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Mass protests expose cracks in Chile's 'economic success' story
Maria Jose Vilches & Marcela Pizarro

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To understand the wellspring of discontent that exploded into violent protests across Chile more than two weeks ago, one should look no further than the placards held aloft by demonstrators listing grievances from rising transport costs and student loan debt, to paltry pension payouts and tone-deaf elites.

The wave of civil unrest that has so far claimed 20 lives and left thousands injured has laid bare festering resentment in a middle-income country lauded as a shining beacon of sound economic management, despite its failure to redress staggering inequality.

From a macro point of view, Chile is a success story. The world's biggest copper producer, it has been among Latin America's fastest-growing economies in recent decades and boasts one of the largest middle classes in the region.

Much of that growth can be attributed to market-friendly policies that have encouraged private enterprise, trade and investment and discouraged the government from spending beyond its means.

Chile has deftly avoided boom-bust traps that so often plague countries whose fortunes pivot on commodity prices. And its political system has proven remarkably stable since the reinstatement of democracy in 1990.

The results have been impressive in some respects. Chile is the highest-ranking Latin American country in the United Nations Human Development Index. The percentage of the country's 18-million strong population living on $5.50 a day - the poverty threshold for an upper-middle-income country - has plummeted from 30 percent at the start of this century to less than seven percent by 2017, according to the World Bank.

But the prosperity that has helped lift millions out of poverty has not been evenly shared.

The fine print

The fine print of Chile's success story reveals a Gini coefficient - a measure of income inequality - that is among the highest in the relatively affluent, 36-member Organisation for Economic Co-operation and Development (OECD).

Much of the wealth that accumulates to a narrow slice of the populace is not being redistributed effectively through taxes and benefits. Chile ranks second to last in the OECD for social spending.

Slowing economic growth and a depreciating currency have heaped pain on average workers and made even less money available for public services. Levels of household debt are high by regional standards and many Chileans have moved into less secure self-employment.

This is the backdrop of financial insecurity that is informing demonstrations that began as a protest against a subway fare hike and have since ballooned into widespread protests over inequality.

Citing a weakening currency and rising fuel costs, the government increased the subway fare by 30 pesos ($0.04). Though less than five cents in terms of United States dollars, the price hike proved a tipping point in a country where about half of all workers earn less than $541 a month, according to Sol Foundation, a think-tank.

One image that went viral on social media captured the conditions many Chileans say have been ignored by mainstream media in the three decades since Chile moved to democracy - a picture of an iceberg with transport costs at the tip and a list of financial hardships beneath the surface listed in English: "bad yet expensive education, a weakened public health service, a crisis in pensions, salaries, working conditions, corruption and scandals related to the misuse of public funds".

Chile awakens

Marianela Denegri Coria, an academic at the University of the Frontier, said Chile "woke up realising that we are one of the countries where people have the biggest debts in Latin America, and where fundamental social rights such as education [and] housing are not guaranteed".

She told Al Jazeera that is because such rights have been "privatised and are consumer goods that are increasingly hard to access".

That privatisation is grounded in free-market policies implemented during the 17-year dictatorship (1973-1990) of Augusto Pinochet by the so-called Chicago Boys - Chilean economists educated under the tutorship of neoliberal economist Milton Friedman.

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Pinochet's dictatorship carried out structural reforms in all spheres, from the workplace to the courts and the Constitution of Chile, which remains in place to this day.

The five left-leaning and two right-leaning democratic governments that followed the end of Pinochet's rule have failed to "significantly change" neoliberal policies that have led to a highly privatised economy, said Recaredo Galvez, researcher at the Sol Foundation.

"The dictatorship may have modernised the country, but it enjoys an unjustified recognition for growth, said Ricardo Ffrench-Davis, a Chilean economist. "Between '73 and '89, growth was mediocre and the distribution of income deteriorated considerably."

"At the beginning of the democratic period," he adds, 'there was a big economic upsurge with seven percent growth rates ... [but] in the decades that followed, this wasn't kept up ... [and] the transformative impetus was lost".

Cancel student loan debt, boost pensions

Chile's higher education system was privatized in the early 1980s and it now has some of the highest average tuition fees in the world. This has forced many Chileans to take out student loans to fund university degrees - debt that can be negatively life-altering, especially when payments are missed and credit is destroyed.

Paola Tabilo, 29, divides her time between taking care of her two sons, a part-time job at a supermarket and writing the blog Mama Neurodiversa (Neurodiverse Mom), where she shares her experiences with her son who has special needs. She holds $28,000 in student loan debt for a history degree she was unable to finish - and earns $274 a month.

"I had a loan that I couldn't pay and now I don't have access to anything," she told Al Jazeera. "I can't get a mortgage, nor a credit card."

Juan Pablo Rojas is the founder of Education Debt Coordinator, an organisation with 6,500 members - who are all demanding that their student loans be cancelled.

"A whole generation killed themselves financially," he told Al Jazeera. "They could constitute up to around two million people with different loans."

Chile's pension system - also privatised in the 1980s - is another rallying point of discontent.

Administered by a handful of powerful private companies called AFPs, Chile's pension system has some of the lowest average payouts in the OECD, with men receiving on average only 40 percent of their pre-retirement earnings and women only 36 percent.

In Chile, inequality is structural and it will take a long time to resolve.

DANTE CONTRERAS, DIRECTOR AT THE CENTRE FOR STUDIES ON CONFLICT AND SOCIAL COHESION

Sixty-year old retiree Maria Angelica Ojeda made news in the weeks before the current wave of protests when she filed an appeal - the first of its kind - at the Constitutional Court of Chile, demanding access to her funds. She worked as a teacher for 30 years but retired on a monthly pension of $225 - not even enough to cover her monthly $300 mortgage.

