

FRANCES FOX PIVEN: Welcome to everyone to the 102nd annual meeting of the American Sociological Association. It is the largest meeting that the association has ever had. We have more registrants and I like to think it is because sociologists are really deeply concerned with the question of our meeting: "Is Another World Possible?"

Well, I had thought that when I would say these welcoming words that I would welcome you to my town, New York City, in August. It would be hot, crowded, noisy. But it is like New York, it doesn't do what you expect it to do. Still it is my hometown. I am very ambivalent about my hometown. I love it sometimes, I hate it sometimes. I think you will see what I mean by this love/hate thing about New York. It's glitzy, it's exciting, it's vibrant, it's impoverished, it treats people meanly. But, you'll find out.

Now I come from a neighborhood that has become famous in New York, Jackson Heights. Yay! Jackson Heights is an immigrant neighborhood. Now it's a neighborhood of Southeast Asians and Koreans, Latin Americans. When I grew up it was also an immigrant neighborhood of Italians, Irish people, Russian Jews. I grew up in this neighborhood. The subways were the spine of my existence. I knew them like the back of my hand. I still call some of the lines the BMT and the IRT. You are going to find out about this city of mine. It will be an experience. It will be very shiny and shimmery in Manhattan. The prices will be outrageous, and we're hoping that with our tours you will also see the far flung neighborhoods of New York City where people try to make a living and try to make a life, and where they pay at least half of what they earn in rent. So you should enjoy New York and you should learn about what the capital of the empire is like today. But you didn't come here to see New York, you came here for the conference. We hope the conference is going to be really gripping.

I want to thank, for putting together this conference, the program committee which was a fabulous program committee. I learned a lot from them. They did a lot of work, Magali Sarfatti-Larson, Fred Block, Peter Dreier, Susan Eckstein, Gary Delgado, Mitch Duneier, Bonnie Thornton Dill, Paul DiMaggio, Gay Seidman, Frank Wilson, Sally Hillsman. They were great! They worked hard! I mean the work on the program committee continued until this afternoon. I want you to know that.

But you know, we put together this program at a time when we understood that the situation of Americans and people all over the world was actually grim. We were all threatened by war, by disasters on a scale that we had not previously imagined, by spiraling inequality. And at the same time there is a kind of irony in this that I don't quite like, and I am not comfortable with. But the truth is, the historical truth is, that moments like this have been enormously provocative and productive for sociologists. It is times like this that have nourished the sociological greats that have helped produce the classical insights of people like Marx, Vabere, Dirckheim, Zimmel. So things are bad, but we have both an obligation and an opportunity to grapple with a world in trouble to try to understand it and to try to push that understanding to produce constructive directions. Directions for solutions, for reform of a neoliberal global order.

This means to us, to us on the program committee, that we have to look beyond the boundaries of our own often very parochial conception of what we should think about as American sociologists. We should think about the sociology of the world and the way the United States affects the world and the way the United States is affected by the world. And in keeping with that sense of what our obligation was, we invited to address this opening meeting, President Richard Lagos of Chile.

Richard Lagos began his career as a Sociologist. He did his dissertation on the concentration of economic power in Chile and he rapidly became a leading figure in the Allende government. He endured the coup, the United States backed coup, which toppled the Allende government in 1973, and he endured at least for a time the military dictatorship that then took power in Chile. I think, from what I have known of Richard Lagos' biography that he endured that period with courage and honor. He worked very hard when he could to protect the people who were being vilified and tortured and killed by the Pinochet government. And after a period of exile he returned to Chile to try to craft the political arrangements which enabled Chile to make the transition to a democracy to a social democracy today. In 1998 Richard Lagos became the first Socialist President of Chile. And then he went on to do something else, to become the mentor of Michelle Bachelet, the current president of Chile, who is also a socialist, who was imprisoned and tortured by the Pinochet regime, who is a divorced mother of three and an ardent feminist in one of the most patriarchal countries in Latin America.

Now to give you some more background on Richard Lagos, I want to turn the podium over to our own Alejandro Portes. Alejandro is known I think to most of you. He was the president of the ASA in 1999. He was originally from Cuba. He studied in Buenos Aires and he is well known for his work on immigrants and immigration. Alejandro.

ALEJANDRO PORTES: Good evening. When asked by President Piven to introduce Richard Lagos I had two models to consider. One would be the model of a mini lecture in which I would in a sense try to convey our own sense of the state of the development in Latin America, particularly in Chile. I rejected that model because obviously it would take away from the main attraction. I think that having been part of audiences in the past, there are probably few things more exasperating than an introducer that goes on and on and on, thereby taking time away from the lecturer that we came to see.

So I opted for a second model, which is to be very brief and simply to provide some highlights in this evening in honor of our guest.

Indeed it is an extraordinary honor to be invited to introduce a man who has played such a significant and positive role in his country's history, in Latin America, and in the world at large. For it is really, as Frances was mentioning before, really a unique destiny. That of a person who once exiled from his country, and deprived of all his former positions and honors, manages to come back and face a rather brutal dictatorship, lead the movement that defeated it, assume a key role in the reconstruction of the country, and top it all with the most successful presidency, by most accounts, in Chile's history.

Last year Richard Lagos left the presidency with an astounding 70% approval rating. The many achievements of his term as president added to those during his prior terms as Minister of Education and Minister of Public Works of the country have been amply recognized at home and abroad. Indeed they give us plenty of reasons to honor him tonight.

That he happens to be a fellow academic and a fellow social scientist is an extra inspiration because it shows what a public intellectual can accomplish, and he points to the usefulness of rigorous social science training when applied to the practical goals of society.

In an article published this year in Footnotes, in the February issue, his story on Peter Winn of Tufts University, gave us a brief but rather valuable biography of Lagos. I refer you to that issue for the details and will only point out here a few highlights that seem to be important and worthwhile for us to remember.

