



## 2017 OECD GLOBAL **ANTI-CORRUPTION & INTEGRITY FORUM**

### **Lobby Regulation in Chile: a Pathway toward Reducing Inequality**

**Jorge Sahn**, Center for International Studies UC, Santiago, Chile

**Cristian Valenzuela**, Center for International Studies UC, Santiago, Chile

[jorge.sahn@uc.cl](mailto:jorge.sahn@uc.cl)

[cristian.valenzuela@uc.cl](mailto:cristian.valenzuela@uc.cl)

Income inequality in the OECD is at its highest level, and Chile is the most unequal country among them with a Gini coefficient of disposable household income that reached 0.465 in 2013, compared to the 0.318 OECD average for 2014. In unequal economies, the influence of special interest groups in setting the governments' agenda and the allocation of resources is critical. Openness in lobbying practices has the potential to democratize the access to public authorities, thus fostering a reduction in inequality. Through an analysis of the main impacts of the implementation of the Lobby Act in Chile, we will assess how the Lobbying regulation in this country has the potential to have a significant impact in the way that interest groups participate in the decision-making process with the government, congress and other public institutions. This paper provides an in-depth analysis of the goals of the initial legal framework and the early results since its enactment in 2014. Building upon concrete results, we provide an understanding of the capabilities of the new framework to level the field, stimulate competition and accountability, and reduce the unequal access to authorities. In the end, the Lobby Law in Chile has the potential to lessen the capture from certain private actors in setting the agenda, the regulation process, and the public resource allocation.

**Key words:** Inequality - Lobby - Chile - Regulation

The opinions expressed and arguments employed herein are solely those of the authors and do not necessarily reflect the official views of the OECD or of its member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

This paper was submitted as part of a competitive call for papers on integrity, anti-corruption and inclusive growth in the context of the 2017 OECD Global Anti-Corruption & Integrity Forum.

## 1. Introduction

Lobby regulation improves transparency and integrity of the public decision-making process, becoming a powerful tool to address the crisis of trust affecting governments and public officials all over the world. Additionally, openness in lobbying practices has the potential to democratize the access to public authorities, thus fostering a reduction in inequality.

Through an analysis of the main impacts of the implementation of the Lobby Act in Chile, we will assess how the Lobbying regulation in this country has the potential to have a significant impact in the way that interest groups participate in the decision-making process with the government, congress and other public institutions. Using available data on lobby practices since the enactment of the law and responses from interviews performed with key public and private actors, we argue that one of the most significant impacts of the law has been to provide a platform where any person or entity can reach the authorities and advocate for their interests.

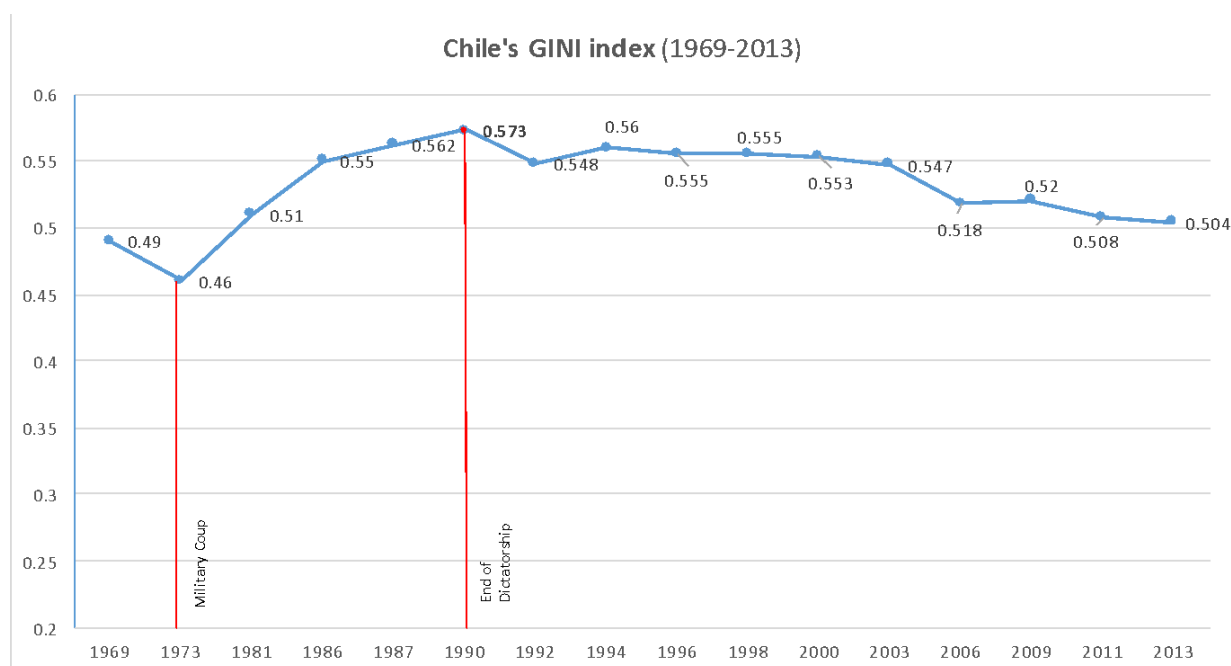
Income inequality in the OECD is at its highest level, and Chile is the most unequal among them with a Gini coefficient of disposable household income that reached 0.465 in 2013, compared to the 0.318 OECD average for 2014. In unequal economies, the influence of special interest groups in setting the governments' agenda and the allocation of resources is critical. At the center of this work is that openness, transparency, and integrity may contribute to a more fair and equitable access to authorities, therefore reducing the risk of capture in the decision-making process.

