

# Global Issues

## Social Protests in Chile: Inequalities and Other Inconvenient Truths about Latin America's Poster Child

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### An Exceptional Crisis or an Indication of Widespread Malaise?

The massive protests that exploded in Chile in October 2019 have left the country reeling from shock. The extensive participation of the population in demonstrations in Santiago and in all regional capitals, as well as the exceptional degree of violence and destruction that accompanied them, prompted President Piñera to declare a state of emergency that lasted for nine days, put the military on the streets and imposed a curfew. This has left many international observers wondering what went wrong in a country that has often been held up by mainstream opinion as the poster child to other Latin America countries. Relatively high growth rates have been accompanied by sharp declines in poverty, steady improvements in educational outcomes, and even recent declines in inequality<sup>1</sup> – all in the context of a relatively high-functioning democracy. The question emerges whether these protests are an exceptional occurrence limited to the context of Chile, or whether they are an indication of a more widespread malaise in one of the world's most unequal regions.

In this article, we argue that the eruption of the social protests observed since October 2019 should not have surprised any close observer of Chile; in fact, they are paralleled by other protests in the region, such as in Ecuador, Colombia and Bolivia. However, the degree of violence, looting and incendiary attacks on metro stations, supermarkets, pharmacies and other businesses were indeed unexpected, as was the extent of human rights violations resulting from the response of the police and armed forces to the disturbances.

### From Evading the Metro Fare to a Constitutional Debate: The Events as they Unfolded

On 4 October 2019, the Chilean government announced a slight increase in metro fares. Rather unexpectedly, high school students spontaneously began to protest, took over metro stations, confronted the police and called for people to avoid paying the fares. On October 18, protests suddenly escalated. Hooligans joined in and violence spread. Approximately half of Santiago's metro stations were under siege and damaged. Twenty were set on fire and completely burned out. The violence spread to the streets where hooligans vandalised or looted supermarkets, pharmacies, banks and other businesses while further damaging public infrastructure. The chaos prompted the government to close down the entire metro system, leaving passengers stranded and forcing them to spend hours walking home. The following day, shocked by the scale of the destruction, President

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<sup>1</sup> Inequality as measured by household surveys in Chile has declined during the last decade. Initial studies using tax data, however, show that it has not (Flores et al., 2019).

Piñera declared a state of emergency and imposed a curfew, first in Santiago and then in many other cities across the country. The military was ordered into the streets to restore order. Scenes strongly reminiscent of the Pinochet dictatorship, which had ruled Chile between 1973 and 1989, shocked Chileans and foreign observers alike. Hours later, President Piñera stated that the nation “was at war against a powerful enemy, who is willing to use violence without limits”. Now, in January 2020, we still do not know who that powerful enemy is supposed to be. There is no clear evidence on how such a coordinated level of extreme and widespread violence erupted in Santiago. No significant arrests have been made by the police, nor has any coherent evidence or explanation been put forward by state prosecutors.

Overwhelmed by the scale the disturbances, the Chilean police have been wholly inept in investigating the perpetrators of the widespread violence and destruction. And they have been brutal in their methods to contain or suppress the demonstrations, which have generally been peaceful. Police repression has left 3 442 people seriously injured (including 254 children) and has led to 1 500 cases of human rights violations, according to reports by the National Institute of Human Rights (2020). Of the total injuries, 1 974 were caused by bullets or rubber bullets, leading to 347 eye injuries. These figures have been confirmed by Amnesty International, Human Rights Watch, the Inter-American Commission on Human Rights and the United Nations Human Rights Office of the High Commissioner.

Immediately following the October protests, President Piñera had announced a “New Social Agenda”, which committed to establishing a basic minimum income of 350 000 pesos (USD451),<sup>2</sup> increasing basic pensions, expanding the coverage of national healthcare, increasing taxes for high income earners, reducing the salaries of the members of Congress and other top public officials, imposing term limits on elected officials and stabilising the tariffs of public utilities.

In spite of these measures, however, protests continued, culminating in a massive demonstration on October 27, when an estimated 1.2 million people converged in the centre of Santiago while hundreds of thousands gathered in other major cities across the country. Discontent with the state of emergency and police aggression, calls for the resignation of the President and general disgruntlement with the multiple inequalities that characterise life in Chile motivated protesters, who during November staged a national strike following calls from the country’s main union organisations. The national strike again escalated violence and was countered with continued police repression, which led to veritable street battles. This time, however, the government refrained from declaring another state of emergency and curfew.

