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# The Fallacy of Free Market Democracy: Marginalization through Chilean Health Care and Education



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Senior Thesis  
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29 April 2013

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## I. Introduction

In the summer of 2012, I spent six weeks studying abroad in Valparaíso, Chile. Prior to having gone there, my knowledge of the country's education and health care systems was minimal, if non-existent. I knew about Augusto Pinochet and his authoritarian regime of the 1970s and 1980s, President Salvador Allende and the 1973 coup, and the ideology of neoliberalism. I knew too, that being the first country in the region to adopt neoliberal policies under Augusto Pinochet's military dictatorship, Chile adhered most closely to the neoliberal philosophical ideals than any other country in Latin America, especially since Pinochet had used brutal repression to implement them (Borón 1998; Posner 2008). What I did not know however, was just how much neoliberalism had affected health care and education in Chile, something that my Chilean professors made sure to point out to their American student. One day while studying in Valparaíso, we were told there was going to be a major student protest, but that as Americans we should stay as far away as possible, for if we got caught by the police we faced the possibility of being deported back to the United States. Out of fear we did not go, but later that week, a friend of ours who had attended showed us pictures of police officers, or *carabineros*, tear gassing and harassing students. This particular student protest was not the only one of its kind in Chile, something that one of our professors made sure we were aware of. She informed us that the student protests had been going on for years and that in the summer of 2011, they had been at their strongest, shutting some universities down for weeks or even months. She also told us that the student protests were in response to a for profit education system that was making it extremely difficult for young Chileans to complete a college education. These students were protesting this for profit system and demanding their right to education.

About two weeks after the protest in Valparaíso and learning that it was part of a much larger protest movement that had been going on for years, directors of our program in Valparaíso wanted to make sure that we not only knew about disparities within the education system, but about disparities within the health care system as well. They took us on a field trip to Santiago, first bringing us to the center of the city and then bringing us farther and farther away from it, into the most impoverished slums located on the outskirts of the city. We saw just how poor living conditions were for these slum dwellers, especially when compared to the richness of the center city that we had just seen. Trash burned in the streets as we walked past one-room shacks with corrugated metal walls and barking dogs inside. These living conditions were very different from the ones we were experiencing back in Valparaíso, and it made me realize just how much our school was trying to market itself to us to prove that Chile was a developed country with much to offer. On our field trip that day, they also took us to a public hospital on the outskirts of Santiago, demonstrating to us how overcrowded and small Santiago's municipal health care actually was. The parking lots and lanes surrounding the hospital were made of dirt, and many of them were lined with potholes. One of our guides told us how there were only about two hundred hospital beds to serve over a million people, how these beds are reserved only for the sickest of patients, and how hundreds of Chileans come a day, just to sit in a cramped hospital waiting room for hours on end only to be told that they will have to come back the next day. Altogether, it painted a very grim image for me as I saw firsthand how a majority of Chile's population lives. As an American with or without health insurance, the idea of going to a hospital and being turned down or waiting over seven hours to be seen is unimaginable. Yet there, on the edges of Santiago, it was the reality of over a million people.

On my final day in Chile before returning to the United States, I spent the day in Santiago, and while I was there I once again witnessed a student protest take place. As I sat there watching high school students march around a plaza with chairs on top of their heads chanting, I became curious to know more about them. While in Chile I had seen social inequality all around me, and I began to wonder exactly what had led to such marginalization of the masses, as well as what had led these students to stand up and protest. What followed next was my discovery of just how much neoliberal policies implemented under Augusto Pinochet's military regime had affected Chilean society, and how much these policies have continued to do so, even after the switch back to democracy. Further still, I realized that democracy itself has been compromised in Chile due to rampant privatization throughout the country that has led to Chile being one of the most socially inequitable in the world, with an income inequality gap that only continues to grow (Ffrench-Davis 2010: 176). The more I researched, the more it seemed clear that what Pinochet did during his sixteen year military regime has left a mark on Chile, and that his legacy has been one of extreme social inequality that has favored the rich, marginalized the poor, and challenged democracy.

Thus, as I will show in this thesis, the neoliberal economic policies that were implemented under Pinochet, especially decentralization, deregulation, and decreased government funding, have impeded post-dictatorship democratization in Chile by enabling a policy regime that ensures both the increased and entrenched marginalization of a majority of the population, as is exemplified by the cases of Chile's current health care and education systems. This marginalization occurs through the privatization of the aforementioned social services, making it necessary for many Chileans to use most, if not all, of their physical and monetary resources just to get by. This in turn means it is nearly impossible for them to ensure that their

government is being held accountable for its actions towards them, since they lack the time, energy and resources to do so.

### *Organization of the Argument*

Following the discussion on democracy below, this thesis will be divided into four main sections. First, it will look at a brief history of Chile beginning with the 1973 coup, focusing on the neoliberal reforms that took place during Pinochet's sixteen year military regime, and ending with Chile's return to democracy in 1990. Second, it will focus on the Chilean health care system, paying close attention to how the neoliberal policies of decentralization, deregulation, and decreased government funding led to a more unequal health care system under Pinochet, as well as what has been done to make it more socially equitable since the reinstatement of democracy in 1990, and how effective these changes have – or have not – been (Ewig 2012; Kubal 2006).

Third, it will look at Chile's educational system, how neoliberalism changed it during the dictatorship and how these changes led to greater social inequality through the disparity of educational opportunities based on social class. It will also focus on how different administrations have tried to reform the education system since re-democratization, and how ineffective these reforms have actually been. As part of the analysis on neoliberal reforms in the educational system, it will be using different student protests that have occurred periodically since the late 1990s to highlight the continuing educational inequalities that impede democracy in Chile because of the unfair and inequitable social conditions that continue to exist.

Finally, the thesis will conclude with an overview of Chile's current social situation, as well as suggestions for possible solutions to the continued marginalization of the majority of the population.

### *Definitions of Democracy*

As mentioned previously, the purpose of this thesis is to argue that neoliberal policies enacted under Pinochet have impeded post-dictatorship democratization in Chile through the marginalization of the vast majority of people. Because democracy plays such an important role in this argument, it is necessary to demonstrate what democracy is, so that we can see what it is not. However, there is more than just one type of democracy, and in this instance, we will be comparing three different types with the intent of demonstrating that while they all may have their differences, all of them agree on one thing: people should have a say in their government. Therefore, the socioeconomic marginalization of a majority of the population is a problem for democracy because it makes it difficult, if not impossible, for the polity to engage in democratic practices.

First, representative democracy, as defined by Philippe Schmitter and Terry Karl, is a "system of governance in which rulers are held accountable for the [*sic*] actions in the public realm by citizens, acting indirectly through the competition and cooperation of the elected representatives" (1991: 23). It involves free and fair elections, held at regular intervals, and is also socially responsible to its citizens and their wellbeing, by way of regulation and subsidization (Schmitter 1991: 23). In the case of representative democracy, the development of private sectors itself is not undemocratic, but when privatization becomes too extreme, democracy is undermined, as the needs of a majority of the population are no longer being taken



into consideration (IBID). In the case of Chile, this is exactly what happened, as neoliberal reforms increased the privatization of social services.

This increased privatization led to “neoliberal democracy” in Chile, where some, but not all, aspects of representative democracy were being met. For instance, while Chile was having free and fair elections at regular intervals, in the years that immediately followed the return to democracy, Julia Paley argues that its citizens were not able to hold the government accountable for its actions, since when they attempted to do so, the government accused groups, such as the health group *La Llaretta*, of “trying to rock the boat” and drive the country back into authoritarian rule (2001: 3, 116). The new democracy also avoided being held accountable by telling its citizens to take responsibility for their own lives and wellbeing, and by pushing health care responsibilities on them so that the government could decrease the size of the welfare state (Paley 2001: 3, 116). Similar to Paley’s argument, Paul Posner says that poor population organizations, such as *La Llaretta* investigated by Paley, have all but disappeared under the new democracy due to the fact that the neoliberal institutional structure has worked against the organization of grassroots movements with techniques such as welfare distribution, which promoted competition and individualism over community and group action (Posner 2008: 12).

During Pinochet’s regime, the government also relied heavily on a group of technocrats known as the “Chicago Boys” (discussed in detail below), nonpoliticians considered to be experts in their fields who the government began to largely depend on for policy-making processes (Paley 2001: 3-4). These Chicago Boys were civilians who were not necessarily concerned with the wellbeing of the greater public, since their main interests were in promoting the neoliberal ideology (Paley 2001). This can be seen by the fact that the vast majority of previously public services in Chile, such as health care and education, became privatized under

Pinochet and the Chicago Boys, and remained that way after the return to democracy. From the very beginning, Chile's new democracy was at risk of being undermined by the privatization of welfare services, since these services were now concerned with making a profit instead of the wellbeing of the vast majority of Chileans (Kubal 2006: Schmitter 1991: 23).

Yet what different social groups and movements in Chile have striven for since the re-democratization of the country, is something known as participatory democracy, where normal citizens are able to have direct involvement in the development and implementation of political policies. For instance, as Paley exemplifies through her work with the women's health organization *La Llaretta* in Santiago, democracy to them meant "being listened to," "having one's opinions taken into account," and "being taken seriously" by their government (Paley 2001: 4).<sup>1</sup> Participatory democracy also means allowing local grassroots organizations to actively participate in government decision making processes, as well as listening to their concerns and supporting them financially as they attempt to support their neighborhoods (Schiller 2001). This is demonstrated perfectly by a small TV station known as Catia TV, which operated in Venezuela under Chávez, and worked tirelessly to educate its poor neighborhood residents so that their voices could be heard, and so they could more actively participate in the decision making processes of their government (IBID). Unfortunately however, the example of Catia TV in Venezuela is very different from the situation in Chile, as the government has done little to promote public participation in policy making, and has actually worked to discourage this idea of participatory democracy through neoliberal policies.

Much of the literature on neoliberalism in Chile agrees with this viewpoint, arguing that it undermines democracy by weakening social movements, such as the labor movement, and discouraging popular participation so that the government does not have to be held accountable

to the people (Borón 1998; Ffrench-Davis 2010; Kubal 2006; Kurtz 2004; Paley 2001; Paley 2004; Posner 2008). For instance, when neoliberalism was introduced in the Chilean countryside, it created a free market economy that had never existed there before, which consequently pitted rural peasants – who had previously been part of a very influential social movement – against each other because neoliberal ideas of individualism and private property replaced the previous ideas of community and sharing (Kurtz 2004: 51-53).

