961), 65-86.

III. Institutions for Teaching and Research in Social Sciences in Chile in the 1950s and 1960s.

Institution	Discipline	Year of Inauguration
ECLA Comisión Económica para América Latina y el Caribe de las Naciones Unidas (U.N. Economic Commission for Latin America and the Caribbean)	Economics	1948
CIEEF. Centro Interamericano de Enseñanza de Estadística Económica y Financiera (Inter-American Center of Economic and Financial Statistics) at the University of Chile	Statistics	1952
FLACSO. Facultad Latinoamericana de Ciencias Sociales (Latin American Faculty of Social Sciences) at the University of Chile	Sociology, Political Science, Public Administration	1957
ELAS. Escuela Latinoamericana de Sociología – FLACSO (Latin American School of Sociology) at the University of Chile	Sociology	1957
ESCOLATINA at the University of Chile	Economics	1957
CIAS. Centro de Investigaciones y Acción Social (Center for Research and Social Action)	Law, Sociology, Economics	1957
CELADE. Centro Latinoamericano de Demografía (Latin American Center of Demography)	Demography	1958
Bellarmino Center	Psychology, Philosophy, Theology	1959
CISOC. Centro de Investigaciones Socioculturales (Social Religious Cultural Research Center)	Sociology of religion	1959
DESAL. Centro de Desarrollo Social para América Latina (Center for Latin American Development)	Sociology	1960
ILPES. Instituto Latinoamericano de Planificación Económica y Social (Latin American Economic and Social Planning Institute)-ECLA	Economics	1962
ICIRA. Instituto Coordinador de Investigaciones sobre la Reforma Agraria (Coordinator Institute of Research into Agrarian Reform)	Economics	1964
ILADES. Instituto Latinoamericano de Doctrina y Estudios Sociales (Latin American Institute for Doctrinal and Social Studies)	Social Catholic doctrine, economics	1965
CIDU. Centro de Investigaciones sobre Desarrollo Urbano (Research Center on Urban Development) at the CU	Architecture, economics	1965
CESO. Centro de Estudios Socioeconómicos (Center of Social and Economic Studies) at the University of Chile	Economics, sociology	1965
CEREN. Centro de Estudios de la Realidad Nacional (Center for Studies of National Reality) at the CU	Economics, sociology	1967

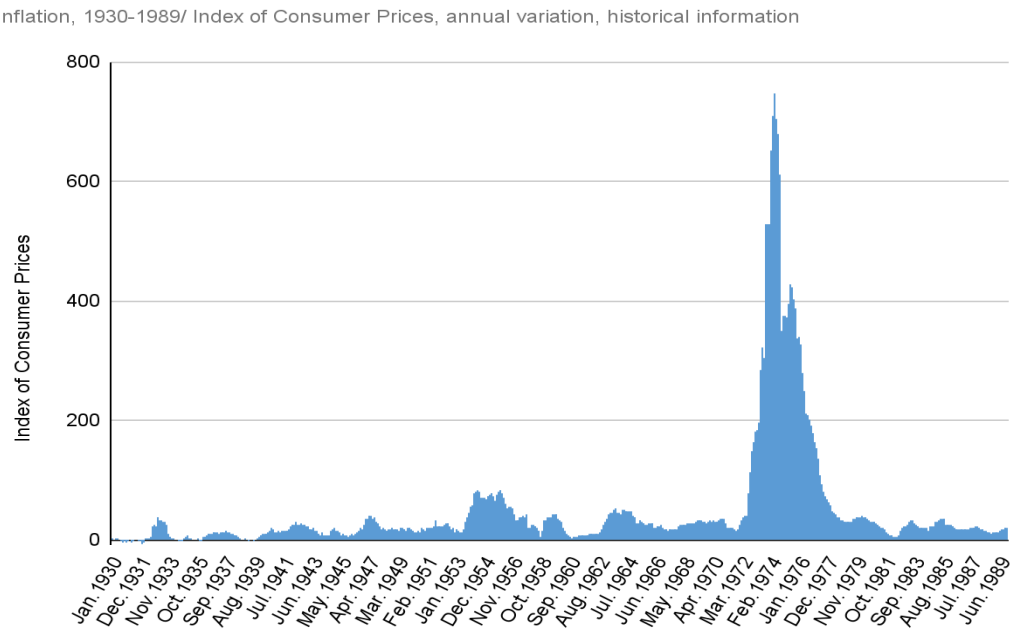
Source: Rolando Franco, *La invención del ILPES* (Santiago: CEPAL, 2013).

IV. University members of the Union of Latin American Universities in 1953



Source: "Actas de las Sesiones Plenarias. Primera Sesión Plenaria," November 24, 1953, *Anales de la Universidad de Chile* 95-96 (1954): 6-7.

V. Index of Consumer Prices, annual variation, historical information (IPC, Índice de Precios al Consumidor), 1930-1989.



Source: Chilean Central Bank, Statistical Database, Macroeconomic Statistics, Consumer Price Index. https://si3.bcentral.cl/Siete/en

VI. Courses at the University of Chicago, Chile Project

	1st quarter	2nd quarter	3rd quarter	4th quarter
1st year	Intermediate Economic Theory Mathematics for Economists Monetary Theory	Price Theory Theory of Income and Employment Introduction to Statistical Inference	Price Theory History of Economic Thought Monetary and Fiscal Policy	Statistical Inference Field examinations or a research paper
2nd year	Three courses in a problem field (agricultural economics, labor economics, international economics, public finance, etc.) Three courses in a second problem field or undertaking a research project in one of the Research Workshops	Three courses in statistical inference		Field examinations Research paper for the M.A. degree

Source: Department of Economics, University of Chicago, The Chile Project. Ninth Report to the Catholic University of Chile and to the International Cooperation Administration, July 1960, box 42, p. 6, General Archival Files. Special Collections Research Center, The University of Chicago Archives, University of Chicago.

VII. Courses at ESCOLATINA, 1963

Cycle	Term	Courses
Preparatory Cycle (ex-First Year)	1st	Economic Theory I (micro) Descriptive Statistics National Accounts Econ. Problems of Latin America Introductory Agric. Economics Math for economists (if needed)
	2nd	Economic Theory II (macro) Statistical Inference Introduction to Economic Development Econ. Problems of Latin America II or Agricultural Economics II Math for economists (if required)
Advanced Cycle (ex-Second Year)	1st	Advanced Economic Theory I International Economics Monetary and Fiscal Theory or Advanced Agricultural Economics Economic History or Rural Sociology
	2nd	Advanced Economic Theory II Strategy of Economic Development Monetary and Fiscal Theory or Advanced Agricultural Economics Econometrics or Research Methods Seminar

Source: John Strasma, "Some personal notes," 24 January 1972, Virtual Vault.

