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Adaptation Strategies of Multinational Corporations, State-Owned Enterprises, and Domestic Business Groups to Economic and Political Transitions: A Network Analysis of the Chilean Telecommunications Sector, 1958–2005

MARCELO BUCHELI
ERICA SALVAJ

This paper compares the corporate network strategies between multinational corporations of two different origins (United States and Spain), business groups, and state-owned enterprises in the public utility sector of a developing country going through economic and political transitions. The transitions we consider are from an import substitution industrialization model to an open market economy and from a democratic regime to a dictatorial one and back to democracy. We analyze the Chilean telecommunications sector between

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1958 and 2005 and find that during a democratic regime all firms sought to build more networks with each other, while incentives decrease under an authoritarian regime. In the protectionist era, US investors built links with Chile's corporate elite, while in times of an open economy, Spanish investors built these links with the government. State-owned corporations did not attempt to build links with other actors at any time, and business groups sought to build most networks among members of the group. Our findings challenge two commonly held assumptions: first, that open economies decrease incentives for domestic actors to build links with each other and, second, that close political regimes increase incentives to build networks among economic actors.

The long-term story of the public utilities corporations in Latin America reflects the changing models of development adopted by domestic elites since the late nineteenth century. Aware that no country could overcome problems of poverty and underdevelopment without affordable and wide coverage of basic services such as telecommunications, transportation, water, sewage, or road construction, the Latin American countries have experimented with different types of ownership of public utilities corporations ranging from completely foreign-owned corporations, concession grants to foreign or domestic investors, or state-owned enterprises. Each type of ownership resulted from wider economic models that reflected dominant philosophical approaches on what the role of the state and foreign capital in the economy should be. These economic models resulted from (often violent) political struggles between different groups defending their particular philosophical approaches, with some advocating for public utilities to be in hands of a state that provided coverage through social planning and others believing that market forces and private investors (either domestic or foreign) were the best option to guarantee large coverage and good service.

We analyze how the politically and economically determined types of ownership (meaning domestic state, domestic firms, or multinationals) affected the way a major public utility firm related with the rest of the economy. We understand the relationship of the firm with other actors as the links the particular utility corporation builds with other sectors of the economy through the presence of individuals sitting in the board of directors of other firms (or interlocking). We focus on the Chilean telecommunications sector between 1958 and 2005. During this period, Chilean telecommunications went through three types of ownership that also reflected the dominant economic philosophies of the country: a wholly owned subsidiary of the US multinational International Telephone and Telegraph (ITT) (1958–1972), two state-owned enterprises (1972–1987

and 1969–1988), a company owned by Chilean business groups (1999–2005), a privatized firm jointly owned between foreign Italian investors and Chilean business groups (1987–1999), a privatized firm owned by an Australian investment group (1988–1990), and a company owned by the Spanish multinational Telefónica (1990–2005). During this period, Chile also had a democratic regime (1958–1973 and 1990–present) and a military dictatorship (1973–1990).

We argue that the type of political regime (whether it was authoritarian or pluralistic) was more important than the type of economic regime (whether it was protectionist or open market) at determining the types of networks built by multinationals, domestic business groups, and state-owned enterprises through corporate boards. We find all firms building more networks during the years of democratic rule than during the times of dictatorship regardless of the economic model. We also find divergent behaviors between multinationals: while US investors operating in Chile during democracy and protectionism built networks with Chile's corporate sector, Spanish investors operating in times of democracy and open economy built networks with the government. Both actors' strategies are consistent with the idea of creating networks to coordinate activities with local actors and legitimize the foreign firms' operations. For the US investors represented by ITT, this meant approaching Chile's corporate sector, including the crucial financial one. For the Spaniards of Telefónica, this meant approaching individuals close to the government—the ultimate authority in this regulated sector. We also find that among all actors, the state was the less inclined one to build networks with anyone. When it comes to domestic business groups operating in the postauthoritarian democratic government, we show that they did not attempt to build links with the government (as the Spanish investors did). We argue that because of the nature of business groups, it made more sense for them to build links within the group in order to coordinate the group's activities, while relying in informal networks with the government.

The phases in type of ownership, economic policies, and political regimes in Chile are consistent with wider global and regional trends. After World War II, the world witnessed increasing protectionism and hostility towards free markets, while Latin America opted for a state-led import substitution industrialization model (ISI)¹—a model that facilitated the rise or consolidation of domestic business groups.² Scholars studying the networks created between

1. Jones, *Multinationals*, 16–41; Bértola and Ocampo, *The Economic Development of Latin America*, 138–97.

2. Schneider, *Business Politics*.

multinational corporations, business groups, and governments in Latin America during ISI in a historical perspective have attempted to understand why such networks were created. One group of scholars argues that during this period these three actors created an alliance and coordinated their operations with the purpose of building a business-friendly environment and creating a common front against labor unionism.³ Others add that the alliance was also necessary to dismantle ISI, something that would not have counted with the support of labor unions and some protected industrial sectors⁴—a view shared by some scholars studying Chile.⁵ The more recent analysis by Ben Ross Schneider posits that the way the Latin American (and the Chilean) domestic sector organized itself and the types of connections domestic firms build with each other and with the state resulted from state-led initiatives by governments that needed to coordinate the ISI with the private sector.⁶ Scholars consider the Chilean business groups as one of the best representatives of this type of organizations worldwide, and there is a consensus that they benefited from ISI and their close relationship with the government.⁷ The end of ISI forced these business groups to reorient their activities towards global competition and markets, but they remained highly influential during the Pinochet regime.⁸ The adoption of free-market policies by Pinochet in Chile and by other Latin American countries in the 1980s and 1990s opened the doors to new investors coming from nontraditional capital-exporting countries such as Spain, particularly in the public utilities sector.⁹

Our findings make contributions and have implications for several bodies of scholarship. Management and organization scholars focus their attention on the way economic actors (including private firms and states) interact with each other and the governance structures they develop in face of this interaction (or what Douglass North and Lance Davis call the “institutional arrangements”). On the other hand, scholars in political economy study the general framework that establishes the political and legal grounds for said interaction

3. Durand and Silva, *Organized Business*.

4. Evans, *Dependent development*; O'Donnell, *El estado burocrático*.

5. Zeitlin, Ewen, and Radcliff, “New Princes”; Zeitlin and Radcliff, *Landlords*.

6. Schneider, *Business Politics*.

7. Ibáñez, *Herido en el ala*; Monteón, *Chile and the Great Depression*; Lundahl, “El camino a la dictadura”; Dahse, *Mapa*; Schneider, *Business Politics*, 152–72; Corvalán, *Del anticapitalismo*; Zeitlin, Ewen, and Radcliff, “New Princes”; Zeitlin and Radcliff, *Landlords*.

8. Silva, *The State*; Silva, “Capitalist Coalitions”; Del Sol and Kogan, “Regional competitive advantage”; Khanna and Palepu, “Policy Shocks”; Khanna and Palepu, “The Future of Business Groups”; Jones and Lluch, “Empresas y empresarios,” 261–8.

9. Salmon, “Spanish Foreign Investment”; Guillén, *The Rise*.

(or, again, in the term coined by North and Davis, the “institutional environment”).¹⁰ Douglass North, John J. Wallis, and Barry Weingast defined the interaction between institutional arrangements, institutional environments, and economic actors as the “social order,” which could be of a “limited” or “open” access.¹¹ The first one is characterized by the existence of a small number of dominant groups that limit political competition to other constituents for economic rents. In the second one, impersonal constitutions define the rights of individuals to form depersonalized organizations to compete economically and politically. They argue that organizations operating in limited access social orders compete with each other using “nonmarket strategies” such as political connections, while those operating in an open social order compete each other using price mechanisms.¹² This assumption has been accepted by different scholars who consider the organization of firms in business groups or the creation of networks through corporate boards as nonmarket strategies that are expected to be more present in limited social orders than in open ones.¹³ In the same lines, some authors argue that the more open an economy is, the less need for informal networks between its economic actors.¹⁴ We challenge these notions and by showing how incentives to create networks can remain in an open economy and how a limited social order does not necessarily translate into more informal ties between economic actors. We also show how these types of relationships between organizations need to be analyzed in the context of wider institutional changes and the conflicts precluding such changes.¹⁵

We also contribute to the literature on the relationship between the state, business groups, and multinational corporations in Latin America by comparing its evolution between the ISI and open market periods and by comparing these relationships between authoritarian and democratic regimes. We engage in the discussion developed by studies that claim that the transition from ISI to open markets required an alliance

10. Davis and North, *Institutional Change*, 6–7.

11. North et al., *Violence*, 9.

12. Moszoro and Spiller, “Third Party”; Spiller, “An Institutional Theory.”

13. Boddewyn, “Political Aspects”; Hillman et al., “Corporate Political Activity”; Dabrowsky, “Different Strategies”; Lenway and Murtha, “The State”; Murtha and Lenway, “Country Capabilities.” Etzion and Davis, “Revolving Doors?” We agree with Hillman and Wan “The Determinants” and Henisz and Zelner “Explicating” who posit that the success by a multinational at developing networks in a particular country depends on said country’s institutional characteristics.

14. Casson and Cox, “International Business Networks”; Casson, *Economics and International Business*, 254–77. For a bibliographical review on this debate and discussion on how this idea needs to be reconsidered see Colpan, Hikino, and Lincoln, “Introduction.”