Chilean President Sebastian Pinera, a billionaire, has pledged a series of measures in response, including a 20 percent increase in government-subsidised pensions directed at the poorest in the country. But his concessions have yet to ease public anger.

"Pinera's so-called economic package is nothing of the sort. It's a temporary measure but falls short of significant change," said Dante Contreras, director at the Centre for Studies on Conflict and Social Cohesion.

"In Chile, inequality is structural and it will take a long time to resolve," he told Al Jazeera.

As mass demonstrations continue and calls for Pinera to resign gather apace, it is unclear how Chile's government will manage the crisis. Where there is a consensus is that this a nationwide movement a long time in the making and unlikely to taper off anytime soon.

"It will continue until the cause is addressed: it is not just about inequality, it is the brutal abuse, the distortions from the Pinochet era which have got worse during the three-decade long democratic period," said Manuel Riesco, an economist at the National Centre for Alternative Development Studies. "The groundswell of civil unrest is strong enough to change that legacy, but it will take time."

Maria Jose Vilches reported from Santiago. Marcela Pizarro reported from Doha.

Governments seem intent on trashing John Howard's legacy when it comes to water reforms

John Williams

Guardian, Opinion. There is no national strategic plan for the difficult future we face
Wed 6 Nov 2019

At a time when the World Economic Forum continues to urge that water be given high-level strategic attention as one of five global issues, it appears our Australian governments are walking away from water reform and its strategic management and reverting to myths and delusions.

Yet for over a quarter of a century, Australia has been at the forefront of progressive water reform from policy to implementation and the evolution of institutional governance. Not any more.

With global freshwater demand projected to exceed current supply by over 40% by 2030, increasing competition and stress on water poses a significant risk to food, energy, and industrial and human security around the world. Australia is not exempt.

Here on the driest inhabited continent with the most climatically variable water supply on the planet, future economic development and ever-increasing competition for water will require ongoing commitment to water reform and sustainable operating principles.

Why did Australia retreat from water reform?

It is perplexing to see the Australian government abolish the National Water Commission in 2015 without any replacement for its strategic, knowledge-based leadership along with critical audit and review functions. At the same time, Australia disbanded essential Council of Australian Governments (Coag) arrangements to manage water planning and implementation across the nation. Both actions crippled Australia's capacity to build on hard-won water reform progress.

But why?

If anything, we should be driving further and faster momentum on Coag's 2004 National Water Initiative — but why kill further development of the historic 2004 agreement that is recognised worldwide as a highlight achievement of the conservative government under prime minister John Howard and water minister Malcolm Turnbull?

So instead of building on and celebrating the landmark agreement's achievements, current federal and state governments appear intent on trashing the Howard heritage and are retreating from its leadership legacy on national land and water policy and planning — offering little more than short-term kneejerk reactions; retreating into delusions of the past.

If ever there was a time to rekindle action on our water reform agenda, it is now.

All those with an interest in water management policy saw the National Water Commission's final assessment of water reform progress go nowhere. It now sits on shelves gathering dust. There appears to be no Coag process to take and act on this important assessment. There appears to be no interest from governments to build a platform for a renewal of water reform in Australia.

As a consequence, we are now in terrible trouble.

Faced with another awful drought and climate change, we need policy and plans that give us water security for all Australians. Instead, we sit without appropriate policy and I see no national strategic plan for the difficult future we face.

Calling governments to account

There are huge and urgent unfinished water reform issues. I was there in the beginning and we saw state water policy and legislation reformed, but all that has stopped. Policy for water recycling and artificial groundwater storage and retrieval have all ground to a halt. The National Water Commission's core responsibility was to assess progress by state and federal governments under their National Water Initiative commitments. It's gone and there is no independent statutory agency to audit progress, no cop on the beat and no agency with national responsibility.

I do not see how, given the abolition of the National Water Commission and the Coag standing committee on the environment and water, governments can respond to the current predicament with policy and long-term sets of initiatives to deal with water security in our towns, cities and rural communities? Clamouring for more dams is no solution. Particularly in catchments like the Lachlan, which already sits on the Limit of Sustainable Diversions.

Are we as Australians OK with this?

Progress on water reform has therefore stalled for nearly 10 years. We are now in a crisis again and there is so much unfinished business as outlined in the National Water Commission's comprehensive review of water reform progress undertaken in 2011. In the same year, the State Infrastructure Strategy of NSW drew attention to the urgent need for water reform, planning and action to deliver water security in regional cities and towns; towns that are facing some awful situations at this very moment.

Strategic leadership is crucial but where is it?

With the loss of the National Water Commission, who will step up to lead the way on future reform directions, develop innovative policy solutions and shine a light on mismanagement, political agenda and possible corruption?

In the past, the commission has provided this leadership. It made an early call on coal seam gas and water issues.

It urged governments to apply tried and tested National Water Initiative principles to any decisions on developing northern Australia's water resources. The commission has also championed Indigenous water engagement and access, bringing together Indigenous leaders and ensuring their voices are heard.

Where will this leadership now come from? How will we recreate a forum for bringing together the various governments, along with the industry, environmental and Indigenous leaders, who have a stake in water reform?

We need national leadership to bring the state agencies together, and to bring competing interests to the same table, so that we can look at the whole system. We need to rigorously audit water accounts, track progress, implement change and drive innovation in policy based on learning.

So ,who will now provide national oversight of water policy and water management in Australia? Are we afraid to audit our water management outcomes and the health of our rivers? Are we afraid what an audit may show?

We must live in the present and not play in the past but plan for the future.

John Williams is an honorary professor at the Australian National University’s Crawford School of Public Policy