VIII. Selected macroeconomic indicators, 1973-1990

Years	Growth of GDP	Growth of real domestic expenditure	Inflation	Unemployment rate
1973	-5.6	-6.2	608.7	5.0
1974	1.0	-2.4	369.2	9.5
1975	-12.9	-20.8	343.3	14.8
1976	3.5	0.2	198.0	12.7
1977	9.9	14.2	84.2	11.8
1978	8.2	9.7	37.2	14.2
1979	8.3	10.5	38.9	13.6

1980	7.8	9.3	31.2	10.4
1981	5.5	11.6	9.5	11.3
1982	-14.1	-24.1	20.7	19.6
1983	-0.7	-4.6	23.1	14.6
1984	6.3	8.5	23.0	13.9
1985	2.4	-1.9	26.4	12.0
1986	5.7	5.3	17.4	8.8
1987	5.7	7.3	21.5	7.9
1988	7.4	8.9	12.7	6.3
1989	10.0	12.2	21.4	5.3
1990	2.1	0.1	27.3	5.7

Source: Vitorio Corbo and Stanley Fischer, "Lessons from the Chilean Stabilization and Recovery" in Barry Bosworth, Rudiger Dornbusch, and Raul Labán, eds., *The Chilean Economy. Policy Lessons and Challenges* (Washington DC: The Brookings Institution, 1994), 32-33.

IX. **Chile. Country Profile (1990-2021). Selected indicators.**

Indicator	1990	2000	2010	2021
Population, total (millions)	13.34	15.35	17.00	19.49
Poverty headcount ratio at national poverty lines (% of population)	—	36.0	22.2	10.8
Poverty headcount ratio at $2.15 a day (2017 PPP) (% of population)	10.7	5.8	0.9	0.7
GNI, Atlas method (current US$) (billions)	31.17	77.94	184.06	288.41
GNI per capita, Atlas method (current US$)	2,340	5,080	10,820	14,800
Income share held by low est. 20%	3.4	3.8	5.3	5.5
Life expectancy at birth, total (years)	73	77	79	79
Fertility rate, total (births per woman)	2.6	2.0	1.8	1.5
Mortality rate, under-5 (per 1,000 live births)	19	11	9	7
Primary completion rate, total (% of relevant age group)	—	—	95	99

School enrollment, primary (% gross)	103.1	101.4	103.2	99.4
School enrollment, secondary (% gross)	74	87	91	107
School enrollment, primary and secondary (gross), gender parity index (GPI)	1	1	1	1
GDP (current US$) (billions)	33.11	78.25	217.11	316.71
GDP growth (annual%)	3.3	5.0	5.9	11.7
Inflation, GDP deflator (annual %)	22.5	4.6	8.9	6.8
Agriculture, forestry, and fishing, value added (% of GDP)	8	5	3	4
Industry (including construction), value added (% of GDP)	39	28	33	31
Exports of goods and services (% of GDP)	32	30	38	32
Imports of goods and services (% of GDP)	29	29	32	33
Gross capital formation (% of GDP)	26	24	25	24
Revenue, excluding grants (% of GDP)	18.8	20.8	21.6	24.1
Net lending (+) / net borrow ing (-) (% of GDP)	0.3	-0.6	-0.4	-7.7
Tax revenue (% of GDP)	13.3	16.1	17.5	19.6
Military expenditure (% of GDP)	3.4	2.7	2.3	1.9
Mobile cellular subscriptions (per 100 people)	0.1	22.2	116.7	136.3
Individuals using the Internet (% of the population)	0.0	16.6	45.0	90.2
High-technology exports (% of manufactured exports)	—	—	6	12
Merchandise trade (% of GDP)	49	48	60	59
Net migration (thousands)	-5	6	26	114
Foreign direct investment, net inflow s (BoP, current US$) (millions)	661	4,480	16,020	15,933
Net official development assistance received (current US$) (millions)	109.1	50.5	181.9	—

Source: World Bank. World Bank Open Data. https://data.worldbank.org/

Cast of Characters

AGUIRRE CERDA, Pedro (1879-1941). Chilean politician and intellectual. Member of the Radical Party. Dean School of Commerce and Industrial Economics, University of Chile 1935-1938. President of Chile, 1938-1941. Books: *El problema agrario* (1929); *El problema industria*l (1933).

AHUMADA, Jorge (1917-1965). Chilean economist. Agronomist, University of Chile, 1940. MA (Publ. Adm.), Harvard University, 1943. Chief of ECLA's training program on problems of economic development. Books: *En vez de la miseria* (1958).

ALESSANDRI RODRÍGUEZ, Arturo (1895-1970). Chilean lawyer. Dean School of Law, University of Chile, 1924-1927- 1933-1943.

ANINAT, Eduardo (1948). Chilean economist. M.A. and Ph.D. (Econ.), Harvard University. Finance Minister of Chile, 1994-1999.

ARELLANO, José Pablo (1952). Chilean economist. M.A. and Ph.D. (Econ.), Harvard University. Minister of Education of Chile, 1996-2000.

BACHMURA, Frank (1922-1975). U.S. economist. Ph.D. (Econ.), University of Chicago. Fulbright scholar, visiting professor at the University of Chile, 1959-1960. Specialist in agricultural economics and Latin American development.

BAILEY, Martin J. (1927-1997). U.S. economist. B.A. (Econ.), UCLA, 1951. M.A. (Econ.), PhD (Econ.), John Hopkins University, 1953-1956. Visiting Research Professor of Economics, Universidad Católica de Chile, Santiago, 1956-1957. Articles: "La creación de dinero en Chile, 1943-1956," *Economía* LVII (September- December, 1957).

BALLESTEROS, Marto (1929). Spanish economist. B.A. (Econ.), University of Madrid, 1950. M.S. (Econ.) Ph.D. (Econ.) University of Chicago, 1954-1958. Visiting Research Professor of Economics, Universidad Católica de Chile, Santiago. Professor of Economics, University of Chicago, 1958. Articles: "Desarrollo agrícola chileno, 1910-1955," *Cuadernos de Economía*, Instituto de Economía Pontificia Universidad Católica de Chile 5 (January-April 1965): 7-40.

BALTRA CORTÉS, Alberto (1912-1981). Chilean lawyer and politician. Member of the Radical Party. Director of the School of Commerce and Industrial Economics, University of Chile s.1935. President of the first period of sessions of ECLA, 1948. Minister of Economy, 1947-1950. Senator, 1968-1973.

BARRACLOUGH, Solon (1922-2002). U.S. economist. B.S., University of N.H., 1943; M.A. (Econ.), Ph.D. (Econ.), Harvard University, 1949-1950. Land economics expert, United Nations Food and Agriculture Organization, Chile, 1959-1961. Project Manager Agrarian Reform Training Research Institute, Chile; Visiting professor, University of Chile. Books: *Agrarian Structure in Latin America* (1973).

BELL, Peter (1940-2014). M.A. (International Affairs), Princeton University. Ford Foundation, Latin American program. Founder of the Inter-American Dialogue.

BEVERIDGE, William (1879-1963). British economist. Author of the Beveridge Report, which helped shape Britain's post-World War II welfare policies and institutions.

BEYER, Robert. Member of the Klein-Saks Mission.

BIANCHI, Andrés (1935). Chilean economist. B.A. (Law), University of Chile, 1959-1963. M.A. and Ph.D.(c), Yale University. Visiting professor at Princeton University, 1973-1975, and Boston University, 1978. ECLA, 1981-1989. President of the Chilean Central Bank, 1989-1991. Ambassador of Chile to the United States, 2000-2006.

BLACK, Joseph (1921-2007). U.S. political scientist, Northwestern University. Director of the Humanities and Social Science Division, Rockefeller Foundation, 1964-1978.

