

## *BUSINESS, POLITICS AND IDEOLOGY: NEOLIBERALISM AND CAPITALIST CLASS FORMATION IN ARGENTINA AND CHILE (1990-2014)*

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This paper explores the connection between neoliberalism and the capitalist classes in Argentina and Chile. In particular, it investigates the legacies of neoliberal reform for capitalist class formation, asking why capitalists were able to achieve a hegemonic class position through reform in Chile though not in Argentina. Albeit many historical commonalities, market reforms ended up producing different outcomes and reactions: a tempered neoliberalism in Chile that have only recently been contested, and a post-neoliberal backlash in Argentina in the wake of the 2001 crisis. These divergent paths are related with the outcome of market reforms and various other factors, including the capacity of businessmen to restore political and class power. The ideological cohesion, political influence, and symbolic power of the Argentinean and Chilean business classes are contrasted. I conclude by discussing the relationships between capitalist classes' power and their capacity to resist collectivist attempts to undo marketization.

**Keywords:** *business, politics, ideology, Argentina, Chile.*

## *NEGOCIOS, POLÍTICA E IDEOLOGÍA: NEOLIBERALISMO Y FORMACIÓN DE LA CLASE CAPITALISTA EN ARGENTINA Y CHILE (1990-2014)*

Este artículo explora la conexión entre el neoliberalismo y las clases capitalistas en Argentina y Chile. En particular, investiga el legado de las reformas neoliberales para la formación de la clase capitalista, preguntando por qué los capitalistas fueron capaces de lograr una posición hegemónica en Chile y no en Argentina. No obstante muchos antecedentes comunes, las reformas del mercado terminaron por producir diferentes resultados y reacciones: un neoliberalismo templado en Chile que sólo recientemente ha sido impugnado y una reacción post-neoliberal en Argentina tras la crisis de 2001. Estas trayectorias divergentes están relacionadas con el resultado de las reformas de mercado y otros factores, incluyendo la capacidad de las clases capitalistas para restaurar su poder de clase y defender al neoliberalismo. La cohesión ideológica, la influencia política y el poder simbólico de los empresarios de Argentina y Chile son contrastados. El artículo concluye discutiendo las relaciones entre el poder de las clases capitalistas y sus capacidades para resistir los intentos colectivistas de contrarrestar el neoliberalismo.

**Palabras clave:** *negocios, política, ideología, Argentina, Chile.*

## Introduction<sup>1</sup>

This paper explores the connection between neoliberalism and the capitalist classes in Argentina and Chile. In particular, it investigates the legacies of neoliberal reforms for capitalist class formation, asking why capitalists were able to achieve a hegemonic class position through market reform in Chile though not in Argentina.

Albeit many historical commonalities, market reforms in these countries ended up producing different outcomes and reactions: a tempered neoliberalism in Chile that have only recently been contested, and a post-neoliberal backlash in Argentina in which national populist policies were lead by the Kirchner governments (2003–2015). While the Chilean businesses emerged empowered from Pinochet's dictatorship, and managed to strengthen their hegemonic position during Concertación and Piñera governments (1990–2014), the historically dispersed Argentine business sector withdrew to a defensive position, especially in the wake of the 2001 crisis. Why? I argue that these divergent paths are related both with the antecedents of the capitalist classes as well as with the outcome of market reforms in each country, exploring how the differing fortunes of market reforms are linked, among many other factors, with the capacity of their business sectors to restore political and class power.

On a superficial level, the capitalist classes in Argentina and Chile may appear on equal footing. Both business sectors are characterised by the concentration of capital within family groups (Fazio, 2005; Fracchia et al, 2010; Undurraga, 2014). Most of the largest business groups in both nations are widely diversified, closely held, and family controlled (Schneider, 2009; Gaggero et al, 2014). In both countries the early experiments in free market reform under dictatorial regimes (1973-1990 in Chile; 1976-1983 in Argentina) and the neoliberal policies of the transition to democracy triggered changes in ownership of wealth. During the last three decades, powerful local consortia lost their dominant positions. New economic groups emerged while some traditional ones were reinforced. Accordingly, the composition of economic elites evinces signs of continuity and change in both nations. Continuity, because capital remains concentrated in few economic groups, despite the entrance of direct

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foreign investment; and change, because new economic consortia consolidated dominant positions, coexisting with historical family groups.

However, if we examine the capacity of businesses to articulate a common agenda and the power position of private firms during the period (1990–2014), clear contrasts between the two countries emerge. While in Chile businesses from a variety of sectors were associated under one encompassing association –the CPC– and shared a common economic approach, and exercised both structural and instrumental power (Hacker & Pierson, 2002) to influence politics and regulatory laws, in Argentina the capitalist class did not share a common ideological vision, was not organised around one encompassing association and did not influence politics on anywhere near the same scale. For example, while Chilean capitalists were effective in preventing tax increases above 20 per cent through five different administrations in Chile (1990–2014), taxes over Argentinean export varied during the same period, rising over 35 per cent in some sectors. Likewise, whereas pressures from the Chilean business sector helped to maintain a labour code largely beneficial to private firms, a resurgent union movement during the Kirchner governments negotiated agreements on sector-wide wage increases as well as the minimum wage, representing a backlash against the labour flexibility of the 1990s.

In studying the capacity of the business sectors to defend their own interest and operate as a capitalist class we are taking into account a relational, polycentric and performative notion of power. As Simon Susen (2014) points out in his *15 theses on power*, power is a relational and ubiquitous element of human life that is reproduced through multiple networks of material and symbolic elements. Class power is polycentric, insofar as has numerous centres in multiple fields of action –e.g. social power, cultural power, economic power, political power, ideological power, to name a few. Class power is also understood here in its performative dimension, namely, the capacity to act upon the world in which the structural form of domination is not only imposed from top down but also reproduced from the bottom up. In light of the above, the historical configuration of the capitalist classes in Argentina and Chile are analysed in perspective of their links and influence to the state and society. The internal conflict within sectors for achieving dominant positions is also considered.

The argument is developed in three sections. First, a brief theoretical discussion about the concepts of neoliberalism and class formation that inspire this research are presented. Second, an overview of the commonalities and varieties of neoliberal experiences in Argentina and Chile in the last four decades are exposed. Third, their capitalist classes are contrasted at three levels: ideological cohesion, political influence, and symbolic power. I conclude by discussing the symbiotic relationships between capitalist class power and neoliberalism's capacity to resist collectivist attempts to undo marketization, and also elaborate on the weight of symbolic capital in light of the corruption scandals and reputational events in which the Chilean business class had been involved.

Methodologically, the article combines a comparative historical analysis based on secondary data with 120 interviews, conducted with members of the capitalist classes and the cultural circuits of capitalism (Thrift, 2005) in both countries, including managers, corporate representatives, economic journalists, business scholars and consultants (Undurraga, 2014). These interviews were conducted in 2008 and 2009 in Buenos Aires and Santiago.

## **1. What is neoliberalism?**

Neoliberalism is understood here as a multi-dimensional and contradictory project characterised by the disenchantment of politics by economics (Davies, 2014). It is not only considered in economic terms by the retrenchment of the state and the privatization of public assets, but also by a broad restructuring of the state–market relationships and its attendant ethos (Peck et al, 2009). This restructuring is seen as a depoliticizing technique of governmentality (Foucault, 2008) and as a means of maintaining and restoring class power (Harvey, 2005).