Clearly, the neoliberal democracy present in Chile today, which allows private corporations to essentially control the government and exploit Chilean citizens under the guise that the government is still involved in social welfare, is the complete opposite of participatory democracy, which seeks to make the government accountable to its people and allow even the smallest of voices to be heard and taken into consideration (Colon 2010; Paley 2001; Schiller 2001). Representative democracy lies somewhere between these two, and while it obviously is not as socially equitable as participatory democracy is, it is something that neoliberal democracy – such as in Chile – should strive for. Yet even though these three different types of democracy differ in many regards, they all – or in the case of neoliberal democracy, pretend to – agree on one thing: citizens should have a say in what their government does, whether it be through voting for their political representatives or taking more direct action themselves. Without this aspect, there is no democracy.

As I will show, it is precisely the lack of citizen representation in government that has impeded democratization in Chile. This failure of representation is accomplished through the privatization of social services such as health care and education, which in turn leads to the marginalization of the majority of Chileans, where “marginalization” refers to a lack of access to the institutions and practices that enable Chileans to influence governance, especially policy-

making, as well as placing Chileans in a position where they have to expend most of their physical and monetary resources on daily needs, making it very difficult for them to participate in civic life, which in turn hinders them from having an outlet in which they can affect their country's governmental system. In short, neoliberalism impedes democratization through privatization, as it leads to the marginalization of a vast majority of people because they lack access to health care and education, which in turn lowers their ability to participate in their government and its policy-making processes.

## **II. Pinochet's Past Policies as Producers of Current Issues**

As mentioned above, the type of democracy that occurs in Chile today is known as neoliberal democracy, and it exists because of the legacies that Pinochet's neoliberal policies left behind. These policies have become widely accepted throughout Chile and have led to the marginalization of a majority of the population through health care and education, among others. As such, it is necessary to look at what took place during Pinochet's regime so as to understand why neoliberalism is so widely accepted and why it is that Chile chose to transition to a neoliberal democracy in 1990, as opposed to a representative or participatory democracy.

Chile's ideological change began to occur on September 11, 1973, when a military coup overthrew Chilean socialist President Salvador Allende, after what had been a tumultuous three years of economic reforms and political crises within the country (Garretón 2003). General Augusto Pinochet, head of the army, commanded the military junta. But instead of turning power over to a civilian government afterwards, he claimed it for himself, and over the next fifteen years instated a series of political and economic reforms through a repressive military regime (Lewis 2006). When he proclaimed himself president in December 1974, Pinochet faced very

little opposition from other parties due to the fact that the left had been destroyed, the right severely weakened, and the upper class abolished during the previous administration (Barahona 1997; Hawkins 2002; Lewis 2006).

Yet even though Pinochet faced little opposition, he still forced more than half of the other military generals to retire; shut congress down; made all political parties illegal; got rid of the communist-led labor federation; and enforced censorship of the press (Lewis 2006: 222). He also targeted thousands of leftists, putting them into temporary prison camps, as well as disappearing, interrogating and torturing them because he wanted to eradicate all Marxist roots that had led to the previous administration in the first place (Lewis 2006). In June 1974, Pinochet created an intelligence agency known as the *Dirección de Inteligencia Nacional* or DINA (Hawkins 2002). This agency was separate from the military, only answered to Pinochet and was allowed to use any means necessary to exterminate Marxism in Chile for good (Barahona 1997; Lewis 2006). This in fact, seems to be a consistent feature of neoliberalism in South America, as research has shown, for example, that paramilitaries are used by the Colombian government to repressively pave the way for neoliberal reforms (Castaño 2010; Feldmann 2009; Spencer 2001; Tate 2001; Tate 2007). In addition to targeting leftist opposition and Marxism, DINA investigated and targeted those within the government and military, allowing Pinochet to get rid of any opposition he might have (Barahona 1997; Kingstone 2011). Although this extreme oppression was not yet directly related to the neoliberal reforms that took place during Pinochet's regime – since they took place after the regime began – the government's repressiveness made it easier to push neoliberalism on Chileans without any real oppositional problems.

Pinochet's government deemed the aforementioned repressiveness necessary, since what they were attempting to accomplish both politically and economically was radically different from how it had been under Chile's previous president Salvador Allende, a socialist who had tried to make his country socially equitable (Garretón 2003). For instance, when Pinochet took over the country, there were a number of state-owned businesses, a sizeable public sector with influential labor unions, huge government deficits, and price and credit controls that were unable to control inflation (Lewis 2006). By 1975, the country had gone into recession and the military regime was faced with the problem of trying to heal its economy (Lewis 2006). After a visit from free market economist Milton Friedman in March 1975, the military regime decided to adopt a "free-market, export-oriented economy that would incorporate lots of foreign investment," and with that (as well as the help of a group of economists who are discussed in detail below), a neoliberal economic ideology had been born (Kingstone 2011; Lewis 2006).

This new way of thinking was in large part a response to the perceived failure of import-substitution industrialization (ISI) development: a state sponsored program that promoted the growth of domestic markets, products and industrialization over foreign imports through high trade tariffs and other similar measures, and which made a more favorable labor environment to workers (Silva 2007: 69-70). Although ISI development was extremely successful for a time, issues began to arise within Chile due to the overwhelming amount of foreign debt the country had to accrue in order to build up its national industry so as to replace previously imported goods (Silva 2007: 69-70). These issues ultimately led to economic crises within Chile that resulted in widespread food shortages across the country, among other things (Garretón 2003). Instead of working to reform ISI development so that it would be more efficient in the global context, Chile rejected ISI completely and implemented radical neoliberal policies (Silva 2007: 70).

Furthermore, since it was the state that had pushed for ISI development, which those in favor of neoliberalism claimed had eventually failed, they could make the argument that the state should be involved in the economy as little as possible and that the free market should be in control (Kingstone 2011; Silva 1996).

The free market in fact, is a key feature of neoliberalism, which according to David Harvey is both a political and economic theory, which posits that private property, the free market, free trade and individual liberty are responsible for a person's ultimate well-being and not government regulation or stimulation of the economy (2006: 145). While those in favor of neoliberalism agree that the government should be involved to a certain extent, they think it should only be involved in order to make sure the institutions that can enforce these neoliberal practices, such as the military, police, or judicial system, are functioning properly (Harvey 2006: 145). In the case of Pinochet, he ensured that these institutions, such as the military and DINA, were operating correctly so that they could use force, violence, threats, or simply disappear people, in order to ensure neoliberal policies were being followed. Besides making sure these institutions are functioning, Harvey also says that the state is seen as responsible for creating markets in areas where they did not previously exist, such as in "education, health care, social security or environmental pollution" (2006: 145). But apart from that, the state should only be involved in the market when absolutely necessary, because neoliberalism claims that the state is not aptly equipped to understand how the market works or what is best for it (Harvey 2006: 145; Silva 1996).

Originally, neoliberalism claimed to promote the ultimate well being of everyone, but in Chile, as well as the rest of Latin America, it has only led to the ultimate wellbeing of a small minority of people, where as for the vast majority, it has had extremely negative affects (United

Nations 2012). One reason for this, Harvey argues, is that the real reason neoliberalism was created was in order to restore class power, which had been weakened during the 1970s due to socially conscious democracies, such as Allende's (Harvey 2006: 149). In that sense, neoliberalism has been extremely successful – as can be seen by the fact that the wealthiest ten percent in Latin America hold forty percent of the wealth – but has been largely ineffective in increasing global capital accumulation, which is one of the things it claims to do (United Nations 2012: 20; Harvey 2006: 149).

In fact, many scholars argue that neoliberalism has decreased the rate of economic growth in Latin America, and Ricardo Ffrench-Davis demonstrates just how unsuccessful neoliberalism has been at increasing capital accumulation in Latin America, by comparing the region's GDP as a whole between the 1970s and 1990s, with the 1970s experiencing a yearly growth rate of 5.6 percent, and the 1990s only experiencing a yearly growth rate of 3.2 percent (Ffrench-Davis 2005: 4; Pacheco-López and Thirlwall 2011; Posner 2008). Further still, Pacheco-López and Thirlwall argue that there is little indication countries that have adopted neoliberal economic policies have actually experienced greater economic growth than those countries that have not (2011: 7). Finally, Ffrench-Davis argues that what he refers to as the macro-social balance – that is, “poverty levels, employment, social programs, and the distribution of income, voices and opportunities” (2005: 4) – has gotten worse, with poverty rising and social inequality increasing in terms of education, income distribution and job opportunities (Borón 1998; Ffrench-Davis 2005: 4; Posner 2008). This macro-social imbalance has certainly occurred in Chile because of neoliberalism, as exemplified below by the analyses of both the health care and education systems.



Much of the literature that has been written on neoliberalism in Latin America seems to agree with the arguments made by Harvey and Ffrench-Davis, stating that the inequality of income distribution has increased between skilled and unskilled workers, men and women, workers of European descent versus indigenous origin, upper and lower classes, and rich and poor countries (Davidson-Harden and Schugurensky 2009; Ffrench-Davis 2005; Hartlyn 2002; Harvey 2006; Pacheco-López and Thirlwall 2011: 11). The literature also argues that neoliberalism has created exorbitant amounts of wealth for a select few, while the vast majority of the population experiences greater job insecurity, real average wages lower than those in 1980 (as of 2004), a lower quality work environment and welfare state, and increasing poverty (Borón 1998; Davidson-Harden and Schugurensky 2009; Ffrench-Davis 2005: 4; Harvey 2006; Klein 2007). Finally, neoliberal decentralization and privatization of education and health care also creates social stratification, as it provides poorer quality education and treatment to lower class citizens, as will be shown throughout this thesis (Davidson-Harden and Schugurensky 2009: 16; Kubal 2006).

Literature based specifically on Chile agrees that the social affects of neoliberalism throughout Latin America have manifested there as well (Borón 1998; Collins 1995; Ffrench-Davis 2010; Kubal 2006; Solimano 2012; Torche 2005). In Chile's case, Pinochet used the military and DINA to ensure neoliberalism was being implemented through force. But, as the following sections will show, he also mass privatized previously state owned properties, created new markets in the health care and education systems by turning social services into private enterprises, and deregulated Chile's market in order to promote free trade with the rest of the world.