This paper provides an in-depth analysis of the goals of the initial legal framework and the early results since its enactment in 2014, based on a previous work made by the authors in 2016 for the Open Government Partnership that focused on the compliance the Chilean government of the OGP commitments about transparency and other issues (Sahd and Valenzuela, 2016). Building upon concrete results, we provide an understanding of the capabilities of the new framework to level the field, stimulate competition and accountability, and reduce the unequal access to authorities. In the end, the Lobby Law in Chile has the potential to lessen the capture from certain private actors in setting the agenda, the regulation process, and the public resource allocation.

## 2. Inequality in Chile: a structural problem

Chile's structural inequality and the increasing discomfort in the country is the result of the legal-economic framework imposed by the dictatorship and sustained by the democratic governments that followed.

The most recent GINI index estimate for Chile (World Bank, 2013) indicates that Chile, on a scale of 0 to 100, has 50.5% while the OECD average is close to 30%. Although the extent and effects of inequality require independent assessments and full equality is not the goal (Stiglitz, 2012), the significant difference between the Chilean reality and other develop or developing countries needs to be evaluated. Extreme inequalities tend to generate cumulative social despair, affect economic stability, and harm a countries development overall. Others (Wilkinson and Pickett, 2011), imply that income inequality can cause a decrease in trust in government, higher crime, lower results in education. However, in the case of Chile, the high indicator alone is not the only problem. As *Figure 1* shows, it is the evolution of the GINI index since 1970 is what is most striking about Chile's inequality.



**Figure 1.** Author's calculations based on World Bank Development Indicators and Larrañaga, 2001.

According to *Figure 1*, inequality, measured by the GINI index, not only sharply risen from 1973 to 1990, during the military dictatorship, but has remained high during the last 25 years of democratic rule.

The principles of the reforms applied during the military dictatorship were synthesized in a manifest called *El Ladrillo*, which contained the fundamentals of the Political Economics of the Chilean Military Government (de Castro, 1992). In the diagnosis provided by this account,

economists claimed that Chile's state intervention hurts the economy (by manipulating economic variables), creating state activities parallel to private activities in the commercial and services sector, and politicizing public institutions (Brender, 2010). Among the policy recommendations discussed and later imposed, Brender details that *El Ladrillo* suggested the liberalization of prices in all industries (to counter the government focuses on import-substitution); that government needed to facilitate the fiscal and monetary policy, rather than to engage directly in these affairs; and that it advocated for the decentralization of social programs.

Behind these economic reforms, two main ideas: the stabilization and the structural transformation program. The primary emphasis was to promote efficiency, not to emphasize in discussions about the distribution of wealth or income. Precisely, the strategy was to expect that the higher growth rate would automatically yield an improve situation for all economic agents, the "trickle-down" effect (Moran, 1989).

What was the cost of this transformation? The liberalization of the markets resulted in a significant surge in inequality. Following Stiglitz iterations on inequality (Stiglitz, 2012), Chile's reforms were designed to foster the theory of marginal productivity allowing those with higher productivity to earn higher incomes, reflecting their greater contribution to society. These transformations resulted in broader differences between the dominating elites and the majority of the population, a growing divide hidden by the favorable results in alleviation of poverty and high-income growth.

As Constable and Valenzuela recall, Milton Friedman advocated for the application of a shock treatment to the Chilean economy, deep spending cuts, and taking a sharp action against inflation. According to the authors, Friedman counselled Pinochet to ignore his poor image abroad and focus on curing disease of statism (Constable and Valenzuela, 1993), helping ease the dictator's conversion to free-market economics. De Castro, former Minister of Finance of Pinochet and a *Chicago Boy* himself, advocated that "the state should give way to the market; populism must be replaced by expertise and ideological conflict by economic competition", anticipating that only economic growth would resolve poverty even if it meant extra hardship while waiting for the trickle-down economics to occur (Constable and Valenzuela, 1993).

As figures on inequality show, Chile's economic revolution had a profound impact on the configuration of the economic system. Similarly, data on growth, inflation, and unemployment provide an impressive account of the economic recovery of Chile and the successful result of the measures implemented during the 80's. Critics and supporters argue, this neoliberal revolution was only possible through the imposition of an authoritarian regime that ignored the practicality of politics and silenced any sign of opposition, guided by the work and ideas of the *Chicago Boys* and their mentors. However, the work of technocrats and authorities cannot explain by its own the sustainability of these measures and the neoliberal ideology through time. Popular support, or at least acceptance in the long term, is indispensable to explain more than 17 years of dictatorship and the permanence of the measures well into the democratic transition.