Rather than a succinct, clearly defined political philosophy (Mirowski & Plehwe, 2009), neoliberalism is linked with various policy positions, economic interests and cultural practices. Perhaps most commonly, the neoliberal project is identified with a set of policies that encapsulate the prescriptive development stance of ‘Washington Consensus’ institutions from the 1980’s – i.e. the International Monetary Fund (IMF), the World Bank, and the International Development Bank (IDB). These policies sought to increase competition –through deregulation and the opening up of domestic markets, including financial markets, to foreign competition– retrenched the role for the state, through privatization and limits on the ability of governments to run fiscal deficits and accumulate debt (privatization of public assets and cuts in public expenditure) (Williamson, 1990). In practice, however, neoliberalism manifests in multiple forms between countries and between different sectors within countries (Undurraga, 2014; 2015). As Maillet (2015) has shown, for instance, the state–market relations in Chile vary across sectors –e.g. electricity, public transport and pensions. Although those policies were inspired by the same neoliberal prescriptions at the end of the dictatorship, they took different paths during the democratic governments.

As a term, however, neoliberalism gets used as both an oppositional slogan and as an analytical construction. Considered from the latter point of view, at least four interlinking dimensions may be identified as key features: i) neoliberalism as economic theory; ii) as restructuring ethos; iii) as a depoliticizing technique of governmentality; and iv) as a means of restoring class power. As I have argued elsewhere, I use these four dimensions to shed light on the different fates of market policies in Argentina and Chile (Undurraga 2014; 2015).

First, as an economic theory, neoliberalism builds on the foundations of nineteenth century economic liberalism, that is, economic *laissez-faire*. Its roots are in the

classical economic thinking of Adam Smith, David Ricardo and John Stuart Mill and recent writings of Milton Friedman and Friedrich Hayek, among others. Neoliberalism claims that society as a whole is best served by maximum market freedom and minimum intervention by the state, claiming that such a situation will enable individual entrepreneurial freedoms and skills to be maximally developed. In this context, the government's role is limited to providing security, protecting private property, and creating and maintaining markets (Harvey 2005).

Second, as a restructuring ethos (Peck et al., 2009), neoliberalism attempts to replace political judgement and discourse with economic norms and methods of evaluation (Davies, 2014). Rather than a closed totality of ideas or a typological state form, neoliberal is here conceived as a private form of social rule marked by the dominance of giant corporations, the privatization of public firms, and the colonization of state services by new public management (Crouch, 2011). Understood in this way, neoliberalism is less typically concerned with expanding markets *per se*, than in expanding the reach of market based principles and techniques of evaluation. As Davies stresses (2014: 4), "the central defining characteristic of all neoliberal critique is its hostility to the ambiguity of political discourse, and the commitment to the explicitness and transparency of quantitative, economic indicators, of which the market price system is the model. Neoliberalism is the *pursuit of the disenchantment of politics by economics*".

Neoliberalism may also be used as depoliticizing technique of governmentality, one that effectively helps to de-collectivize society through removing the institutions that sanction public action. This aspect of neoliberalism was famously brought forward in Foucault's lectures on biopolitics (2008) and Miller and Rose work on governmentality (2008). According to this logic, neoliberalism operates as a technique of 'governmentality' that aims to shape citizens' attitudes and behaviours by reinforcing the autonomy of individuals as against the agency of politicized collectives. Based on the promise that markets will provide steady and increasing access to consumption in the future, neoliberalism aims to discipline both citizens and political elites, postponing the social demands of the former, and containing the internal conflicts of the latter (Guell, 2009).

A fourth feature of the neoliberal project consists in its ambition to restore class power (Dumenil & Daniel, 2004). Harvey (2005: 15) argues that neoliberalism from the beginning was a project to achieve the restoration of class power guided by business elites and international institutions. In 1971 the labour movement enjoyed its greatest global expansion, extending the collectivization of popular demands (Therborn, 2011). The global economic elites generally regarded this largely anti-corporate, anti-imperialist movement as having gone too far, calling for renewing the conditions for capitalist's expansion (Crozier et al, 1975). Conservative think tanks like the Heritage Foundation and the American Enterprise Institute linked their defence of 'individual freedoms' to the defence of free markets (Medved, 2012).

In this sense, neoliberalism would be a strategy for institutional transformation that promised to resolve the capitalist crisis of the 1970s providing new guarantees for the accumulation of wealth. The rising inequality across western countries linked to marketization and globalisation in the last four decades would come to confirm this feature of the neoliberal project (Piketty, 2014; Therborn, 2013).

One way of conceiving neoliberalism that brings together certain aspects of all four dimensions is due to Mirowski and Plehwe (2009). They argue that neoliberalism is, effectively, a “thought collective”, where by this they mean a multi-centric movement anchored in a network of think tanks and pro-market institutions that connect political, economic and scientific elites. Some of the epistemic commitments that mark this “thought collective” are: markets must be built, they do not emerge spontaneously; redefining rather than merely destroying or minimizing the state is in the best interest of the market and those that profit from it; the best solutions to problems caused by the market are themselves market-based (e.g. carbon credits, the sale of human organs or vouchers for education) (Mirowski, 2013).

## **2. Neoliberal foundations and social contestation in Argentina and Chile**

The question about the commonalities and differences of neoliberal market reforms in Argentina and Chile has been analysed from multiple angles. Both countries were subject to early experiments in free market reform under dictatorial regimes in the 1970s. While the ‘Chicago boys’ led radical transformations under the Pinochet regime (1973–1990) in Chile, Finance Minister Martínez de Hoz attempted to implement an analogous programme under the Argentinean Junta (1976–1983). In Argentina, however, those reforms only fully took root a decade later with President Menem’s (1989–1998) implementation of the ‘convertibility plan’. During the 1990s, both nations were held up as ‘poster children’ of the Washington Consensus. Following market reforms both countries pursued agro-export strategies, reinforcing the deindustrialisation of their modes of production (Schneider, 2009). Despite some of these capitalist commonalities (Streeck, 2010), the neoliberal trajectories followed by these countries diverged.

In Chile, the ‘social market economy’ (Muñoz Goma, 2007) was supported by the political-economic elites, preventing major challenges to the ‘market model’ during ‘Concertación’ and Piñera governments (1990–2014). Concertación did not break with neoliberalism, but only aimed to temper it by orchestrating greater social equality (Silva, 2009). Despite structural inequalities, the improved material conditions brought by capitalist modernization –e.g. better quality of housing, roads and infrastructure, increased private consumption and access to education– helped create support for continuing the neoliberal model. However, since the cycle of mobilizations that started with the ‘penguin’ student movement in 2006 (Donoso, 2013) and continued gathering momentum in 2011 with protests against for-profit

education, neoliberalism in Chile was challenged in unprecedented ways (Mayol, 2012). Growing discontent with structural inequalities and a frustrated sense that the political class was out of touch with popular needs and demands produced social unrest unseen since the Pinochet years. Protests focused on access to education as well as environmental concerns (Aysén), workers' conditions (Codelco) and consumer rights (La Polar), among many others issues, multiplied. Chile entered a new political cycle in which the subjugation of politics by economics is being questioned, with calls for building a more social democratic model (Atria, 2013; Fuentes, 2013; Atria et al., 2013). President Bachelet (2014–2018) was re-elected with a programme willing to move away from neoliberal conventions –e.g. reforms in education, taxation and a new constitution. While senator Quintana called to ‘use an excavator digger to remove the foundations of neoliberalism’, the advancement of reforms for undo marketization have been hugely controversial. In fact, several corruption scandals have dominated the agenda (e.g. Penta, Soquimich, Corpescsa), evincing the renter ties between business and politics, and how the business class have captured the main political parties.