BOENINGER, Edgardo (1925-2009). Chilean economist. Civil engineering, CU, 1950. Business Administration, University of Chile, 1960. Dean School of Economics, University of Chile 1965-1969. Rector, University of Chile, 1969-1973.

BOTERO, Rodrigo (1934). Colombian economist. B.A. (Econ. and Engineering), MIT. M.A. (Econ.), Georgetown University. Ph.D. (History), Harvard University. Founder of FEDESARROLLO, 1970. Finance Minister of Colombia, 1974-1976.

BOULDING, Kenneth (1910-1993). English-U.S. economist. BA (PPE),. M.A., University of Oxford, 1931, 1939.

BRAUN, Juan (1933). Chilean economist. Business Administration, 1959. Graduate studies, Harvard University.

BRAY, James O. (1920). U.S. economist. B.S.A Purdue University, 1943. M.S. Purdue University, 1948. Ph.D. (Econ.), University of Chicago, 1955. Postdoctoral studies, Balliol College, Oxford, 1954-55. Associate Professor of Economics, University of Chicago, 1956. Visiting Research Professor of Economics, Universidad Católica de Chile, Santiago. Articles: "Acerca del Problema Agrario en Chile," *Cuadernos de Economía*, Instituto de Economía, Pontificia Universidad Católica de Chile 1(4); pp. 53-90.

BROWN, Robert T. (1932). B.A. Wesleyan University, 1955. M.A. (Econ.), 1957. Ph.D. (Econ.), Harvard University, 1960. Sheldon Travelling Fellowship, Harvard University, 1957-1958, used in Santiago, Chile. Research Associate, Institute of Economic Research, University of Chile, 1958.

BROWNLEE, Oswald (1917-1985). U.S. economist. B.S. Montana State College, 1938. M.A., University of Wisconsin, 1939. Ph.D. (Econ.), Iowa State University, 1945. International Cooperation Administration mission to Chile, 1956-1957; visiting professor economics, CU, 1967-1969.

BUCHANAN, Norman. U.S. economist. Ph.D. (Econ.), Cornell University, 1931. Director of Social Sciences, Rockefeller Foundation.

BUCHI, Hernán (1949). Chilean economist. Civil engineering, University of Chile. M.A. (Econ.), Columbia University. Finance Minister of Chile, 1985-1989.

CAMERON, Rondo (1925-2001). U.S. economic historian. B.A., M.A., Yale University, 1948-1949. Ph.D., University of Chicago, 1952. Program Economic History, University of Wisconsin, 1961-69. Rockefeller Foundation, special field rep. Latin America, 1965-67. Director, Land Tenure Center, program in Chile. Books: *A Concise Economic History of the World: From Paleolithic Times to the Present* (1989).

CARDOSO, Fernando Henrique (1931). Brazilian politician and intellectual. Sociologist, University of São Paulo. President of Brazil, 1995-2003. Books: *Dependencia y desarrollo en América Latina* (with Enzo Faletto, 1969).

CARMICHAEL, William D. (1929). U.S. economist. BA (Econ.), Yale University, 1950. MPA (Public and International Affairs), M.A. (Econ.), 1952, Princeton University. BLitt (Econ.), Oxford University, 1955. Ph.D. (Econ.), Princeton University, 1959. Dean of Graduate School of Business and Public Administration, Cornell University, 1962- 1968. Ford Foundation, head office, Latin America and the Caribbean, 1971-76. Vice President Ford Foundation, 1981-1989.

CARROLL, Thomas F. (1919-2022). U.S.-Hungarian economist. Ph.D. (Agr. Econ.), Cornell University, 1946. FAO and IDB expert, advisor to the Government of Chile on land reform problems. Books: *Intermediary NGOs: The Supporting Link in Grassroots Development* (1992).

CARTER, Prescott. Member of the Klein-Saks Mission.

CASTILLO VELASCO, Fernando (1918-2013). Chilean architect. Rector, CU, 1967-1973.

CASTRO, Herta. Chilean economist. Advanced training, University of Chicago.

CLAVEL, Carlos. Chilean economist. Advanced training, University of Chicago.

CHANÁ CARIOLA, Julio (1909-1995). Chilean lawyer, businessman, and politician. Member of the Conservative Party. Dean School of Economic and Social Sciences, CU, Santiago, 1954-1964.

CHENERY, Hollis B. (1918-1994). U.S. economist and engineer. B.S (Econ., Engineering), University of Arizona, University of Oklahoma. M.A., California Institute of Technology, University of Virginia. Ph.D. (Econ.), University of Harvard, 1950. Assistant Administrator, USAID, 1961-1965. Professor, Economics, Harvard University. Economic Advisor, Vice President for Development Policy, World Bank, 1970-1983. Books: *Redistribution with Growth* (et al., 1974); *Handbook of Development Economics* (with T.N. Srinivasan, 1988, 1989).

CHRIST, Carl (1923-2017). U.S. economist. B.A. Colorado College, 1942, B.S. (Physics), Ph.D. (Econ.), University of Chicago, 1943, 1950. Professor, John Hopkins University, 1961-2005.

CLARK, Peter. U.S. Economist. Development Research Center, World Bank.

CORNEJO, Benjamín (1906-1964). Argentinian lawyer. Director, School of Economic Sciences, University of Córdoba, 1935-1946. ECLA, 1950-51, 1953-56.

CORTÁZAR, René (1952). Chilean economist. Business Administration, CU. Ph.D. (Econ.), MIT. Minister of Labor and Social Security, 1990-1994. Minister of Transportation and Telecommunications, 2007-2010.

CORTES, Mario (1929). Chilean economist. Business Administration, University of Chile, 1950-1955. Graduate studies, Yale University.

COURCELLE-SENEUIL, Gustave (1813-1892). French lawyer and influential liberal economic intellectual. Professor of Political Economy, University of Chile, and advisor to the Chilean government, 1855-1857, 1860-1863.

DAVIDSON, R.K. Officer for the Rockefeller Foundation.

DAVIS, Tom E. (1929-2022). U.S. economist. A.B., Tufts College, 1950. M.S., John Hopkins University, 1952. Ph.D. (Econ.), John Hopkins University, 1956. Graduate studies, London School of

Economics, 1953-55. Postdoctoral fellow, John Hopkins University, 1955-56. Assistant Professor, University of Chicago, 1956-1958. Associate Professor of Economics, University of Chicago, 1958. Visiting Research Professor of Economics, Universidad Católica de Chile, Santiago. Profesor, Cornell University, 1963-2004. Santiago. Articles: "Capital y salarios reales en la economía chilena," *Cuadernos de Economía* 3, no. 8 (January-April 1966): 83-106.

DEAVER, John V. (1922-2020). U.S. economist. M.A. (Econ.), Mexico City College. Ph.D. (Econ.), University of Chicago. Visiting Research Professor of Economics, CU, Santiago. Economist, Chase Manhattan Bank, New York, General Electric Company, Ford Motor Company. Articles: "La inflación chilena como impuesto," Centro de Investigaciones Económicas. Facultad de Ciencias Económicas. Universidad Católica de Chile.