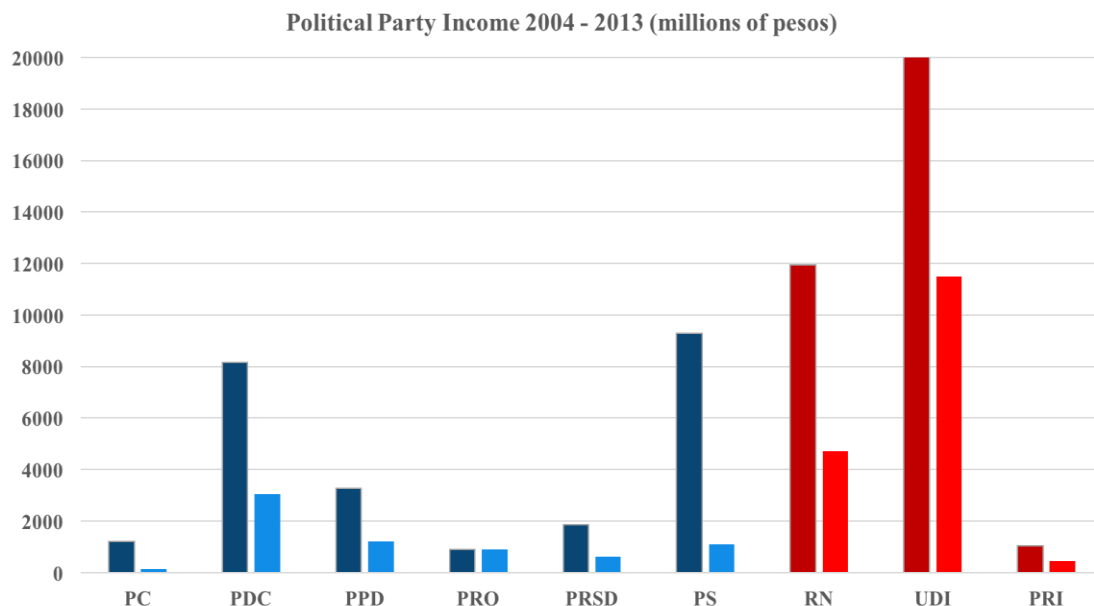
In addition to the original economic design and the circumstances of its imposition, the Chilean model was transformed at a social and cultural level. The main driver of all reforms was the idea to reinforce the principle of subsidiarity, the cornerstone of the new legal, economic, and constitutional framework of Chile. Inequality, as an effect of the Chilean neoliberal transformation,

was the result not only of the initial policies adopted but a continuous manifestation through the different areas the neoliberal reforms acted on. The Chilean model, as we will see, is not only distinctive in its origin but essentially because of the constraints and protections it was built on to preserve its impact once the dictatorship was over.

## 2.1 The political system: Chile’s “straightjacket” and the neoliberal consensus.

In the last few decades, Chile has been characterized by having one of the most stable multiparty coalitions in Latin America, with substantial impacts on the quality of democracy. The left-wing coalition (the *Concertacion*), managed to govern Chile without interruption from 1990 to 2010. Until 2011, the Chilean political and economic elite usually acted together and resolved policies and structural changes operating by consensus. These agreements were the result of the consensus among government and opposition political to implement strategic adjustments to the social – economic order, avoiding a substantial review of the fundamental issues (Garretón, 2011). In other words, the *Concertacion* negotiated many issues with the right during the transition from dictatorship and acceded to many restrictions, such as radical changes in areas like education, labor, or economic aspects. The self-imposed limitations on reform were a stabilizing pattern of politics that undermined the public demand for deeper transformation in the socio-economic structure of the country.

Although many Latin American countries implemented a degree of liberalizing measures in their economies, only part of them went through deep transformations, such as Chile, where the political alignments followed the economic structure imposed and ended reinforcing the neoliberal system.



**Figure 4.** Electoral Service. In dark blue, private funding for the left; in light blue, public funding for the left. In dark red, private funding for the right; in light red, public funding for the right.

As Figure 4 shows, political parties not only have been receiving substantial funding from the public sector, as a consequence of recent reforms; they also have been funded by private corporations that expect retribution and vow to maintain many of the economic structures that sustain their power and influence. Although the political right represents less than 40% of the electorate, the role of private political funding is greater and has also affected the overrepresentation by playing an important role in the unbalance of electoral campaigns, especially in vulnerable communities.

However, it is not only the influence of businesses in political campaigns or the funding of the political process. There is also regulatory and cognitive capture of many lawmakers and governmental agency leaders. Additionally, in recent years, several cases of corruption and bribery have been revealed, involving dozens of cases of public officials, lawmakers, and political actors profoundly captured by the most important businesses in Chile.