In Argentina, on the other hand, neoliberal policies came under severe scrutiny much earlier, with the response to the country’s 2001 crisis proving pivotal. In effect, a social reaction against ‘market forces’ mobilized the country for over a decade (Villalón, 2007). The neoliberal model driven by Menem (1989–1999) was associated with middle class consumerism, but also with corruption and unemployment (Novaro, 2006). The poor performance of the Washington Consensus policies led to the collapse of the De la Rua government (1999–2001) and the convertibility plan. The governments of Néstor Kirchner (2003–2007) and Cristina Fernández de Kirchner (2007–2015) subsequently capitalised on the backlash against the 1990s reforms. Their post-neoliberal politics reinforced the activation of popular actors, enhanced the legitimacy of the state’s right to intervene in structuring economic affairs, and strengthened economic and social rights (Etchemendy, 2011). Despite the positive results of the Kirchner administrations in their first decade, their confrontational politics engendered controversy both domestically and abroad. There were repeated clashes between the government and agro-industrialists over taxation and price controls (2008–2009), confrontations with the Clarín media group concerning television contracts and the media law, disputes with private consultants about the inflation rates of INDEC (Institute of National Statistics), as well as disputes concerning the nationalization of pension funds (AFJP), Aerolíneas Argentinas and YPF (Oil company), among many others. Until the end of Cristina Fernández government, the clash with foreign bondholders refusing to re-negotiate the country’s 2005 debt left Argentina in ‘technical default’. The ‘politics of agony’ that inspired both Kirchner and Fernández’s government, in which power was understood as the capacity to control rivals and weaken the opposition, ended up putting their opponents on the counter-offensive. In December 2015 the businessman Mauricio Macri was elected president with a clear pro-market agenda, driving a counteroffensive over the Kirchners’ administrations: foreign bondholders

were paid, the National Institute of Statistics (INDEC) was intervened –suppressing the release of any public data for up to 12 months– and the prices of subsidised sectors such as energy and transport were adjusted to market prices. Macri's policies represent a backlash to the Kirchners' popular discourse, which society's reactions manifesting spontaneously. The extent to which Argentina will move towards a more pro-market society is still in question.

In the mainstream political and sociological literature, competing accounts explain why neoliberalism penetrated further in Chile than in Argentina, with multiple factors explaining these divergences. In what follows, I present a synthesis of 9 factors that help to explain the common antecedents and divergent paths of neoliberal experience in these countries (Undurraga, 2015).

First, militarily, Pinochet was able to impose his authority inside the Junta, which facilitated a more unified approach to the implementation of radical market reforms (Gárate, 2012), while a lack of cohesion inside the Argentinean Junta prevented such an approach (Canelo, 2008; Boisard and Heredia, 2010).

Second, ideologically, Chicago economists and their monetarist ideas penetrated far deeper in Chile than in Argentina (Huneeus, 2001; Dezelay & Garth, 2002; Centeno & P Silva, 1998; Montecinos & Markoff, 2009). The ‘Chicago boys’ not only guided the privatizations in Chile but also converted the economic profession to a monetarist approach, which became the new ideology of the emerging business class (Valdés, 1995). In Argentina, by contrast, monetarist ideas were contested on ideological grounds at important public universities such as UBA, and failed to penetrate its school of economics (Biglaiser, 2009; Heredia, 2015).

Third, the implementation of reforms differed. While the stronger industrial sectors in Argentina successfully resisted reform, forcing compensation from the state, the Chicago boys applied a shock programme in Chile which, despite recession, unemployment and business complaints, met little analogous resistance under dictatorship (Etchemendy, 2011).

Fourth, economically, monetarist policies were eventually rejected in both countries on the grounds of their precipitating economic collapse –Argentina in 1980, Chile in 1982– but whereas Pinochet’s regime successfully resisted the social pressure, the Malvinas war defeat in 1983 buried both the military and neoliberalism in Argentina (Novaro, 2006; Cavallo et al, 1988).

Fifth, in Chile, unlike in Argentina, the neoliberal institutional transformation was comprehensive –and its results locked in by the 1980 Constitution. While Pinochet’s dictatorship repressed the social costs of reform, removing the institutions that sanctioned collective action and weakening the workers’ movement (M. Taylor, 2006), Argentineans, in democratic times, resisted the de-collectivising effects of reform, proliferating social movements and unrest (E. Silva, 2009; Villalón, 2007).

Sixth, politically, the technocratic political class helped build a neoliberal consensus in Chile (P. Silva, 2008), while the attempt to disenchant politics by economics was unable to disarm the collective tissue of Peronist networks in Argentina (L. Taylor, 1998). The Peronist philosophy of popular participation reproduced practices that were in many ways incompatible with neoliberalism (Auyero, 2007).

Seventh, neoliberalism produced different outcomes and knock-on effects: whereas material progress spread a notion of success associated with capitalist modernization in Chile, the huge social costs of the 2001 crisis buried neoliberalism's creditability in Argentina, while the counter-offensive launched by the Kirchners further de-legitimised the neoliberal project. Regardless of the maintenance of inequalities during the period, the material progress associated to the capitalist modernization in Chile brought a sort of symbolic legitimacy to the market model. In Argentina, by contrast, neoliberalism was associated to economic disaster, institutional chaos and the lost of social rights.

Eighth, socially, neoliberalism as a de-collectivising project advanced further in Chile –particularly in the workplace (Winn, 2004), whereas in Argentina's post-convertibility the Kirchners reinvigorated faith in politics and collective action (Grugel & Riggiorozzi, 2012).

Ninth, neoliberalism partly succeeded in Chile because the bourgeoisie, the strata destined to defend capitalism (Schumpeter, 1942), was empowered by the Pinochet dictatorship (Kurtz, 2001) and then flourished during the Concertación and Piñera years (1990–2014), consequently, was better able to protect and justify marketization (Undurraga, 2013)<sup>2</sup>. This did not come to pass in Argentina, where the dispersed business class never rose to such power, and where they were perceived as accomplices in the 2001 crisis. It is this last factor the argument that I develop at greater length in the next section.

### **3. The relationship between capitalist classes and neoliberal reforms**

The divergent trajectories of neoliberalism in Argentina and Chile is a multivariable phenomena that is rooted in the history of these countries, their social compositions, the economic outcomes of market reforms, and the features of their political processes, among other factors described above. A fundamental element of the different fates of marketization during the period studied (1990–2014), however, is the presence

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<sup>2</sup> The Chicago boys in Chile were explicitly conscious that the formation of a dynamic capitalist class was fundamental for successfully constituting a market society and its subsidiary state. While privatization and individualization were central to the neoliberal project, only with a capitalist class able to compete in global markets and exercise a hegemonic position over the civil society, the subsidiary state was going to flourish. As Minister Sergio de Castro put it: 'only in this way, we can guarantee that the state will become truly subsidiary' (DIPRE, 1978: 382).

of capitalist class hegemony in Chile and its absence in Argentina. Neoliberalism partly succeeded in Chile because the business class was in a hegemonic position, with varied types of powers (e.g. economic, political, symbolic, religious, intellectual, spatial, media) operating through interlinked networks, enabled them to justify and expand marketization. This was not the situation in Argentina, where the dispersed business class never rose to such power, where their ideas as an interest group about the economy and the polity were not unified and were hugely contested by Peronist movements and social reactions, and therefore their influence in the public sphere during this period was much limited.

Esprit de corps and ideological affinity, close relations with political power, and good reputation in their respective societies are traits that all economic elites aspire to achieve. The ability of the business sector to influence in policy-making and the laws that rules businesses and the economy depend on these variables. Between 1990 and 2014, the business elites of Argentina and Chile, independently, had moments of ascending and descending authority. Since the 2000s, in particular, their differences were remarked. In what follows, the power position of these capitalist classes thus contrasts along three dimensions: ideological cohesiveness (i.e. level of shared ideas and capacity to promote a common agenda), political influence (capacity to affect policy-making) and symbolic power (i.e. levels of visibility and social reputation). The three dimensions are interconnected, and help to explain the hegemonic position of Chilean business class, but not among their Argentinean counterparts.