15. For a theoretical discussion on this issue, see Bucheli and Kim, “The State.”

between foreign capital, state, and the domestic elite (represented by domestic business groups) by systematically studying through a historical network analysis whether such alliance existed, to what degree, and how it changed after the authoritarian regime ended.¹⁶

Our methodological approach also makes a contribution to scholarship. Academics on network analysis have pointed out that most studies still remain too ahistorical and US oriented and have made calls for more international and historically informed studies.¹⁷ We respond to recent calls in the field of business history advocating for comparative studies that employ new methodologies, analyze the role of firms as the main actors in globalization, and try to understand the evolution over time of the relationship between states and firms.¹⁸ So far, the main business historical study utilizing network analysis for Latin America is the pioneer study by Aldo Musacchio and Ian Read comparing elite networks in Brazil and Mexico in the early twentieth century.¹⁹ Building on their contribution, our study has two important differences with respect to theirs. First, Musacchio and Read's article focuses on one particular year and does not engage in a longitudinal study. Second, their study does not specify which industries they analyze. By conducting a longitudinal study and looking carefully the particular corporations, our paper not only shows the type of networks existing between industries, but also shows their evolution with time in relation to the political and economic environment.²⁰

We also contribute to the literature on the political economy of Spanish investments in Latin America. Up to date, scholars have focused on those firms' relations with the Spanish government²¹ and their expansion abroad in the context of Spain's entry to the European Economic Community.²² Works studying the history of Telefónica in Latin America do not consider political strategies.²³

Finally, we also contribute to the wider literature of politics and telecommunications. Several authors argue that the type of expansion

16. O'Donnell, *El estado*; Evans, *Dependent Development*.

17. Mizruchi and Marquis, "Interlocking Directorates," 375–77.

18. Friedman and Jones, "Business History."

19. Musacchio and Read, "Bankers."

20. Recent scholarship has made important contributions to our understanding of the role of networks between firms in a historical perspective. A good example for the United States is Pak, *Gentlemen Bankers*.

21. Campa and Guillén, "Spain"; Guillén and Tschögl, *Building a Global Bank*; Valdalisio, "Spanish Shipping Firms"; Guillén, *The Rise*.

22. Salmon, "Spanish Foreign Direct Investment"; García and Martínez Mora, "Internalización"; Valdalisio, "La competitividad"; Durán Herrera, "Empresa multinacional"; Santiso, "La transformación empresarial"; The study by Galán Zazo and González Benito, "Factores explicativos," analyzes the expansion of Spanish firms using John Dunning's framework.

23. Martínez, *Latin American Telecommunications*; Gallardo, "Spanish Telecoms," 186–204.

of telecommunications systems in different countries respond more to internal political struggles, rather than to technological or economic factors as Richard John and Paul Starr found it for the case of the United States in the late nineteenth and twentieth centuries and Mark Thatcher for the case of Great Britain and France.²⁴ Hernán Galperín developed a general typology on how to study the politics of telecommunications using a neo-institutional approach, while Daniel Headrick analyzed the role of this industry in the expansion of imperialism in the first half of the twentieth century.²⁵ Our contribution to this body of literature lies on showing the creation of networks through corporate boards as part of the telecommunications firms' political strategy and by challenging the neo-institutional assumption that open markets discourage nonmarket strategies and that limited social orders encourage them. This is consistent with studies that show how by engaging in historical analysis scholars can challenge and rethink ideas on the logic of expansion of international business and the relationship between firms and states.²⁶

Methodology and Sources

We analyze the way by which Chile's main telecommunications company related to other sectors of the economy by conducting a historical network analysis. Scholars have pointed out this methodology as the best one to "understand how individuals, organizational units, and firms are embedded within relational networks that facilitate the flow of communications, interactions, material transactions, ideas through the social order [and provides us with tools to use archival material to identify] relational ties that link elements of a given structure together."²⁷ In more general terms, an analysis of interlocking of boards can provide us with a good picture of how firms adapt to different environments and who the main decision makers of a particular economy are.²⁸ It also permits us to calculate several measures that

24. John, *Network Nation*; Starr, *The Creation of the Media*; Thatcher, *The Politics of Telecommunications*. For a discussion on the deregulation of the US telecommunications industry in the 1980s and how it did not bring the promised benefits, see Horwitz, *The Irony*.

25. Galperín, "Beyond Interests"; Headrick, *Invisible*.

26. Jones and Khanna, "Bringing History (Back)"; Bucheli and Kim, "The State as a Historical Construct."

27. Ventresca and Mohr, "Archival Research Methods."

28. Lorsch, *Pawns and Potentates*; Useem, *The Inner Circle*. Recent studies on the United States and Argentina show that in recent decades the importance of board of directors interlocking has decreased. See, Lluch and Salvaj, "A longitudinal study"; Schifeling and Mizruchi, "The Decline of the American Corporate Network"; Chu, "Who Killed the Inner Circle?" For the Chilean case, however, these networks have remained important. See, Salvaj, "Cohesión y Homogeneidad."

indicate different types of relationship between the telecommunications company and other economic sectors. The first one we take into consideration is the board of directors' degree centrality. This is the number of boards in other firms to which a particular board of directors (in this case the telecommunications firm) is connected. Knowing the number of connections is not enough, however. Some connections are better than others, so we complement the firm's degree centrality with the betweenness centrality measure. The latter indicates to what degree existing networks provide the firm paths of communication with other firms and facilitates the flow of information across other boards. In this way, a high degree of betweenness, means that the firm's board is a broker (meaning, plays an intermediary role) in the corporate world and therefore can have a significant control over the flow of information between industries and firms.²⁹ Finally, we use the eigenvector measure, which indicates the degree by which the board of the firm we are studying is connected to other boards that are also central. In other words, this measure indicates to us the firm's status within the network and whether or not the firm belongs to the core of the network.³⁰ A board that is connected to several boards that are well-connected ones will have a high eigenvector measure.

In order to analyze the relationship between the telecommunications firm and the rest of the economy, we built a database composed by Chile's largest firms in terms of assets and sales for the period we study. The sample includes 165 for 1969, 151 for 1978, 185 for 1988, 244 for 1999, and 250 for 2005. We constructed our sample in the following way: for 1969, we used the ranking of Chile's largest firms published in the book *El libro de las 91* published in 1972.³¹ This book was published by the Chilean government during the government of Salvador Allende and aimed to determine which were the largest monopolistic firms in that country. Given the book's political bias we triangulated its information with a ranking we built using the corporations with the highest value in terms of trade of stocks made at the Santiago stock exchange market. Our comparison showed strong consistency in terms of ranking of the Chilean corporations between the information provided by *El libro de las 91* and the operations in the stock market. From the ninety-one corporations ranked by *El libro de las 91*, we found information on board composition for sixty-three of them, which are the ones we use in our study. In addition, our

29. Mizruchi, "What do interlocks do?"; Haunschild and Beckman, "When do interlocks matter?"; Davis, "The Significance of Board Interlocks"; Davis and Greve, "Corporate elite network"; Sanders and Tuschke, "The adoption."

30. If there are multiple components, the firms with the greatest eigenvector centrality will be in the larger component (and others might have eigenvector centralities close to zero). The literature defines "component" as the main group of firms connected with each other.

31. Movimiento de Acción Popular, *El libro de las 91*.

1969 sample includes the ten largest Chilean state-owned enterprises and the twenty-five largest financial institutions as ranked by Ricardo Behren Fuchs.³² Behren Fuchs also built a ranking for 1977, which we used as a proxy for our 1978 calculations. We chose the rest of the firms for 1988, 1999, and 2005 using the unpublished ranking of Chilean firms according to sales as calculated by Chile's revenue office (*Servicio de Impuestos Internos*).³³

We gathered information for each one of the boards of these firms, which permits us to build the network. This means that our database contains a picture of all the networks existing within most of the main firms in Chile's corporate sector for the three decades we analyze. In order to determine which particular directors were more influential and why the firm could have chosen them we conducted a detailed biographical research for each one of the directors of the telecommunication firms for all the years we study. When analyzing the director's biography we took into consideration their educational background, the types of industries in which they had worked, their political affiliation, and their family origin. We calculate our networks using the UCINET software.³⁴

We obtained the information on board composition from Chile's main government regulator agencies (*Superintendencia de Bancos e Instituciones Financieras* and the *Superintendencia de Valores y Seguros*) and a large number of corporate annual reports.³⁵ The information on the biographies of particular directors was gathered from a wide variety of sources.³⁶

Public Utilities Firms and Politics in Latin American History

Historically, public utilities firms in Latin America have been both a political tool and a target in political debates. Since the late nineteenth century, Latin American modernization-obsessed

32. Behren Fuchs, "Los bancos e instituciones financieras."

33. Chile, "Ficha Estadística Codificada Uniforme."

34. Borgatti, Everett, and Freeman, *Ucinet*.

35. We use the *Memoria Anual* (annual report) published by ninety-one firms for several decades. For information on the firms we analyze, please refer to the bibliography under the heading of "Archival and Unpublished Sources."

36. These sources include (besides the *Memorias* mentioned in the previous footnote): Bernstein, *Recuerdos*, 54; Bizzarro, *Historical Dictionary*; Bucheli, "Multinational Corporations"; Chile, *Diccionario biográfico*; Campos Harriet, *Chile*, 164; Correa Sutil, *Con las riendas del poder*; *El Mercurio* (Santiago) (various years); Elsey, *Citizens and Sportsmen*, 111; Empresa Periodística de Chile, *Diccionario*; Fazio, *Mapa*, 300; Fontaine, *Los economistas*, 78; Gazmuri, *Historia*, 477; *Genealogías de Chile*; International Telecommunication Union (ITU), *World Telecommunication*; Lagos Carmona, *Historia de las Fronteras*, 61; Manteola, *Guía*; O'Brien, *The Revolutionary Mission*, 200; Olavarría, *Chile*; Pavilack, *Mining for the Nation*, 342; Salinas, *Un pastor*, 295; Vásquez and Jáuregui, *El comercio en la memoria*; "Ocho sociedades," 11; Zeitlin et al., "New Princes."

and foreign-markets-oriented rulers were aware that no economic development and international competitiveness was possible without basic infrastructure like railways, roads, ports, telecommunications, or water and sewage. As a result, many rulers created favorable conditions to attract foreign public utility firms under the belief that no domestic corporations or governments had the capital and know-how to quickly build and efficiently run these badly needed services.