Instead, President Piñera, supported by new ministers in his cabinet, announced that parties from across the political spectrum had negotiated a national agreement for peace – the *Acuerdo Por la Paz Social y la Nueva Constitución*. This agreement proposed a plebiscite in April 2020 during which voters would be able to vote on whether they want a new constitution for Chile, and, if so, which form the Constituent Assembly would take.<sup>3</sup>

Although the response of the Piñera government to the current crisis has been slow and often inept, a cabinet change instituted shortly after the protests erupted brought several key new ministers into the government, in particular Gonzalo Blumel (Ministry of the Interior), Karla Rubilar (Government Spokesperson), Ignacio Briones (Treasury) and María José Zaldívar (Employment and Pensions). These four ministers are from a younger generation and are

<sup>2</sup> Calculated using an exchange rate of CLP776 to USD1. The currency code for Chilean pesos is CLP.

<sup>3</sup> The options to be included in the referendum are a Constituent Assembly consisting of representatives elected specifically for the purpose of drafting a new constitution, or a “mixed” Constituent Convention to be composed of existing members of Congress and newly elected representatives in equal proportions.

associated with the liberal-centre of the political spectrum. They have brought new ideas into play and have proposed the first structural policy reforms that are designed to address the underlying causes of the crisis. These include a minimum income reform, pension reform and the above-mentioned social pact that was negotiated to establish a new constitutional process that will be charged with writing a new constitution. Overall, such a willingness to implement structural changes is unprecedented among the centre-right, which systematically blocked such reform proposals during the last thirty years, most recently during the second government of former President Michelle Bachelet.

However, citizen discontent in Chile appears to go beyond any single issue. As the many posters and signs displayed by protesters at the demonstrations express, people are tired of a development model that perpetuates the country's deeply rooted inequalities and condemns lower income groups to an undignified standard of living, as well as to unequal treatment by both public and private institutions. Political elites are seen as an impenetrable and isolated class with little understanding of the everyday lives of average Chileans. Overall, it seems clear that people's expectations for an improved standard of living have clearly outpaced the results that Chile's political establishment and its development model have been able to deliver.

## **Discontent with the Multiple Dimensions of Inequality**

Chile is one of the most unequal countries in an unequal region in terms of its income inequality. And even though this inequality has improved in recent years, it remains high. Data from Chile's household survey shows that only households in the top income quintile are relatively secure and are not at risk of falling into poverty in an employment- or health-related crisis (Prieto, 2020).

However, Chileans feel the prevailing inequality and vulnerability not just when it comes to their incomes. Most people in the top income quintile, for example, have private health insurance, which provides a first-rate service in first-rate clinics. However, approximately 85 per cent of the population relies on the public health system, which provides noticeably slower and poor-quality service in generally run-down public hospitals. Waiting lists for appointments with specialists take an average of 302 days, surgical interventions 381 days and medical procedures 562 days. Among low-income households, canvassed in Chile's 2017 national household survey, only 20 per cent of people surveyed believe they have a chance of receiving timely attention from the public health care system if they were to suffer a catastrophic illness (Kruger and Barozet, 2019). This leads many patients to turn to private clinics, where they prefer to pay for services rather than suffer long waiting lists. However, this often means incurring significant levels of debt.

Education in Chile, while having improved substantially in recent years, is also largely privately financed, while higher education (technical or university) is often entirely debt-financed in poorer households. Although the educational reform undertaken by former President Michelle Bachelet in 2015 will significantly change this structure over time, the effects of these reforms are not yet felt by the population.

Another important dimension of inequality is the pension system, which is based on highly precarious employment conditions. Many workers do not trust the private pension system and avoid contributing to it whenever they can, or they contribute only minimal amounts. In 2017, 30 per cent of workers did not contribute to a pension system at all. Others simply do not have stable jobs and therefore do not contribute sufficient funds. For example, 30 per cent of formal employees have short-term contracts, which last only ten months on average, creating a sense of permanent instability and insecurity for workers (Madero-Cabib et al., 2019; Sehnbruch, Carranza and Prieto, 2019). In addition, pension contributions at 7 per cent are simply not high enough, and

are further reduced by the hefty fees charged by the pension administrators, who book significant profits every year irrespective of the performance of the funds.

It is therefore not surprising that Chileans state that their top three priority concerns are pensions (65 per cent), health care (46 per cent) and education (38 per cent). Perhaps the most astonishing statistic is that 31 per cent of the population has participated in informal, local protests at least once, while 27 per cent have participated in at least one formal, organised demonstration (Centro de Estudios Publicos, 2019).

## The Role of Trade Unions and other Civil Society Organisations during the Political Crisis

The political and social crisis found the country's trade union movement in disarray. During the military dictatorship in the 1970s and 1980s, Chilean unions were decimated both in terms of their actual numbers and coverage as well as their ability to undertake union actions. In addition, labour reforms that facilitated hiring on a short-term or subcontracted basis flexibilised the labour market to the detriment of unions, weakening their role as a social actor. In one of the country's most unionised export sectors, mining, this process was particularly evident and has created segmentation between permanent staff and outsourced workers. The introduction of the government's Labour Plan in 1979 further weakened organised labour. It significantly restricted collective bargaining, made it easier to replace striking workers and increased firms' ability to fire workers. Importantly, workers in the public sector were barred from striking. Finally, the benefits of union membership and collective bargaining were no longer extended to the entire workforce, which lowered the incentive to organise.