*Pinochet, the Chicago Boys, and Health Care and Education*

The main propagators of Pinochet's neoliberal reforms in Chile were a team of economists known as the "Chicago Boys," because many of them had studied under Milton Friedman at the University of Chicago (Huneus 2000; Silva 1991: 390; Silva 1992: 82). They believed that the only answer to Chile's developmental issues was a fully free market economy, and they became some of the first technocrats – civilian specialists in their fields – to have influence in Chilean politics, which is a key aspect of the still heavily Pinochet influenced political system today (Huneus 2000; Paley 2001: 195-198; Silva 1991: 386-390; Silva 1992: 82). Although the Chicago Boys mainly oversaw economic changes in Chile, they used these economic reforms, such as government decentralization and deregulation, to ensure that the state's relationship to society would permanently change in order to ensure their preferred economic policies would continue on under a new democratic government in the future (Huneus 2000: 468). This technique was highly successful, and has evolved into what I refer to as a policy regime, since the acceptance of the neoliberal ideology has become so commonplace in Chile that government officials who have attempted to make more socially equitable reforms since the return to neoliberal democracy have been largely unsuccessful because they do not think to eliminate the neoliberal system entirely.

First, the Chicago Boys created a smaller public sector based on the neoliberal idea that society functioned better without state interference, because such "freedom" created competition, efficiency, and "free men" among citizens and private institutions (French-Davis 2010: 10; Harvey 2006; Pinkney Pastrana 2009: 92). This idea of efficiency through competition is one that clearly appeared within Chile's education system, as discussed below, and which backfired horribly in terms of social equality and opportunity. However, because the neoliberal health care

and education systems are the main focus of this thesis, only a brief discussion of Pinochet's reforms of them will take place here, since they are discussed in greater detail throughout the analysis sections of these two systems. In the case of health care, partial privatization and decentralization led to a number of problems such as poorer quality services and job insecurity for clinic employees (Kubal 2006). In the late 1970s, the government began decentralizing health care and education services in Chile, while also cutting central government funding, which eventually led to the privatization of both these services (Kubal 2006: 113). Although the government did supply certain funding mechanisms, these actually created inefficiency within the health care system since the clinics were reimbursed for their health care services in such a way that it encouraged them to provide poorer quality treatments to their patients (Kubal 2006: 116).

Moreover, the Pinochet regime instated a universal voucher system for education, leading to new disparities between public and private schools, as public schools became marginalized through decreased student enrollment (Kubal 2006; Pinkney Pastrana 2009; Torche 2005). Apart from the fact that the new voucher system was already marginalizing public schools and consequently the lower classes, educational funding from the government went from 4.9 percent of the country's GDP in 1982 to only 2.5 percent in 1989; and as a result, monthly subsidies for both primary and secondary school children decreased by twenty percent between 1982 and 1987 (Torche 2005: 94). Lower income students were hit the hardest by this decrease in government funding since they had to rely more heavily on subsidies from the state to attend semiprivate institutions (Torche 2005).

As a result of policy reforms on health care and education, newly privatized institutions went largely unregulated by the government, allowing them to take advantage of their students

and patients and to make profits off of them. Meanwhile, the government achieved its goal of being less responsible to its citizens, and even though Pinochet's regime was clearly not a democracy, the policies he implemented during his dictatorship led to greater social inequality, as well as a lack of opportunity for Chile's lower classes, something that continued on after democracy was restored to Chile. This in turn, did not allow for democratization to fully occur after 1990, since so many Chilean citizens were still being marginalized and the social inequality gap was widening, as shown below.

### *Further Marginalization through Pinochet's Neoliberal Policies*

Marginalization and increased social inequality also occurred through Pinochet's suppression of labor unions, as union leaders were persecuted and real average wages dropped by eight percent between 1970 and 1989 (French-Davis 2010: 13, 180; Silva 1992: 100). Further still, employers could now fire their employees without cause, as well as replace those who were striking, by hiring new ones (IBID). Health care and education unions were also affected by these changed policies, because instead of being able to negotiate with just one central ministry, they now had to negotiate with over 300 different municipalities, thereby making it much more difficult to convey their demands (Kubal 2006: 116). Just as in other labor sectors, schoolteachers' wages decreased and their job security disappeared (Kubal 2006). In fact, the term "taxi teachers" was born during this time, since many of them had to work at several different schools, sometimes in the same day, just to make ends meet (Pinkney Pastrana 2009: 95). Similarly, these policies created issues for medical professionals working in clinics, as many of them experienced job insecurity because they were no longer government employees and had to sign new contracts at local levels under private labor laws (Kubal 2006: 116-117).

When Pinochet returned land and businesses that had been expropriated by Allende to their original owners, increased inequality also occurred, since many of the peasants that had been reassigned these properties were either forced to sell or rent them out, or were evicted from the land they had been living on (Ffrench-Davis 2010: 12). Further still, the government privatized many previously state owned enterprises and properties, which allowed Chilean capitalists with access to foreign bank loans to buy as many newly privatized state companies and properties as they could, resulting in the creation of three giant conglomerates and a much more powerful upper class (Ffrench-Davis 2010; Lewis 2006; Silva 1993). Joseph Collins also touches on this issue of privatization, saying that in 1989 three international companies owned fifty-five percent of Chile's privately owned retirement fund (1995: 57).

Neoliberal economic policies favored the upper classes so much so, that they became both prosperous and influential under Pinochet (Silva 1992). When the economy collapsed in 1982-1983, leading to a series of protests led by Pinochet's political opposition and the lower and middle classes, Pinochet had no choice but to get rid of the Chicago Boys and adopt different neoliberal policies that favored big businesses and big landowners (Garretón 2003; Silva 1993; Silva 1996). The fact that he did adopt these policies, with some adjustments, caused the upper classes to support him even further, since he had allowed them to be a part of the policy making process (Barrett 2000; Silva 1993). Thus, when opposition to Pinochet finally began to arise in the mid 1980s, and *Alianza Democrática* (AD)<sup>2</sup> –Pinochet's major leftist opposition – began urging Chileans to "vote no" in a 1988 plebiscite<sup>3</sup> that would decide if Pinochet remained president, many members of the upper class were somewhat reluctant to switch to a new democratic regime, for fear that leftist economic reforms would take away their wealth and power (Barrett 2000; Posner 1999; Silva 1992).

In fact, these elites were so reluctant to “vote no” against Pinochet, that in order to get them to do it, the AD had to increasingly make more conservative changes to their economic policies so that they could win the support of the powerful upper class that was benefiting so much under Pinochet (Barrett 2000; Posner 1999; Silva 1992). As a result of Pinochet giving them more influence in the government, these wealthy business owners were able to create problems for the new democracy when it was elected in 1990, as they fought against any reforms that would change their social status (Silva 1992). Consequently, when Chile did return to democracy, these elites retained their power and wealth, and still do today, since the wealth and power they accrued during Pinochet’s regime have enabled them to influence the Chilean government, thus making it possible for them to sway the opinions of government officials as they reform policies.

### *The 1980 Constitution and Chile’s Transition to Democracy*

In the end, the AD was successful in winning over the powerful Chilean elites, and in 1988 the plebiscite vote no to eight more years of Pinochet as president (Garretón 2003). In 1989, presidential elections occurred with Patricio Aylwin declared the winner, and by 1990, Chile had successfully transitioned back to democracy, a trend that was taking place throughout the rest of Latin America and which led to all but two (Cuba and Haiti) Latin American countries transitioning back to democracy by 1992 (Hartlyn 2002: 105-106; Mainwaring and Pérez-Liñán 2005: 17).<sup>4</sup> However, as many scholars have shown, neoliberal policies implemented throughout Latin America have complicated post-dictatorship democratization by creating a weaker state, poorer social conditions, and increased inequality and income distribution, while also

undermining social movements (Frank 2002; Kubal 2006; Paley 2001; Ratliff 2006; Silva 1992; Tedesco 2004; Williamson 1997).<sup>5</sup>

Neoliberalism certainly complicated post-dictatorship democratization in Chile, as did the 1980 constitution, because it ensured that even if Pinochet did not get elected by a plebiscite in 1988 to remain as president of Chile, he would still be able to execute a great deal of control over both economic and political policies for several years to come (Barrett 2000; Posner 1999; Silva 1992). This is because when Pinochet revised Chile's constitution in 1980, he made it so that even after the reformation of democracy, nine of the Senate seats would be appointed by him, allowing him to select members of right wing political parties who were friendly to him so that they had the majority of the vote, thus enabling them to make it difficult for leftist reforms to pass through Senate (Silva 1992).<sup>6</sup> Further still, at times when the leftwing government tried to make changes to policies that would negatively affect either Pinochet, the military, rightwing political parties, or private corporations, Pinochet or the military would simply threaten to overthrow the newly established democracy (Correa Sutil and Jiménez 1997: 132-133; Garretón 2003: 162; Hunter 1998; Tedesco 2004: 68).<sup>7</sup> This fear of having the new democracy overthrown, as well as the fear that he would be accused of trying to revert back to failed past policies, kept President Aylwin from making any real changes to Chile's welfare system, and only making moderate reforms that satisfied the right (Kurtz 2002: 301; Posner 1999). To that end, the center left government continued to appease big businesses and landowners who had been supportive of Pinochet, by not making changes that would negatively affect them (Barrett 2000). Moreover, while government spending did increase on poverty relief to a certain degree, it was mainly aimed at the poorest population, a neoliberal technique that works to pit poor

classes against each other, since they are all competing for the same government welfare (Kurtz 2002: 298).

As for the decentralization of both the health and education systems, President Aylwin did not even attempt to make any reforms back towards centralization, saying that transferring the control of those services back to the center state would in no way resolve their serious financial problems, which perhaps suggests that he was fairly accepting of neoliberal policies (Kubal 2006: 117). That being said, the new democracy did start giving additional resources to “vulnerable” schools, but at the same time continued to use the voucher system, perpetuating the greater social inequality that the system had created (Torche 2005: 324). Instead of going back towards centralization in health care, Aylwin increased privatization throughout the health system and moderated policy proposals put forth by the socialists, making sure there were only gradual increases in social spending, which was broadly distributed throughout the lower and middle classes (Kurtz 2002). Although it is possible that Aylwin’s reason for moderating socialist reforms was because of his aforementioned fear that Pinochet would stage another military coup, it is also likely that he too had come to accept certain neoliberal reforms, as exemplified by his unwillingness to re-centralize both the health care and education systems. Whether it was fear or acceptance that led to Aylwin’s inaction during his presidency, as we will see in the following analyses, the acceptance of neoliberalism certainly played a role in the reforms that took place under the succeeding administrations.