### **3.1. Ideological cohesiveness**

While divisiveness and internal competition tended to undermine the capacity of the Argentine business sector to build a common agenda in the post-convertibility period (2003-2014), the ideologically consistent and politically connected capitalist class in Chile was effective in defending pro-business regulations during the Concertación and Piñera years (1990-2014). The Chilean capitalist class shares a common liberal approach to economic matters and a moral conservatism in its cultural values (Thumala, 2007; Gárate, 2012). Since the mid-1980s, it has aggressively defended market values and private solutions for public problems. Corporations invested in business associations and institutions that promoted free market values –e.g. pro-business organisations, think tanks, and economic media, helping to renew the justifications of Chilean capitalism (Undurraga, 2013). Different business centres such as ICARE and CEP, plus strong business associations played a key role in integrating and neutralising criticisms to the market model, while offering technical support for lobbying in the Parliament. The Argentinean business class, by contrast, was characterised during the period by diverse ideological agendas, rivalry and politicisation (Schneider, 2004). Different factions (e.g. industrialists, agro-exporters, financiers, commercialists and regionalists) defended their own strategies, strengthening their particular political ties and promoting their own, often competing, economic interests (Lewis, 2009). Although there were many think

tanks and business institutions aiming to promote business interests, their capacity to articulate ideas on behalf of the entire sector was much more limited. For instance, the annual business meeting IDEA (roughly equivalent to Chile's ENADE) did not have the capacity to congregate all relevant actors nor the political influence of its Chilean counterpart.

One of the striking rituals of post-dictatorship democracy in Chile was the public endorsement that political candidates needed from the business sector. Since 1989, when Alejandro Foxley and Carlos Ominami, the economic team of the centre-left coalition Concertación, presented their financial programme to ENADE (the annual meeting of businesses), reassuring that if candidate Aylwin was elected the bases of the neoliberal model would be maintained, presidential candidates were expected to meet with business representatives to show their economic credentials. Meetings of this nature were unthinkable in Argentina, especially in the post-neoliberal landscape of the Kirchners years (2003–2015). The deference that the Chilean political elites had to the power of the business class was nonexistent in Argentina; the unity of the Chilean business sector to defend a common ideological agenda was absent among their Argentinean counterparts, and their public influence was also more limited.

Both historians and entrepreneurs themselves tend to describe the Argentine business class as fragmented. Rivalry, politicisation and weak institutional capacity have characterised business associations in the last 60 years (Schneider 2004: 173). Different factions made up of industrialists, agro-exporters, financiers, commercialists and regionalists defend their own business strategies, strengthening their particular political ties and promoting their own, often competing, economic interests. Several businesspersons interviewed echoed a common theme. As one manager from a large firm put it: *“the business community as such does not exist in Argentina: there are a number of entrepreneurs who are divided in their interests”* (Interview 68, March 3, 2009). The lack of a sense of corps and the absence of a common agenda weaken the private sector’s capacity to promote a pro-business vision.

A usual interpretation is that local businessmen are individualistic: *“Argentinean entrepreneurs bad-mouth their counterparts, accusing other sectors of seeking political protection”*, a scholar explained (Interview 85, May 22, 2009). Business representatives are accused of playing the odds for their particular benefit, without regarding the benefit of business interests overall. As the executive of a major company commented: *“in all associations that I have participated in the only common denominator is the utter selfishness of the employer who lacks any concern for the common interest”* (Interview 77, April 22, 2009). By and large entrepreneurs do not share a common ideological vision: disputes over exchange rates, taxes, sectoral protection, political preferences, trade strategies and personal gains tend to pull them apart.

Some historians tend to link the fragmentation of the economic elite with Peronism (Lewis, 2009). As the studies of corporate networks have shown (Salvaj and Lluch,

2012), the Argentine business suffered a sharp division between the 1950s and 1970s. The social empowerment of the Peronist labour movement, with its re-distributive claims and nationalistic narrative, rallied people against the accumulation of wealth in the hands of the traditional bourgeoisie and foreigners since the 1940s. Conflicts of interests between business groups competing for state's protection inhibited their capacity for a collective reaction (Acuña, 1998). Perón threatened property rights but also courted and exerted political influence over some segments of business. In opposition to the powerful UAI (Industrialists), Perón supported the CGE in the 1950s, splitting the industrial sector. Further, state actors in Argentina denied or gave only sporadic access to policy-making, dis-incentivising collective association (Schneider, 2004: 194). Despite several attempts to build an economy-wide peak association, partisan conflicts, the inability to reconcile sectorial interests, and weak institutional capacity undermined these efforts<sup>3</sup>.

Although during the neoliberal 1990s Menem gave free rein to business expansion, national industries in fact suffered from the introduction of international competition. As Beltrán (2011) points out, the lack of commitment to the Convertibility Plan within the heterogeneous business sector ended up increasing internal division. Under the Kirchners governments, pressure on the private sector grew steadily, with only businessmen close to the government benefited from state opportunities (for a picture of the shifts within the business class and the divergent strategies that old and new economic groups took during the post-convertibility years, see Gaggero et al 2014). Despite these historical antecedents, the fragmentation of the Argentine business sector during the Kirchner years is partly explained by the aggressive environment in which they operated. As former minister Juan Llach observed: "*entrepreneurs individually seek to save their companies from not being punished by the government with a tax inspection or price controls. Employers react defensively. Having a public profile might be risky*" (Interview 80, May 12, 2009). In this adverse environment, the strategy of many entrepreneurs rather than collective tended to be "every one saves for himself".

The divisiveness of the Argentinean business class starkly contrasts with the ideological unity displayed by its Chilean counterpart. The Chilean 'business community', as its members referred to it during the period, was characterised by a common liberal approach to economic matters and a shared moral conservatism in its cultural values (Thumala, 2007; Gárate, 2012). Informal networks that combine social and instrumental relations also served to strengthen the defence of class interests. A strong social system based on family relations, colleagues from college and university, religious groups, chains of capital, and shared business interests

<sup>3</sup> Schneider (2004: 174) argues that several coordinated initiatives from businesses lasted only until the perception of threat passed, usually after the military had removed the offending government. Since the return of democracy, temporary bodies such as 'grupo de los 11 (1984-1985)', 'grupo de los 17 (1987-1988)', 'grupo de los 8 (1987-1989)' or the 'captains of the industry' were not able to last either.

connected economic elites. More importantly, a common core of ideological ideas about the economy and society was largely shared within main business actors. Chilean capitalists had a markedly right-wing orientation during the period.

Pinochet's regime triggered an ideological revolution for the business class, who, despite internal heterogeneity and variety of agendas, managed to become a unified sector. This unification was achieved in part through the influence of the Chicago Boys (Valdés, 1995). The economic program written by these economists –‘the Brick’– served not only as a practical guide for implementing the privatising reforms, but also as an ideological device to re-educate and unite Chilean capitalists (Tironi, 2013). But this was not an easy transformation. Entrepreneurs supported the military coup not only seeking to defend private property and restore order, but also to placate leftist parties and an organised civil society that threatened the power of elites (Schneider, 2004). The unprecedented unity among the business sectors before the coup was broken after the shock polices implemented in 1975 (Montero, 1997). The policies of the Chicago Boys were originally resisted by small and medium-sized industries, who used to a capitalism protected by the state were forced to compete. The trade liberalisation promoted by the regime produced the collapse of many companies and the financial crisis of 1982, generating resistance to monetarism. Market reforms started gaining transversal support within the business establishment only by 1985, after the economic recovery and the stabilisation of the reforms (Cavallo et al, 1988).