An iconic example of the political capture was the approval of the Lobby Act. The bill to set a minimum standard of regulation to the activity of corporate lobbyist and to require public disclosure of meetings with authorities and lawmakers was introduced in 2003. Only after 11 years of discussion, delays, and lobbying, it was finally approved and is currently in application. The same delays were observed in the regulation of minimum standards for active transparency (similar to the Freedom of Information Act in the United States) and the publication of public wages, contracts, and administrative resolutions, because of the opposition of influencing actors that benefited from the opacity of these processes in Chile.

## 2.2 How can Chile reduce its inequality?

Despite the harsh initial measures and the legacy of constraints, the reason why neoliberalism prevails in Chile is more related to the structure of society and the profound cultural change in the minds (and hearts) of the population. In a certain way, Chile's conduct is also all about an economic conduct. Mass protests emerge demanding change, and when reforms are adopted, and the economic complexities arise, Chileans back off and reject reforms and transformations to focus on economic growth.

Even though the country has achieved important milestones in its development, the high structural inequality has widened the divide between its citizens and the accumulation of social discontent is growing, asking for more state intervention and an increase in market oversight. In spite of this, the political and economic structures remain unchanged, and the satisfaction or dissatisfaction of Chileans is still being measured by the percentage growth in the GDP.

The following section draws on how contemporary issues, such as political scandals and citizens distrust in politics in Chile, are paving the way for transparency and accountability reforms. The document suggests that, according to initial evidence, the reforms, such as the Lobbying Act and other transparency regulations could eventually provide a pathway towards reducing inequality in Chile.

## 3. The Lobbying Act and its effects in Chile

### 3.1 The influence of Lobbying in Chilean Politics

In recent years, Chile has been facing political scandals that have affected public trust and highlighted the need for stronger regulatory frameworks for private-public relationships.

In September 2014, political scandals were discovered by the press involving various high-profile corporations in banking, retail, and mining sectors, including one with a financial group and members of Congress involved with falsifying receipts for services not provided. The investigations, some still ongoing, and indictments that followed implicated several members of Congress and former and current cabinet ministers. The scandals revealed a system in which meetings between corporate executives and politicians were frequent and allowed the exchange of influence and campaign resources outside of public view.

This was no isolated incident. Because several sectors that have considerable impact on the Chilean economy are heavily regulated by the state – including energy, environment, and capital markets – there is a long history of private-public sector collusion. In the absence of regulations on lobbying, public officials had little accountability for the meetings they held with these groups or their outcomes. Since 2004, succeeding governments in Chile have launched legal initiatives to improve transparency, probity and principles of good government, including the Transparency Act, Government Procurement Act, Declaration of Assets and Interest Act, and the Civil Service Reform Act. Recently, President Michelle Bachelet created the Anti-Corruption Council aimed to propose initiatives to reduce scandals in public campaign financing (Sahd and Valenzuela, 2016).

The Lobbying Act of 2014 and the commitments of the Chilean government in its Open Government Partnership (OGP) National Action Plan (NAP) to adopt and implement the legislation must be situated in this wider context of reforms.

There were several earlier attempts to regulate lobbying, with a lobbying law in discussion for almost a decade prior to the commitment being made in Chile's OGP action plan. The 10-year struggle to pass this bill was given a boost by the explicit commitment to move on the agenda in Chile's NAP (Open Government Partnership, 2011, available from <https://www.opengovpartnership.org/country/chile>). The government of Sebastian Piñera introduced the bill in 2012, in a process led by his Minister of the Presidency, Cristián Larroulet.

A coalition of diverse civil society organizations and dozens of public intellectuals played a key role in advocating for the law to be passed (Ciudadano Inteligente, 2011, available from <http://leydelobby.cl/historia-del-proyecto.html>). The campaign consisted of social media campaigns and web-based advocacy, setting up the portal [leydelobby.cl](http://leydelobby.cl), with traditional advocacy, including working with the Secretary General of the Presidency, the State Modernization Unit, and the Citizens' Defense and Transparency Unit of the Ministry of the Presidency (Sahd and Valenzuela, 2016).

The coalition took a pragmatic strategy to advocate for the bill. Instead of aiming for a perfect piece of legislation, they pushed for the passage of the bill, which although imperfect, would become an important first step not only for Chile, but also for Latin America. When the Lobby Act was approved on March 8, 2014, days before President Piñera's mandate ended, Chile became one of the first countries in Latin America with legislation on lobbying disclosure, like Mexico.



The main provisions of the law include (Biblioteca del Congreso Nacional, n.d., available from <https://www.leychile.cl/Navegar?idNorma=1060115>).