The economic and political environment changed after the Great Depression affecting the operations of foreign firms in the utilities sector. During the 1930s, industries in foreign hands witnessed the rise of radical nationalist labor activism while foreign ownership of crucial industries came under attack from different fronts. In the 1930s, some countries engaged in major expropriations of foreign property in a process that peaked in the 1960s and 1970s, particularly in the natural resource sector. In the public utility sector, some governments purchased foreign property or created partnerships rather than operating through concessions. This process was reversed in the 1990s, after an out-of-control foreign debt and problems of hyperinflation in the 1980s pressured governments to privatize state-owned utilities companies and sell them to both domestic and foreign investors, including new ones coming from Spain.³⁷

The transition from ISI to an open market economy model also came together with important political changes: during the 1970s most Latin American countries were ruled by military regimes, but by the 1990s, they had been replaced by elected civilian ones.³⁸ During the abovementioned political and economic changes, the three main actors owning the Latin American public utilities firms were the domestic state, domestic corporations (often belonging to large conglomerates), and foreign multinationals.

Public Utilities and Chilean Politics

Chile is a textbook example of the wider processes taking place globally. Between the 1930s and the late 1970s, Chile was a model for countries adopting ISI and its business groups partnered with the government in the implementation of ISI in a process that also included foreign multinationals.³⁹ In 1939, the Chilean government

37. Guillén, *Spanish Multinationals*.

38. For a detailed explanation of these long-term processes see, Bulmer-Thomas, *An Economic History*; Huntington, *The Third Way*; Jones, *Multinationals*.

39. Dahse, *Mapa*; Schneider, *Business Politics*; Bucheli, "Multinational Corporations."

created the state agency Corporación de Fomento (CORFO) in charge of planning the industrialization process and channeling funds from the government to different sectors. CORFO became a powerful institution that operated in close coordination with the Chilean private sector.⁴⁰ In the 1980s, however, Chile became an open market beacon that pioneered neoliberal policies later adopted in the other countries in the world. These economic changes took place parallel to equally radical political ones. Between 1932 and 1973, Chile was considered Latin America's most stable democracy. The election of Marxist President Salvador Allende in 1970 led to a great political polarization in the country that culminated in the Pinochet-led 1973 military coup. Pinochet's regime lasted until 1989, when the General lost a plebiscite in which the Chilean people decided whether he should remain in power or whether the country should go back to elected civilian rule. Having changed the political constitution in 1980, Pinochet remained as a senator for life and the armed forces kept special privileges. Between 1989 and 2010, Chile was ruled by the center-left political coalition (known as the Concertación) that kept the general framework of the Pinochet-era economic model.⁴¹

Chile's telecommunications sector mirrors the country's general economic stages. Between 1927 and 1972, the US multinational corporation ITT controlled most of Chile's telecommunications through its subsidiary the Compañía de Teléfonos de Chile (CTC). In 1971, the Allende government took over ITT-CTC. Allende's actions were facilitated by the fact that in 1972, a series of ITT internal memos and letters showed that ITT was conspiring with the CIA to overthrow Allende. The Christian Democratic Party and Allende's Socialist Party had already criticized ITT before Allende took power because of the deficient and expensive service provided by CTC and the political composition of its board.⁴²

Despite the fact that Pinochet's coup was (among other things) an attempt to stop Allende's program of statization of the economy, government ownership actually increased after Pinochet's coup. In 1974, CORFO acquired former ITT's shares in CTC (80 percent of the total). In 1987, however, CORFO announced that it would gradually reduce its ownership in the company and sell its shares as part of the process of privatization of private utilities. The process concluded in 1989, when the Australian firm Bond Corporation acquired

40. Douyon, "Chilean Industrialization," 87–89; Ibáñez, *Herido en el ala*, 96; Schneider, *Business Politics*, 155; Mamalakis, *Growth*, 91–96.

41. For a good general work on Chile's transitions, see Corvalán Marquéz, *Del anticapitalismo*.

42. Bucheli and Salvaj, "Reputation and Political Legitimacy."

CORFO's remaining shares. That year CTC approved an additional capital increase, which led to a 50 percent Bond ownership. In 1990, Spain's Telefónica Internacional acquired Bond's shares and changed the company's name to Telefónica Chile CTC. After this acquisition, Telefónica Internacional controlled Chile's domestic and international phone calls markets.⁴³

The Chilean state was present in the telecommunications sector before 1972. In 1964, the Chilean government created the state-owned enterprise Entel to cover phone service in isolated regions. The government privatized Entel between 1986 and 1992. Entel's first owners were Italian investors, but the firm eventually fell in hands of Chilean business groups.

Network Calculations of the Chilean Telecommunications Sector

We conducted our network calculations and built the ego networks for CTC and ENTEL for the years 1969, 1978, 1988, 1999, and 2005. The ego networks consist of a focal node ("ego") and the nodes this ego is directly connected ("alters") to, plus the ties among the alters (if any). We analyzed the ties of each firm that had at least one director in common with another firm. We assume that the larger the number of directors shared between firms, the stronger the link between those firms. Our results are displayed in table 1.

The first period we study is the one prior 1972, when Chile was ruled by a democratic regime and the US multinational ITT-owned CTC. During those years, the telecommunications firm played an important role in the Chilean corporate network. Its betweenness centrality number of 6.172 put CTC as the fifth most central firm in that country (see table 1). This made of CTC one of the brokers of the network. Similarly, the eigenvector centrality value of 18.759 puts it among the top twenty firms with more status in the corporate network and the degree centrality shows it was among the top fifteen most central firms. At least 38 percent of its directors sat on the board of another firm, and these directors provided CTC with very good connections by providing the firm with relations with twenty-two firms in fourteen industries (see table 1 and figure 1 with CTC ego network). The companies with which CTC shared more than one director were the state-owned Empresa Nacional de Energía and the privately

43. Martínez, *Latin American Telecommunications*, 69–70; Telefónica CTC (www.Telefonicactcchile.cl accessed Mar 2, 2009).

Table 1 Chile. CTC. Descriptive measures, 1969–2005

CTC	1969	1978	1988	1999	2005
Number of companies in the network: firms used to build CTC's ego network	165	151	185	244	250
CTC's ranking in terms of centrality	15	10	21	22	25
CTC's centrality value	24	7	2	11	9
CTC's ranking in terms of eigenvector	20	26	Third one from below	26	140
CTC's Eigenvector centrality value	18.759	0.886	0.001	1.849	0.173
CTC's ranking in terms of betweenness centrality	5	28	55	2	27
CTC's betweenness centrality value	6.172	1.868	0.279	5.323	2.283
Type of ownership	ITT (United States)	Chilean state	Chilean state and Bond (Australia)	Telefónica (Spain)	Telefónica (Spain)
Number of directors	16	5	8	8	7
Percentage of CTC's directors sitting in boards of other firms (%)	38	80	38	75	43
Number of firms with which CTC shares directors	22	6	2	11	9
Firms with which CTC shares more than one director	Empresa Nacional de Electricidad (Chilean state-owned enter- prise). Cementos Bio- Bio (Chilean private corporation)	lansa (Chilean state- owned enterprise)	—	Telefónica (long distance)	Banco del Estado de Chile
Number of industries linked to CTC through shared directors	14	6	1	8	9

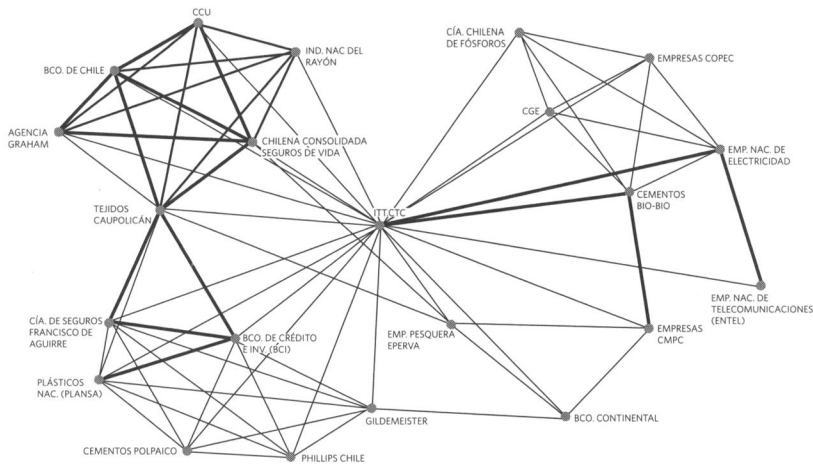


Figure 1 ITT-CTC. Ego Network (Interlocking directorates 1969)

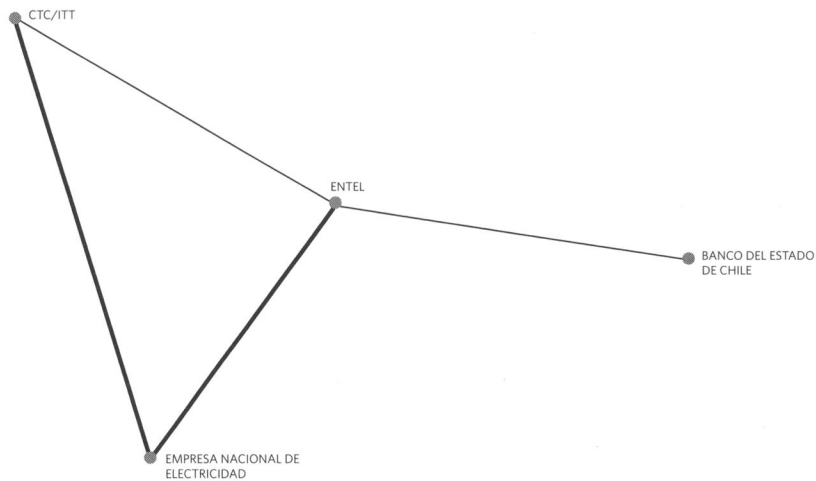


Figure 2 ENTEL. Ego Network (Interlocking directorates 1969)

owned Cementos Bío Bío, a cement corporation closely linked to the government's ISI project.⁴⁴

The state-owned enterprise Entel shows a different pattern for the pre-1972 period, ranking 113th in terms of centrality (table 2). Entel's ego network also shows the few links the firm had at that time. (figure 2)

44. In order to understand how important this ranking was we normalized betweenness by dividing it by its maximum value. Putting it in context of other Latin American countries, a normalized betweenness of 6.172, CTC-ITT would rank third in terms of interlocked directories in Argentina in 1970. In Argentina the average degree of the interlocking directorates in 1970 was 1.6, while in Chile it was 11.5 (see, Salvaj and Lluch, "Estudio Comparativo"; Lluch, Salvaj, and Barbero, "Redes corporativas y grupos económicos.")