Richard Froilan Lagos Escobar was born in Santiago, Chile in 1938. He studied law at the University of Chile but he promptly became interested in Economics. His thesis on Chile's elites, and on the concentration of economic power in the country, was published in the early 1960's and became one of the most influential works on this topic. By the time of the publication of the work he was doing graduate work at Duke University where he earned his PhD in 1962. Returning to Chile he successively became Professor of Economics at the University of Chile, Director of the School of Political and Administrative Sciences, and then Secretary General of the University. By the time of Pinochet's coup against Salvador Allende in 1973 he was the Director of the Latin American School of Social Sciences, FLACSO, the most important graduate training institution in Latin America at the time. After the coup, he had his hands full trying to protect and spirit out of the country many students that had been targeted by the dictatorships fierce repression. Lagos himself left the country in 1974 and eventually accepted a visiting professorship at the University of North Carolina. During his stay in Chapel Hill he coordinated a key conference on the past and future of Chile that was attended by former political opponents, Christian democrats, socialists and others, all now displaced by the dictatorship. That conference planted the seeds of the Concertacion, the Alliance of Christian Democrats and parties of the left that would eventually topple Pinochet's regime.

There are many, many highlights in Lagos public career. I will only mention two of them. The first is a well-known moment. It is that moment in April 1988, when at the height of the dictatorship he was allowed a rare appearance on television and used it to denounce the regime. Pointing his finger at the camera he said to the viewers, "General Pinochet has not been honest with the country." When Hispanic interviewers tried to interrupt him he insisted. "I speak for fifteen years of silence." That extraordinarily courageous gesture gave Chileans the momentum that was necessary to defeat the dictatorship in the forthcoming referendum that same year. Lagos' finger passed into political lore in Chile, and to this day evokes that memorable event.

The second event: Fifteen years later in 2003 as President of Chile he commemorated the thirtieth anniversary of the coup by erecting a monument in honor of his assassinated predecessor Salvador Allende right next to Government Palace, and by appointing a Truth Commission that once and for all clarified the fate of the tortured and the disappeared, and identified the culprits during the dictatorship. On that occasion he said, "Without yesterday there is no tomorrow." Thanks to gestures and

measures like this, Chile has a tomorrow and is broadly recognized as Latin America's most successful nation today.

After leaving the presidency, Lagos became president of the Madrid Club, a prestigious organization that brings together former Heads of State and leading academic experts to assist countries in their transition to democracy. Members of the Madrid Club include, among others, Bill Clinton, Vaclav Havel, and Mikhail Gorbachev. Lagos' name has been mentioned frequently as a possible future Secretary General of the UN and even for a second tour leading his country, but of course we will not go there.

Ladies and gentlemen, I give you Richard Lagos, who among his many great traits is to repeat indeed one of us. President Lagos.

PRESIDENT RICHARD LAGOS: Well thank you. Thank you very much for your kind introduction. Well when you listen to this kind of introduction then you discover that there is life after being president you see. In the first place, let me tell you that it is really a big privilege to be here this evening with you. I received an invitation to a similar venue last year, but I was just out of office and it was extremely difficult for me to be able to make it. So here we are one year later, probably with some advantage that it was possible then to think a little bit about what we tried to accomplish in Chile. But at the same time I think that it is rather difficult for somebody that has been at the end a politician. What can you say to an assembly like this one? I understand that you have invited me to talk about Chile and its transition, and I will let you understand that probably this is also some sort of achievement to what the Chileans have been able to do. I mean that small country, 50 million people, far away from everywhere. At least there has been to have a transition that was important and it seems to me time now in democracy to build a better society.

I also think that there has been some misgiving in what kind of transition we have, what kind of policy. Particularly in the idea of economic policy, had we enabled to pursue, and I would like to address a little bit on that later. But as was mentioned by Alejandro and by Frances, it's true. I was a professor at the University of Chile. It's true I was a graduate student here in the United States. And during those happy years of the early 60's, social science seems to be science of 100% certitude. I came to America to study economics, and during those years almost everybody was Keynesian. There were no questions about the Keynesian theories, and to some extent at the beginning there was some talking about something like developing studies. It was an open question. Is developing studies was a science for what? But something like developing the studies, either in economics or in political science or in sociology existed.

Nevertheless, during those days, things for many people here were very clear. One with Rostow, I remember, was able to explain in the early 1960's the five stages of economic growth, and there was a particular moment when a country, ones that have more than X percent of all the GDP, of all the Gross Domestic Product, automatically the country is going to have a takeoff. And when you have the takeoff nobody is going to stop that country anymore. There was a bigger circle because bigger growth means bigger saving; bigger saving, bigger investment; bigger investment, bigger growth; etc, etc. Those were indeed a very happy theory. And then you know, I remember perfectly well, September 1961, American Economic Review. Simon Kuznets. The quantitative economies during those days that wishes to be saved. And Kuznets, the future Nobel Prize in Economics, demonstrates that it's true. At the beginning when you have economic growth, there is going to be some increase in inequality. Probably was necessary to have a little bit of inequality, because then the richer people are able to have a bigger savings, and if you have bigger savings then you will have bigger investment. If you have bigger investment then things are going to be much better.

But suddenly, precisely because you have growth and development, it may emerge something like trade unions. It may emerge something uncomfortable about the distribution of income. It may emerge some politicians talking about some progressive income tax, and therefore because of development it was going to be unequal. That inequality is going to produce intended forces in that society that are going to produce more equality, and here you have the numbers to demonstrate that.

