

# PROGRESS AND BACK-STEPS IN THE ECONOMIC DEVELOPMENT OF CHILE UNDER THE GOVERNMENTS OF CONCERTACION DEMOCRATICA (1990-2009)

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## Abstract

Economic policies and outcomes are examined covering the four Concertacion governments in 1990-2009. It is shown that in these two decades, GDP growth was notably higher (averaging 5.1% annually) than under the dictatorship (2.9%). In the first years of return to democracy (1990-98), labor and tax reforms and in macroeconomic policies (including managing the exchange rate and effective regulation of capital inflows) contributed to a fast 7.1% average GDP growth. However, the progress achieved in those first years, dropped sharply in following years (to 3.9% in 1999-2008). The main cause is identified as a fundamental change in macroeconomic policies (full liberalization of the capital account and of the exchange rate) and the persistent absence of productive development policies, increasingly relevant paripassu with progress along intermediate development stages.

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