Many business representatives played official roles in Pinochet regime since the mid-1980s, which for Arriagada (2004) makes them the most ideologically driven economic elite in the region. Until the mid-2000s, many of them maintained key positions in several corporate boards, such as AFPs, position from which they not only defended the market model with arguments, but also administrated the Chilean pensions funds with neoliberal priorities (Huneeus, 2014: 350). Despite the marked right wing position of Chilean businessmen, a natural generational replacement added new executives to firms whose careers were less marked by historical political divisions and who brought more technical approaches to management. Further, business associations realised that such visibly marked right wing political affiliation did not facilitate their relations with centre-left governments. Since the 2000s, new business representatives, such as Felipe Lamarca, Juan Claro and Rafael Guillastri, renewed the tone of SOFOFA and CPC, increasing collaboration between Concertación government and businesses. Having said that, Chilean businessmen did not change their views about the relationships between capital and labour. They maintained a persistent view of subordinating labour organization to capital interests. The demonization of workers' unions and employers' rights as a danger for the country's growth and the attraction of investment was a constant argument from business representatives across sectors and from different ages between 1990 and 2014 (Huneeus, 2014; Undurraga, 2014; Álvarez, 2015).

The ideological affinity of the Chilean business class was not a spontaneous achievement. Since the 1980s, an ideological offensive to justify the new neoliberal order and the emerging capitalist class was launched by the private sector. Corporations invested in business associations and institutions that celebrated the economic success of the ‘exporter model’ and promoted free market values. These institutions formed what Thrift (2005) calls ‘cultural circuit of capitalism’, based on strong networks of enterprises, pro-business organisations, think tanks, private universities, and the economic media (Undurraga, 2013). Different business centres such as ICARE and CEP, plus strong business associations (CPC, SOFOFA, SNA, CCHC), play a strong role in these circuits, and operate as meeting points, promoting a business agenda, while offering technical support for regulatory lobbying in the Parliament. ICARE, and its ongoing activities, became particularly influential in this regard. As right-wing politician Joaquín Lavín pointed out: “*The boom of ICARE started in the late 80's, and ENADE (ICARE's annual meeting) became a landmark. It's the day the whole economy stops, when hundreds of executives, the whole PGB meet, and authorities make their announcements*” (Interview 34, December 12, 2008). These circuits have facilitated the defence of the market model and strengthened the morale of the business class, making Chilean capitalism more sophisticated and reactive. A pervasive discourse about innovation, entrepreneurship and social responsibility –the new spirit of capitalism (Boltanski and Chiapello, 2005) of the Chilean neoliberal model– celebrates the private sector’s social role, emphasising the generation of employment, reduction of poverty and the modernisation of the country (Undurraga, 2014). As the CEO of a large firm put it, “*business ideals are spread through business associations. At CPC, Ancham or Sofofa, managers compare practices and generate benchmarks*” (Interview 11, October 2, 2008).

The closest the Argentinean business class has to an organisation like ICARE is an annual meeting of businessmen called IDEA. This forum, however, is an isolated activity that has no capacity to convene political actors, limiting its impact to the business sector. IDEA grew with the boom of the 1960s and the demand from corporations for more sophisticated managers. Despite the strengthening of corporations during the 90s, the business sector failed to build a common ideological agenda –e.g. the convertibility plan never fully seduced industrialists. In the words of a business consultant with experience in both countries, “*IDEA is a conference where businessmen come together once a year, and you look at the faces of the crowd, and say: you're my friend, you're my enemy. It is nothing like ICARE and the rituals of the Chilean business community*” (Interview 81, May 15, 2009). Particularly after the collapse of 2001, business associations, economic consultants and liberal think tanks –the Argentinean cultural circuits of capitalism– retrenched to a defensive position. In the post-convertibility years, the ‘expert’ economic voices of the 1990s refuged in private universities and consulting firms, where they were less visible to the public sphere. It was only after the clashes between the Kirchner government and agro-exporters in 2008 and the disputes about the intervention of public numbers (INDEC) that they regained certain public presence. The economic difficulties in

which Cristina Fernández's government finished in 2015 gave plenty of room for these pro-market experts to regain visibility and credibility. It is still too fresh to assess the extent to which the businessmen and pro-business thinkers linked with Mauricio Macri's government will help to build a common ideological agenda for the dispersed Argentinean business sector.

### **3.2. Political influence**

Two traditional ways in which the businesses classes attempt to affect policy making is through exercising instrumental and structural power (Fairfield, 2015; Hacker & Pierson, 2002). Instrumental power entails political action to affect policy, such as lobbying, recruitment into government, government-business cooperation, and partisan linkages. Structural power acts primarily by restricting the agenda from a perceived disinvestment threat by the private sector –the so-called 'capital strike'. In comparing the capacity of the business classes to access to government and affect policy-making in Argentina and Chile between 1990 and 2014, the differences sparkle.

Capitalists in these countries have differing levels of access to government, and, therefore, different capacities to defend their interests in the political arena. While the coordinated Chilean business associations have been a regular source of consultation in government policy-making since the mid-1980s, their Argentine counterparts have been largely marginalised from policy discussion (Schneider, 2004). While different Argentine governments encouraged the flourishing of some conglomerates over others, the private sector in Chile remained associated with right-wing parties and developed strategic links with Concertación representatives, who strongly back the business agenda. Between 2010 and 2014, the business sector arrived at the pinnacle of political power in Chile with the ascension of businessmen Piñera to the presidency.

Business associations in Chile (SOFOFA, SNA, CCHC), gathered under the umbrella of the Confederation for Production and Commerce (CPC), were powerful actors with strong authority in the public arena, and an impressive capacity to coordinate divergent sectors (i.e. agro-business, banks, mining, construction or industry) during this period (1990–2014). The common agenda of the business sector did not mean the absence of disputes between different branches. In fact, as Álvarez (2015) has shown, political disputes within the sector were a constant pattern during the period. However, at the moment of negotiating with political authorities, the position of the sector converged. One of the greatest examples is labour reform, an issue that unified various business associations in maintaining a very flexible labour market<sup>4</sup>.

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<sup>4</sup> For instance, the Heritage Foundation's 2011 'Labour Freedom' rankings put Argentina 137th out of 179 countries. Chile, by contrast, is ranked at 48th. Labour is more flexible and vulnerable in

Access to government consultation is not a given pattern of business association in Chile. Until the 1982 crisis, the Chicago boys had displaced industry leaders from consultation on policy-making. The destructive 1982-83 crisis, however, had a solidifying effect on the business sector, which reacted by strengthening its encompassing association, CPC, and making it more influential in economic policy (E. Silva, 1996). In addition to the appointment of Büchi as finance minister, Pinochet appointed more business representatives in 1985 (e.g. Collado, Délano), assuring the support of the private sector. Since then, channels of collaboration and consultation between the government and business associations have been open and free-flowing (Schneider, 2004). The fact of having such strong influence on policy-making stimulated the private sector to invest in their associations –by professionalising their staff and technical departments (E. Silva, 1998). Well-funded business associations subsequently developed multiple institutional channels to increase their participation in policy-making, exercising both instrumental and structural power.