DE CASTRO SPIKULA, Sergio (1930-2024). Chilean economist and businessman. Ph.D. (Econ.), University of Chicago. Dean, School of Economic and Social Sciences, Universidad Católica de Chile. Minister of Economy, 1975-1976. Minister of Finance, 1976-1982.

DE OLIVEIRA CAMPOS, Roberto (1917-2001). Brazilian economist. Founder and director of the National Economic Development Bank (Banco Nacional de Desenvolvimento Econômico—BNDE), 1955-59. Minister of planning and economic coordination (1964–1967).

DEL PEDREGAL HERRERA, Guillermo (1898-1988). Chilean civil engineer and politician. Dean, School of Commerce and Industrial Economics, University of Chile, 1939-1945. Vice President, CORFO, 1940-1944. Minister of Finance, 1941-43-1953-54. Minister of Interior, 1952-1953. Ambassador to the USSR, 1971-1973.

DOMAR, Evsey (1914-1997). U.S.-Russian economist. B.A. (Econ.), UCLA, 1939. M.A. (Math. Stats), University of Michigan. M.A. (Econ.), Ph.D. (Econ.), Harvard University, 1943, 1947. Developer of the Harrod-Domar model of economic growth.

DORNER, Peter P. (1925-2018). U.S. economist. B.A., University of Wisconsin, 1951. M.A., University of Tennessee, 1953. Ph.D. (Econ.), Harvard University, 1959. Director, Land Tenure Center, program in Chile, 1963-1965. Professor, University of Chile. Director, Land Tenure Center, 1965-66. Senior staff economist with the President's Council of Economic Advisers, 1967.

DUESENBERRY, James (1918-2009). U.S. economist. M.A., Ph.D. (Econ.), University of Michigan, 1941, 1948. Professor at Harvard University, U.S. President's Council of Economic Advisors (1966-69).

ECKAUS, Richard (1926-2022). U.S. economist. B.S. (electrical engineering), Iowa State University, 1944. M.A. (Econ.), Washington State University, 1946. Ph.D. (Econ.), MIT, 1954. Books: *Planning for Growth* (with K. Parikh, 1968); *Development and Planning*, ed. (with J. Bhagwati, 1973).

ECKSTEIN, Otto (1926-1984). U.S.-German economist. B.A. (Hon.degree), Princeton university, 1951, 1966. M.A., Ph.D. (Econ.), Harvard University, 1952, 1955. U.S. President's Council of Economic Advisors (1964-66).

ENOS, John L. (1924-2013). U.S. economist. B.S. (Econ. and engineering), MIT, 1949. Fulbright Scholarship, 1952. Ph.D. (Econ.), MIT, 1958. Consultant in Africa and Asia for the World Bank, UNCTAD, and The Rand Corporation. Professor, Oxford University, 1966-1991.

ESCOBAR CERDA, Luis (1927-2024). Chilean economist. Business administration, University of Chile, 1949. M.A. (Public. Adm.), Harvard University, 1957. Director, School of Economics, University of Chile, 1951-1955, Dean, School of Economics, University of Chile. Member of the Radical Party. Minister of Economy, 1961-1962. Director, IMF. Minister of Finance, 1984-1985.

FAGEN, Richard (1933). U.S. political scientist. B.A. (English), Yale University, 1954. M.A. (Journalism) Stanford University, 1959; Ph.D. (Political Science), Stanford University, 1962. Consultant Ford Foundation, Santiago, Chile, 1972-1973. Professor Latin American School Social Science, Santiago, 1972-1973. President Latin American Studies Association, 1975.

FALETTO, Enzo (1935-2003). Chilean sociologist. History, University of Chile. M.A., sociology, FLACSO. Books: *Dependencia y desarrollo en América Latina* (with Fernando H. Cardoso, 1969).

FELLAY, Florencio (1931-2024). Chilean economist. Advanced training, University of Chicago.

FFRENCH-DAVIS Muñoz, Ricardo (1936). Chilean economist. Business administration, CU. M.A., Ph.D. (Econ.), University of Chicago. Co-founder of CIEPLAN. Latest book: *La pandemia neoliberal* (2022).

FEDER, Ernest (1913-1984). U.S.-German economist. Ph.D. (Law), University of Geneva, 1938. M.A. (Agr. econ.), University of California-Berkeley, 1948. Fulbright scholar, 1958-59, University of Chile. Held positions at the Inter-American Committee for Agricultural Development (CIDA), ECLA, and FAO.

FISHLOW Albert (1935). U.S. economist. B.A., M.A. (Econ.), University of Pennsylvania, 1956. Ph.D. (Econ.), Harvard University, 1963. Assistant Secretary of State for Inter-American Affairs of the U.S. Government, 1970-1976. Director, the Institute for Latin American Studies and the Center for Studies on Brazil, both at Columbia University. Member of CEBRI and CIEPLAN.

FONTAINE FERREIRA-NOBRIGA, Ernesto (1934-2014). Chilean economist. Business administration, CU, 1956; M.A. (Econ.), PhD (Econ.), University of Chicago, 1958-1964. Professor, CU, 1959-2012. Professor, University of Tucumán. Books: *Evaluación social de proyectos* (1973)*; Teoría de los precios* (1981).

FRIEDMAN, Milton (1912-2006). U.S. economist. B.A. Rutgers University, 1932. M.A. (Econ.). Ph.D. (Econ.), University of Chicago, 1933-1946. Professor, University of Chicago. Nobel Memorial Prize in Economic Sciences, 1976. Books: *Capitalism and Freedom* (1962); *Free to Choose* (1980).

FRISCH, Ragnar (1895-1973). Norwegian economist. B.A. (Econ.), Ph.D. University of Oslo, 1919, 1926. Pioneer of the application of mathematical and statistical methods to economics, which he himself named "econometrics." Nobel Memorial Prize in Economic Sciences, 1969.

FUENZALIDA, Luis Arturo (1929). Chilean economist. Business administration, University of Chile. Fulbright Fellowship, 1956. Advanced training, University of Chicago.

FURTADO, Celso (1920-2004). Brazilian lawyer and economist. Law, Federal University of Rio de Janeiro, 1944. PhD (Econ.), University of Paris, 1948. Director of Economic Development Division, ECLA, 1950-1957. Postgraduate studies, Cambridge University. Director, National Bank of Economic Development 1958-1959. Director, Development Superintendency of the Northeast (SUDENE), 1959-1964. Minister of Planning, 1962-1963. ILPES, 1962-1965. During exile, professor at the University of Paris, Yale University, and Cambridge University. Ambassador to the European Economic Community, 1985-1986. Minister of Culture, 1986-1990.

GALBRAITH, John Kenneth (1908-2006) Canadian-U.S. economist. B.A. Ontario College (Agriculture, Guelph), 1930. Ph.D. (Econ.), University of California-Berkeley, 1934. Books: *American Capitalism: The Concept of Countervailing Power* (1952), *The Affluent Society* (1958). He was one of the most widely read authors in the history of economics.

GERSCHENKRON, Alexander (1904-1978). Russian economic historian. Doctorate, University of Vienna, 1928. Professor, Harvard University, 1946-1978. Books: *Economic Backwardness in Historical Perspective* (1962).