So look what a wonderful world. You are going to have growth, a little bit of inequality, but then equality will be there. John Kenneth Galbraith the Canadian American Economist, talked to us about the countervailing power is true about the big first but then you have a countervailing power, and then of course you have a sociologist and political theorists like Lipset which in his political mind explain to us a very close correlation. Once you have per capita income growing, then the more democracy you are going to have. It was a beautiful correlation really. Needless to say, where it was, the United States, you know up there, the bigger per capita income the best democratic system all over the world. So you can understand that after learning so many things I returned to my country full of confidence of what it was necessary to do. Needless to say that reality sometimes is a little bit different from theories. Normally reality is different. Probably because Garcia Marcus say that reality is so difficult for a novelist of Latin America, because no matter how incredible things you can think about, those things already have existed in Latin America in the past.

But the question is, let me tell you, that reality was quite different. And by the end of the 60's and early 70's there was a growing gap in Latin America among rising expectation among the people and the theory of import constitution coming to an end, and therefore there was some situation where this gap was growing and growing, and therefore after Castro of course there were some thinking attempts of Marxism. Others thinking in some other directions. But at the end what you had was, at the end of the 70's, only four democratic countries existed in Latin America; all the rest were dictatorships.

In other words, we discovered then that we were living in a world of uncertainties. What was orthodox, and was unorthodox, what were the right theories but at the same time you have neoliberalism in the rising, you have a (24:42) and you have a sense that role of the state at least in Latin America was not doing the right things. There was a lot of impartial institution (24:55) and a growing role of the government, and now then it was fashionable to say, this is the problem. Too much government, too much of state. And most Latin America countries now have a dictatorship with violation of human rights. Most people will say, well is the market the only solution? And don't worry because the market is going to provide the right solutions. There are going to be rich people but then the trickle down will solve many of those issues. So I would say that in the 80's, what you have in Latin America, what you have in Chile, in the case of Chile you have a strong dictatorship, needless to say that. But more than that, in a sense of foundation in a new country, in a sense that the economics is almost everything, neoliberalism is rising, and you need to have also, and this has been represented very well, with the fall of the Berlin Wall. The bipolar world came to an end, and for the first time since what, since Westphalia, in the seventeenth century, since Westphalia you have for the first time not a foreign policy based on equilibrium but in different nations, but just one superpower.

Through the rest of the late 90's, when most Latin American countries started a new period of democratization, in Chile democracy was returned in 1990 with the election of Patricio Aylwin. And then all Latin American countries were governed by the rules of a democratic representative governments. Nevertheless, let me tell you that at the same time that you have this return to democracy in Latin America, you have also a question about what kind of economic growth are we going to need or going to have. Why? Because during the 80's there was almost no economic growth in the region, almost no economic growth. There was a talk about the lost decade in Latin America during the 80's. Fortunately during those days, here in Washington there was an important meeting an economist, Williamson, coined the consensus of the Washington Consensus. The Washington Consensus was ten different receipts. What they said was, look, you need to have some basic economic reforms, like sound economic policies in the printed monetary policies, some kind of deregulation. You need to open up your economies, etc. etc. The Washington Consensus, I would say, has been very important.

Nevertheless, in our case, in Chile, we normally are presented as the best student of the class with regard to the Washington Consensus, which I will say I think it's true. Nevertheless, I don't think that the Washington Consensus is right or left from the political point of view in many areas. To have an unstable budget is not right or left. It is common sense. If you are in a small country, what internal market are you going to protect? Probably if you are a very small country, maybe you prepared your people to open up and to be able to compete abroad.

What I would say is that the Washington Consensus is one part of the story. But the other part of the story is not in the Washington Consensus, and this has to do with politics. Why? Because it's true. The need to have some equilibrium in the way you are going to shape societies are going to be extremely important.

And I think that when the year 2000 arrived, there was a sense of frustration in many Latin American countries, and this explained better than any other reason, when there is a discussion is Latin American countries now going to the left or to the right, I would say the Latin American countries are going in a direction where they would like to have change in order to see if it's possible to have the fruits of progress distributed in a different way.

It seems to me then, that this sense of frustration has a lot to do with what has been our own experience in Chile. It's true. We had in 1990 a very broad political coalition of Christian Democrats and socialists. People coming from different persuasions. In the beginning we were together just to say no to Pinochet. Quite easy. But then we discovered that the process of transition is going to be much more difficult, and in that process of transition it was necessary to keep this broad coalition and we did. But let me tell you, all of us thought that the broad coalition was going to remain only one presidential period and then going back to usual.

It was in that process of transition when all the lights out in the transition from dictatorship to democracy, we discovered that there was another transition, much different, much more difficult to do. How are we going to be able to transform a rather backward country to a more modern country? A country with a lot of social exclusion to a country with social inclusion. And if we are going to be living in a democratic system, then it has to be done through the citizens, through politics.

In other words, what I would like to tell you this afternoon is that in our case it's true. A broad coalition was essential to have majority. It's true. We have a democratic system with all the problems of some constitution that was established by Pinochet, and in many areas didn't pass a transparency rule of how democratic is that constitution. But nevertheless, what I would like to share with you is that we said yes to the Washington Consensus. In other words common sense in economics. But we said no when you want to transform the market economy that allocates resources very well, as the only way to shape a particular society. I believe in a market economy, but I do not want in my country to have a market society because it's going to be unfair because the market is unfair.

Therefore, I will say that, as Rawls says in his Theory of Justice. He talked about the centrality assigned to economic policy, because it has very important political consequences. I quote Rawls: "*Free market arrangement must be set within the framework of political and legal institutions which regulate the overall trends of economic events,*" and listen to this, "*and preserves the social condition necessary for fair equality of opportunity.*" "*Preserve the social conditions necessary for fair equality of opportunity.*"

What I would like to say this evening here is that the three, now with Bachelet, the fourth government of coalition in Chile, has been a tremendous task trying to transform this sentence: "*In order to preserve the social conditions necessary for fair equality of opportunity.*" But to do that, that is not the role of the consumer. That is the role of a citizen. All of us are consumers, but how much we consume is different depending on the size of the pocket. All of us are citizens, and as citizens we are all equal. As citizens our weight in society is exactly the same. Therefore, I think that in today's world the big discussion is that democracy is the best system by which citizens are going to decide what kind of public goods that society can afford in order to make sure that every citizen has equal opportunity. This is the key of all the discussions in any kind of discussion of politics today.