In addition, partisan linkages with right wing parties Unión Demócrata Independiente (UDI) and Renovación Nacional (RN), and strategic links with Concertación politicians, facilitated the defence of business interests in the Parliament, such as maintenance of low taxation and a flexible labour market. Due to the strong structural power of the private sector, Concertación governments (1990-2010) felt the need to consult with business associations on economic reforms. Political and technical skills were used by Concertación technopols (Joignant, 2011) in order to avoid conflicts with businesses. Collaboration between business and government led to the distributive reforms implemented during the 1990s, as well as the capital reforms implemented in the 2000s. For instance, both Leyes de Mercado de Capitales I y II during the Lagos and Bachelet administrations were based on proposals made by the industrial association SOFOFA. The power of businesses and the right wing sector –overrepresented in parliament due to the binominal system– constrained further, more progressive policy changes. Additionally, affluent firms financed legally and illegally parties on the right and left side of the spectrum. The unveiled scandals in recent years –e.g. SQM, Penta and Corpescá, to name a few– showed not only gross bribery practices, but also the way in which business interests colonized the political machinery, towing the laws towards its own interests. Unsurprisingly, none of the key reforms of the Concertación governments–tax (Aylwin), state modernisation (Frei), health (Lagos), and pensions (Bachelet) were as progressive as they were originally believed to be, achieving only a partial correction of neoliberalism's inequities (Garretón, 2012). During Piñera's administration, businesses interests were directly represented in government, which in practice meant that CEO's –such Patricio

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Chile. Firms contract and dismiss labour with fewer constraints. State intervention in the form of wage control, as well as hiring and firing restrictions is lower compared with Argentina.

Contesse from Soquimich—wrote directly to the Ministry of Economy —Pablo Longueira—the law that rules the mining sector.

Critical observers point out that the capitalist class in Chile succeeded in imposing its particular interests under the banner of the national interest, and in this way exercising their structural power (Ljubetic, 2008). When serious public discussion of economic reform and labour issues were debated, the business sector routinely defended its interests by arguing that any threat to business is a threat to the country's stability for instance, Alfredo Ovalle, president of the CPC, argued in his speech of Enade 2007:

Today Chile breathes a rarefied air, where distrust appears increasingly prevalent... We are concerned about the uncertainty regarding initiatives in labour law, which undermine the confidence of business (Ovalle, 2007).

The constant threats of business representatives that democratic reform —e.g. labour relationships, pension funds, taxation— disincentive economic growth and investment speak volume of the structural power of the sector. The different ways in which business associations influenced policy making in Chile reflects their instrumental power. But perhaps the greatest example of neoliberal success that echoes the hegemonic position of the business class in Chile during the period was how the rationality of the private sector (the politics of expertise) was inculcated in state institutions, affecting the way in which the polity was thought and planned (private solutions for public necessities), achieving the disenchantment of politics by economics described by Davies (2014).

The situation contrasts starkly with that in Argentina. Big businesses did not enjoy the protection of a tough partisan ally, such as the Chilean RN and UDI. Business associations were not gathered under one common multi-business association. Weaker business power facilitated significant reform, although specific sectors, including finance and agriculture, occasionally had instrumental and/or structural power to defend their interests (Fairfield, 2015). Despite the existence of several business associations, such as SRA (Sociedad Rural Argentina), UAI (Union Industrial Argentina) and ADEBA (Asociación de Bancos Argentinos), there were internal factions competing for influence over public policy: ranchers versus farmers, manufacturing versus construction, wholesalers versus retailers, foreign companies versus domestic, large firms versus small (Lewis, 2009).

The Argentinean economic elites showed little consensus around a common economic model and had difficulty forming strategic political alliances for or against particular plans. Thus economic sectors tended to lobby in Congress with their own agendas (Etchemendy, 2011). Since businesses did not operate under a stable economy-wide association, governments had more opportunities to impose their preferences, changing regulatory frames, scrutinising firms' financial movements and passing bills for increasing corporate taxes whenever it was politically expedient to

do so. This situation was particularly visible during the Kirchner years. The links between business and government were often individualised and informal: “mediated by personal networks, legislative lobbying, campaign contributions, and corruption” (Schneider, 2010: 309). As a result, business associations did not have the capacity to influence governance at industry level to anywhere near a comparable degree.

Between 1990–2014, different government coalitions tended to promote particular entrepreneurs, and displace others, generating competition for state links between conglomerates, or what Castellani (2009) calls privileged spheres of accumulation. The arrival of a new government can be counted on to favour some business groups over others. The Kirchner governments were particularly tough on the private sector, showing special hostility to international capital and entrepreneurs strengthened in the Menem years, while favouring entrepreneurs close to their circles. As a business scholar emphasised: “*Pérez Compac, Bunge & Born, Fortabat, Macri and Loma Negra were economic groups that flourished under Menem governments, but have serious conflicts with the current administration*” (Interview 88, June 5, 2009). Under the Kirchner governments (2003–2015), in particular, pressure on the private sector grew steadily. Public service contracts with privatized utilities were renegotiated, AFJP –the private pension system– Aerolíneas Argentinas and YPF (Petroleum) were re-nationalized. The Kirchners also increased taxes on several commodity exports, while conflicts with adversaries to their brand of national popular politics increased –e.g. agro-exporters, foreign investors, private pension funds and the media industry, among many others.

In addition, since regulation is vulnerable to political pressure in Argentina, the impact of the political realm on businesses is greater. Frequent changes in the rule of law make preferential treatment by government even more important for business. Companies that operate in regulated sectors pay special attention to government lobbying. As a manager from one of these firms claimed, being well linked to government is any firm’s central strategic asset. “*It is a question of prevention: the State can destroy your business. Your relationship with government has to be well oiled so that you do not have problems. Here you cannot do business without the State*” (Interview 71, April 3, 2009). When making the comparison with Chile’s business environment, many Argentinean managers interviewed praised their neighbours’ respect for rules and private property. They blamed the volatile conditions in Argentina for their insecure situation as well as the rent-seeking attitude of local entrepreneurs.

Tax reform provides a concrete way of contrasting the character of business power in Chile and Argentina. Attempts to increase taxation on income and profits in both countries over the last two decades produced very different results. Argentina raised corporate taxation further than Chile, while increasing the national tax agencies’ access to bank information (with the aim of reducing income tax evasion). Despite two decades of centre left governments in Chile, firms were effective in preventing tax increases above 20 per cent and maintaining the state’s limited access to the bank

information of private accounts. According to Fairfield (2010, 2015), the political influence of business (its instrumental power) was directly responsible for inhibiting reform in these areas. By contrast, a much weaker economic elite in Argentina was unable to prevent corporate tax increases. Taxing big business and multinational corporations became especially popular in the 2000s –e.g. the unilateral increase of taxes on LAN airlines for using land services at Buenos Aires airports (La Tercera, 2013). Depending on the sector, the income of companies in Argentina might be taxed at 35%– such as agro-export businesses. In addition, access to bank information was increased after the 2001 crisis, weakening the capacity of the financial sector to move capital in secrecy. The first Kirchner government (2003–2007) legislated tougher transfer regulations in order to discourage tax evasion involving transactions with subsidiaries in tax havens. In Chile, meanwhile, only pressure from the OECD since 2009 led to increased access to bank information, and even then the access achieved was more limited.

### **3.3. Symbolic power**

Finally, the symbolic power of the capitalist classes also differs in both countries during this period. Although the Chilean business class has recently come under enormous scrutiny for a series of collusions and corruption scandals, during the Concertación years (1990–2010) it managed to become a hugely visible, legitimized sector. Indeed, the sector arrived at the pinnacle of political power in Chile with the ascension of businessmen Piñera to the presidency. The symbolic power and public influence of the Argentinean capitalist class was much limited during the post-convertibility years. The credibility of the business class –alongside politicians and unions– was widely doubted. Corruption, low patriotism and tax evasion were accusations commonly levelled at economic elites. As consequence, entrepreneurs in Argentina tended to keep a relatively low profile.

Entrepreneurs' search for innovations has been largely identified as one of the engines of capitalism. For Schumpeter (1976 [1942]: 83), in particular, capitalism is an evolutionary process characterised by a creative-destructive dynamic in which the bourgeoisie have the key function of reforming the pattern of production by exploiting an invention or by reorganising an industry. But Schumpeter also attributed to the bourgeoisie the role to defend capitalist values. In the aftermath of the 1930s depression, the growth of monopolies and the increasing intervention of the state were seen as constraints for entrepreneurs' creative destruction process. Schumpeter feared that capitalist societies would eventually turn socialist. The bureaucratisation of private business and the role played by intellectuals persistently advocating change in a socialistic direction threatened capitalism's legitimacy (1976 [1942]: 145). Schumpeter' anxiety was that modern businessmen were becoming like ordinary office workers, losing the passionate fighting spirit of owners. The strata destined to defend capitalist values and the importance of entrepreneurs was the bourgeoisie. How well Chilean and Argentinean business classes have accomplished this role?