### **III. Chile’s Neoliberal Health Care System and the Problem of Democratization**



As the previous sections have shown, neoliberalism in Chile implemented during Pinochet's 16 year military regime has led to greater inequality within society, an issue that has been further exacerbated since post-dictatorship democratization, due to a wide acceptance of the neoliberal policy that has kept government from changing an inherently unequal system even when they recognize that social marginalization and inequalities exist. This section aims to demonstrate just how the neoliberal policies of decentralization, deregulation, and decreased government funding have manifested within Chile's health care system, as well as a policy regime has led to the continued marginalization of a majority of the population, and consequently, an impediment to democracy.

In 1979, under the military dictatorship of General Augusto Pinochet, the Revenue Law was passed, initiating the decentralization of public healthcare and the introduction of private healthcare insurers and providers, known as Health Provider Institutions, or ISAPREs (Ewig 2012: 2,492; Kubal 2006: 112-113). Under this new law, administrative responsibilities were moved to local municipalities, government funding was cut drastically, and a market reform agenda was initiated, hurting social equity in the process (Kubal 2006: 112-113). Prior to 1979, the Chilean health care system had been entirely state owned, and while stratification still existed within it, access to healthcare was universal (Ewig 2012: 2,492). Yet with the introduction of the ISAPREs, inequity in the health care system began to increase dramatically, with eleven percent of state health care beneficiaries – most commonly the richest and healthiest members of society – moving into these privately held health care institutions and taking almost half of the overall health insurance contributions with them (IBID). What this meant for the public healthcare system was that almost sixty percent of the funding it received from policyholders had now disappeared, making it more difficult for it to provide fair and cheap policies to its lower income

members (IBID). As a result, many of the poorest classes had a difficult time continuing to pay for public health insurance (Ewig 2012; Kubal 2006).

As a consequence of this upper class movement to private ISAPREs, a financial crisis occurred within the public health care system, leading to the development of the National Health Fund, or FONASA, which mainly benefitted, and consisted of, citizens who had greater health risks, since they could not afford the high fees associated with private healthcare, or they were rejected by ISAPREs since they were seen as too “high-risk” (IBID). Meanwhile, as private and higher quality healthcare became available only to the rich, the Pinochet government reduced central funding to public health care and increased privatization so as to drastically cut, or eliminate, state spending on social services, while also continuing to control tax policy and spending decisions at the local levels (Ewig 2012: 2,492; Kubal 2006: 113). This continued central control meant that local politicians who wanted to make health care more accessible and affordable to their poorer citizens were unable to do so since they did not have the power to change local taxes or increase government spending on health care services (IBID). In effect, this meant that even local government officials were incapable of participating in the governance of their country.

Introduced alongside the New Municipal Revenue Law was the Common Municipal Fund (FCM), designed to help municipalities create, maintain, and provide services to local communities (Kubal 2006: 113). Any increases in municipal revenue were designed to go towards health care in the municipalities, yet central government funding would remain the same as it was the year prior to decentralization, so that if there was an increase in funding for health care, it had to come from the municipalities themselves (Kubal 2006: 114). This can be seen by the fact that between 1982 and 1986, central government funding for health care clinics

decreased by more than thirty percent (IBID). Interestingly, the new responsibility that was pushed onto citizens and government at the local level was a perfect example of what would later evolve into neoliberal democracy in the early 1990s.

Because of these new reforms, municipal funding of health care facilities went mainly to trying to make up for the insufficient contributions they received from the central government (IBID). Moreover, while mayors of these municipalities technically had the power to increase the salaries of health care employees in order to compete with private institutions and different municipalities, in reality, these municipalities would have to use their own municipally generated fees to do so. Using municipally generated fees to increase their competitiveness was usually very difficult for them to do since they did not generate as many fees as the central government did and since they also had to make up for the resources the central government was no longer providing (Kubal 2006: 115). This new system of central government funding led to greater disparities in terms of access to health care across the municipalities, since even with the newly instated FCM distributing income across municipalities, poorer municipalities were unable to contribute as many resources to fund clinics as richer municipalities were (IBID). Moreover, “a lack of transparency in setting subsidy levels resulted in funding some municipalities, generally wealthier localities where supporters of the military regime lived, at higher rates than other, often poorer areas” (IBID). Since the subsidy system for health care was based on refunding clinics for the services they provided, the levels of efficiency and quality care began to deteriorate, as clinics started providing more expensive and unnecessary procedures instead of cheaper more preventive measures (Kubal 2006: 116). Further still, patients were rushed through appointments and given completely unnecessary procedures so that the clinics could make more profits (IBID). Health care quality was also affected by a lack of physicians and health care providers thanks to

greater job insecurity, poorer working conditions and lower salaries (IBID). As these reforms became more concrete and newly privatized health care institutions began to make a profit, concern for the overall wellbeing of citizens began to deteriorate as they were increasingly seen as dollar signs.

This mass privatization of the health care system is an example of deregulation leading to marginalization of the majority of the population for a number of reasons. First, private health care became so expensive that citizens could not afford it and so had to go to overcrowded, poorer quality public clinics, or just remain sick. Second, in order to pay higher prices for private ISAPREs, they either worked so much that they did not have time to go to school or send their children to school, or all of the money they made went to health, so that similarly they could not afford to educate themselves or their families. Consequently, these conditions made many Chileans unable to participate in political protest against Pinochet, since they were too busy trying to support themselves. Sadly, as the next section will demonstrate, these conditions of marginalization through deregulation barely changed after Chile's return to democracy, mainly because the government had decided on using a neoliberal form of democracy that was largely unresponsive to its people.

#### *Deregulated Health Care after Re-Democratization*

As the above section has shown, Chile's health care system was radically changed during Pinochet's regime, resulting in increased social inequality between municipalities, decreased central government funding to municipalities, and privatization that led to the marginalization of Chile's lower classes. What this section will focus on is how the health care system barely changed after Chile's transition to democracy, since the first three democratically elected

presidents attempted to increase social spending without increasing regulation, empowering social mobilization or threatening changes to Pinochet's neoliberal reforms (Kubal 2006: 117).

As mentioned earlier, one reason for this was the fact that although Pinochet had officially stepped down from power, he and his rightwing supporters still remained extremely influential in the government and so made passing laws they did not approve of extremely difficult for the preceding governments (Posner 1999; Silva 1992). That being said, Aylwin did introduce a tax increase in his first year that raised the health care budget so that over the course of the 1990s government social spending increased on an average of seven percent annually (Kubal 2006: 117). However, by the time Aylwin took office in 1990, "the spending per beneficiary in the private sector was close to four times higher than the spending per beneficiary in the public system," clearly showing the disparities that had been created through the privatization of the health care system, while also suggesting that a seven percent yearly increase in government funding might not be enough to truly help with social inequalities (Ewig 2012: 2,492).

In 1995, under President Eduardo Frei, a primary health care statute was passed that created more job security for health care workers, as well as reformed the subsidy system for health care so that subsidies were based on the number of patients registered at a clinic, instead of based on the number of services provided (Kubal 2006: 125). This new reform allowed for greater equity and efficiency within the public health care system, especially since the subsidy level differed based on poverty levels in municipalities, as well as whether they were urban or rural regions (Kubal 2006: 125).

Yet at the same time, social inequality was still extremely prevalent due to private ISAPREs (Ewig 2012: 2,492). Women and elderly members of society were constantly discriminated against in the private institutions, often having to pay much higher insurance fees

than men, since their health issues were deemed as higher risk factors, with women having more medical needs associated with child birth than men, and the elderly suffering from more chronic illnesses (IBID). Due to such high premiums for private insurance, many ISAPREs began offering more affordable plans to women that excluded maternity care and child birth, meaning that if women became pregnant they were left to pay for birth related services themselves (IBID). Similarly, as populations continued to age, they could no longer afford to pay for private insurance, since their salaries typically decreased with age and their insurance premiums increased at the same time (IBID). In both instances, women and senior citizens were being marginalized by private insurance companies, since they could either not afford to pay the premiums they had to, received less benefits than they should have, or had to spend all of their money making up the difference for their insurance policies, and were thus incapable of expending their resources elsewhere. As will be seen below, this discrimination based on age and gender continues to take place in Chile and works to impede democracy, since the financial restrictions that women and senior citizens face in terms of their health and wellbeing make it difficult for them to concentrate on other aspects of life.

### *The Continuation of Decentralization and Decreased Government Funding*

Just as the first three democratically elected presidents after 1990 did nothing to decrease deregulation and privatization in Chile's health care system, they also did nothing to increase central government responsibility or funding, as exemplified below. In regards to the public health care system, leaders of different municipalities still considered central government funding for decentralized public clinics to be inefficient, since the government was continuing to follow the neoliberal ideology of being involved as little as possible and allowing the market to

take control (Kubal 2006). In 1997 the Chilean Municipal Association (AChM) found that municipalities were still responsible for fifteen percent of operating costs for the primary health care system during the previous year (Kubal 2006: 119, 125). As a result, the AChM demanded that the Frei administration make up this percentage in the following year's budget, or else they would begin to "return clinics to the Health Ministry in those municipalities that [could] no longer afford to subsidize them" (Kubal 2006: 125). This was a threat the AChM stood behind, as mayors in forty different municipalities that were struggling to pay for operating costs, demanded that funding for their health clinics was increased by thirty to thirty-five percent before they agreed to renew their decentralization agreements with the central government (Kubal 2006: 125). But sadly when the AChM and central government finally came to an agreement in October 1997, there was only a 17.7 percent increase in central government funding (IBID).