I know that this role means development, means that you have to promote a lot of reforms in economics, in social, in politics, in cultural areas, in different areas. There is no question of that. We don't believe that the society is going to be built around the market, because in that case that society is going to reproduce the inequalities that exist in any market. Therefore, I think that when a society is built by citizens, citizens are equal in rights and obligations. This is the reason why I think it is so important that in democracy, in the end it is up to the citizens to make the definition, what kind of public goods.

Now it is a big difference between now and the past. The fact that you have public goods, in the past it was supposed to be a good or a service provided by the state, by the government. This is not the case. You can have public goods provided by the private sector. But this public good in a sense has to be available for everybody. When you say, and that means then for all of course that there are a lot to things that are going to be necessary to do.

We think that it's not possible and it's false. It's not true. But the question is either to have growth or to have distribution. This is not true. I don't think that it's possible to have growth without distribution, but I also think that it's wrong to have distribution if you don't have growth. Normally you have distribution and no growth and you have populism, and in the end I don't know what is worse for the democracy, to have a general attempting to overthrow the government, or some Minister of Finance that is rather populist, because in the end those things are not going to work.

It's true that the issue of when you have growth, how at the same time that growth, part of that is going to be invested and part of that will go to have better social policies. That is the key element in any government and in any transition. Because we did that, then at the end we will have growth. The per capita income of Chileans has a growth of more than 4% during 1990 and 2006. In those 16 years per capita grew 4%, Latin America: 1.1%. But at the same time, because of social policies, not because of the market; because of very specific social policies then the number of people living under the poverty line in 1990 was 38%, in 2006 13%. From 38% to 13%. And those living as indigent, those people declined from 13% to 3%. Now of course, the kind of policies that you were able to use during the first ten years are quite different from the kind of policies that you had to implement during the last six years. If you see our fight against poverty or indigenusness, you have a period of growth: 1996, 1998, 2000, and the level of indigent people remain exactly the same. We have to change the policy in order to be able to reach those people, and to reach those people in such a way as knocking on the door of each of those people living under the poverty line, particularly at their address, and explain to them what they are entitled because they are poor. This has to do with the dignity of the people.

Many people told me that, if Chile now is a little bit better off, why don't you send a check every month to those that are poor, and by definition they are not poor anymore, because they are above the line. You see? So simple, just send the check. And I say well, it has to do with the dignity of the people. This, let me tell you, is extremely important.

So going back to Rawls, A fair equality of opportunity means then a better substantial reform in education. Not only intense education for everybody, which is very easy to say and not to implement. We have about 100% coverage in basic education and in high school education. We introduced twelve years compulsory education in Chile in 2003. One major problem of course is the dropout, but you know in advance who are the candidates for dropout in Chile given the social conditions of many people. So then we established a scholarship so the students remaining in school and their fathers will get some money from that. We introduced a very substantial reform in health, I think like I can say this here, and we sent somebody to talk in Washington, what happened with the health reform in America. They said, I wonder if this is true or not, you know better than me, that there wasn't a small mistake because they put all the emphasis in those 42 or 43 million Americans without any kind of insurance and coverage in health, and so the health reform was devoted to that amount of people, and the real reform has to address to all range of people, not only those forty million people, in order to have everybody involved in the reform.

We took that advice and we decided to have a reform. In Chile the health system, about 70% to 75% is in the public sector and public insurance, and about 25% in the private sector. But in the reform that we implemented we guarantee an important number of pathologies to be covered by quality, by time period of waiting lists, and by if you don't have money then the money will be provided by the state. But we did it in such a way that it was compulsory for the public sector and for the private sector. Let me tell you, it was a very deep reform, very difficult to implement. I say this in Chile we have a problem with the physicians. Our physicians in the morning are all of them socialists, work for the government. All of them are liberals in the afternoon and work for the private sector. So it is difficult you know.

They decided to go to strike. I said, okay, you can go to strike. But please, strike in the morning and the afternoon. It worked.

What I am trying to say is this. We had some important reforms in the judiciary, important reforms in the area of infrastructure, important reforms in the area of housing. In other words, what I am trying to say in defense of politics is that it's one thing to have an economy that is well managed, and it is another thing what kind of social policies are you going to implement in order to make sure that the growth is going to reach the distant segments of society. Aid to different regions, aid to different sectors of society.

But let me tell you that in today's Chile, in the area of higher education, in the area of higher education, of ten of the students attending the university, seven are first generation in their families that attended university. Of ten, seven. That is really a change. That's really a big change. A big change not know, but in the next twenty years, because we have a tremendous task in the area of distribution of income. We have been unable to move distribution of income. It's true. Improve a little bit if we take the genie, but all of us know what the genie means, and to move the genie a little takes many, many years. I am sure that in the long run—in the long run it is going to be education which is going to make a difference.

Needless to say, I think that we still have a long way to go, particularly with regard to distribution of income. It's true. We have growth without deteriorating our distribution of income, in most Latin American countries today, distribution of income is worse than it was 20 years later. Now of course we know we are in good company. It's just a question of seeing what is happening with distribution of income in the United States, and therefore you will discover that probably the issues are seeming to become worse and worse.