CTC remained under government ownership between 1972 (year in which Allende expropriated ITT) until 1988. This means, the military government did not immediately reprivatized the firm. Our calculations show that during this period CTC decreased both the number of links with other firms or industries as well as the quality of those links, with just six other companies and six other industries connected through the boards. By 1978, the main connection was with the state-owned sugar company Iansa. By 1988, CTC had fallen to the next to last position in terms of centrality of its board in corporate Chile (table 1 and ego networks in figure 3 show that CTC reduced its number of links during the Pinochet regime).

In 1978, Entel had climbed to the eleventh position in terms of eigenvector centrality and second in terms of betweenness centrality (or intermediation). The company increased the number of multiple directors, after having 27 percent of multiple directors in 1969 to 36 percent in 1978 (table 2). Nevertheless, despite this improvement, the company remained with few links with other companies and industries (9 links in total). The enlargement of the firm's network, however, was short lived. In 1988, with the firm still belonging to the government, it ranked last in corporate Chile in terms of centrality with no links with any other firm (see figure 4).

The fall in number of connections by CTC and Entel followed a general trend in Chile as a whole. Table 3 shows how during Pinochet's government the average degree of centrality for all the firms in our sample decreased, as did Entel and CTC. It is worth highlighting, however, that this trend was stronger among Entel and CTC than among other firms. By 1988, their degree centrality was below the mean (six links on average, two for CTC, and none for Entel) (see table 3).

The privatization of both CTC and Entel during the military regime and the continuation of the economic model by the subsequent post-1990 democratic governments show a new trend in terms of how both firms networked with the rest of the Chilean society. Table 1 shows a clear change for CTC after Spain's Telefónica acquisition, jumping from the fifty-fifth position in terms of betweenness centrality in 1988, to second in 1999, and falling to twenty-seventh in 2005. The number of linked firms and industries also increased, although not to the degree of the ITT years. In 2005, Telefónica's strongest link was with Banco del Estado, a state-owned company. Figure 5 displays the ego networks of Telefónica CTC for 1999 and 2005.

Entel also improved its role in the Chilean corporate network after 1990. After having ranked last in 1988, it jumped up to the eleventh position in 1999 and to the number one position in 2005

Table 2 ENTEL—Descriptive measures

	1969	1978	1988	1999	2005
ENTEL					
Number of companies in the network: firms used to build ENTEL's ego network	165	151	185	244	250
ENTEL's ranking in terms of centrality	36	8	Last one.	11	1
ENTEL's centrality value	4	9	No links	22	45
ENTEL's ranking in terms of eigenvector centrality	113	11	Last one.	31	3
ENTEL's eigenvector centrality value	1.309	11.843	No links	0.648	43.098
ENTEL's ranking in terms of betweenness centrality	78	2	Last one.	7	3
ENTEL's betweenness centrality value	0.329	8.186	No links	3.917	5.286
Type of ownership	Chilean state	Chilean state	Chilean state	Stet (Telecom Italia) joint with the Hurtado/Fernández conglomerate (Chilean business group)	Hurtado/Fernández conglomerate
Number of directors	11	11	7	9	8
Percentage of ENTEL's directors sitting in boards of other firms (%)	27	36	0	67	78
Number of firms with which ENTEL shares directors	3	9	0	18	38
Firms with which ENTEL shares more than one director	Empresa Nacional de Electricidad (Chilean state-owned enterprise)	—	—	P&S, Almendral, Compañía de Seguros Consorcio	Almendral, Consorcio de Seguros Generales, Consorcio de Seguros De Vida, CN Life Compañía de Seguros
Number of industries linked to ENTEL through shared directors	3	7	0	12	13

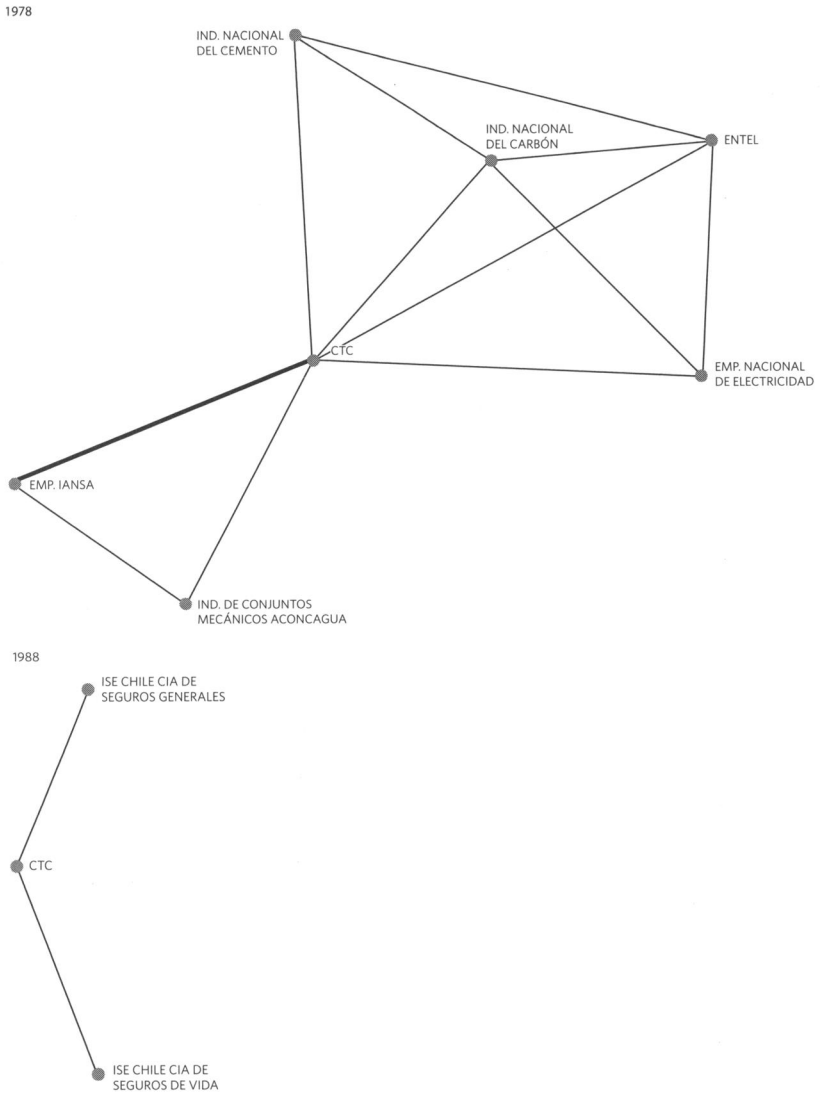


Figure 3 CTC Ego Networks (Interlocking directorates 1978 and 1988)

(See table 2). This improvement coincided with the increasing share in ownership of the firm by the Chilean business group Hurtado-Fernández, which linked the firm with eighteen firms in 1999 (after having no connections in 1988) and with thirty-eight in 2005. It is worth noting that most of the firms Entel shared more than one director which belonged to the Fernández-Hurtado group, including Almendral (the group’s investment firm) and the powerful Consorcio de Seguros Generales and Consorcio de Seguros de Vida, two large life insurance corporations. In figure 6 we show Entel’s ego networks for 1999 and 2005.

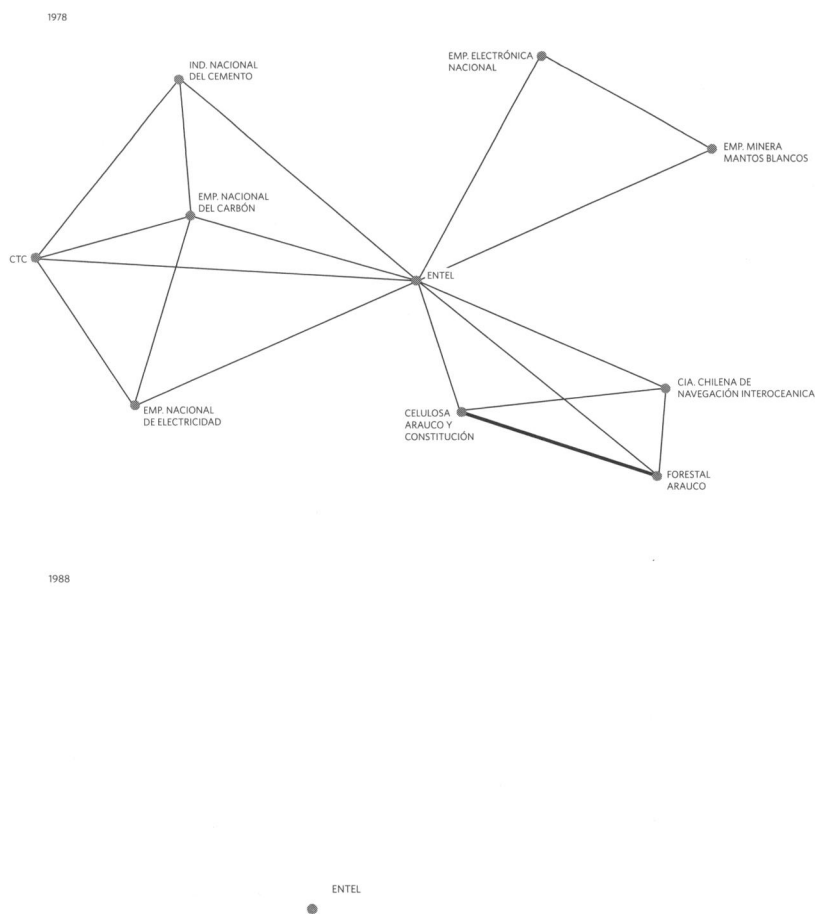


Figure 4 ENTEL. Ego Networks (Interlocking directorates 1978 and 1988)