This resistance on the part of the central government to take back a percentage of financial responsibility from the local municipalities exemplifies neoliberal democracy, since the government was unwilling to financially support its citizens more than it already was. It is also an example of decreased government funding, which helped to increase social disparities between municipalities since some of them were too poor to ensure that their health care clinics were functioning properly. Moreover, because these poorer municipalities could not afford to properly run public health care clinics, than it can be assumed that they had difficulties with properly funding public educational institutions as well. Thus, with only some municipalities in Chile struggling to keep their health care and education institutions open, social inequality and marginalization began to appear based on region.

Apart from the marginalization of Chileans living in poor municipalities, another issue of decentralization was the fact that mayors of municipalities did not have the power or the freedom to respond to their local communities as much as they wanted to, showing how democracy was being hindered, since not even government officials had the power to make changes at the local level (Kubal 2006: 126). Although they were technically in charge of administrative duties, the central government still had control over financial factors that determined the national framework in which these local municipalities had to fit into (IBID). Consequently, many municipalities were unable to build health care clinics in a timely fashion despite the demand of their local communities, because they simply did not have enough resources themselves and because it was very difficult to receive more funding from the state (IBID). So while the central government was still controlling the financial structure of the nationwide public health care system, they were barely contributing to funding it, putting local municipalities in difficult situations since they were seen as responsible for financially supporting health care facilities within their jurisdictions, without the monetary capabilities to do so. This in effect, actually marginalized local government officials and not just civilians, since the central government and health care system made it so that mayors could not even influence how the government that they worked for was being run.

The case of AChM and its struggle for greater central government funding in municipalities exemplifies how health care reforms after re-democratization did not seek to make any real changes to the neoliberal policies that had been implemented under Pinochet, and as a result, issues of social inequality were only artificially dealt with (Kubal 2006: 126). Moreover, while it might seem that the health care system has been improved because of increased accessibility, the true social inequalities lay in the fact that higher-quality health care exists in



private institutions, many of which are much too expensive to actually be accessible to the vast majority of the population, especially women and senior citizens (IBID). Consequently, if neither women nor senior citizens can afford to take care of themselves or their families in regards to health, than they also most likely cannot afford to send their children and grandchildren to schools that will increase their social standing and allow them to take care of their future families. Even if they can afford health care, many of them must work constantly to do so, exhausting their resources and finding little time for themselves, let alone participating in civic life or attending school.

*President Lagos and his 2004 Health Care Reforms*

In the year 2000, Ricardo Lagos was elected as Chile's new president, and as might be expected from the lack of health care reformation under the last three presidents in regards to deregulation, privatization, decentralization, and decreased central government funding, social grievances still existed (Kubal 2006). In fact, a report put out by the United Nations that same year showed that almost seventy percent of Chileans were unhappy with their country's situation, listing health care and education as the top two things that needed to be changed (Kubal 2006: 118). In response to this report, President Lagos claimed that he would put an end to "waiting lines in all of the country's municipally administered health clinics within three months," and then began to attempt to implement the most major health care reform Chile had seen since re-democratization in 1990 (Ewig 2012: 2,492; Kubal 2006: 118). One of the main goals of the reforms was to make health care more socially equitable based on age and gender, since as exemplified previously, discrimination towards women and aging populations in Chile had become extremely unfair, with private insurance companies overcharging women and senior

citizens “beyond their predicted health costs” (Ewig 2012: 2,492; Solimano 2012: 108). To make matters worse, private insurance companies could charge whatever premiums they wanted, since there were no set legal price ranges, and since the neoliberal democracy was doing little to regulate these companies in order to protect the interests of its people (Ewig 2012).

Yet in 2002, President Lagos attempted to increase government responsiveness to civilians by sending a health care reform package to congress, with five main laws designed to significantly change the system, two of which “directly addressed discrimination by private insurers and its resultant inequality” (Ewig 2012: 2,492; Solimano 2012: 107). The first of these laws was law 19.996, known as the Plan for Universal Access with Explicit Guarantees (Ley AUGE), which was passed in 2004 (Ewig 2012: 2,492). The aims of this law were to improve quality in the public health care system, as well as equity, by creating a guaranteed list of services, raising standards, and ensuring that patient treatment would be accomplished within an allotted time period (Solimano 2012: 108). Originally, this law made it so that twenty-five different treatments must be provided through AUGE (today it is sixty-nine), including childbirth procedures and annual checkups (Ewig 2012: 2,492). Moreover, because AUGE was universal, the passing of it also meant that even private ISAPREs had to start providing all of the specified treatments to their clients, even birthing coverage, which was AUGE’s way of fighting the discriminatory practices of ISAPREs towards women of birthing ages (IBID). AUGE also made it so that clients who had to make co-pays for the guaranteed list of services would not pay more than twenty percent of the medical costs; that men and women paid the same rates for AUGE services; and that there were “defined deductibles and set upper limits on out of pocket costs, again only for those services in the AUGE package” (Ewig 2012: 2,492; Solimano 2012: 108).

All of these new policies implemented by AUGE were designed to fight against discrimination and inequality between gender and age groups (Ewig 2012).

In 2005, Ley 20.015 – also referred to as “Ley Larga de Isapres” – was passed (Ewig 2012: 2,493). Like AUGE, this law was also designed to create greater equity between gender and age groups by reducing the price differences between premiums paid by different social groups (IBID). This involved increased regulation of ISAPREs through three different aspects: first, the establishment of legal price ranges for health plans that would lower inequalities between groups; second, the illegality of using more than two risk factor tables to determine a person’s health plan, so that private insurers could not overly discriminate towards beneficiaries; and third, the creation of a Solidarity Compensation Fund among private insurers, so that they all paid into a joint account and funds were redistributed when necessary, in cases where certain private insurance companies could not afford to cover all of the expenses of their more at-risk clients (Ewig 2012: 2,493; Solimano 2012: 107). The goal of this final mechanism was to make it so that all private insurers shared the risk with each other equally, thus enticing them to take on a greater range of clientele, and in turn making private insurance more readily available to both women and the elderly (Ewig 2012: 2,493).

Yet, despite President Lagos’ intentions to decrease gender and age inequalities within the health care system, both AUGE and “Ley Larga de Isapres” were not as successful as he had hoped they would be (Ewig 2012: 2,502; Solimano 2012: 110). In terms of access to private health insurance, aging men and women did keep their plans for longer than they had before the reforms, and their reimbursement rates did improve; yet compared to the public health care system, the percentage of aged populations within the private system was very small (Ewig 2012: 2,502). In terms of gender inequality in the Chilean health care system, the gap has

actually increased since 2004 (Ewig 2012: 2,502). The main reason for this being what took place during the implementation process of these health care reforms and the involvement of the private health care providers who fought these new profit-curbing regulations as best they could, just as the Chilean upper classes and business owners had fought more socially equitable reforms in the early 1990s under the new democracy (Ewig 2012: 2,501).

In terms of the health care reforms themselves, they were not harsh enough to incentivize ISAPREs to change their ways or to stop discriminating towards policyholders based on age and gender (Ewig 2012: 2,501; Solimano 2012: 108). The policy reforms were also broad enough that they enabled these ISAPREs to increase, instead of decrease, their premium rates (IBID). Further still, the AUGE's newly instituted list of guaranteed services with set price ranges and required reimbursements simply led the ISAPREs to find other ways of making a profit (Ewig 2012: 2,500). For instance, they once again targeted women policyholders through drastically decreased reimbursements for routine checkups for both older and younger women, including such services as pap smears (IBID). Moreover, while in 2002, reimbursement rates had been the same for both men and women, by 2008 women were receiving a 1.5 percent smaller reimbursement rate than men, which amounted to a profit of \$17.2 million U.S. dollars for ISAPREs at the personal cost of Chilean women (Ewig 2012: 2,500). Finally, whereas in 2002 women were paying 14.58 percent more than men for their private health insurance premiums, by 2008 they were paying 25.54 percent more, most likely for reasons mentioned above, which also helps to explain why the percentage of women in the private health care system actually decreased after the 2004 reforms (Ewig 2012: 2,499). In 2009, "females accounted for 53.19 percent of all affiliates in FONASA ... compared to 48.63 percent in the ISAPREs" (Ewig 2012: 2,493). Women and the elderly continue to be disproportionately located in the public health care

system, which is still seen as lesser quality than the private ISAPREs (Ewig 2012: 2,492; Solimano 2012: 108).

Meanwhile, business continues to be extremely profitable for ISAPREs, as can be seen by the fact that in the first semester of 2011 their earnings were thirty-six percent above capital expenses (Ewig 2012: 2,492; Solimano 2012: 110). Part of the reason for such high profit margins is because these private companies make more money when exploiting or discriminating against target groups of people, thus if they were to treat all groups equally than they would become less profitable. Hence, privatization is by default unequal, and because the government does not do enough to stop these private companies from exploiting Chilean citizens, inequality continues to remain largely the same, keeping democracy from being fully realized. This impediment to democratization occurs because Chileans are being discriminated against based on their age or gender, having to pay much higher insurance premiums than other social groups, which in turn decreases their available resources for such things as education, helping to ensure they will stay at their current social standings. Thus, in order for there to be any real change made to the health care system that will create greater social, gender, and age equality, stronger regulations need to be put in place that drastically alter Chile's current situation, so that private ISAPREs can no longer blatantly discriminate against women or senior citizens in order to increase their profit margins (Ewig 2012: 2,502).

As it stands now however, Chile's current situation pertains directly to William Ratliff's broader argument on why democracy in Latin America fails, saying that those who continue to be in power do not want to make the changes that will bring about social equality – such as wealth and land distribution, or affordable healthcare and education – since these changes would decrease the profits they make through their exploitation of lower classes (2006: 131;

Williamson 1997: 194). This reluctance to bring about social change is certainly true in the case of private ISAPREs in Chile, since they simply find other ways to exploit civilians when the government attempts to make the health care system more equitable. Ratliff also says that if democracy is ever going to be realized in Latin America, there will have to be reformers who are actually willing to undo all of the policies that eliminated democracy in the first place (Ratliff 2006: 135). Yet, that is unlikely to happen as can be seen by Francis Adams' argument that even though there are free elections, there still continues to be fraud, coercion and manipulation during the voting process, and many political parties are made up of elites who are more interested in furthering their own careers than representing the broader population (Adams 2003: 19-20). When looking back at the fact that Pinochet allowed private corporations to monopolize social services, and that this monopolization continued after Chile's democratization, it is possible to infer that in the case of Chile, politicians are attempting to further their careers by satisfying the needs of major corporations, which as might be expected, are the complete opposite of the majority of Chileans.