But the big issue is in the area of higher education, how are we going to be able to keep social cohesion? Why? Because in most Latin American countries we have quite a different problem of those they have in Europe. In Europe, the big issue and the big question is how are they going to be able to keep the welfare state, the number of things, the safety net that they have, and remain competitive. In our case, how are we going to be able to have our own safety net and at the same time be able to have some kind of social cohesion. If you want to compete abroad, if you are going to be part of the globalized world, then you need to have some kind of social cohesion, otherwise you are lost. And therefore, left me tell you, it seems to me that this is an essential part of what we have been able to do.

The other area that I think has been extremely important, beyond social policies, has to do with how are we going to face the issue of human right violations? When I assumed the President of Chile, I said I am not here to administer the issues of the past. I do not want to be nostalgic to what happened. Nevertheless, I knew that I had to address the issue of human rights violations. President Aylwin was able to establish a Truth and Reconciliation Commission, that by the way was essential when Mandela produced the Human Reconciliation Commission in South Africa, it was taken and was within the lines of what Aylwin did in Chile. That was an inquiry of what happened with those that disappear or those that were executed; about 2000 people in Chile.

Then, President Bachelet established a dialogue between different actors, but still we had the issue of political torture. Those people that have been imprisoned, those people that had been tortured; that was an issue that has not been settled. Many people told me, Mr. President, don't go in that direction. You are going to open up the wounds of the past. But I had the feeling that we didn't want to face that issue, and that was part of our history. This is why I say there is no tomorrow without yesterday.

I established a commission to make an inquiry. Thirty five thousand Chileans, men and women, made a statement in front of the commission. Twenty nine thousand were recognized as Chilean's that had suffered and had been part of the system of political prisoners during the dictatorship.

The report is a very unusual report. The descriptions of what happened during those years in Chile are there. They are there. As we say, in order not to live that again, let us never deny again what happened. It is a difficult task to face that. It is a difficult task to receive a report with a description of where are the buildings, what kind of torture, what happened there, how many people, etc., etc.

There was a difficult moment with what to do with these statements, because I said the statement you are going to produce in front of the commission are going to be private. That's part of the history for how long. And then I say thirty years. A woman went to see me and said, "That is not enough Mr. President. That is not enough, thirty years." She told me, "I was raped when I was sixty years old, and I hope to be alive at the age of eighty, and I don't want my grandchildren to know that I was raped."

This is the kind of thing that you have to liberate, difficult things. Now needless to say it was not a tribunal. If you have the complaint you have to go to a regular tribunal, but I think that the issue of the way that we settled the human rights was extremely important.

To finalize, I would like to also address another issue that is extremely important, and that has to do with the fact that the small countries are not going to be able to have progress unless they are able to go to large markets. Our cultural identities in a globalized world are probably more important than they used to be in the past, because you need to have your own roots in what you are, particularly if you are going to have this dialogue among different cultures and different civilizations.

Isolation, to my knowledge, is to say no to real progress. Isolation is very close to fundamentalism. Fundamentalism means that I believe only my truth, and I do not accept any other truth. Fundamentalism is something that you have to be extremely careful. It is not possible to have a dialogue today if each of us think that we are the only one that has the reasons. This is the reason why, with regard to foreign policy, we in Chile have a longstanding tradition with regard to multilateralism. When you are small you need rules. Who is going to establish the rules in the multilateral arena? The big problem today is that globalization is growing rapidly, but multilateral institutions are not able to keep pace with the growing institutions of a globalized world. We have institutions that belong to 1945 and belong to the 1945 political landscape of that period. The World Bank and the IMF belong to the Bretton Woods Institution and they're supposed to solve the World Bank. The problem is reconstruction of Europe. The IMF, the International Monetary Fund, the problem is the right to affect change, and needless to say, with regards to the United Nations. When you are talking about trade, it's true we have a lot of free trade agreements with the United States, with Europe, with Asian countries. But there are quite a number of issues that we are not able to solve in a bilateral relation. What about anti-dumping with regards with the United States, for instance? Therefore, we think it is essential to have rules. Rules on trade, rules on financing are grossly different. This I think is an essential part of our way to understand foreign policy.

This is the reason why we said no when we were at the Security Council at the time of Iraq. I said it is not possible. I said it's not possible to go along with this issue outside the United Nations. It is not possible to have a coalition of the willing. Nine months later the same Security Council, after unanimous vote to send troops to Haiti, in 72 hours we made a tremendous effort and we sent troops to Haiti. When somebody called me to congratulate me for what I did I said, "No sir. This is just quarrellings. Quarrellings with regards to foreign policy." Because I thought that it was possible, that it was time, there was room again. At the Security Council I talked with Blix there, the inspector, and he thought it was possible in 30 or 40 days more to have a definite conclusion, and to put benchmarks to Mr. Hussein. That's why I think is quite different if you go to war with the flag of the UN or if you go to war with your own flag. What happened later then is something to think about. What are the limits of a world poll.

Today then, the problem with multilateralism was going to be essential. But of course, let me put this, since you wanted to have a discussion about if it is possible to have a better world. You live in a society that is the number one power in the world. And all of us know, and history teaches, that civilization that came, goes up and down. It is part of history. If it is possible to think in a civilization that exists in a pinnacle of power, to think that now he is in a position to shape the world. But if you are in a position to shape the world, can you think the long-term? To think I would like to shape a world in such a way that when I, when I am no more the number one, I am going to be happy living in the world that I shape.

It is a difficult question. Of course probably nobody in the years back in mankind were thinking that. Not the Romans, not the Greeks, not Egypt or the Pharaohs, not the Victorian England. But if you are the number one, if it is possible to think that, **well that's impossible**. It's the **(56:29)** of a human being to think that you are going to remain there forever. Nevertheless I think what we have time to do then in Chile, in foreign policy and different things, has to do at the end with the dignity of the human being, because at the end it is in the dignity of the human being that is the moral and the ethic of politics.