Table 3 Chile. Degree centrality for Entel, CTC, and average for Chile’s corporate sector, 1969–2005

	1969	1978	1988	1999	2005
Average degree centrality	13	3	6	8	10
Degree centrality Entel	4	9	0	22	45
Degree centrality CTC	24	7	2	11	9

Network Evolution and Role of Directors in Corporate Strategy

The results of our network calculations show that the network strategy of the telecommunications firms CTC and Entel varied according to the type of ownership. In this section, we analyze the motivations that each one of these firms under different types of ownership might have had in order to choose a particular network strategy. We conduct

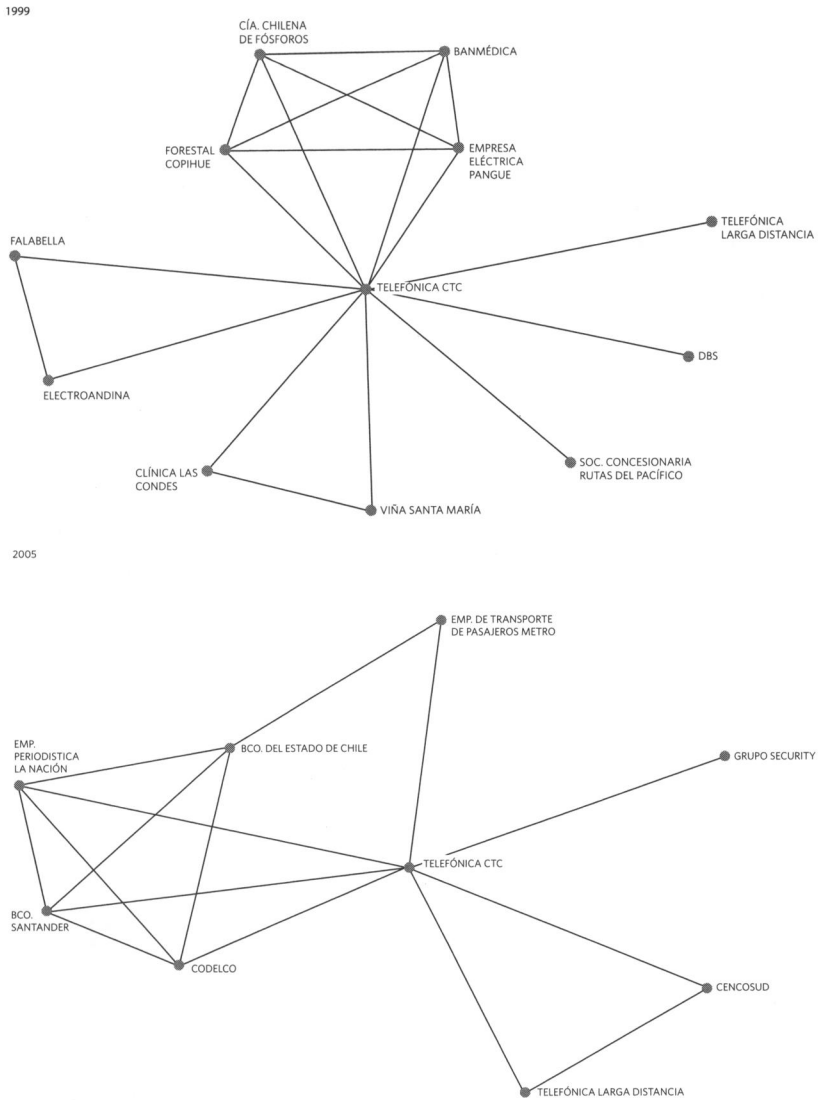
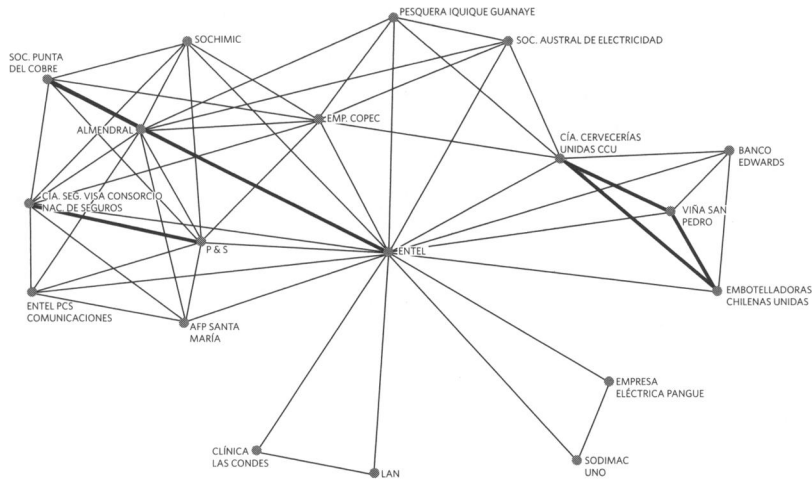


Figure 5 Telefónica CTC Ego Networks (Interlocking directorates 1999 and 2005)

our analysis by taking a close look at the directors that belonged to more than one board and provided these firms with links to other industries or corporations. We display the general information of these individuals in the Appendix.

The individuals that belonged to other boards during the years in which ITT-owned CTC had very influential positions and connections in the Chilean corporate and political world. This strategy was consistent with the one ITT had already used in the other countries it operated. ITT experienced spectacular growth between 1920 and 1929 becoming the US

1999



2005

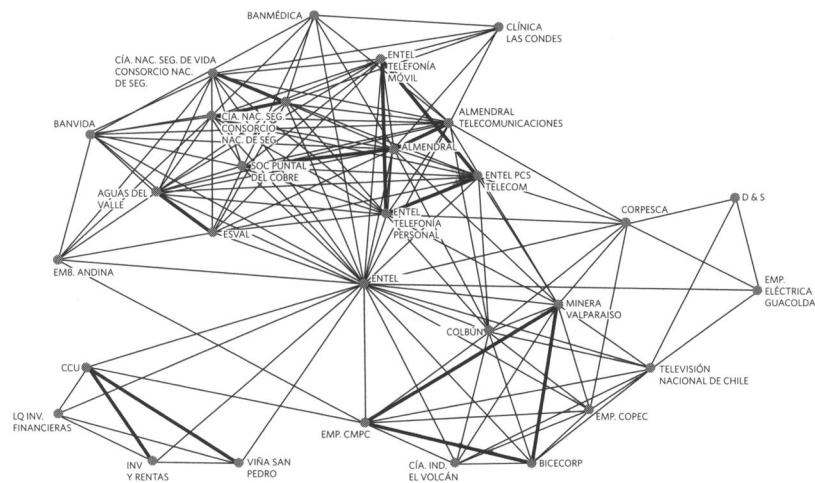


Figure 6 ENTEL. Ego Networks (Interlocking directorates 1999 and 2005)

corporation with the largest number of employees abroad.⁴⁵ During this process (which they started in Spain), they followed a strategy of appointing individuals from the local elite in the boards of the subsidiaries.⁴⁶

These were times in which there was a “revolving door” between Chile’s corporate sector and the state’s economic development

45. Wilkins, *The Maturing*, 130–1.

46. Sobel, *ITT*, 14–40; Calvo, “State, Firms”; Pérez Yustle, “La Compañía Telefónica,” 72–83, 150–74, 271–2; Alvaro-Moya, “Redes empresariales,” 65–96; Alvaro-Moya, “Inversión directa extranjera”; Calvo, *Historia de Telefónica*; Wilkins, *The Maturing*, 71–72.

agencies. This type of dynamic resulted from the important role the Chilean elite (organized in business groups) played after the 1930s at coordinating its activities with the government during ISI.⁴⁷ Directors like the powerful and highly influential industrialist Walter Müller not only established some of the country's largest firms (such as Copec, a privately owned oil distribution firm), but also played an important role at the founding and management of Corfo, the Chilean state agency in charge of funding and coordinating ISI. Others, like Tomás Eduardo Rodríguez Briebe had occupied important positions in the Chilean Chamber of Commerce and were powerful businessmen, and someone like Guillermo Correa Fuenzalida gave CTC links with major corporations, the government (as head of Corfo for some time), and the financial sector. ITT-CTC directors sitting in more than one board sat on boards of companies involved in a wide range of industries, including finance, textiles, insurance, plastics, cement, and tourism. In terms of political affiliation, most of these directors belonged to the Liberal and Conservative parties, which were declining in popularity and did not rule the country during this period. In fact, politicians of the main parties strongly criticized the political composition of ITT-CTC's board and in the 1960s used this element to propose an expropriation of the firm.⁴⁸ In sum, the links built by ITT-CTC shows that the firm sought to build a network and coordinate its activities with other firms of Chile's private sector and some state-owned companies rather than to build legitimacy with the politicians.