GIL, Federico (1915-2000). U.S.-Cuban political scientist. Director, Institute of Latin American Studies, University of North Carolina, 1959-1984. Advisor to President Kennedy's Alliance for Progress, Peace Corps, InterAmerican Development Bank, and United Nations. Founder and president, Latin American Studies Association. Books: *The Political System of Chile* (1966).

GLAESNER, Philip (1919-2016). U.S.-Swiss economist. B.A., M.A. (Econ.), Columbia University, 1942, 1946. Federal Reserve Bank. Member of the Klein-Saks Mission to Chile. Assistant Director, Alliance for Progress. Inter-American Development Bank.

GOMEZ MILLAS, Juan (1900-1987). Chilean professor of history. Minister of Education, 1953, 1967. Rector, University of Chile, 1953-1963.

GONZÁLEZ VIDELA, Gabriel. Chilean lawyer. Member of the Radical Party. Deputy, 1930-1941. Senator, 1945-46. President of Chile, 1946-1952.

GRIFFIN, Keith B. (1938). U.S. economist. B.A. Williams College, 1960. B.Phil. Oxford, 1962. D.Phil. Oxford, 1965. Hon. D. Litt. Williams, 1980. Visiting Professor, Institute of Economics and Planning, University of Chile, 1962-63, 1964-65. Adviser to the Inter-American Committee for the Alliance for Progress on the copper expansion program in Chile, 1968. Books: *The Green Revolution: An Economic Analysis* (1972).

GRUNWALD, Joseph (1920-1997). Austrian-U.S. economist. B.S., The John Hopkins University, 1943. Ph.D. (Econ.), Columbia University, 1950. Director, Institute of Economics, University of Chile, 1955-1961. Professor, Yale University; Researcher, Brookings Institution, 1963-1984. Founder, Latin American Studies Association. Founder, President, Institute of the Americas, University of California, San Diego, 1984-1997.

HABERLER, Gottfried (1900-1995). Austrian-U.S. economist. Ph.D. (Econ.), University of Vienna, 1925. Professor, Harvard University. Books: *The Theory of International Trade* (1937).

HAMILTON, Earl J. (1899-1989). Economic historian. B.S., Mississippi State University, 1920. M.A., University Texas, 1924. Ph.D., Harvard University, 1929. Docteur Honoris Causa, University of Paris, University of Madrid, 1952. Professor, Economics, Duke University, 1927-1944, University of Chicago, 1947-1967. Editor, Journal of Political Economy, 1948-1954. President, Economic History Association, 1951-1952.

HANNA, Franck A. (1907-1978). U.S. economist. A.B., University of Oklahoma, 1933. M.A., Ph.D. (Econ.), University of Wisconsin, 1934-1941. Economist, Wisconsin State Planning Board, 1935-1938. Research Director of the Wisconsin Income Study, University of Wisconsin, 1939-1941, Professor, Duke University, 1948-1972.

HANSEN, Alvin (1887-1975). U.S. economist. B.A., Yankton College, 1910. M.A., Ph.D. (Econ.), University of Wisconsin, 1915, 1918. Chief propagator of Keynesian ideas in the United States.

HARBERGER, Arnold C. (1924). U.S. economist. M.A. (International Relations), Ph.D. (Econ.), University of Chicago, 1947, 1950. Visiting Research Professor of Economics, CU, Santiago. Professor, Economics, University of Chicago. Professor, Economics, UCLA, s.1984.

HART, Albert G. (1909-1997). U.S. economist. B.A. Harvard University, 1930. Ph.D., University of Chicago, 1936. Professor, Economics, Columbia University, 1946-1978. U.N. Technical Assistance Mission, Chile, 1962-63.

HARDIN, Charles M. (1908-1997). U.S. political scientist. B.A., University of Wyoming, 1930. M.A., University of Colorado, 1938. Ph.D. (Political Science), Harvard University, 1942. Professor, University of Chicago, Harvard University, UC-Davis. Associate Director of the Rockefeller Foundation, 1961-1964.

HARRIS, Chauncy D. (1914-2003). U.S. Geographer. B.A., Brigham Young University. G.S., University of Chicago, Oxford University, London School of Economics. Ph.D. (Urban geography), University of Chicago, 1940. Dean, Division of Social Sciences, University of Chicago, 1954-1960.

HARRISON, John P. (1911-1992). Associate director for the Humanities Division, Rockefeller Foundation. Director, Institute of Latin American Studies at the University of Texas.

HARROD, Roy (1900-1978). English economist. B.A. University of Oxford, 1922. Developer of a model of economic growth known as the "Harrod-Domar growth theory." First biographer of Keynes and a major proponent of Keynesian economics.

HERNANDEZ, Juvenal (1899-1979). Chilean lawyer. Member of the Radical Party. Rector, University of Chile, 1933-1953.

HERRERA LANE, Felipe (1922-1996). Chilean lawyer and economist, University of Chile. Minister of Finance, 1953. Founder, President, Inter-American Development Bank, 1960-1970.

HERRERA, Oscar (1907-1985). Chilean lawyer. Minister of Labor, 1953-54. Minister of Education, 1954-55. Minister of Economy, Finance and Foreign Affairs, 1955-56.

HICKS, John (1904-1989). English economist. Clifton College (Math.), 1917-22. Balliol College (Econ.), Oxford, 1922-26. Nobel Memorial Prize in Economic Sciences, 1972

HIRSCHMAN, Albert O. (1915-2012). German-U.S. economist. PhD (Econ.), University of Trieste, 1938. Professor, Economics, Yale University, Columbia University, Harvard University, Princeton University.

HOFFMAN, Walter G. German economist. Book: *The Growth of Industrial Economies* (1958).

HOOVER, Calvin (1897-1974). U.S. economist. B.A., Monmouth College, 1922. Ph.D. (Econ.), University of Wisconsin, 1925. Professor, Economics, Duke University, s. 1925. Dean, Duke University Graduate School of Arts and Sciences, 1937-1947.

HUNT, Shane. U.S. economist. Ph.D. (Econ.), Yale University. Ford Foundation. Boston University.

HURTADO RUIZ-TAGLE, Carlos (1937). Chilean economist. Business Administration, University of Chile, 1959. M.A., Ph.D. (Econ.), Harvard University. 1966. Minister of Public Works, 1990-1994.

IBÁÑEZ DEL CAMPO, Carlos (1877-1960). Chilean military. President of Chile, 1927-1931, 1952-1958.

IGLESIAS, Enrique (1930). Spanish-Uruguayan economist. B.A. (Business Administration), University of La República. Executive Secretary of ECLAC (1972-1985).

JARVIS, Lovell S. (1941). B.A. (Econ.), University of Kansas, 1964. Ph.D. (Econ.), Massachusetts Institute of Technology, 1969. Program Advisor in Economics, The Ford Foundation, Santiago, Chile, July 1972-December 1973. Visiting Professor, Department of Industry, Faculty of Physical Sciences and Mathematics, University of Chile, 1973.

JEANNERET, Teresa (1934). Chilean economist. Business administration, University of Chile, 1956-59. Graduate School of Economics, Harvard University, 1959-60. Ph.D. (Econ.), Cornell University, 1971.

JEFTANOVIC, Pedro. Chilean economist. Advanced training, University of Chicago.