The impact of the military regime and the introduction of the Labour Plan on the trade union movement is reflected by a significant drop in strikes, decreased average size of unions and a unionisation rate that declined from 33.7 per cent in 1973 to 11.4 per cent in 1989 (Posner, 2017: 29). After the return to civilian rule in 1990, unions did not recover their political strength as a social actor (Sehnbruch, 2014). In part, this was due to the co-optation of the unions by the governing coalition, and the reigning consensus on the need to moderate social mobilisation in order to secure the consolidation of democracy. Extant unions thus remain weak; 53.5 per cent of unions have fewer than forty members and survive less than two years (Fundación Sol, 2016: 7).

The social and political crisis that started on 18 October 2019 led unions to collaborate with other civil society organisations. The central trade union organisation, the Central Unitaria de Trabajadores (CUT), was part of a first effort to organise a social dialogue – the *Mesa de Unidad Social*, which subsequently incorporated more than 150 NGOs and other civil organisations. Among them are various trade union confederations, the Teachers' Union, high school and university student federations, organisations representing the right to housing, and organisations representing Mapuche Indians and people on the gender spectrum. Since the start of the crisis, the *Mesa de Unidad Social* has organised many local citizen dialogues (*cabildos*) and compiled a number of reform proposals. However, it rejects the national agreement for peace that was negotiated to pave the way for establishing a new constitution as it was not consulted during the negotiation of this parliamentary pact. Its critical approach to the national agreement has delegitimised the political parties that signed the accord.

Two exceptions in this process are the Communist Party and the Humanist Party, both of which have important leaders in the *Mesa de Unidad Social* and thus reject the parliamentary agreement for a plebiscite. However, surveys of participants in the recent demonstrations show that the protesters are not necessarily members of a trade union or linked in any other way to the

*Mesa de Unidad Social* (NUDESOC, 2019). If anything, what distinguishes the recent protests is their inorganic nature. Overall, no clear leadership has emerged from the protesters nor from the civil society organisations that make up the *Mesa de Unidad Social* nor from the entire spectrum of political parties.

## Conclusions

One important consequence of this diffuse and fragmented process is that the parliamentary agreement to change the constitution – something unthinkable only a few months ago – may not be able to assuage the endemic disgruntlement of the Chilean population by restoring its faith in the country's institutions. This is because the current crisis has developed in the context of a long-standing and persistent decline of political and institutional legitimacy, which has affected *all* political institutions: government, Congress, the judiciary and political parties (UNDP, 2020). In a recent survey, only 3 per cent of the population stated that they trusted political parties and 2 per cent that they trusted Congress (Centro de Estudios Pùblicos, 2020). An evident risk resulting from such low levels of trust and institutional delegitimisation, combined with high levels of inequality, is that calls for a populist “strong leader” may emerge (Mudde and Rovira Kaltwasser, 2017; Sprong et al., 2019; Velasco and Brieba, 2019).

Despite this rather bleak outlook, some rays of hope shine through. First among them is the fact that 64 per cent of Chileans still believe that democracy is preferable to any other form of government, a proportion that has increased slightly since 2008. Second, despite the *Mesa de Unidad Social*'s criticisms and delegitimisation of the parliamentary pact for a new constitution, 67 per cent of the population supports the idea of writing a new constitution; 44 per cent would prefer a constituent assembly to be elected specifically for this purpose while 37 per cent believe that a constituent assembly should consist of a mix of existing representatives and newly elected members. Of the population, 56 per cent believe that a new constitution will help to resolve existing tensions, which in turn shows that the criticisms of the *Mesa de Unidad Social* do not represent a majority view (Centro de Estudios Pùblicos, 2020). In a general context of political fragmentation and uncertainty combined with a lack of institutional legitimacy, it is thus remarkable that Chileans overall have faith in an institutional solution to this crisis.

Overall, the ongoing social protests have revealed some inconvenient truths about Chile. At the heart of the issue lies an economic development model that has run out of steam in terms of its potential for generating sustained and sustainable high growth, a social protection system that never transitioned to a fully-fledged welfare state, a political elite that lacks trust and legitimacy, and a subsidiary state with limited capacity to respond to social demands. These are characteristics shared by many other countries in the region, regardless of the specific issues that have triggered social protests in, for example, Ecuador, Bolivia or Colombia. Latin American historians will point to the number of times that individual countries in the region have hovered on the cusp of closing development gaps only to be pulled back into social conflict by the discontent bred of endemic historical inequalities. If Chile can push through this crisis by means of democratically negotiated institutional solutions combined with structural reforms that genuinely improve existing inequalities, it may yet show other countries in the region a way forward.

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