CTC's board composition changed during the years of state ownership under the dictatorship, with more directors connected to the government, state-owned companies and less of them connected to other firms or industries (Appendix). We find a similar behavior in Entel for this period. The presence of multiple directors in this firm under the dictatorship can only be justified by the need of a state-owned firm to have individuals overseeing the firm's activities, but not necessarily coordinating with other nonstate firms. A closer look to CTC and Entel's board composition in this period shows that most of the links they had were with state-owned corporations and most of these links are generated through executives working at Corfo, such as Gastón Valdivia Sotto, Corfo's finance manager, who sat on the board of several firms with some degree of state ownership. By 1978, despite the fact that Pinochet's privatization process had already started the Chilean state still owned a significant number of corporations, which

47. Corbo and Meller, *Antecedentes*, 6–7; Ibáñez, *Herido*, 85–95; Bucheli, 'Multinational Corporations', 370–76.

48. Bucheli and Salvaj, "Multinational Corporation's Obsolescing Legitimacy." The presence of government officials among multiple directors resulted from regulations that required ITT-CTC to have at least two government-appointed directors.

meant board members appointed by the government generated many links among corporations.

The type of network strategy followed by CTC and Entel during the Pinochet years can be explained by the general characteristics of the military regime, as a solid and hierarchical one with its authority increasingly concentrated in the hands of General Pinochet. An admirer of Diego Portales, a Chilean nineteenth century dictator who led a process of national unification and pacification through extreme power centralization around the government in the capital city of Santiago and the armed forces, Pinochet once famously said that “there is no a leaf in Chile that stirs without me knowing it.”⁴⁹ Beyond what could be dismissed as simple megalomaniac rhetoric, evidence by previous studies shows how after taking power, Pinochet developed a series of policies oriented towards decreasing the power of potential competing powers such as the business groups, political parties, organized labor, and even other members of the military junta.⁵⁰ Scholars studying Pinochet’s relations with the Chilean elite argue that the general sought to debilitate them to avoid them having the power to conspire against him in the future.⁵¹ Our calculations show that Pinochet succeeded at fragmenting the Chilean elite by decreasing the links at the corporate level between its members. Under those circumstances, the best links a company could have were through informal connections with Pinochet or his inner circle, rather than with other Chilean firms. In addition, the opening of the economy led by Pinochet in the late 1970s and early 1980s obliged many business groups to reorient their activities towards the foreign sector decreasing the usefulness of their internal networks.⁵² The trend was not unique to the telecommunications sector. As we show in table 3, most Chilean firms decreased their links with each other during the Pinochet years.

CTC’s board composition after Telefónica’s acquisition in 1990 shows a new type of strategy by the Spanish firm that differed from that followed by ITT or the Chilean government. Telefónica entered Chile right after the end of the Pinochet era and the beginning of a period in which the country was ruled by a center-left coalition known as the Concertación (1990–2011). Telefónica followed in Chile a strategy it had already developed years before in Spain. It is worth highlighting that Telefónica and ITT have a common origin. One of the first countries where ITT invested outside the US was Spain,

49. Caistor, *Chile*, 29.

50. De Vylder, “Chile,” 261–307.

51. Silva, “Business Elites,” 152–88.

52. Silva, “Business Elites.”

where the firm controlled most of the country's telecommunications. The multinational lost its power after the Spanish Civil War when dictator Francisco Franco nationalized it creating a state-owned company. After Franco's death in 1975 and subsequent democratization of Spain, the country's integration to Europe, and the opening of the economy, the government privatized the firm between 1995 and 1999. This process took place parallel to a new orientation by the Spanish business groups to foreign markets.⁵³ After its privatization and before its internationalization, Telefónica (and the Spanish business groups in general) sought links with Spain's political elites, a practice they continued when expanding to Latin America.⁵⁴ This is apparent when looking at CTC's composition under Telefónica. The firm did not simply try to create links with Chile's corporate sector, but also with the new ruling political parties. This was apparent by the appointment of directors closely connected to the Concertación, some of them with very strong left-wing credentials (See appendix). In 1991, Telefónica Internacional appointed Oscar Garretón, its first left-wing director. Garretón's résumé was clearly different from what the Chilean business elite had been used to. He had been Allende's undersecretary of economy (1970–1972) and member of the parliament for the Socialist Party in 1973, right before the coup. Moreover, during the Allende administration Garretón was in charge of the expropriation of private property and was one of the founding fathers of the political group MAPU (Unitary People's Action Movement), a group of leftist Christian Democrats who decided to excise from their party and join Allende's UP.⁵⁵ Before the coup, Garretón unsuccessfully tried to convince some sailors to mutiny against their superiors to abort the possibility of a military coup.⁵⁶ With this background, Pinochet's Chile was not a safe place for Garretón: soon after the coup Garretón appeared in the pages of *El Mercurio*, Chile's main newspaper, as one of the ten "most wanted" criminals.⁵⁷ Garretón escaped Chile and was welcomed in Cuba where he exiled for eight years. Later on, he lived temporarily in Argentina before returning to Chile to join the Socialist Party in 1989.⁵⁸ It is worth highlighting that

53. Guillén, *The Limits of Convergence*, 88; Guillén, *The Rise*, 6; Campa and Guillén, "Spain," 216–21; Salmon, "Spanish Foreign Direct Investment," 96–97, 104; Galán, González-Benito, and Zúñiga-Vicente, "Factors Determining"; Durán, "Spanish Foreign Investment," 10–30.

54. Martínez, *Latin American Telecommunications*, 19, 20, and 25.

55. Collier and Sater, *A History of Chile*, 325. The acronym MAPU has another symbolism. In the language of the Mapuches, one of Chile's indigenous peoples the word "mapu" means "land."

56. Boorstein, *Allende's Chile*, 227; "The end of Allende."

57. Macari, "No todo fue responsabilidad."

58. "Profile-International Business-Leftist."

Telefónica made this move during the times its home country was ruled by the Socialist Party (PSOE), which strongly supported Chile's transition to democracy and had since then close relationships with the Concertación. As we show below, during the period in which the right-wing Partido Popular (PP) ruled Spain, Telefónica distanced itself from the Chilean ruling coalition.

Given Garretón's past, it is understandable that the Chilean business community was initially shocked after Telefónica appointed him in his board.⁵⁹ Telefónica also appointed individuals close to the Concertación who belonged to the center Christian Democratic Party and had participated in Frei Montalva's government. Between 1991 and 2006, the number of center-left directors in Telefónica CTC's board increased as long as Telefónica's ownership increased as well (figure 7).

Appointing Concertación directors gave Telefónica political advantages and legitimacy. The firm's control over both the domestic and international phone markets could potentially violate Chile's antitrust legislation. In 1993, however, after negotiations between Telefónica and the government, Chile's AntiTrust Commission decreed that the company was not violating the antitrust law.⁶⁰ The presence of Concertación directors was crucial for this favorable outcome. The closed-door negotiations between the firm and the government took place in Chile's presidential palace in December 1993. The Minister of the Presidency invited representatives of Telefónica and

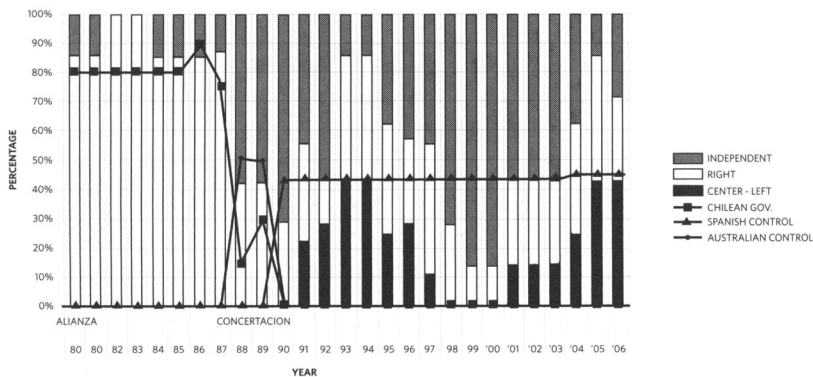


Figure 7 Telefónica de Chile. Board composition and ownership evolution, 1980–2006. Source: Authors' adaptation from Telefónica, *Memoria Anual* (various years). The vertical bars indicate the political representation of the board in percentages. The lines indicate the ownership of the firm in terms of the nationality of the companies owning Telefónica.

59. Authors' interviews with corporate left-wing directors and senior headhunters who requested anonymity, Santiago 2008.

60. Telefónica CTC, *Memoria Anual* (1993), 9.

Entel for these talks and the negotiations shifted from being technical to be political.⁶¹ These negotiations were highly controversial, but Garretón informed the shareholders that the final agreement permitted Telefónica CTC to emerge as a powerful telecommunications company at the international level.⁶²

We provide a counterfactual to our previous point by analyzing the period in which Telefónica Internacional did not appoint Concertación directors in Telefónica CTC (1998–2000). During this period, Telefónica Internacional's board had influential members linked to Spain's political right. This change took place after Spain's right-wing Popular Party took power with José María Aznar in 1996 after a period in which the Socialist Party had ruled the country (1982–1996). Telefónica was a state-owned company by the time Spain transitioned to democracy, but in 1986, the Socialist government sold most of its shares keeping only 20 percent of them. In 1997, Aznar sold the remaining government shares turning the firm into a completely private corporation.⁶³ In 1999, the Chilean government considered a new regulatory framework for the telecommunications industry, which meant lower phone rates. Telefónica negotiated with the government but focused on purely technical issues while neglecting political ones.⁶⁴ The government ignored Telefónica's arguments and approved the new phone rate system, which led Telefónica CTC go from a \$290 million profit in 1999 to a \$95,626 million loss in 2000.⁶⁵

The 2000 losses forced Telefónica to change its strategy and re-approach the left by appointing Concertación connected directors.⁶⁶ In 2001, they appointed Fernando Bustamante, a former union leader and member of the Socialist Party who was Chile's State Petroleum Company's (ENAP) general manager during Allende and was later imprisoned and tortured under Pinochet.⁶⁷ Bustamante provided CTC with links with the state-owned company Metro in the transportation industry, but his political role clearly shows that he also played a role at providing Telefónica's actions with legitimacy (Appendix). He was also a personal friend and adviser of Chilean president Ricardo Lagos and a director at Banco del Estado (a state-owned bank) in representation of the workers.⁶⁸ During this period, CTC had links with several

61. Covarrubias, *Un cable*, 152.

62. Telefónica CTC, *Memoria Anual* (1994), 7.

63. Martínez, *Latin American Telecommunications*, 8–9; Telefónica, "About Telefónica," www.Telefónica.es accessed Mar 2, 2009.