#### **IV. Neoliberal Education and its Impediment to Democracy**

Just as the neoliberal policies that Pinochet implemented, such as deregulation through privatization, decentralization, and decreased government funding, led to the increased marginalization of a majority of Chileans through gender and age discrimination in the health care system, these same policies also led to the marginalization of Chileans through a lack of access to educational opportunities. Prior to the 1973 coup and Pinochet's regime, the Chilean attitude towards education was one based on equality and opportunity, instead of "efficiency and

competition,” as discussed below (Pinkney Pastrana 2009: 92). Yet in 1980, two decrees were implemented, which together are known as the *Ley Orgánica Constitucional de Enseñanza*, or LOCE (Kubal 2006: 107; Pinkney Pastrana 2009: 92). The first decree, #3,063, effectively decentralized education in Chile by moving public school management responsibilities from the Ministry of Education to local municipalities for all first and secondary schools and by 1986, it had been fully established throughout the entire country (McEwan 2002: 192; Pinkney Pastrana 2009: 92).

The second decree, #3,476, instated the “voucher” system for both public and private first and secondary schools, by creating government subsidies that went directly to each educational institution based on the number of students that were enrolled there (McEwan 2002: 192; Pinkney Pastrana 2009: 92; Torche 2005: 317). This new voucher system divided the Chilean school system into three different types of schools: public, semiprivate, and private, with public schools always eligible to receive subsidies from the state, private schools never eligible to receive subsidies from the state, and semiprivate schools only eligible to receive subsidies if they chose not to charge tuition fees to students, which many opted out of doing since charging students fees was usually more profitable (Kubal 2006: 114; McEwan 2002: 192; Pinkney Pastrana 2009: 93; Torche 2005: 321).

These two decrees were passed because of the mentality of neoliberalism, which was concerned with education in two different ways. The first was economic concern, since the Chicago Boys wanted the education system to be more efficient through decentralization, standardized national tests, and excellence through competition (Pinkney Pastrana 2009: 92). The second was of public concern, where education became based on individual choice, since neoliberalism is based on individual rights and freedom to make choices in the free market

(Harvey 2006; Torche 2005: 317). Thus, if people were given the option to choose where they wanted to have their children educated and these schools were then rewarded for having more students enrolled in them, the logic would be that the increased competition among schools would push ones that were not seeing such high enrollment rates to improve their quality so that students would start attending them instead (Pinkney Pastrana 2009: 92). However, even though this neoliberal idea of “excellence through competition” might have sounded logical at the time, it turned out to be completely illogical, as schools that did not have enough students enrolled did not improve their quality at all, but instead became marginalized since they did not have the proper funding (Kubal 2006: 115; McEwan 2002: 192; Torche 2005: 322).

Marginalization of lower classes also began to occur, as the “streamlined bureaucratic efficiency” these neoliberal economists thought was necessary for fixing failing schools actually made it worse (Pinkney Pastrana 2009: 93). For example, private schools were better equipped in terms of preparing their students for newly implemented standardized testing, making more students attend them instead of public schools, effectively decreasing subsidy funding for public schools and making their ability to prepare for standardized tests even worse, which in turn, continued to marginalize the public school system (McEwan 2002; Pinkney Pastrana 2009; Torche 2005: 322). Today, this process is exacerbated even further by the fact that wealthier classes are able to pay the difference when it comes to poor government funding for education, whereas poorer classes cannot (Pinkney Pastrana 2009: 93). The gap between upper and lower classes is then widened, as poorer families increasingly cannot afford to send their children to school, diminishing their chances of a white-collar career when they grow up. In fact, the quality of municipal, or public, schools has continued to decline because of their lack of funding; in some cases they have had to shorten their school days or eliminate different subjects from their



curriculum, while also creating greater job insecurity for teachers, many of whom have had to start working either longer hours or at multiple institutions in order to provide for themselves (Kubal 2006: 116; Pinkney Pastrana 2009: 93). Meanwhile, semiprivate and private schools that receive more funding are more capable of attracting “better” teachers since they can offer them much higher salaries (Kubal 2006; Torche 2005). This in turn attracts more students, which allows private schools to become for-profit institutions, which is a major issue in Chile today (McEwan 2002: 194; Pinkney Pastrana 2009: 93). Just as private ISAPREs in the health care system exploit women and senior citizens, private for-profit schools are able to exploit their students through high entrance fees and loans, making it difficult for them to pay the costs necessary to attend school, or to cause them to drop out before completing their educations.

As can be seen by all of this, competition does not create more equality, but in fact widens the gap between social classes further. Whereas the state government used to be much more involved in Chilean education, once neoliberal policies had been implemented, the state’s role was reduced to setting standards to national testing and school curriculum (Kubal 2006: 115; Torche 2005: 322). This nationalized testing, which was introduced in 1983 for fourth and eighth grade students, speaks volumes when looking at the results, which consistently show substantial gaps between student performance from each of the three kinds of schools (Pinkney Pastrana 2009: 94). However, it is not actually important what the nature of these schools (i.e. private or public) is, but what is important is where they are located (Kubal 2006: 115). In other words, schools that are located in richer neighborhoods versus poorer ones have more resources from the community and so receive more funding on the local level, since schools no longer receive as much funding from the national government as they used to (Kubal 2006: 115; Pinkney Pastrana 2009: 94). Poorer neighborhoods and municipalities then become marginalized further, since the

chances of them improving the quality of their education decreases rapidly, as students that can afford to attend semiprivate or private schools in other districts begin to do so. Or, if students do continue to attend these poorer public institutions, then they are receiving lower quality education since their municipalities cannot afford to increase educational funding in areas where the central government does not, and are therefore likely to continue being lower class citizens because their educations do not prepare them to go to universities or find high paying careers.

### *Education and Professionalization in Post-Pinochet Chile*

Apart from the increased marginalization of lower classes and poorer municipalities during Pinochet's regime, Chilean society also began putting an emphasis on the importance of professionalization through education, and even after Pinochet had stepped down from power this emphasis on professionalization continued, as did a widespread acceptance of the neoliberal education system (Paley 2001; Pinkney Pastrana 2009: 98). As a result of this, any reforms that were attempted by the following governments did not actually seek to change the framework of the education system in Chile, but rather try to make it somewhat more equitable and efficient within an inherently unequal system (Pinkney Pastrana 2009: 98-99; Solimano 2012: 100). This, Solimano suggests, has to do with changed viewpoints, which are in favor of the wealthy, and that caused four successive center-left governments (Aylwin, Frei, Lagos, and Bachelet) not to make any real attempts at reducing social inequality in Chile, since the corporations that gained influence and power under Pinochet have had more sway over the government than average Chileans, thus allowing them to better control what policies are reformed (2012: 13). This increased influence of corporations is a perfect example of Chile's neoliberal democracy, since it

shows how the needs of a majority of the population are being ignored for the desires of a small minority of the Chilean population.

As mentioned before, there was a push for greater professionalization in Chile beginning with the Chicago Boys, Pinochet's group of economists who were considered experts in their fields, or technocrats (Silva 1991: 386). As Pinochet's government relied more heavily on the Chicago Boys for their expertise, technocratization – that is, the increased reliance on “individuals with a high level of specialized academic training which serves as a principal criterion on the basis of which they are selected to occupy key decision-making or advisory roles in large, complex organizations” – became much more prominent in Chile, and people stopped being acknowledged or respected unless they were seen as technocrats themselves (Paley 2001; Silva 1991: 385-386). This technocratization led to the further marginalization of certain social classes even after neoliberal democracy had been reinstated, as social groups trying to create better living conditions for themselves and their neighborhoods were dismissed by government officials due to their lack of expertise or education (Paley 2001: 11).

This issue is something that Julia Paley focuses on with the health group *Llaretta* in the early nineties immediately after democracy had been reinstated (2001). Through her work with *Llaretta*, Paley came to find that these women were not only being told to keep quiet by the government whenever they tried to protest unfair conditions for their community so as not to disturb the newly formed democracy, but they were also being discredited for not having enough expertise when it came to health administration (Paley 2001: 116, 195; Paley 2004). As mentioned previously, democracy was rather fragile at that point and so the government tried its best to discourage these women from protesting since they were afraid that social gatherings or mobilizations would lead to the fall of democracy once more (Paley 2001: 116). They

encouraged the women to be “good citizens” by taking care of themselves and taking responsibility for their lives instead of protesting or expecting the government to take care of their needs (Paley 2001: 115-116). These women found out that in order for the government to listen to their health concerns about their neighborhood, a poor slum on the outskirts of Santiago, they had to “professionalize” themselves by taking classes and getting certified in health related studies; and only once these women had become “professionalized” experts in their field were they taken more seriously (Paley 2001: 195-198).

Yet the problem with this was that these women all came from extremely poor neighborhoods and so receiving an education was much more difficult, especially when noted earlier that municipal schools in poorer localities had very little funding (Paley 2001). Thus, if these women could not afford to be educated, or if the education they were receiving was very poor quality due to limited school funding, these women were not listened to and had no way of improving their living or social conditions; and as might be expected, they too would continue to be marginalized by an unequal system that had been created by neoliberalism and technocratization (Paley 2001; Pinkney Pastrana 2009; Silva 1991). So, as Paley’s case of Llaretta exemplifies, if the opinions of lower classes are not listened to unless they have become educated or professionalized, and if this education is increasingly more difficult to attain or is of poorer quality because of the neoliberal structure of the education system, then democracy is not fully realized since a large majority of the people are being discredited.