- Establishing legal definitions for lobbying, active (paid lobbyists and unpaid interest managers) and passive subjects (ministers, vice ministers, heads of departments, regional directors of public service, mayors and governors, regional ministerial secretaries and ambassadors, and other public individuals and entities).
- Creation of public registers where authorities must disclose information on meetings and individuals/lobbyists who attended those meetings.
- Sanctions and fines.
- A mandate for the Council for Transparency to consolidate data on lobbying activities and make it public via a website. The InfoLobby platform was established to periodically publish the number of meeting, travels and donations to the authorities covered by the law, both in aggregate and by public agency. The platform also contains the registration of all lobbyists.

### 3.2 Assessing Progress

The information available through the *Info Lobby* platform (Council for Transparency, 2014, available from <http://www.infolobby.cl/>) provides a general perspective on the implementation process of the Lobby Act and the way different active and passive subjects are adjusting their work to fulfill the requirements of the law. Although at an initial stage, a positive trend towards the formalization of the activities of authorities may be identified. However, implementation has been uneven among authorities and significantly relies on the political will of authorities or elected officials. Therefore, the data that is published as well as and that is not can become powerful tools for public accountability of authorities.

buscar por: Nombre o cargo de sujeto pasivo, institución pública u otro texto.

Ingrese aquí su búsqueda...

Buscar

Búsqueda  
Avanzada

Registros Informados por Órgano

¿Cómo extraer datos?

Audiencias y Reuniones

Viajes

Donativos

InfoLobby contiene datos remitidos por los órganos hasta el 31 de enero de 2017

Audiencias = 137792

Viajes = 146395

Donativos = 15869

Audiencias por clientes	Audiencias por personas jurídicas dedicadas al lobby o a la gestión de intereses particulares	Audiencias por personas naturales dedicadas al lobby o a la gestión de intereses particulares	Audiencias por organismos públicos
S/I 1002			
Cámara Chilena de la Construcción 273			MUNICIPALIDAD DE TENO 3938
ANFUP 218	Cámara Chilena de la Construcción A.G. 35	Felipe Del Solar Agüero 146	SUBSECRETARIA DE VIVIENDA Y URBANISMO 2928
CGE Distribución S.A. 188	Pricewaterhousecoopers Consultores Auditores 26	Felipe Barrueto Avalos 75	CAMARA DE DIPUTADOS 2723
Representa a la Compañía General de Electricidad 182	Endesa 25	CARLOS DREWS RUBILAR 73	MUNICIPALIDAD DE SAN ESTEBAN 2681
EMPRESA NACIONAL DE ELECTRICIDAD S.A. 124	Kibernum S.A 20	Arcadio Saez 73	MUNICIPALIDAD DE QUILICURA 2556
	KPMG auditores consultores limitada 19	Juan Seguel Trujillo 71	MUNICIPALIDAD DE CURACAVI 2049
	Fundación Multitudes 19	RENE MUGA 63	

InfoLobby platform, available at <http://www.infolobby.cl>

The latest information available for this report (January 2017), indicates that the total meetings registered in the Lobby platform since November 2014, is 137,792; total travel of 146,395 trips; and the total registry of donations reached 15,869. However, there is no registry of the rejected meetings or the meetings that take place without being reported on the InfoLobby Platform. The Council for Transparency recently reported that 60 mayors have not registered meetings in the Lobby platform. On a similar note, by analyzing the data provided by InfoLobby, we find significant differences in the number of meetings reported by ministers and congressman.

### Evolution of Lobby Registry as of January 2017



Source: <http://www.infolobby.cl>

In the case of the ministries, 2,264 meetings have been reported on the platform as of January 2017. The average number of meetings per ministry is 98 in the almost 30 months since implementation of the Lobby Act. However, only eight ministries report 100 or more meetings, and 15 ministries report less. For example, the Ministry of Women and Gender Equity, which has been active in the recent year with the discussion of the new the Abortion Act and other critical legislative issues, has only reported twenty meetings in the past 30 months. Many of the interviewees raised this issue and questioned whether all authorities are obeying the law.

Similarly, Congress data shows significant differences between representatives. There are three congressmen that in the last 30 months have not reported any meeting. The total meetings reported through the platform sum up to 2,722. The average of meetings per representative is 23 in almost 30 months of implementation of the Lobby Act. However, only 40 representatives report 20 or more meetings, and 80 representatives report fewer.