64. Authors' interviews with corporate directors, Santiago 2008.

65. Telefónica, *Memoria Anual* 1999, 7; Covarrubias, *Un cable*, 166–7.

66. "Sorpresas."

67. "Los nombres del estado"; "Fernando Bustamante."

68. "Nuevo directorio de Banco Estado."

state-owned enterprises due to the presence of directors close to the Concertación coalition.

Negotiating a restructuring that implied layoffs and more flexible job contracts faced initial resistance from the unions. The process was not an easy one for the company or President Lagos, who was directly involved in this process. By June 2001, the workers went on a 26-day strike in which there were violent clashes with the police.⁶⁹ With a member of the Socialist Party Bustamante on board, President Lagos decided not to support the unions in this negotiation, leaving the unions without an important bargaining card.⁷⁰ In the end, Bustamante's strong political influence in the government and understanding of the labor movement permitted an effective resolution in which the unions eventually accepted a personnel reduction of around 4,000 employees.

Figure 8 shows the evolution of the company's profitability during that period, with a strong recovery after 2001. Similarly to what happened with the negotiations around antitrust issues, the center-left directors legitimized the company's operations before the labor unions. The figure is in nominal US dollars, the main currency the multinational used in its global operations.

When appointing their directors, the Chilean business groups had motivations different from those of the Spanish investors. After

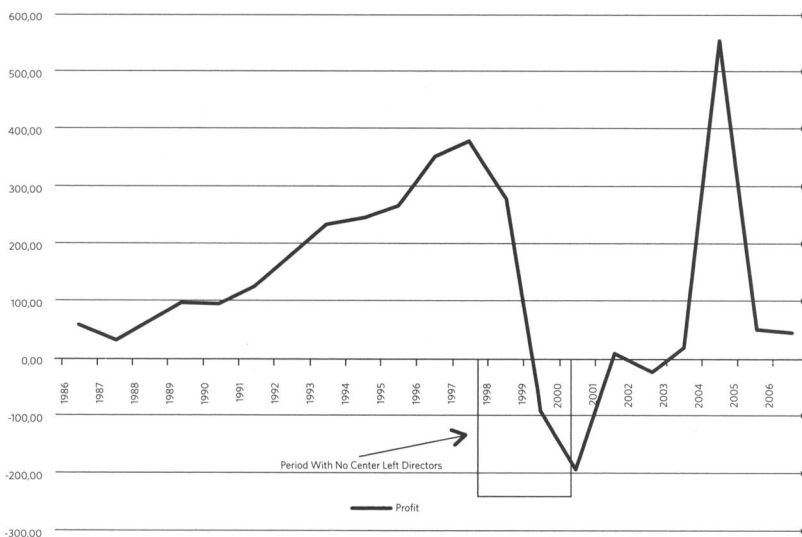


Figure 8 Telefónica Chile. Profits, 1986–2006 (millions of dollars in nominal terms). Source: Telefónica, *Memoria Anual* (various years)

69. Martínez, *Latin American Telecommunications*, 70.

70. "Paros y amenazas"; "Philippi."

acquiring Entel in 1990, the Hurtado-Fernández business group appointed a board that gave the firm strong links with a wide range of industries and firms, but minimal links to the government. In fact, after the return of democracy to Chile, most firms belonging to Chilean business groups remained with boards solidly composed by people related to the political right and the corporate world.⁷¹ Most of Entel's directors present in other boards were at boards that were also part of the Hurtado-Fernández business group, meaning that the group's main motivation was to coordinate activities within the group, while building contacts with the government at the informal level (tables 1, 2, and 3, and Appendix).

Conclusion

This paper conducted a network analysis to compare the business strategic and political motivations state-owned enterprises, domestic business groups, and multinational corporations have when deciding the composition of the board of directors in a public utility company in a developing country. We study the case of the Chilean telecommunications sector between 1958 and 2001, because that country provides us with a useful comparative framework consisting of two types of political regimes (authoritarian and democratic), two economic models (ISI protectionism and open market), and three types of ownership in this sector (American multinationals, Spanish multinationals, Chilean business groups, and the Chilean state). During the period we study, Chile was also a country that went through a process of urbanization and creation of a large middle and urban working class in which reliable and affordable telephone services became a necessity for most of the population.

Our analysis shows different types of strategies followed by the main owners of the telecommunications industry. While the pre-1972 American owners of ITT built networks with other major Chilean firms, the 1972–1990s Chilean state-owned firms during the military regime showed little interest in seeking out other firms, the post-1990 Spanish investors of Telefónica created a board with close links with the new democratic government, and the post-1990 Chilean owners only built networks within their own group. We show that the main element determining the building of networks by these three actors with others was the type of political regime. Our results show that incentives to create networks were not very different between times of protectionism and times of an open economy. On the contrary, our

71. Bucheli and Salvaj, "Corporate Political Activity."

results clearly show that incentives to create networks during the dictatorship were lower than during democratic times. These results go against ideas that a globalized economy and democracy translate into lower “nonmarket” strategies by firms (including the building of networks through corporate boards). One reason might be that the strong political concentration of power in the person of Augusto Pinochet demotivated private firms in general to establish networks with each other, when informal connections with Pinochet could suffice.

Five main factors can be pointed out as the ones determining the type of network strategy followed by the actors we analyze: the economic model, political regime, property rights regime, national origin of the foreign corporations, and structure of business groups. As mentioned above, our findings show, a strong role of the political regime and the type of ownership (foreign Spaniard, foreign US, Chilean state, or Chilean business groups). However, more research is needed with a larger number of firms analyzed (and hopefully more than one country) to determine whether the type of correlation we found in our study can be generalized. We hope this paper provides some general guidelines for such kind of research.

The second global economy has been dominated by political and economic transitions as well by the presence of state-owned enterprises, business groups, and multinationals of nontraditional capital-exporting countries. These actors will continue to play a major role in a world in which recent years have shown an unprecedented enlargement of a middle class demanding affordable and good quality public utility services. This reality requires further research analyzing this type of relationship in a global and historical perspective.

Appendix
Biographical Information of CTC and Entel Multiple Directors

Year	Firms	Multiple directors	Firms	Industry	Short biography
1970	CTC	Edgardo Cruz Plaza	Empresa Nacional de Electricidad	Telecommunications and Energy	Superintendent of Energy and Gas, government director at Telefónica
1970	CTC	Tomás Eduardo Rodríguez Brieve	Automovilismo y Turismo, Cementos Bio Bio	Cement and Services	Businessman. President of the Chamber of Commerce (1957–1960)
1970	CTC	Vicente Izquierdo Besa	Banco Continental, Empresas CMPC, Empresa Pesquera Eperva	Bank, Forestry, Fishing	Founder and Honorary President of Sonapesca. Nephew of former Chilean President Arturo Alessandri Besa
1970	CTC	Ernesto Barros Jarpa	Plásticos Nacionales, Compañía de Seguros Francisco de Aguirre, Gildemeister, Phillips Chilena, Cementos Polpaico, Banco de Créditos e Inversiones	Plastics, appliances, insurance, retail, manufacturing, banking	Lawyer, Chilean academic and politician (Foreign Minister in 1921, 1925, and 1942). Member of the Club de la Unión
1970	CTC	Walter Müller Hess	Cia. General de Electricidad, Cia. Chilena de Fósforos, Emp. Copec, Emp. Nac. De Electricidad, Cementos Bio Bio	Energy, Industry, Cement, Forestry, Fuel	Founder of Copec and relevant role at Corfo
1970	CTC	Guillermo Correa Fuenzalida	Industria Nacional de Rayón, Agencia Graham, Tejidos Caupolicán, CCU, Banco de Chile, Chilena Consolidada Seguros de Vida	Textiles, beverages, banking, Insurance	Academic (Professor of Law), Chilean politician (Minister of Education) and president of the Bank of Chile. Director of the Corporación de Fomento, Sociedad Agrícola y Comercial Colcura S.A., and Compañía Carbonífera e Industrial de Lota in 1948. Partner and head of the Lawyers Association and the National Society of Agriculture.

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
1970	CTC	Santiago Astraín Castro	Emp. Nacional de Electricidad	Energy	Academic, pioneer of satellite technology, was founder of Entel Chile and CEO of Intelsat. He worked in Corfo, Endesa and Consejo Nacional de la Vivienda. Government director at CTC.
1978	CTC	Hernán Büchi Buc	Iansa	Sugar	Chilean politician, served as Minister of Finance under Pinochet. In 1990 he founded think-tank Libertad y Desarrollo. Professor and chairman of the board of Universidad del Desarrollo.
1978	CTC	Renato Varela Correa	Iansa, Industria de Conjuntos Mecánicos Aconcagua	Sugar, metal mechanic	Director at Lucchetti, Quiñenco, Madeco, Copesa, SOQUIMICH, Parque Arauco, Falabella, and others.
1978	CTC	Gerson Echavarría Mendoza	Empresa Nacional de Electricidad	Energy	President of ENTEL
1978	CTC/ ENTEL	Sergio Vial Faundes	Entel, Empresa Nacional del Carbón, Industria Nacional del Cemento	Telecommunications, Mining, Cement	Lieutenant Colonel, Chief Executive of CTC. Undersecretary of Telecommunications and CEO Cidcom.
1988	CTC	Fernando Lyon Salcedo	Ise Seguros de Vida	Insurance	Director of several companies such as Carbonifera Schwager S.A. and Sociedad Nacional Marítima s.a - SONAMAR S.A
1988	CTC	José Martínez Muñoz	Ise Seguros Generales	Insurance	Auditor General of the Army and the military prosecutor
1999	CTC	Javier Aguirre Nogues	Telefónica Larga Distancia	Telecommunications	Lawyer, businessman.
1999	CTC	Luis Alfonso Cid Alonso	Sociedad Concesionaria Rutas del Pacífico	Infrastructure	President of CTC and Valores Bavaria
					Spanish citizen, President of Fuerza Nueva, and businessman