JUL, Ana María. Chilean economist. University of Chile. Central Bank.

KALDOR, Nicholas (1908-1986). Hungarian economist. B.Sc. (Econ.), London School of Economics, 1930. Hon. Dr. Univ. Dijon. Books: *National and International Measures for Full Employment* (1949).

KEMMERER, Edwin (1875-1945). U.S. economist. Grad. Wesleyan University, 1899. Ph.D., Cornell University, 1903. International economist and tenacious defender of the gold standard, who frequently served foreign governments on currency questions.

KESSEL, Reuben A. (1923-1975). US economist. MBA, PhD. (Buss.), University of Chicago, 1948, 1954. Economist, Rand Corporation, 1952-1956. Professor, Economics, University of Chicago's Graduate School of Business. 1962.

KEYNES, John Maynard (1883-1946). English economist. M.A. University of Cambridge, 1905. Books: *The Economic Consequences of Peace* (1919); *The General Theory of Employment, Interest and Money* (1936). The central figure in twentieth-century British economics and one of the prominent world figures in the discipline.

KINDLEBERGER, Charles (1910-2003). U.S. economist. B.A., University of Pennsylvania, 1932. M.A., Ph.D., Columbia University, 1934, 1937. D.h.c., University of Paris (Sorbonne), 1966. D.h.c., University of Ghent, 1971. Leading architect of the Marshall Plan after World War II.

KNIGHT, Frank (1885-1972). U.S. economist. B.A. Milligan College, 1911. B.A., M.A., University of Tennessee, 1913. Ph.D. (Econ.), Cornell University, 1916. Professor at the University of Chicago.

KNOKE, Werner. Member of the Klein-Saks Mission.

KOOPMANS, Tjalling (1910). Dutch economist. M.A. (Physics, Math), University of Utrecht, 1933. Ph.D., University of Leiden, 1936. Hon. Ph.D. (Econ.), Netherlands School Econ., 1963, Catholic University Louvain, 1967. Hon. Ph.D. (Science) Northwestern University, 1975; Hon. Ph.D. (Law), University of Pennsylvania, 1976. Cowles Commission. Applications of mathematical statistics to econometrics. Nobel Memorial Prize in Economic Sciences, 1975.

KUSNETZ, Simon (1901-1985). U.S.-Russian economist. B.Sc., M.A., Ph.D., Columbia University, 1923, 1924, 1926. Clarification and quantification of the concepts of national economic product and its structure. Nobel Memorial Prize in Economic Sciences, 1971.

LASTARRIA SANTANDER, José Victorino (1817-1888). Chilean intellectual and politician. Law, University of Chile. Deputy, 1843-1846, 1849-1852, 1855-1861, 1864-1873. Senator, 1876-1882. Minister of Finance, 1862. Minister of Interior, 1876-1877. Member of the Liberal Party.

LANDSBERGER, Henry (1926-2017). German sociologist. U.G, London School of Economics and Political Science, 1948. Ph.D. (Industrial and Labor Relations), Cornell University. Professor, Sociology, University of North Carolina, Chapel Hill, 1968-1994.

LANGE, Oscar (1904-1965). U.S.-Polish economist. LIM, LLD, University of Krakow, 1927-1928. Professor at the University of Chicago. Books: *On the Economic Theory of Socialism* (1938).

LAUTERBACH, Albert (1904-1986). Austrian economist. Ph.D. Univ of Vienna, 1925. Smith-Mundt Award for Chile, 1956. Fulbright for Chile, 1956. SSRC Research Grant, 1959-1960. Hon. Prof. CU. Hon Member, Inst of Econ. Univ of Chile. Carnegie Corp Research Grant. Books: *Managerial Attitudes in Chile* (1961); *Enterprise in Latin America: Business Attitudes in a Developing Economy* (1966).

LEIBENSTEIN, Harvey (1922-1994). Ukrainian-U.S. economist. B.S., M.A. Northwestern University, 1945, 1946. Ph.D., Princeton University, 1951. Professor, Harvard University. Books: *Economic Backwardness and Economic Growth: Studies in the Theory of Economic Development* (1957).

LEZAETA, Ernesto (1930). Chilean economist. Civil engineering, CU, 1953. M.A. (Econ.), Purdue University.

LEONTIEFF, Wassily (1906). U.S.-Russian economist. M.A., Social sciences, University of Leningrad, 1921-5. Ph.D. (Econ.), University of Berlin, 1925-8. Input-output analysis. Theory of international trade and its empirical implementation. Nobel Memorial Prize in Economic Sciences, 1973. Books: *Structure of the American Economy, 1919-1929* (1941).

LETELIER MADARIAGA, Valentín (1852-1919). Chilean intellectual and politician. Law, University of Chile. Member of the Radical Party, 1875. Rector, University of Chile, 1906-1913. Books: *Génesis del Estado* y *de sus instituciones fundamentales* (1917); *Génesis del derecho y de las instituciones civiles* (1919).

LEWIS, Harold Gregg (1914-1992). U.S. economist. B.A., Ph.D., University of Chicago, 1937, 1947. Director, Graduate Program in Economics, University of Chicago. Director of Chicago-Latin American Program (Chile and Argentina projects). Professor, Duke University, 1976-1984.

LINZ, Juan José (1926-2013). Spanish-U.S. sociologist and political scientist. B.A., Political Sciences Law, University of Madrid, 1947, 1948. Ph.D. (Sociology) Columbia University, 1959. Professor, Political and Social Sciences, Yale University. Books: *Totalitarian and Authoritarian Regimes* (1975); *Democracy in Developing Countries* (with Larry Diamond, 1988).

LOCKETT, Thomas. Member of the Klein-Saks Mission.

LUDERS SCHWARZENBERG, Rolf (1935). Chilean economist. Commercial engineering, Catholic University, 1958. PhD (Econ.). Director of Economic Research Center, Catholic University. Minister of Finance, 1982-1983.

MALDONADO, Roberto (1923). Chilean economist. Business administration, University of Chile, 1949-1955. Advanced training, Harvard University, 1958-59. Institute of Economics, University of Chile.

MATUS, Carlos (1931-1998). Chilean economist. Business administration, University of Chile, 1955. MPA, Harvard University. ECLA. ILPES. CAP. CORFO. Minister of Economy, 1972. President of the Central Bank, 1973.

McKINLEY, Erskine. U.S. economist. Assistant Director of Social Sciences, Rockefeller Foundation. Professor, Economics, Tulane University.

MARFAN JARAMILLO, Alvaro (1914-1992). Chilean engineer. Director, CORFO. Economic Advisor to President Eduardo Frei Montalva. Founder, ODEPLAN.

MARKS, Siegfried. Ph.D. candidate (Econ.), Vanderbilt University, Staff University of Chicago at Santiago, 1956.

MARTNER URRUTIA, Daniel (1880-1945). Chilean economist. Ph.D. (Econ.), University of Bonn, 1916. Minister of Finance, 1920-1921. Rector, University of Chile, 1927-28. Member of the Radical Party.

MAYOBRE, José Antonio (1913-1980). Venezuelan economist. B.A. (Econ. and Social Sciences), Central University of Venezuela, 1944, (Law), 1945. Post-graduate studies, London School of Economics. ECLAC.