In the words of Manuel Castells, that wrote a small book on Chile, Castells is inclined to talk about models. So he says, "Well the Chilean is a democratic inclusive and liberal model," and he says, "That is very different from Pinochet that was authoritarian and non-inclusive model." More than that, what I will say is that we tried to create a system where there is a sense of purpose. Where there is a sense that we citizens can shape our own world to restore equilibrium and to restore the dignity of the human beings.

It may be that this experience may be useful. To what extent what we have been able to do has something to do with the world where we are living. To what extent, going back to the 60's, I realized that what we did was not because of a paradigm. It was not because some particularly theory was correct or not, but probably it may be possible then to have a paradigm opposed (58:15), and try to rationalize what we attempted to do, what we tried to do. At the end we tried to do something where the man, the woman, the human being, was at the center. After all, if you are in politics, if you are politics that means that you think that you want to have some power in order to shape a better world. And you have better ideas and clearer ideas if you don't want to fail. Sometimes I think it is so important to have the ideas. At the end it is here, in the sociology profession, where the ideas about power and politics are going to be shaped. Perhaps with your help we can be living tomorrow in a better world. Thank you very much.

FRANCES FOX PIVEN: President Lagos has agreed to take questions, or a brief comment would be alright as well. I suggest that those who have questions come to the front, come to the raised platform. Oh, Lee has a microphone. Terrific. So we will give you a minute or two to think about it, reconnoiter. Oh good.

AUDIENCE MEMBER: Mr. President, I am wondering if you could share with us whether or not you think that the United States today looks like Chile looked in 1971. Thank you.

AUDIENCE MEMBER: I was very inspired by your talk. Particularly by the progress your country has made in terms of education. The question I ask is what is your plan of action to provide these very courage secondary school graduates, university graduates, with commensurate white collar jobs that utilize their skills and satisfy their new aspirations?

PRESIDENT RICHARD LAGOS: Just to make sure, you are talking that with so many graduates, who is going to have a job opportunities later?

AUDIENCE MEMBER: Yes, yes, exactly.

PRESIDENT RICHARD LAGOS: Okay.

AUDIENCE MEMBER: I am a Brazilian sociologist and I was wondering, how do you see the future of democracy in Latin America, especially in Brazil and Argentina? And you mentioned something about populous policies and how we should avoid these. How do you see today's policies in Brazil and Argentina in that respect?

PRESIDENT RICHARD LAGOS: I will try to take those 3 and then we will have

FRANCES FOX PIVEN: Have another round.

PRESIDENT RICHARD LAGOS: Have another round. Well that's one problem, after you are not president anymore, you know? When they ask you difficult questions you say, "Minister, what do you answer?" And now I don't have a minister.

Well, I think that probably the way that you think about the similarities between Chile in 1971 and the U.S. today, I would think that the question has to do with a country. Chile in 1971 was an extremely polarized country in favor of the gangs of President Allende, and to what extent the U.S. is becoming also extremely polarized as the consequences of the politics of President Bush.

I think that the when you have policies that are too much oriented by some particular ideologist, at the end you end up with a lot of polarization. In many countries, I mean, it is necessary to have some areas where there is a common purpose by almost everybody. In our case of Chile, the fact that we were able to say look, our development is going to go through opening to the world. When we sent people here to negotiate a trade agreement with the United States, in the delegation were members of the business community and the trade unions. I am not saying that all the trade unions, but the majority of trade unions were in favor of this kind of agreement. So there are some areas where you need to have some policy that is not a governmental policy, it is the policy of the state of the country as such. I think that in some particular areas this is the same Chile, if you want to keep some purpose for a particular society.

The second question has to do with about so many graduates, and what are going to be the opportunities for them to have jobs. It's true. There has been a tremendous explosion in the number of the secondary education at the university level.

Nevertheless, at the same time, in our case we are going more and more to an economy of services. We are going more and more in an economy given the new era and therefore in the area of computers, back offices. Chile is becoming—the real competitor with Chile I would say is Miami, in terms mainly of the things that we are doing down there, and therefore it is in this new area where those new graduates are finding new jobs and things like that.

The third question has to deal with the question of democracy in some other countries like Brazil or Argentina. It seems to me that the fact that you have a continent where a trade union leader like Lula or somebody that is ethnic like President Morales in Bolivia, or that you are going to elect a woman like President Bachelet in Chile, that means much more democracy and no less democracy. Much more opening and no less opening. If at the same time, for that reason I am rather optimistic of what is going on in the region. In the case of Lula, he has been able to have quite a successful government, and he has been able to provide quite an increasing standard of living particularly of the poor. Needless to say we are talking of a country that is a very uneven and very unequal country like Brazilian society.

In the case of Argentina it is a little bit different. It is much more a middle class country. Nevertheless the crisis that they had in 2000, 2001, 2002 was a very deep, a very deep deep crisis, but now they are emerging again and President Kirchner is performing with a very high rate of growth of about eight percent. Probably there are some areas where some measures are going to be taken, particularly the area of energy, but I am rather confident about what is going on there. Yes

AUDIENCE MEMBER: I am wondering if you can tell us a little bit about the ideas, political, economic or social ideas in the conception of the nation and our country of Chile, and what do you think about them, those ideas put together by the founding fathers for your country. What do you follow or you think that does not need to be followed anymore, or something like that. I am asking what the ideas of the founding father of the country.

PRESIDENT RICHARD LAGOS: What are the ideas behind the--

AUDIENCE MEMBER: When the country of Chile was formed. For instance, I am from Indonesia. We have somebody named Zucarno and Harto, and they formulated the idea of what the country should be socially, economically, politically, like in America. So in the origin or ideals of the country.