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
1999	CTC	Hans Eben Oyadenel	D & S	Retail	Vicepresident of D&S
1999	CTC	Nicolás Majluf Sapag	Falabella, ElectroAndina	Retail, energy	Engineer, academic, researcher and consultant. Chairman of the state National Copper Corporation of Chile (Codelco-Chile). Director at CCU (Vicepresident), MultiTiendas Corona, Cecinas San Jorge, Maderas Chile (President) Director Forestal Copihue and Scotiabank. President at Adich
1999	CTC	Felipe Montt Fuenzalida	Banmédica, Forestal Copihue, Emp. Eléctrica Pangué, Compañía Chilena de Fósforos	Healthcare, forestry, energy	Businessman, founder and senior partner of Sonda. Chairman of Clínica Las Condes and director at Salta Corp. Shareholder of AFP Modelo and Banca Internacional. Director of Universidad San Sebastián
1999	CTC	Andrés Navarro Haeussler	Clínica las Condes, Viña Santa Rita	Healthcare, beverages	Fiscal of Telefónica Chile S.A. Related to Katalyx and Telefónica USA
2005	CTC	Cristian Aninat Salas	Telefónica Larga Distancia	Telecommunications	Businessman, and political consultant.
2005	CTC	Fernando Bustamante Huerta	Empresa de Transporte de Pasajeros Metro, Banco del Estado de Chile	Transportation	Government officer during Ricardo Lagos and Salvador Allende governments. Director of Enap and Banco Estado President of Metro (Subway)
2005	CTC	Marco Colodro Hadjes	Codelco, Banco Santander, Empresa Periodística la Nación, Banco del Estado de Chile	Mining, Bank, Media	Close friend of president Ricardo Lagos. General economist at Banco Central during Allende Government, director of Banco Santander. President of Telefónica Chile and director of Codelco. President of TVN (Televisión Nacional)

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
2005	CTC	Andrés Concha Rodríguez	Empresa Eléctrica Pilmaiquen y Grupo Security	Energy, Insurance and Bank	Leader of the business association Sofofa. General director of Foreign Economic Relations. Director of Telefónica Chile and Security Group. He was director of ProChile and worked for president Jorge Alessandri.
2005	CTC	Alfonso Ferrari Herrero	Telefónica Móviles de Chile	Telecommunications	Spaniard. Director at Telefónica Spain, executive of Banco Urquijo, and director of Sociedad de Valores
2005	CTC	Bruno Philippi Irrázabal	Telefónica Móviles de Chile, Cencosud	Telecommunications and retail	Former Secretary of the National Energy Commission, operates as Chairman of CHILENER and Director Pilmaiquén Electricity Superintendent SEGTEL
1970	ENTEL	Edgardo Cruz Plaza	CTC/ITT, Emp. Nacional de Electricidad	Telecommunications and energy	Economist, diplomat and Chilean politician. Member of the editorial board in El Pacifico.
1970	ENTEL	Patricio Silva Echenique	Banco del Estado de Chile	Bank	He was Undersecretary of Foreign Affairs and Director of the Regional Bureau for Latin America Development Program at United Nations.
1970	ENTEL	Sergio Molina Silva	Empresa Nacional de Electricidad	Energy	Economist, academic, businessman, and politician. Director of the Department of Communication and Culture and former president of the Central Bank of Chile. Vicepresident of the Development Bank and chairman of the Universidad of Viña del Mar.
1978	ENTEL	Carlos Penaglia Rojas	Empresa Nacional de Electricidad	Energy	Businessman

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
1978	ENTEL	Rolando Ramos Muñoz	Empresa Minera de Mantos Blancos, Empresa Electrónica Nacional	Mining, Electronics	Director at Inter-American Development Bank, Minister of Finance, President of Codelco.
1978	ENTEL	Gastón Valdivia de la Sotta	Compañía Chilena de Navegación Interoceánica, Celulosa Arauco y Constitución, Forestal Arauco	Transportation, Forestry	Director of Marítima Lloyd, Manager Corporación de Fomento de la Producción.
1999	ENTEL	Luis Felipe Gazitúa Achondo	Almendra, Sociedad Austral de Electricidad, Pesquera Iquique Guanaye	Fishing, Investment, Energy	President of Asociación Nacional Automotriz de Chile AG, director at Sociedad Austral de Electricidad, president of telecommunication conglomerate Almendra
1999	ENTEL	Carlos Hurtado Ruiz-Tagle	Sodimac, Empresa Eléctrica Pangue	Retail, Energy	Economist, businessman and politician. Minister Patricio Aylwin government. Director at Televisión Nacional. Minister of Agriculture and president of Chilevisión, Entel, Molybmet and (Sofofa).
1999	ENTEL	Juan Hurtado Vicuña	Sipsa, Copec, Soc. Punta del Cobre, Entel PCS, P&S, Soquimich, Almendra, Pacífico V Región	Oil, Forestry, Mining, Investments, Retail	Main shareholder of Hurtado Vicuña business group (Entel, Chilquinta). Owner of Quebrada Blanca, Pucobre, Colbún, Banmedica, Esval, Almacenes Paris and Empresas Banmedica, Pacífico V Región.
1999	ENTEL	Juan José MacAuliffe Cranello	Almendra, P&S, Consorcio	Insurance, Telecommunications, Retail	Director of Chilquinta, COIA, Pesquera Coloso, CCU, Watts Alimentos, Almendra, Cruz Blanca Isapre and President of Entel and Aguas Décima.

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
1999	ENTEL	Francisco Pérez MacKenna	CCU, Viña San Pedro, Embotelladoras Chilenas Unidas	Beverages	Member of Centro de Estudios para el Desarrollo de la Empresa. Director of Madeco, Quiñenco, Citicorp-Chile, Cervecerías Unidas and Bankers trust.
1999	ENTEL	Sebastián Piñera Echenique	LAN, Clínica las Condes	Transportation, Health	Chilean politician and businessman. President of Chile (2010–present). Founder of Tolten, consultant at Banco Mundial and Inter-American Development Bank. CEO at Banco Citicorp, owner and director at LAN
2005	ENTEL	René Cortázar Sáenz	Aes Gener, D & S, Televisión Nac. Chile, Empresa Eléctrica Guacolda	Energy, Retail and Media	Economist, researcher, academic and Chilean politician. Secretary of State, Minister of Transport and Communications and Minister of Education. Director at D&S, Entel, Corpbanca, AES-Gener. Vicepresident of Icare and director of Centro de Estudios Laborales Alberto Hurtado. President of the board of Cepal.
2005	ENTEL	José Antonio Garcés Silva	Banvida, Embotelladora Andina, Esva, Aguas del Valle, CN Life, Compañía de Seguros, Compañía de Seguros de Vida Consorcio	Insurance, Beverages, Utilities (Water)	Businessman, president of bottling company Andina-Coca-Cola, founder of vineyard Garces Silva. Director at Banvida; Inmobiliaria FFV, Fundación Paternitas, Viña Montes, Viña Garcés Silva, and Carnes Nuble.
2005	ENTEL	Luis Felipe Gazitúa Achondo	Colbún, Almendral Telecom, Corpesca, Entel PCS, Entel Personal, Pesquera Iquique Guanaye, Almendral, Minera Valparaíso, Aguas Décima	Energy, Investments, Fishing, Telecommunications, Mining, Utilities (Water)	President of Asociación Nacional Automotriz de Chile AG. Director at Sociedad Austral de Electricidad, Empresas Pizarreño, Corpesca and Colbun

Table Continued

Year	Firms	Multiple directors	Firms	Industry	Short biography
2005	ENTEL	Juan Hurtado Vicuña	Pacifico V Region, Almendral, Aguas del Valle, Esva, Entel PCS, Sociedad Punta del Cobre	Mining, Investment, Utilities (Water), Telecommunications	Main shareholder of Hurtado Vicuña business group (Entel, Chilquinta). Owner of Quebrada Blanca, Pucobre, Colbún, Banmédica, Esva, Almacenes Paris and Empresas Banmédica, Pacifico V Región.
2005	ENTEL	Juan José MacAuliffe Granello	Banmedica, Clínica las Condes, Almendral, CN Life Cia de Seguros, Aguas Décima, Cia. De Seg. De Vida Consorcio, Cia. De Seg. Generales Consorcio	Health, Insurance, Investments	Director of Chilquinta, COJA, Pesquera Coloso, CCU, Watts Alimentos, Almendral, Cruz Blanca Isapre President of Entel and Aguas Décima.
2005	ENTEL	Bernardo Matte Larraín	Colbún, Copec, Minera Valparaiso, Cia Industrial el Volcan, Bicecorp, Empresas CMPC, Televisión Nacional de Chile, Sociedad Agrícola La Rosa Sofruco	Energy, Oil, Forestry, Mining, Investments, Media, Agribusiness	Leader of Centro de Estudios Públicos and the Matte Business Group. Director of Bolsa de Santiago and president of Colbún. Director of Copec, Bicecorp and Camara de compensación del Barrio de C Santiago
2005	ENTEL	Francisco Pérez MacKenna	LQ inversiones, Viña San Pedro, CCU, Inversiones y Rentas	Investments, Beverages	Member of Centro de Estudios para el Desarrollo de la Empresa. Director of Madero, Quíñenco, Citicorp-Chile, Cervecerías Unidas and Bankers trust.
2005	ENTEL	Álvaro Correa Rodríguez	Aguas Décima	Utilities (water)	Director: Entel-Chile, Compañía Hispano Americana de Servicios, Inmobiliaria Tierra del Sol, Constructor Terrasol. Gerente general Almendral.

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