MAX COERS, Hermann (1883-1974). German-Chilean economist. Ph.D. (Econ.), University of Göttingen, 1923. Professor, University of Chile, s. 1935. Director, ESCOLATINA, 1957.

MEADE, James (1907-1995). English economist**.** B.A. (first class). M.A., University of Cambridge, 1928, 1957. M.A., University of Oxford, 1930. Application of economic theory to the formulation of economic policies. Nobel Memorial Prize in Economic Sciences, 1977.

MEDINA, José (1903-1977). Spanish sociologist. Doctorate, University of Madrid, 1931. Professor, University of Chile, 1952-1963. ILPES, 1963-1974. ECLAC.

METZLER, Lloyd (1913-1980). U.S. economist. B.A., University of Kansas. Ph.D. (Econ.), Harvard University, 1938-1942, Professor, University of Chicago.

MIKESELL, Raymond (1913-2006). U.S. economist. B.A., M.A., Ph.D. (Econ.), Ohio State University, 1935, 1935, 1939. Member of technical staff at the Bretton Woods conference, which resulted in the creation of the World Bank and the International Monetary Fund

MOLINA, Sergio (1928). Chilean economist. Business administration, University of Chile. Professor, Dean, School of Economics, University of Chile, 1962-64. President of Central Bank, 1964-67. Minister of Finance, 1964-68. CORFO, 1968-1970. Minister of Planning and Cooperation, 1990-1994. Minister of Education, 1994-1996.

MORGAN, Theodore (1910-2009). U.S. economist. A.B., M.A. (English), Ohio State University, 1931. Ph.D. (Econ.), Harvard University, 1941. Professor, Economics, University of Wisconsin-Madison, 1947-1980.

MORLEY, Samuel A. (1934). U.S. economist. Ph.D., University of California-Berkeley, 1966. Books: *Poverty and Inequality in Latin America: The Impact of Adjustment and Recovery in the 1980s* (1995).

MUÑOZ, Oscar (1938-2024). Chilean economist. Business administration, University of Chile. Ph.D. (Econ.), Yale University. Professor, University of Chile. Institute of Economics, University of Chile, ILADES, CORFO, FLACSO, PNUD. Founder, CIEPLAN.

MYRDAL, Gunnar (1898-1987). Swedish economist. Law, 1923, PhD (Econ.), Stockholm University, 1927. Professor, Political Economy, International Economics, Stockholm University, 1933-1950, 1960-1967 Executive Secretary, UN Commission for Europe, 1947-1957. Nobel Prize in Economic Sciences, 1974. Books: *Economic Theory and Underdeveloped Regions* (1957); *The Challenge of World Poverty: A World Anti-Poverty Program in Outline* (1970).

NOVOA, Eduardo (1916-2006). Chilean lawyer. Law, University of Chile, 1940. Juridical Assistant to President Salvador Allende.

NOYOLA VASQUEZ, JUAN (1922-1962). Mexican economist. Economics, National University of Mexico. IMF, Latin American Division, 1946-1948. ECLA, 1950-1959. Chief of ECLA Mission to Cuba, 1959-1960.

NUN, José (1934-2021). Argentinian political scientist. Law, University of Buenos Aires, 1961. G.S. (Sociology, Political Science), University of Paris. Professor, Political Science, University of Toronto, 1969-1991. Minister of Culture, 2004-2009.

OCHSENIUS, Victor. Chilean economist. Advanced training, University of Chicago.

O'DONNELL, Guillermo (1936-2011). Argentinian political scientist. Law, University of Buenos Aires, 1958. Ph.D. (Political Science), Yale University, 1987. Founder, Director, Kellogg Institute for International Studies, University of Notre Dame. Professor, Political Science, University of Notre Dame.

OYARZUN MONDACA, Enrique (1867-1949). Chilean lawyer. Law, University of Chile, 1892. Member of the Radical Party. Minister of Finance, 1914, 1920, 1921. Deputy, 1909-1921. Senator, 1924-1930. President, Central Bank, 1940-1946.

PATTERSON, Albion (1904-1996). U.S. scholar. B.A. (Modern Languages), Princeton University, 1927. AID Economic Mission to Chile.

PENN, Raymond (1911-1982). U.S. economist. B.A. (Engineering), State Teachers College, 1932. Ph.D. (Econ.), University of Wisconsin-Madison, 1941. Professor, Agricultural Economics, University of Wisconsin-Madison, 1946-1974. Founder and Director, Latin America Land Tenure Research Center, 1962-1965.

PIGOU, Arthur Cecil (1877-1959). English economist. M.A. University of Cambridge, 1900. Pioneer of welfare economics.

PIÑERA, José (1948). Chilean economist. M.A., Ph.D. (Econ.), Harvard University, 1972, 1974. Minister of Labor and Social Security, 1978-1980. Minister of Mining, 1981. Architect of the Chilean pension system.

PINTO, Aníbal (1919-1996). Chilean economist. Law, University of Chile. Post-graduate studies, London School of Economics. Founder, Panorama Económico. President, Circle of Economics. Professor, University of Chile, ECLAC. CIEPLAN, FLACSO. Pioneer of structuralist economics in Chile. Books: *Chile, un caso de desarrollo frustrado* (1959).

PRAT ECHAURREN, Jorge (1917-1971). Chilean lawyer. Law, Catholic University, 1941. President, Bank of the State, 1953. Minister of Finance, 1953-1954.

PREBISCH, Raúl (1901-1986). Argentinian economist. Economics, University of Buenos Aires, 1922. Professor, Political Economy, University of Buenos Aires, 1925-1948. Director, Central Bank, 1935-1943. Executive Secretary, United Nations Economic Commission for Latin America and the Caribbean,

1950-1962. Director, ILPES, 1962-1964. Secretary-General, United Nations Conference on Trade and Development (UNCTAD), 1964-1969.

RACZYNSKI, Dagmar. German-Chilean sociologist. Ph.D. (Sociology), University of California. Professor, CU. CIEPLAN.

RAMALLO, Luis (1931). Spanish psychologist. B.A., Theology, Boston College. Ph.D. (Social Psychology), Harvard University, 1966. Director ELAS, FLACSO, 1969-1973.

REYNA, José Luis (1941). Mexican sociologist. Political and Social Sciences, National University of Mexico. Social Sciences, FLACSO. PhD, Columbia University, 1971. Researcher, ILPES, 1966-67. Books: *Authoritarianism in Mexico* (1977).

REYNOLDS, Lloyd (1910-2005). Canadian economist. B.A. Hon., LLD, University of Alberta, 1931, 1957. M.A., McGill University, 1933. Ph.D. (Econ.), Harvard University, 1936. Established the Yale Economic Growth Center in the late 1950s.

RIOS, Juan Antonio (1888-1946). Chilean lawyer and politician. Deputy, 1924-25, 1926-30, 1933-37. Senator, 1930-32. President of Chile, 1941-1946. Member of the Radical Party.

ROBBINS, Lionel (1898-1984). English economist. B.S.c (Econ.) Hon. D.S.c, University of London. M.A., University of Oxford. Contributed to the general conception of the nature of economic science and political economy.