AUDIENCE MEMBER: My question builds on that one a bit. There was a tension, President Lagos, in the analysis when you so skillfully argued about the need to face uncertainty and the trajectory in Chile, and how you stayed away from labels that may not have helped, and you steered the course toward pragmatism in some ways and toward social policies and democracies and so on and so forth. Toward the end, therefore there was a bit of tension in your talk. You called for ideas and kind of the formalizing those ideas in perhaps a more fully developed form. Your first part of the analysis reminded me of Albert Hirschman who analyzed, you know, paradigms as hindrances to understanding, and to policy. My question builds on what was said before, is really the world, and our students and ourselves, I think the world needs a label that goes beyond neoliberalism, and Chile is adopting and adapting liberalizing policies, but also social democratic policy, also socialist policies. My question is really, in that very realistic framework that you have just a sketch, you need to stay away from ideology that is behind perhaps the **current** century (1:10:07). Can you provide us a label? A name for a theory that we can teach our students, that we can perhaps ourselves think about in terms of saying no liberalization, the way Chile did it, is not neoliberalism. It is something else. It is not traditional socialism either. Is it social democracy? Is it modern social democracy? Could you elaborate on that a little bit and perhaps in some way address issues that the previous speaker raised.

AUDIENCE MEMBER: Thank you very much for your open and insightful talk. I was wondering why it was decided to use anti-terrorism laws against the indigenous people in the south given that their social struggle has not caused any human casualties. And I was wondering how you envision that this so-called Mapuche conflict can be solved in the future. Thank you.

PRESIDENT RICHARD LAGOS: One more, okay?

AUDIENCE MEMBER: Mr. President, certainly a very key part of social policy has to do with how retirement is handled in a country, and the privatization of the Chilean retirement system under Pinochet was used in some ways as a model when President Bush here attempted to privatize Social Security. We

know that there are a lot of problems now with that system in Chile. I wonder if you could address that what you think needs to be done in Chile.

AUDIENCE MEMBER: Mr. President, what institutions, what ways are there in the world to stop the world's only superpower from overthrowing, sending in its intelligence agency, state department, military to overthrow governments in Venezuela or Brazil, or even Chile? What can individuals do and what can organizations do to stop the world's superpower in its present control from undoing much of the good that is being done in the world?

PRESIDENT RICHARD LAGOS: I have tried to put together the first and the second, because it seems to me that the first one was, if there is any founding ideology behind what you address this evening, and to what extent you can talk about pragmatism or beyond neoliberalism, what do you have?

I think that the major line of reasoning has to do with—I will say the neoliberal thinks that the economy will shape a particular society, and therefore you have to abstain from intervening in this area. Therefore, opportunities for growth or employment will come from what is going on in the market.

What I have tried to say this afternoon is that politics is extremely important in terms of social policies especially. Those social policies have to exist in order to address what otherwise the market is going to provide in a very unfair way.

This has always been so. I mean, the big issue is how much of intervention from the politics point of view are you going to have in the economic arena in order to have the results that you wanted to have? It's true. If you say I want everybody to have drinkable water, pretty obvious we approve nobody against. Now, in the city to have drinkable water means that you are going to connect to the pipe. What about the countryside? In the countryside to have drinkable water for a peasant family in Chile costs one thousand, two thousand, three thousand dollars per family. Well that's too expensive. Is the market going to solve that issue there? No, not at all. Nobody has one, two or three thousand dollars in the rural areas to pay for drinkable water.

But if you think that the society has advanced in such a way that can afford, it is going to be the decision of the citizens, not the consumers. Let me tell you, I used to be Minister of Public Works of infrastructure in Chile, and when I open a huge highway, hundreds, millions of dollars to just cut the ribbon and that's it. Nobody cared about that. But if you go to a very small village where drinkable water has arrived, well they have a party that is going to last for at least three days. It is a change of life.

Then the issue is, is that the market? No it's not. No, it's not. When you are talking about health, and we say now we have fifty-six pathologies that are guaranteed. It is not that you are entitled, no it's guaranteed. Either in the private sector or the public it's guaranteed. If you don't have money the money will be paid by the government. Now what means that you don't have money? That you are not supposed to pay more than ten percent of your income.

Now let me tell you, we have a life expectancy very much like the U.S., very similar with much smaller resources than the U.S. has. So that kind of definition, I would say, means that you can say this is a social democracy because democracy has to mean, unless you have something meaningful for the people, at the end democracy is not only to vote every four or six years. It is more than that. It is the kind of society that you want to shape. That's it. I will say that of course this has nothing to do with neoliberals.

The other question has to do with the question of Mapuche's in Chile. We have different Indians in Chile. In another part we have much more like close to the kind of ethnic that you have that caters in Peru and Bolivia. In the Easter Island there are some very peculiarities. But our major Indian population are the Mapuche's. The Mapuche's got into the census about nine hundred thousand out of a total population of fifteen million. Now, of those Mapuche's, it is very important to make a distinction, those that are living in the city, about six hundred thousand, and those that are still living in the countryside. Because those that are living in the city, the problem for them primarily has to deal with a question of poverty and how they are going to be included in society. There are specialist scholarship programs and education because in the long run this is what is going to be the difference. If you are Mapuche, normally there is some kind of scholarship that you can afford, and that you are going to get. Now, those that are living in the countryside, it is a different story. Because there, normally they are a small presence. They have small pieces of land. Then the big issue is what kind of on the job training, what kind of capacity, what kind of technology, what kind of fertilizers, what kind... I mean, how are you going to be able to have some special program for those people living in the countryside? Not only the problem of drinkable water

exists of course, but more than that. Then the question with the Mapuche's, that you have to have a discrimination in reverse. I mean, if you are talking about education you have to discriminate, to put more resources in those schools that are in areas that are poor in the country, and the same was it got to the rural areas where the Mapuche's are living.