### *Age of La Reforma Educacional*

Although the previous section exemplifies the overall acceptance of neoliberal policies in regards to Chilean education, the governments that followed Pinochet also recognized that there

was a great deal of social inequality within their country, and therefore attempted to implement more socially equitable reforms. But, as mentioned earlier, because these governments did accept the general structure of neoliberal education, it was very difficult for them to implement truly effective social reforms in regards to education. Starting in the mid-1990s, President Eduardo Frei began attempting to reform the unequal education system in Chile and 1997 marked the official beginning of the Educational Reform Initiative (*La Reforma Educativa*), which was designed, or at least intended, to deal with the inequalities that had been created during the Pinochet regime (Kubal 2006: 120; Pinkney Pastrana 2009: 99). This reform was based on equity, quality, and participation, with a special emphasis on learning, and it included four major aspects: first, the length of school days were extended by three hours, making the new school day last from 8 am to 4 pm; second, new projects were implemented with the aims of improving rural and urban school infrastructure and curriculum by increasing funding to different localities; third, universities all throughout Chile received more funding from the Ministry of Education to improve their teacher training programs; and fourth, the reform sought to diversify school curriculum, as well as fund different teacher professionalization programs and workshops (Kubal 2006: 120; Pinkney Pastrana 2009: 100). These new professionalization programs exemplify the importance of technocrats in post-Pinochet Chilean society, further showing that without the resources to pay for these programs or other types of education, Chileans such as the women in *La Llaretta* will continue to be discredited by their government, since they are seen as too uneducated to have an opinion that is worthy of being listening to.

Furthermore, while the Frei administration's goals were to create more equity, quality, and participation, problems still arose due to the fact that these reforms did not challenge the current neoliberal education system structure that was still in place (Solimano 2012: 75-76, 100;

Torche 2005: 324). In regards to equity, issues occurred because the reforms did not seek to change the voucher system or the state of high schools. In Chile, there are two types of high schools: first, there are academic institutions and second, there are technical vocational ones, with the former aimed towards upper class students and the latter aimed towards lower class students (Pinkney Pastrana 2009: 101). As might be expected, the academic schools are designed to create the future elites of society, while the vocational schools are aimed at creating blue-collar workers (IBID). Further still, the voucher system encourages the increased development of semiprivate educational institutions, since opening schools in Chile is fairly easy and the voucher system makes it very profitable (McEwan 2002; Torche 2005: 322). Moreover, with the vast majority of high schools being technical vocational schools, more and more students are pushed towards lower paying blue-collar professions, making the goal of equity unreached as these “neoliberal funding policies ... [continue] to support the formation of ‘two Chiles’ – the workers and the elite” (Pinkney Pastrana 2009: 101). This in turn, encourages social inequality in Chile by pushing the vast majority of Chile’s youth towards lower paying careers, which continues the marginalization of the poorer classes and thus impedes democracy as inequality between classes continues to grow. Ffrench-Davis demonstrates just how much this social inequality gap has grown in Chile, by the fact that in 2010, the richest twenty percent of the population made fifteen times more than the poorest twenty percent, an income gap almost twice as large as in the United States (2010: 176). He also shows that poverty levels remained constant from 1987 to 2006 (Ffrench-Davis 2010: 176).

In terms of quality, the education system relies far too heavily on standardized national tests that are taken before students enter college (Pinkney Pastrana 2009: 101-3). Many schools dedicate large percentages of their class times to making sure that their students are comfortable

with the standardized test and that they are well prepared for it. Further still, schools are fairly closed off to parents so that they cannot see what is taking place in the classrooms, and therefore cannot make any critiques of teaching practices, but instead base their decisions on where to send their children on the test results students from those schools typically receive (Pinkney Pastrana 2009: 102-103). The fact that “quality” to these schools is based on increased standardized test scores instead of being based on improving the overall coverage of the education system, as well as “graduation and national literacy rates,” is extremely problematic and is not actually improving the quality of learning at all, but rather the illusion of it (Kubal 2006; Pinkney Pastrana 2009: 102). Further still, the idea of excellence through competition is still extremely prevalent, so that attempts at increased democratization through participation come up against traditional practices of educational discrimination, resulting in the contradictory nature of both “favoritism and participation” being products, as well as influences of current neoliberal ideas that continue to use capitalist power structures within schools and society (Pinkney Pastrana 2009: 104). As such, educational participation is not based on an “ethical commitment to education as a human right and necessary foundation for democracy,” but rather is based on human capital and promoting increased educational participation so as to have more people who can compete in the global market (IBID). In other words, the Chilean education system does not encourage the participation of citizens because it is their right to education, but instead encourages their participation so that the country will make more of a profit off of them on the international level.

Moreover, even with the educational reform of 1997, Chile continues to have an education system based on neoliberal principles of competition, efficiency and free markets (Kubal 2006; Solimano 2012). Schools in Chile have turned into profitable businesses, thus

creating the for-profit education system that has been largely protested in recent years (McEwan 2002: 194). As conditions within schools deteriorate in terms of curriculum, space, and teacher benefits, and as social conditions become worse for many, profits continue to go up for a few, thanks to the massive swell of privatization that took place during Pinochet's regime and which has continued since the reinstatement of democracy (Kubal 2006; Pinkney Pastrana 2009: 105). This privatization, as shown previously with the case of health care, is inherently unequal, as private corporations accrue enormous wealth by constantly exploiting certain social groups, which in the case of Chilean education are the lower classes. Furthermore, the government is no longer taking the needs of a vast majority of Chileans into consideration because it is allowing private corporations to exploit them, thus enabling an impediment to both representative and participatory democracy in Chile.

### *Impacts of the Student Mobilizations*

Yet, despite the fact that neoliberalism has worked to impede both representative and participatory democracy in Chile through social exploitation that has benefitted a small percentage of the rich while negatively impacting a vast majority of the middle and lower classes, social movements protesting neoliberalism policies have become much more popular, as in the case of student protests within Chile (Della Porta et al. 2006: 11, 30). In fact, James and Henry Veltmeyer argue that it is the very neoliberal economic and political reforms pushed onto Latin America by the World Bank and the International Monetary Fund (IMF) that originally undermined social movements, which have led to widespread dissatisfaction and anti-neoliberal protests starting in the 1990s (2011). From small business owners who have been outsourced by huge conglomerates to ethnic minority groups, the lower and middle classes all throughout Latin



America have risen up in defiance to policies that had previously exploited and divided them (Petras and Veltmeyer 2011: 86-88).<sup>8</sup> Much of the literature on this topic shows that all throughout Latin America people have risen up to protest what they see as the diminishment of their “economic benefits and social citizenship rights” (Almeida 2007: 124; Petras 2003).

In Chile, for example, a growing student movement that began in 1997 with a series of protests that a result of growing student contention towards educational policies, an unresponsive government, and a privatized education system, has pressured the government into making education more democratic by lowering interest rates on loans and allowing the governing bodies of universities to partly consist of students (Guzman-Concha 2012; Olavarría 2000). Integral to these student mobilizations was the Student Federation of the University of Chile (FECH), which pushed for greater participatory democratization and transparency in the Chilean university system by successfully getting several universities in Santiago to adopt councils consisting of students, professors, and administrators, who collectively governed the schools together (Olavarría 2000: 28). Soon after these successes in Santiago, the movement began to spread throughout Chile (IBID). In 1999, FECH’s president Alvaro Cabrera said that one of the major issues at hand for the students was that the government’s new neoliberal way of thinking no longer considered “education to be a right, especially university education” and the government viewed education as a marketable entity like everything else in Chile (IBID). This new neoliberal attitude of the state is something that university students have become increasingly aware of since the mid-1990s and also what they have been fighting against up until today, as they struggle for a more participatory democracy that allows its citizens to have a say in what their government does (Burton 2012; Olavarría 2000: 28).

Even after the government was supposedly trying to create more equitable universities through better funding, in the late 1990s the government pushed for “self-financing” universities, forcing the universities and students to take out large amounts of private loans, leading to extreme indebtedness (Olavarría 2000: 29). In 1999 for example, government funding for the public university system was only at 0.67 percent of the GNP, which was lower than the historical rate of one percent, and much lower than the 1972 funding of 2.2 percent (Olavarría 2000: 28). The lack of government funding to universities still takes place today and further exemplifies its push for “self-financing” institutions, making it impossible for eighty percent of students to finish their university educations because of the amount of debt they have to accrue in order to do so (Introduction 2011: 12; Olavarría 2000). The extremely high price of education is once again an example of how mass privatization leads to the marginalization of Chileans, since they cannot afford to educate or professionalize themselves, and therefore are unlikely to be acknowledged or taken seriously by their government in regards to their social wellbeing.

Because of the failures of *La Reforma Educativa*, as well as the central government’s continued lack of funding for education, a series of student social protests took place from April to June 2006 and involved 600,000 to one million participants, mainly consisting of secondary school students, but including teachers, parents, guardians, and university students as well (Burton 2012: 43). While the protests originally began because students were angered by the rising costs of college entrance exams and transportation, as well as the “gap between policy aims and reality,” over time the protests began to criticize the Chilean education system in its entirety (Burton 2012: 43). These protests, which were known collectively as the “penguin” revolution because of the secondary students’ black and white uniforms, and which were the largest protests since the 1980s, brought attention to the fact that the Chilean education system

was not actually improving and that social segregation was increasing due to the nature of the segmented school system (Burton 2012: 43). In order to try and stop this social segregation from increasing further, these students were fighting for a participatory democracy in Chile since they wanted political changes to occur through the power of the people, instead of the choices of the elites.

In response to these protests, President Michelle Bachelet created a presidential advisory committee, which consisted of three main political groups: the far left, the center/center left, and the right (Burton 2012: 43). Because of such differing opinions and views between the three groups, it was difficult to reach any conclusions or decisions that would bring real change to the current educational system, and as a result it was not until November 2007 that a legislative agreement was reached (Burton 2012: 45). This agreement created new supervisory agencies designed to overlook the quality and standards of education, increased the number of mandatory years of schooling to twelve, gave schools more autonomy, increased public subsidies by fifteen percent per student, continued both public and private education, and finally, put an end to allowing pre-school and primary schools to “cherry-pick” their students (Burton 2012: 45). But despite all of these apparent changes made in 2007 to the education system, criticisms still arose. Members of the leftwing social group that had been involved in the committee, known as the *Bloque Social*, argued that this new agreement was not stopping schools from being for-profit institutions and it also was not increasing the state’s role in providing public education (Burton 2012: 45). Part of the reason for this was that there was still an overrepresentation of the political right in Congress, making it so that rightwing congressional members had to be appeased in order to pass any sort of agreement, which in turn meant that many radical changes had to be watered down so that right-wing congressional members would actually vote for them

(Burton 2012: 45). This issue was highly reminiscent of the early democratic years of the 1990s when Pinochet, the military, and their rightwing allies took the exact same measures to ensure that the new democratically elected left wing governments did not try to make too many socially equitable changes (Silva 1992).