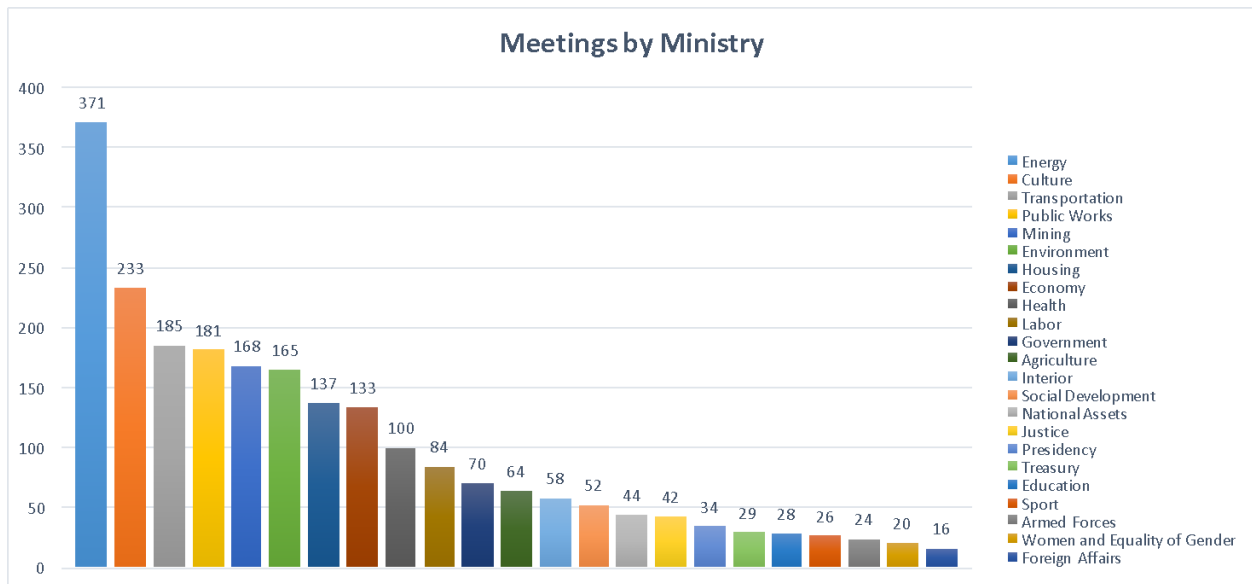
Observance of the Lobbying Act has been greater in central government than local governments. However, given the law is at an early stage, there is some resistance to fully fulfilling its obligations. According to the Council for Transparency, among 44,649 officials obliged to register their meetings, only 15% have reported meetings to the public (Council for Transparency, 2016). It is clear from the data that implementation of the law is providing more information than available before, but there is still a long way to go before the information becomes comprehensive.

## 4. Lobby and Inequality

### 4.1 Democratizing Effect of the Lobby Law

The majority of the actors interviewed indicate that – in addition to the formalization of the relationships between public and private actors – there is also a democratizing effect in the implementation of the Lobby Act. As María Jaraquemada, from the NGO Espacio Publico, recalls: *“Before the Lobby Act, you needed a contact, an email, or the telephone of somebody to get near an undersecretary, a minister, a mayor, or a congressman. Nowadays, any person can enter the web platform or fill out a form to ask for a meeting”* (Sahd and Valenzuela, 2016).

The data confirms this phenomenon and suggests that the scope of the relationships between private and public interests has broadened as an effect of the implementation of the Lobby Act. More organizations, big, medium and small corporations, and neighborhood councils, among others, have been able to ask for meetings and meet with authorities. Before the enactment of the law, usually only big corporations and influential interest groups had the means and contacts to access authorities. As of June 2016, more than 16,000 people, entities, and organizations, have been represented in meetings under the Lobby Act. They include corporations, universities, neighborhood councils, professional and commercial societies, labor unions, NGOs, foundations, and schools.



Source: <http://www.infolobby.cl>

The organizations above-mentioned have now the right to request a meeting, and in many cases they are granted, formalizing access and in many cases broadening it as well. Before the law, to approach a public authority, citizens needed a personal contact. The challenge nowadays is how small groups, grassroots organizations, and advocates can harness the opportunity Lobbying Act provides (Sahd and Valenzuela, 2016) While access has certainly opened up, personal contacts still facilitate access to public servants. More broadly, the law has contributed to shaping a new standard in public-private relations, setting rules and a framework to promote interests before public authorities. Its main long-term impact will be seen in how it manages to further democratize access to authorities by citizens.

## 4.2 Increasing Accountability and Social Control

Prior to the Lobbying Act, since there was no data on how many meetings authorities held – except for that voluntarily registered by public officials or representatives – there was no evidence allowing citizens to demand compliance from authorities on commitments agreed in meetings. Since the law establishes the obligation to report meetings, travels, and donations, along with a registry for lobbying companies, today the activities, arrangements and communications between public and private sector are available for public and media scrutiny, as a journalist of the Chilean newspaper *La Segunda*, José Miguel Wilson, points out (Sahd and Valenzuela, 2016). According to the executive director of the Council for Transparency, Raúl Ferrada, the platform lists an average of 8,000 visits per month (Sahd and Valenzuela, 2016).

Before the enactment of the Lobbying Act, there was no information about countless activities, communications, and meetings between authorities with various groups. José Miguel Wilson says: “*The main effect of the Lobbying Act is to allow the disclosure of a series of occupations and activities that were done in the name of lobby.*” (Sahd and Valenzuela, 2016). In that sense, Raúl Ferrada affirms that “*in Chile today, there are more than 4,017 registered lobbyists – people that declare they do lobby (...) Before the law came into effect this data was not available, providing an*

*outstanding tool for public oversight*” (Sahd and Valenzuela 2016).