The business classes of Chile and Argentina critically differ in their public recognition and capacity to defend capitalist values during the period studied (1990–2014). Chilean capitalists enjoyed not only a disproportionate concentration of wealth (Gini 0.50, World Bank, 2013), but also huge cultural and symbolic power, indeed, a position of hegemony. Networks of contacts and influence in different social spheres –e.g. political, military, church, media and university– reinforced their dominant position (Tironi, 1999). Argentine employers, on the other hand, did not experience such a concentration of affluence (Gini 0.42, World Bank, 2013) nor did they have comparable influence and visibility. Corruption, low patriotism and tax evasion were accusations commonly levelled at the business class in Argentina. Unsurprisingly, it is a common view amongst many Argentineans that Argentina is ‘a country of poor enterprises but rich businessmen’, which evinces the perception that firms might easily go bankrupt and fail, while businessmen will always find ways of maintaining their private wealth. Some interviewees asserted that ‘anti-capitalist’ attitudes are to be blamed for the low regard in which the business elite is held. For others, businessmen are frowned upon because many got rich in obscure ways, paying bribes and using other illicit methods, currying favour with the state. This critique gained prominence during the 1990s after several prominent entrepreneurs sold recently privatised firms and then transferred their earnings to foreign bank accounts, rather than re-investing in the country. Furthermore, the social cost of the 2001 crisis reinforced the negative perception of businessmen. As an entrepreneur put it: *“I don't say that I'm 'empresario' [businessman]. In Argentina, this is a bad word. Instead, I present myself as 'entrepreneur'. Businessmen are frowned upon. It means that you evade taxes, have illegally-employed staff, pay bribes, and are cosy with people in government who do you favours”* (Interview 82, May 17, 2009). It is interesting to note the semantic displacement from ‘businessman’ to ‘entrepreneur’ in this quote. If businessmen are linked with class, self-interest and narrow moneymaking priorities, entrepreneurs are portrayed as generating opportunity and wealth, as adventurers and risk takers (Jones & Spencer, 2009).

In response to the hostile environment for the capitalist class during the Kirchner years, big businessmen in Argentina tended to keep a low profile. With the exception of the business media, they did not frequently appear in the public press commenting on current affairs. One interviewee commented that it is not convenient for businessmen to show off their success or to be too loud in defending their interests in the public domain. The government might increase their taxes or regulators might decide to audit their firms more strictly. Alfredo Coto, for instance, owner of a supermarket chain and president of IDEA, gave an interview on November 18, 2005, before IDEA's annual meeting, criticising the government and projecting 13% inflation for 2006. The Kirchners reacted ferociously. No government official attended the conference. *“Mr. Coto was seriously attacked, and nobody stood up for him. After the conference, he renounced the presidency of IDEA, and was the first employer to sign a price agreement with the government. They made him lick the ground”*, an economic journalist explained (Interview 70, March 25,

2009). José Miguel Aranguren, then the president of Shell (now Minister of Energy under Macri's administration), endured a similar experience after challenging Kirchner's call to boycott Shell stations because of a refusal to accept the imposition of government price limits in 2005. Consequently, many businesses were subjugated by the political power of the Kirchners.

Despite the fact that many businessmen complain about their hostile treatment by government officials, some managers assumed responsibility for the low regard in which capitalists were held. They claimed that the private sector did not succeed in defending its interests, the key responsibility of the business class for Schumpeter. For instance, the CEO of a privatised utility firm commented on the inability of the business class to secure and legitimise the 1990s reforms: "*It was also our own fault. We were not able to legitimise the changes introduced. I agree: Menem was corrupt. But there was fiscal balance and economic equilibrium. Yet we were not able to defend a constructive business environment*" (Interview 83, May 20, 2009). Moreover, some businessmen interviewed defended themselves by arguing that the recurrent economic crises, institutional instability and hostile business conditions have forced them into short-term and self-centred investment thinking.

If, on the whole, Argentine businessmen were accused of short-term thinking, and if their public visibility and influence on government was limited, the contrast with Chile during the period (1990-2014) could not be starker. A notion of heroism was built up around the business class, especially in economic circuits. Businessmen were cast as modernising agents, as the figureheads 'of the triumphant market economy of the 1980s' (Montero, 1993: 38). Since the 1990s, private firms consolidated a leading social role in a country obsessed with economic growth (Tironi, 1999). A particular culture of celebrity that surrounds CEOs extended this exultant narrative. A dominant pro-business press amplifies their voices, magnifying their influence on public discussion (Mönckeberg, 2009). As University Chancellor Andrés Benítez noted: "*to be presented as a businessman in this country opens doors everywhere. It is worthier than being an artist or a writer*" (Interview 9, September 27, 2008). And yet after so many scandals of corruption and collusion unveiled in the last years one could doubt if Benítez would claim the same optimistic vision about the image of Chilean businessmen in 2016, the surveys during the period studied were pretty stable about this issue. According to Barómetro CERC, between 1996 and 2010, roughly around 70% of interviewed agreed that "businessmen are the base of the economy and generate employment for Chileans: we all benefit from their work". Only a 30% average during the same period considered that "businessmen are only interested in their profit, aiming to impose their will, without considering the consequence on others" (Huneeus, 2014: 355).

The Chilean business sector declares that it is proud of its long-term investment in the country, portraying itself as a generator of employment and progress. In the narratives collected from employers, Thumala notes the high opinion businessmen have of themselves: "these men want to be identified with the ideals of professional

and ethical superiority and the justification of a government of the best ones" (2007: 97). This sense of elitism is connected with their powerful social position, but also with the hierarchical character of Chilean society. The "government of the best ones" as president Piñera proclaimed, was the manifest expression of a feeling of elite, no longer founded on the notion of aristocracy, but on business success. As the editor of an important economic media outlet commented: "*the business community feels a sense of responsibility to the country. They have enterprises abroad, but they are proud of living in Chile. They distinguish themselves from their Peruvian and Argentine counterparts, who live abroad and manage their businesses remotely*" (Interview 33, November 28, 2008).

It is interesting to note, however, that increasing awareness of Chile's structural inequalities and several corruption scandals implicating the business class in various industries –e.g. retail, pharmacies, poultry, education, tissue paper, banking, fishery, mining– to name just a few, have shattered the reputation of businessmen – as well as that of politicians, churches and the justice tribunals (UDP 2015, CERC 2014, CEP 2015). Different groups have become more likely to agitate for the improvement of their social conditions. Recent strikes and protests of subcontracted workers in the forestry, retail and mining sectors evince growing concern with the unequal position of labour versus capital, and of the regions versus Santiago. Because of the continuing power of the private sector, the perception of corporate privilege has increasingly begun to provoke ire and distrust. A critical perspective on the business class increased markedly during Piñera's presidency (2010–2014). His government's links with business representatives aroused suspicion that government decisions were subordinated to corporate interests. The cycle of mobilisations that gained momentum in 2011, with the student movement against the for-profit education system, manifested deep dissatisfaction with a neoliberal model that favours big business at the expense of a highly indebted citizenry (Mayol, 2012; Han, 2012). These events marked not only a sharp decline in the reputation of business, but more importantly, a significant change in the public sphere and in how public policy is discussed (shifting the centre of debate from growth and poverty to inequality and injustice). Citizens increasingly feel entitled to challenge the brand of market rule that has reigned in Chile since Pinochet's dictatorship.