ROSENSTEIN-RODAN, Paul (1902-1985). Polish-U.S. economist. Dr. University of Vienna. Head, Economic Advisory Staff, World Bank, 1947-1953. Head, Panel of Experts for Alliance for Progress, OAS, 1961-1966. Professor, MIT, 1952-68, Boston University, 1972-1985.

ROSTÓW, Walt W. (1916-2003). U.S economic historian. B.A., Ph.D., Yale University, 1936, 1939. M.A. Balliol College, University of Oxford, 1938. Professor, American History, University of Oxford, University of Cambridge, Economic History, MIT. U.S. Member Inter-American Comm. Alliance of Progress, 1964-66. Books: *The Stages of Economic Growth* (1960).

ROTTENBERG, Simon (1916-2004). U.S. economist. A.B., George Washington University, 1939. M.A., Harvard University, 1947. Ph.D., Harvard University, 1950. Professor, University of Chicago, 1954-1961, Duke University, 1965-1971. Visiting Research Professor, CU. Director, Economics Research Center, CU. Articles: "The Teaching of Statistics in Chile," (1958).

SAEZ, Raúl (1913-1992). Chilean engineer. Civil engineering, University of Chile. Engineer, ENDESA, CAP, CORFO, IANSA, ENTEL. Chairman, Panel of Experts of the Alliance for Progress, OAS. Minister of Finance, 1968.

SANTA MARIA, Domingo (1920-2006). Chilean engineer. Civil engineering, CU, 1943. Minister of Economy, 1964-67. Ambassador of Chile to the United States, 1968-70. Rector, Technical University Federico Santa Maria, 1972-73.

SAMUELSON, Paul (1915-2009). U.S. economist. B.A., University of Chicago, 1935. M.A., Ph.D. (Econ.), Harvard University, 1936, 1941. Books: *Foundations of Economic Analysis* (1947), *Economics* (1948), *Linear Programming and Economic Analysis* (with R. Dorfman and R. Solow) (1948). Nobel Memorial Prize in Economic Sciences, 1970.

SCHMELZE, William. Member of the Klein-Saks Mission.

SCHULTZ, Theodore (1902-1998). U.S. agricultural economist. B.S., D.Sc. South Dakota State College, 1928, 1959. M.S., Ph.D., LLD, University of Wisconsin, 1928, 1930, 1968. Professor, University of Chicago, 1952-1972. Nobel Memorial Prize in Economic Sciences, 1979. Books: *Measures for Economic Development of Underdeveloped Countries* (1951); *The Economic Value of Education* (1963).

SCHUMPETER, Joseph (1883-1950). Austro-Hungarian economist. Grad., University of Vienna. Professor, Harvard University, 1932-50. Historian of economics. He related economic phenomena and ideas to a broader context of social analysis. Books: *Capitalism, Socialism, and Democracy* (1942); *History of Economic Analysis* (1964).

SIGMUND, Paul (1929-2014). U.S. political scientist. Professor, Political Theory, Latin American Politics, Princeton University, 1963-2005. Books: *The Overthrow of Allende and the Politics of Chile, 1964-1976* (1977).

SILVA SANTIAGO, Alfredo (1894-1975). Chilean bishop. Rector, CU, 1953-1967.

SILVA, Patricio (1934-1997). Chilean economist. Business administration, University of Chile. Undersecretary of Foreign Affairs, 1968-1970. Ambassador of Chile to the United States, 1990-1994.

SILVERT, Kalman H. (1921-1976). U.S. political scientist. B.A., M.A., Ph.D., University of Pennsylvania, 1942, 1947, 1948. Professor, Politics, New York University. Program Adviser, Ford Foundation. Books: *Chile, Yesterday and Today* (1965); *Education, class, and nation: the experiences of Chile and Venezuela* (1976).

SMITH, Adam (1723-1790). Scottish economist. M.A., University of Glasgow, 1740. Moral philosopher, often regarded as the founder of modern political economy.

SMITH, Robert S. (1904-1969). U.S. economic historian. B.A., Amherst College, 1927. M.A., 1928. Ph.D., Duke University, 1932. Duke University Fellow, 1928–30. Amherst Memorial Fellow for studies in Spain, 1930–32. Professor, Economics, Duke University, 1932-1969.

SOARES, Gláucio (1934-2021). Brazilian sociologist. Law, Cândido Mendes University, 1957. Sociology, Politics, Pontifical Catholic University of Rio de Janeiro, 1958. LLM, Tulane University, 1959. Ph.D. (Sociology), Washington University, St. Louis, 1965. Professor, University of Florida, 1974-2002.

SOLOW, Robert (1924-2023). U.S. economist. B.A., M.A., Ph.D. (Econ.), Harvard University, 1947, 1949, 1951. Nobel Memorial Prize in Economic Sciences, 1987. Professor, MIT.

SPENGLER, Joseph. J. (1902-1991). U.S. economist. B.A., M.A., Ph.D., Ohio State University, 1926, 1929, 1930. Professor, Economics, Duke University, 1934-1972.

STIGLER, George (1911-1991). BBA, University of Washington, 1931; MBA, Dr. Sci. Northwestern University, 1932. Ph.D., University of Chicago (Econ.), 1938. Nobel Memorial Prize in Economic Sciences, 1982. Professor, University of Chicago.

STRASMA, John D. (1932-2007). U.S. economist. B.A. (Econ., Business), DePauw University, Ph.D. (Econ.), Harvard University. Fulbright Scholarship, Chile. Visiting Professor, University of Chile, ESCOLATINA. Professor, Agricultural Economics, University of Wisconsin-Madison. Director, Land Tenure Center-Chile.

SUBERCASEAUX, Guillermo (1872-1959). Chilean civil engineer. Professor of Political Economy, University of Chile. Deputy, 1909-1918. Senator, 1924-1925. Minister of Finance, 1907, 1919-20, 1923-24. Founder of the Chilean Central Bank.

SUNKEL WEIL, OSVALDO (1929). Chilean economist. Business Administration, University of Chile. Graduate Studies, London School of Economics and Political Science. Founder, Director, ECLA office in Brazil, 1959-1961. Researcher, ILPES. Professor, University of Chile, Institute of Development Studies, University of Sussex, 1975-1986. Books: *El Subdesarrollo Latinoamericano y la Teoría del Desarrollo* (1970).

TARSHIS, Lorie (1911-1993). Canadian economist. Ph.D. (Econ.), Cambridge University, 1934. Instructor, Tufts College, Boston 1936-39. Assistant professor 1942-46. Assistant/associate/full professor, Stanford University 1946-71; Professor of Economics, University of Toronto, Scarborough College 1971-78. One of the principal propagators of Keynesian economics in the United States.

THOME, Joseph. U.S. lawyer. LLB, Harvard University. Professor, University of Wisconsin-Madison. Director, Land Tenure Center-Chile.

TOKMAN, Victor (1941). Argentinian economist. D.Phil., Oxford University. Regional Director of the ILO for the Americas and Director of the Employment and Development Department of the ILO (PREALC). Consultant for ECLAC, IDB. Professor, University of Chile, CU, Economic Growth Center of Yale University. Pioneering work on informal sector issues.

ULLRICH, Kurt. Chilean agricultural economist. Advanced training, University of Chicago. Researcher, Institute of Economics, University of Chile.

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