There have been a number of news articles denouncing noncompliance with the lobbying rules. *La Segunda* has published several articles using the information available from InfoLobby naming and shaming legislators and government officials. Finally, greater levels of transparency and accountability have set more limits about what groups can do and what not. As Gonzalo Cordero, a founding partner the lobbying agency Azerta, says: “*The Lobbying Act has allowed more public debate over the relationships between the public and the private sector*” (Sahd and Valenzuela, 2016).

The Lobbying Act has also served to bring more transparency and information about preliminary negotiations into government procurement. The law allows companies interested in making their products known or positioning their brands to set up meetings with potential public sector clients, making those preliminary contacts more transparent<sup>1</sup>. New companies may offer their products through *ChileCompra*, the public platform for government procurement.

### 4.3 The Beginnings of Cultural Change

The introduction of the law has gradually changed the rules of the game for interest groups approaching authorities, and it is changing the public perception of lobbying, leading companies to design strategies and take their relationship with decision-makers (for e.g., finance institutions, public works companies, pension funds) more seriously. They are thus adjusting their strategies for approaching authorities, and providing transparency and information regarding activities that were opaque in the past.

According to Cordero and Ian McKinnon from Azerta: “*Before the enactment of the law, there was no clear assessment by businesses of the costs and benefits of meetings with authorities. They were used to asking for meetings and using them as relationship-building with authorities*” (Sahd and Valenzuela, 2016). To the extent that lobbying is done transparently, the activity will be progressively legitimated and thus will shift the paradigm, professionalizing politics.

Sebastián Soto, former head of the Legal Division of the Ministry of the Presidency, refers to the role Lobbying Act is playing in the Housing Committee. “*There has been a formalization of the relationship between the state and businesses. By formalizing, I mean the incorporation of transparency and a formal process of contact between them. Secondly, there is a higher standard of what can and what cannot be done, that is clearer than before*” (Sahd and Valenzuela, 2016).

The differences in the implementation of the law by various public authorities are no doubt an impediment in realizing the full potential of the benefits that the Lobbying Act could bring to society. Some of the ministries that work in some of the most regulated activities are ones that report low numbers of meetings.

---

<sup>1</sup> Interview with Rodrigo Mora, chief of division, Citizen’s Defense Unit and Transparency, Ministry of the Presidency, performed by the authors on June 17, 2016.

The ignorance and resistance among certain local governments, members of Congress and public servants about the way the law works and how to manage it have led them to see the law as an administrative burden rather than an opportunity to improve the quality of services to citizens. Grassroots organizations still do not understand the advantages the law offers for enhancing their access to authorities and formulating their concerns. As Senator Felipe Harboe says: *“The essence of government is to listen to all the sectors. Some sectors are wrong if they believe they are exempt from the Lobbying Act – for example, the unions”* (Sahd and Valenzuela, 2016).

Finally, there are few activities intended to disseminate the law, and more training programs are required. Because of the negative perception of lobbying activities, especially after decades without a legal framework, public opinion tends to associate lobbying with influence peddling and other behaviors against the law. As a result, many authorities and organizations have tried to avoid registration. An important issue is the refusal of some civil society organizations to use the law, arguing that they engage in advocacy activities, not lobbying. For example, ANEF, the public employees union, argued that it was not subject to the Lobbying Act since it promoted collective, not private interests. The general comptroller stated that any activity intended to influence in the design, implementation, or evaluation of policies, projects, or programs are subject to the Lobbying Act, without regard to the nature of the organization (Sahd and Valenzuela, 2016).

Also, there has been limited interest from citizens in monitoring and evaluating effective compliance of the law. The media and the NGOs are gradually increasing their use of the platforms and information provided, although the impact is not significant yet.

#### 4.4 Towards greater Compliance

It will be important to consolidate the early gains of the Lobbying Act and ensure progress remains on track for full implementation of the law. It is fundamental that the Ministry of the Presidency promotes the law and requires agencies to implement it. This kind of law requires strong commitment from authorities at its early stages. In this light, it is necessary to give more visibility to the Lobbying Act. The law represents an opportunity for NGOs, grassroots movements, and other groups to get formal access to authorities. It is fundamental to change the negative perception from some public agencies and authorities, moving from the fear of being exposed as carrying out lobbying activities (a legal activity) to seeing the law as an opportunity to promote equal treatment among citizens, to democratize access and as a performance management tool.

Increasing commitment of NGOs, unions, and civil society organizations in adopting and subjecting themselves to the law will improve its standing. As more organizations that advocate for collective or private interests are willing to act under the law, the Lobbying Act will gain legitimacy. At the same time, civil society organizations can play a crucial role as data intermediaries in helping citizens understand the significance of the information being released (or not) and using it in their advocacy activities. Similarly, the media can play a crucial role in influencing public opinion on the decision-making process and the factors that influence authorities by showing how the regulation of lobbying activities is working out. Reports on enforcement, rankings of authorities for best implementation, the number of meetings, and other news about the law will contribute to creating more awareness among citizens.