Now it's true. We are attempting to preserve the language for instance. The Mapuche's were unable to write. Now you can write with our characters the Mapuche language you see, but what I am saying is that the Mapuche civilization was not as developed as to have their own reading. It was language only. We used to have some other ethnic communities where the language has been completely lost. They are atacamas, or in the extreme south the Kaweskar. The last native Kaweskar died about a year ago, and she was the last person with the native language of Kaweskar. It was not Spanish. In the case of the Mapuche's we are trying to preserve in those schools were more than 50% are ethnic Mapuche's, then you are supposed to teach in Mapuche, in Mapudungun.

When I was Minister of Immigration, I implemented that. But it is very easy to say, much more difficult to implement. To find teachers that can teach the language in Mapudungun. They had some special program for them.

Nevertheless, it is difficult. It is difficult to incorporate to the Chilean society. Now of course, there are quite a number of them that are very successful in parliament and politics and many things. But some others still are resentful of what they perceive has been—there is some historical depth.

Former President Aylwin, I appointed him the President of a special commission about two things. The historical truth, not to have an official history, but to make a very deep study of what happened with the Mapuches. The reductions, how they were treated, which is a very sad history. And there is no question that we have responsibility because of what happened in the past, and we have to assume that. That was the purpose of the seven volumes. It is quite a report. Then there was also by the commission a lot of recommendations of what we should do. This is what we are trying to attempt with regard to the Mapuche's.

The final question was about privatization of Social Security and what happened in Chile. I will try to be very straight with this. There are two systems to finance social security for the old. One is that when you are working, part of your salary is taken and goes to finance those that are already retired. The other system is no, no, no. You are going to have your own money. And you are going to put—this is your personal account. You are going to capitalize and this is where you are going to get the money when you retire. Those two systems in theory you can discuss whatever you want. But there they are. The small problem is that when you go from one system to the other somebody has to pay the bill. Because we used to have the first system in Chile. So those that are working, you make a deduction and pay for those that are already retired. Perfect. But what happened when you say, "No, we are going to change now. We are going to the second system." Personal income is going to be capitalized.

What they had to do in Chile was two things. First to increase the retirement age in order to make easy, the things. Second, the government was going to pay the bill of those that are already retired. And with regards to those that are working, those that are working, and it takes only ten more years to retire, they will remain in the old system, so that when they retire they go to the system. So that those under twenty years of work were sent to the new system, and then they say that at the moment of retirement of those that are going to be in the new system, the government will pay a bonus for the number of years that they were working in the old system. Do you see what I mean?

Now, the big question was that this system was implemented in 81. I assume 2001, the biggest payment that we had every year was to pay the bill of those that retired, because the others were in the capital, in the private account. So you need to have a very sound fiscal budget to be able to afford the costs during the first year, second year, third years, ten years, twenty years, until those people start dying. Then you have the private capitalization.

Now, let's go to the second model, private capitalization, where we are now. We are still paying for the others. Either the wages in Chile are too low, either the wages in Chile are not as frequent as people use to think that they are. But the fact is that in today's system more than fifty percent of Chileans, when they retire, they are going to be unable to get the minimum pension. Therefore, the government will have to pay the difference.

So I discussed once this issue with some European friends, and I said, look, the system in Chile is working. It is working for the upper income group, but for most of the Chilean working population the bill is going to be taken by the government. In other words, I think that it is not the panacea that people are thinking it is. Because what happened in the actual system, in the actual system you retire and they will pay you the minimum pension. During the next eight years if you are still alive then the minimum pension will have to be paid by the government, and therefore what people now are talking is that you have a private system with solidarity. And solidarity means that the government pays the difference. It is a funny way to talk about solidarity because then they will say, well what about taxes, and what about etc., etc., and I think that is a very interesting point, because if you want more public goods you will need more money, public, and that also deals with the question of taxes, and I didn't talk about taxes.

In Chile, the tax bracket is very low. It is about twenty percent. If you add a few things, among others the question of Social Security, it is about twenty three or twenty four percent, which is very low by international standards. The problem that we have in Latin American countries normally is that with regards to Social Security and social benefits, all of us would like to be Scandinavians, but at the same time, all of us would like to be extremely underdeveloped in terms of paying taxes. I don't think that those two models will fit you know? To live like the Scandinavians in terms of Social Security, and to pay taxes like you are living in a very poor country. And I know that according to Galbraith, when you talk about taxes the poor people smile thinking that something may fall out for them, and the rich people think rather unusual because something is going to be taken from them. But anyhow, what I do think is that in the kind of society where you are going to be living, sometimes the bill is going to be more expensive. But you have to think about that the fact that you pay more taxes doesn't mean that you are less competitive in those rankings that are made year after year among the six more competitive countries in the world. Four or sometimes five are the Scandinavian countries, and they have the highest tax rates in the world. So this has to do very much with what kind of society would you like to live in? Those people, I understand, are rather happy living there. The question is that sometimes this discussion is very funny, the discussion of taxes.

The final point that I will make. When I was candidate, well you have to talk with different audiences, and the business community was extremely suspicious of what was going on with my speech, especially when I talk about social cohesion. They kept telling me that I should do what the Philippe Gonzalez did in Spain. They said so much that I saw what Philippe Gonzalez did, and I discovered that when Philippe Gonzalez took power in 1982, taxes based on the product in Spain was twenty two percent. When he left power it was thirty six percent. So remains in power fourteen years, he increased one point per year. Once I explained this to my constituency, formed by members of the business community, they never asked me again to be like Philippe Gonzalez.

FRANCES FOX PIVEN: I think I speak for all of us when I thank President Richard Lagos for an illuminating and charming talk, and I want to invite all of you, Alejandro Portez, Richard Lagos, to our welcoming party which now begins. Please come.