Table 1. Features of business sector.

	<b>Argentina</b>	<b>Chile</b>
Ideological cohesiveness	Fragmentation and rivalry. Sectoral defence of interests. weak public justification.	Ideological and political affinity. <i>Sense of corps</i> and class. New spirit of capitalism's discourse.
Business politics	Contingent partisan connection. Low cross-sectoral coordination. Partial influence in policies.	Straight partisan connection. Powerful business associations. Constant influence in policy-making.
Visibility/reputation	Infrequent visibility in public matters. Discredited reputation.	High exposure in public sphere. Questioned reputation.

Source: Own elaboration in base of material collected.

#### 4. Discussion

This paper has explored the connection between neoliberalism and the capitalist classes in Argentina and Chile. In particular, it investigated the legacies of neoliberal reforms for capitalist class formation, asking why capitalists were able to achieve a hegemonic class position through market reform in Chile though not in Argentina. While the existing literature on neoliberalism sheds light on various similarities and differences in these countries' experiences, as Section 2 explored, not enough attention has been paid to the role played by the capitalist classes in defending business interests and maintaining market reforms. This paper fills that gap. The divergent paths of neoliberalism in these countries may be explained by multiple factors that go beyond the role of the capitalist classes, such as the political conditions under which market reforms were implemented, the concrete outcomes of neoliberal reform (2001 crisis vs. capitalist modernization) and varying levels of collectivisation and reaction to marketization. However, the differing degrees of power exercised by the Argentinean and Chilean business classes in attempting to legitimise neoliberal reform and resist collectivist attempts at undoing marketization were a fundamental factor in shaping the recent history of each country.

In comparing the power position of these capitalist classes between 1990–2014 in reference to ideological cohesiveness, political influence and symbolic power, important differences were found.

Ideologically, while divisiveness and internal competition undermined the capacity of the Argentine business sector to build a common agenda, the ideologically consistent and politically connected capitalist class in Chile was effective in defending pro-business regulations. Between 1990 and 2014 the Argentinean business class was

characterised by diverse ideological agendas and factions (e.g. industrialists, agro-exporters, financiers, commercialists and regionalists) defending their own strategies and economic interests. The Chilean business class, by contrast, despite internal differences, acted with consistent ideological coherence in defending the subjugation of politics to economics, and the power position of capital over labour. Chilean capitalists heavily invested in institutions that promoted pro-business interests and ideas –e.g. forums, think tanks, and economic media (Undurraga, 2013), playing a key role in neutralising criticism, while offering technical support for lobbying in the Parliament. This situation was not mirrored in Argentina. Although there were many think tanks and pro-business institutions, their capacity to articulate ideas on behalf of the entire sector was much more limited. To be fair, the public sphere in Argentina was a much more disputed arena during the period, especially after the 2001 crisis. The frontal attack lead by the Kirchner government on neoliberalism (as the source of all evils), and the plurality of intellectual discourses and spaces of contestation retrenched the business class to a defensive position (Undurraga, 2014). Their ideological entropy only worsened the situation.

In terms of policy influence, business associations in Chile, under the umbrella of CPC, were powerful actors during the period, implementing both structural and instrumental power on multiple occasions. Their significant capacity to coordinate divergent sectors (e.g. agro-business, banks, mining or industry) and their partisan linkages with UDI and RN, and strategic links with Concertación politicians, facilitated the defence of business interests in the Parliament for decades. This situation also contrasts starkly with that in Argentina, where rivalry and politicisation of business representation was the norm –especially during the Kirchner years. Despite several attempts to build an economy-wide peak association, the inability to reconcile sectorial interests undermined these efforts. As a result, business associations did not have the capacity to influence governance at industry level to anywhere near a comparable degree. Under the Kirchner governments (2003–2015), pressure on the private sector grew steadily. Public service contracts with privatized utilities were renegotiated, AFJP –the private pension system– Aerolíneas Argentinas and YPF (Petroleum) were re-nationalized. The Kirchners also increased taxes on several commodity exports, while conflicts with adversaries over their brand of national popular politics increased.

Finally, the symbolic power of the capitalist classes also differed in both countries during this period. Although the Chilean business class has recently come under heavy scrutiny for a series of corruption scandals, during the Concertación years (1990–2010) it managed to become a hugely visible, legitimized sector. The symbolic power and public influence of the Argentinean capitalist class was, by contrast, much more limited. The credibility of the business class –alongside politicians and unions– was widely doubted. Corruption, low patriotism and tax evasion were accusations commonly levelled at economic elites. While Chilean businessmen were highly visible and enjoyed a dominant position in most fields of society –i.e. business,

politics, media, universities, church, sport—successful entrepreneurs in Argentina tended to keep a relatively low profile.

In the aftermath of the period analysed (1990–2014), the symbolic power of the business elites has continued changing in both countries. Despite decades in which the Chilean business class ruled comfortably, their hegemony is now challenged afresh—at least in symbolic terms. While their structural power, ideological cohesion and dominant position in several sectors remains almost untouched, their reputation is in question virtually across the board. After a series of corruption scandals implicating key business groups—e.g. Matte, Piñera, Luksic, Paulmann, Saieh—in which the blatant subordination of the political class to corporate interests became evident—e.g. SQM, Penta, Corpescá, Caval—the reputation of the business class has been damaged. Chileans see more clearly that the motivations and commitments of businessmen do not necessarily align with the interests of the ‘nation’, as is so ubiquitously declared, but rather with profit and self-interest. The business class is increasingly perceived as abusive, with public image-lynching through social media becoming a growing trend. In April 2016, for instance, in the Lower Camera Congressman Rivas publicly insulted businessmen Luksic as ‘a son of the bitch’, accusing him of being responsible for Santiago’s flooding. Luksic responded through a *youtube* video, appealing to the support of common citizens. Luksic presented himself as one of the most powerful citizens in the country, and claimed he was tired of being blamed for the injustices of the ‘system’. In social media, however, the reaction of scorn lasted for weeks. Few feel compassion for the millionaire’s affliction. An episode of this nature would have been unthinkable a decade ago. Entrepreneurs in Chile seem to be retrenching to a defensive position.

Meanwhile, the pendulum in Argentina seems to be swinging the other way. With the election of businessman Macri as president in 2015, the capitalist class is in power for the first time in more than half a century. This has boosted the visibility of the capitalist class and with it their capacity to define business rules. The country has shifted its orientation to international markets, and financial values have been given a novel impetus. While it is still too early to fully assess the impact of Macri’s government on the power, reputation and coordination of the business class, businessmen are clearly in a better position than they were in during the Kirchner years, however dispersed their interests may still be, and however agonistic the political game remains. We must wait to see how Argentinean society will react to a pro-business government, to the rise of prices in public services and to the injustices associated with private rule. The appearance of Macri in the Panama papers confirmed the suspicions of many Argentineans. It was taken as another sign of a discredited business class oriented to avoiding taxes, and little interested in national investment.

As the literature on political scandals has helped us understand (Thompson, 2002; Tironi & Cavallo, 2004), symbolic power is fragile. Reputation is a quality that takes time and long-term investment to build, but can be shattered quickly in the wake of

public scandals, especially in an age obsessed with transparency. The reputation of the Chilean business class is experiencing serious decline. Despite its growing disrepute, however, the structural power of the sector, its ideological unity and well organised associations, remain powerful tools for defending a pro-business environment. But the environment has changed. Social movements proved that influence over the state can undermine elite capacity to maintain the market rule –e.g. changes in the education regime after 2011. It will be interesting to see the extent to which the guardians of neoliberalism in Chile will be able to contain reactions against marketization in light of their newly weakened reputation.

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