## 5. Conclusion and main takeaways

Chile exhibits high levels of income inequality among OECD countries. For a long time, there has been opacity on the decision-making process and the influence of special interest groups in defining the allocation of resources in the country. After eleven years of setbacks, in 2014 the Lobby Law was enacted in Chile, producing a critical shift in the public-private relationships. Although the law is at an early stage, it gradually finds greater acceptance among interest groups, lobbyists, and civil society organizations.

There is still no evidence about the extent that openness in lobbying practices might contribute to reduce inequality. However, based on the assessment of the main impacts of its implementation, the Lobby Act has the potential to democratize the citizens' access to public authorities. To the extent that citizens fully adopt the law to request authorities, the lobbying activities will not remain an exclusive advantage for powerful interest groups. Therefore, this new regulation might prevent the capture from certain private actors in setting the agenda, the regulation process, and the public resource allocation.

To achieve greater compliance, it is critical that authorities fully embrace the law, report their meetings, and remove resistance and biases against the Lobby Act. Additionally, it is necessary to increase the activities intended to promote the law and develop more training programs for local governments, thus expanding the implementation of this statutory body. At the same time, there is a challenge for NGOs, grassroots movements, and other groups to get formal access to authorities since the law must not be restricted to big companies.

The potential of the law to democratize access to authorities even further is infinite. Chileans are demanding more transparency and accountability from public officials, and this law enhances good governance and levels the playing field for actors in their relations with Government.

## 6. Bibliography

Brender, V., 2010. Economic transformations in Chile: the formation of the Chicago Boys. *The American Economist*, 55(1), pp.111-122.

Cáceres, C., 1982. La vía chilena a la economía de mercado. *Estudios Públicos*, 6, pp.71-87.


Coen, D., Grant, W. and Wilson, G., 2010. *The Oxford handbook of business and government*. Oxford University Press.

Constable, P. and Valenzuela, A., 1993. *A nation of enemies: Chile under Pinochet*. WW Norton & Company.

Corbo, V., 1985. Reforms and macroeconomic adjustments in Chile during 1974–1984. *World Development*, 13(8), pp.893-916.

- De Castro, S., 1992. *El Ladrillo: bases de la política económica del gobierno militar chileno*.
- Garretón, M.A., Cruz, M.A., Aguirre, F., Bro, N., Farías, E., Ferreti, P. and Ramos, T., 2011. *Movimiento social, nuevas formas de hacer política y enclaves autoritarios*. *Polis* (07176554), 10(30).
- Kocka, J., 2016. *Capitalism: A Short History*. Princeton University Press.
- Lehne, R., 2012. *Government and business: American political economy in comparative perspective*. CQ Press.
- Friedman, M., 2009. *Capitalism and freedom*. University of Chicago press.
- Klein, N., 2007. *The shock doctrine: The rise of disaster capitalism*. Macmillan.
- Moran, C., 1989. Economic stabilization and structural transformation: Lessons from the Chilean experience, 1973–87. *World Development*, 17(4), pp.491-502.
- OECD (2009), *Lobbyists, Governments and Public Trust, Volume 1: Increasing Transparency through Legislation*, OECD Publishing, Paris.
- OECD (2012), *Lobbyists, Governments and Public Trust, Volume 2: Promoting Integrity through Self-regulation*, OECD Publishing, Paris.
- OECD (2014), *Lobbyists, Governments and Public Trust, Volume 3: Implementing the OECD Principles for Transparency and Integrity in Lobbying*, OECD Publishing, Paris.
- Richards, D.G., Hojman, D.E., Bosworth, B.P., Dornbusch, R., Laban, R., Collins, J., Lear, J., Oppenheim, L.H., Petras, J., Leiva, F.I. and Veltmeyer, H., 1997. *The political economy of the Chilean miracle*.
- Sahd, J. and Valenzuela, C., 2016, *Lobby Law in Chile: Democratizing Access to Public Authorities, Open Government Partnership*.
- Silva, E., 1996. From dictatorship to democracy: The business-state nexus in Chile's economic transformation, 1975-1994. *Comparative Politics*, pp.299-320.
- Stiglitz, J.E., 2012. *The price of inequality: How today's divided society endangers our future*. WW Norton & Company.
- Thomas, C.S. and Klimovich, K., 2014. Power groups, interests and interest groups in Latin America: a new era or more of the same? *Journal of Public Affairs*, 14(3-4), pp.392-422.
- Wilkinson, R. and Pickett, K., 2011. *The spirit level: Why greater equality makes societies stronger*. Bloomsbury Publishing USA.
- World Bank. 2017. *World Development Indicators*. Washington, D.C.: The World Bank (producer and distributor). <http://data.worldbank.org/data-catalog/world-development-indicators>



[oe.cd/integrity2017](http://oe.cd/integrity2017)  
[IntegrityForum@oecd.org](mailto:IntegrityForum@oecd.org)  
 [#OECDintegrity](https://twitter.com/OECDintegrity)