After the agreement had been passed, the students continued to protest education, but were very unsuccessful in their efforts, as Chile's neoliberal democracy just ignored them. Still, many Chileans believed that the quality of education had declined over the past decade, and between "2003 and 2011 the proportion reporting that it had improved fell from forty-eight percent to twenty-five percent, while the proportion that said that it had worsened increased from fourteen percent to twenty-eight percent" (Burton 2012: 46). Yet even though the Chilean public believed education to be one of Chile's three biggest problems, the presidential candidates of 2009 who promised the most radical educational changes only received 6.2 percent of the vote and 20.1 percent of the vote respectively, thus showing that neoliberal educational ideas had become widely accepted, even if criticized (Burton 2012: 46).

### *Chile's 2011 Student Protests*

However, despite this contradictory general acceptance of the Chilean education system, plenty of students have still been widely unaccepting of the conditions under which they are educated, which can be seen by the renewed strength of the student protests in 2011, this time consisting mainly of university level students (Burton 2012: 47; Guzman-Concha 2012). Once again, these students were protesting the same things as the student protestors before them, such as a failing education system, a lack of regulation for the private sector, and increased state support for private college loans, which has allowed for higher access to, but lower quality of,

education, as well as increased indebtedness of families (Guzman-Concha 2012: 2). With such high tuition costs, it has become very difficult for many Chileans to complete higher education, leaving them likely to work menial jobs for the rest of their lives, while also having to pay off student loans for degrees they never received.

This time, the Confederation of Chilean Students (CONFECH), and not FECH, mainly ran the student mobilizations, and at the end of April 2011, CONFECH announced that on May 12<sup>th</sup> there would be a national day of protest (Guzman-Concha 2012: 2). When May 12<sup>th</sup> arrived, 15,000 students supported by “other civil society organizations” marched in Santiago with the slogan “there is no future without quality public education” (Guzman-Concha 2012: 2). These students demanded that the university system receive an increase in funding, that there be a reform to the access of education, and that there be increased “democratization of university governance” (Guzman-Concha 2012: 2-3). In essence, what these students were fighting for was the replacement of neoliberal democracy with participatory democracy, so that they could have a say in their social welfare. With this first demonstration being largely ignored by President Sebastián Piñera, who was the first rightwing president to be elected since the return to democracy in 1990, university students resolved to make their protests even larger, and CONFECH’s spokesperson Camila Vallejo threatened “indefinite strike if the government did not meet their demands” (Guzman-Concha 2012: 3). Secondary students began to join the movement, also demanding free education, the prohibition of for-profit institutions and increased state funding for Chile’s disastrous public school system (IBID). By the middle of June 2011, 26 schools had been taken over by students and many public universities either went on strike or became occupied by students; by the end of July, almost 140 schools in Santiago had become occupied (IBID). On June 16<sup>th</sup> and 30<sup>th</sup>, over 100,000 people demonstrated in Santiago, with

massive rallies also taking place in all major Chilean cities, and students being joined by the main national labor union (CUT), public-sector workers, leaders from political opposition parties, and faculty members of universities, as all of them demanded that their government be more accountable to its people's needs (IBID).

In response to all this, the government became increasingly more repressive towards protestors through police brutality, causing greater outrage among the protestors and simply strengthening the movement, as they then began to mobilize against an administration that was reminiscent of Pinochet's repressiveness (Guzman-Concha 2012: 3). When negotiations finally came to a close in September 2011 and the protests had died down, few real changes had actually been made. The government offered only to increase the public education budget slightly and to broaden the voucher and subsidy system as a way of alleviating interest rates for students (IBID). Yet these government proposals did nothing to change the actual framework of the education system that had existed since the 1980s, such as state subsidies, major private sector involvement, and the regulation of educational quality through competition between schools (IBID). Unsatisfied with these options, the student movement called for a referendum, yet soon discovered that Chile's constitution does not support such actions, save for very specific situations (Guzman-Concha 2012: 3-4). Thus, the student movement of 2011, which began in response to an unfair educational system, began to question the extensiveness of democracy within Chile, since the current system only allowed for decisions to be made by the elites that have been controlling the country since the return to democracy (Guzman-Concha 2012: 3-4).

As the student protests show, Chilean elites and civilians have differing views of what democracy actually means. While a majority of the people want a more participatory democracy in which their say matters, the Chilean elites want to keep a neoliberal democracy, since it allows

them minimal involvement in public affairs, making the government not fully accountable to its people, and thus making democracy incomplete.

### *Hope for the Future?*

Reasons for why these student protests have occurred throughout the years seem fairly clear. Even after the major mobilizations in 1997, 2006, and 2011, Chile's education system is still run on a market-oriented model that relies largely on family spending and not government funding to run educational institutions (Guzman-Concha 2012: 5). At the pre-primary education level for example, thirty-one percent of school funding comes from private sources, which is higher than the Organization for Economic Co-operation and Development (OECD) average of twenty percent (Guzman-Concha 2012: 5). When it comes to higher education, the difference between Chile's private funding and the OECD's average is even more drastic, with eighty-four percent of funding coming from private sources in Chile and only twenty-seven percent coming from private sources for the OECD average (Guzman-Concha 2012: 5).

Further still, private universities have increased rapidly, making education more accessible, but usually of poorer quality, due to the fact that these private educational institutions are largely unregulated thanks to neoliberal reforms by the government (Guzman-Concha 2012: 5). In response to this decreased quality control and overabundance of access to education, the labor market has lowered salaries and devalued diplomas for certain professions in which there are too many candidates (IBID). Moreover, seventy-five percent of universities are now private and many of them are for-profit institutions that rely mostly on tuition fees – as do public universities – for their income, and as a result of that, these fees have increased by more than sixty percent in the past decade (IBID).

Consequently, “higher education in Chile is one of the most expensive worldwide in proportion to GDP per capita,” and these increasing costs combined with high interest rates have made it so that many university students end up defaulting on their loans; a situation which is exacerbated even further by the fact that many degree programs are five to seven years (Guzman-Concha 2012: 5). In fact, it is thanks to these high interest rates and increasing tuition fees that make it so many students do not even end up receiving university degrees because of how expensive it is, yet still are left with outrageous amounts of debt (IBID). As discussed earlier, these students are then responsible for paying off student loans for degrees they never received, while also trying to support themselves with poor paying jobs, since those are likely the only ones they can get without university degrees. Upper class families on the other hand, can continue to send their children to private schools that are of higher quality, while lower class families are forced to send their children to public schools that are poorly funded and badly run because of the voucher system which was put in place in the 1980s (IBID). Thus thanks to a wide acceptance of the neoliberal policy regime, social class inequalities continue to grow as lower classes are marginalized further through poor quality education and high interest rates on student loans and upper classes continue to accumulate wealth, a situation that some have described as a “system of class segregation” and “educational apartheid” (Guzman-Concha 2012: 5).

## **V. Conclusion**

As can be seen, no real changes have been made to the education or health care systems since neoliberal policies reformed them in the 1980s, despite numerous attempts throughout the



years. While the government has conceded to making certain reforms since Chile's return to democratic rule, these reforms have always been minimal and have never dealt with the underlying neoliberal framework of either system, resulting in the educational and social inequalities that have arisen since the 1980s. Although inequality did exist before the neoliberal reforms instated under Pinochet, these neoliberal reforms have led to much greater educational inequality and social class stratification, as well as an educational system that is one of the most expensive in the world and is of poorer quality than before these reforms took place. Sadly however, unless these student protests become even more influential than they have ever been before, or attitudes and the overall acceptance towards neoliberal ideas do not change in the near future, there seems to be little chance that the education and health care systems in Chile will change to become more socially equitable, and will thus continue to keep democratization from fully occurring in Chile.

Thus, if looking at how privatization – as well as decentralization, decreased government funding, and deregulation – works to undermine democracy due to its disregard for the vast majority of the population, than it is easy to see how neoliberal ideas based on private property have worked to inhibit democratization in Chile. This is especially true in the case of social services, such as health care and education, both of which are stuck in a cycle that increasingly marginalizes the lower classes. As mentioned above, in order for any real change to be made to health care and education, and thus increase democratization in Chile, more radical steps need to be taken, such as the entire restructuring of two inherently unequal systems created by neoliberalism. Yet as the last two decades have exemplified, if the same people who have governed Chile continue to be in control, it is highly unlikely that this radical restructuring will happen anytime soon. Therefore, if any true reforms are to be made to health care and education

in Chile, the push needs to come from the people, not the policy makers. In other words, if student movements, or just social movements in general, do not gain more power and influence in the coming years and effectively create a more participatory democracy, it is likely that Chile's inherently unequal social society will remain the status quo.

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Notes:

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<sup>1</sup> Because women have been one of the most marginalized groups in post-dictatorship Latin America, many groups such as La Llaleta have organized politically, participating in strikes and demonstrations in order to demand state programs that will help support them with their obligations at home (Colón 2010: 54). In response to women's organizations, some governments have created programs that provide funds to women who are responsible for the health and education of their children (Colón 2010: 54). This has empowered women as they gain more economic independence, and as they continue to fight for their rights, they are creating greater gender equity and democracy for women in Latin America (Colón 2010). Women have also played roles in social movements in El Salvador, where they demanded that the government provide information on disappeared, assassinated and imprisoned family members and that women become a formal part of the political decision making process (29); in Mexico, where women created programs to stop domestic violence and rape as well as demanded better urban living conditions and the democratization of Mexican society (111); and in Brazil, where women fought for more equitable working conditions, as well as political representation, health care and protection from domestic violence (Stephen 1997: 209).

<sup>2</sup> Just as *Alianza Democrática* in Chile formed in protest of Pinochet's authoritarian regime in the 1980s, grassroots organizations in Brazil also formed in protest of authoritarian rule after the urban poor had been exploited, mistreated, and repressed (Foweraker 2001: 844). These organizations played major roles in the ending of authoritarian rule and the eventual switch to democracy for both Brazil and Chile in 1985 and 1989, respectively (Foweraker 2001: 848). In Argentina, social protests also took place during the transition to democracy, and the population mobilized several times after in response to the continued attempt of military coups (Petras and Veltmeyer 2011: 107). Similarly in Guatemala and El Salvador, social and guerrilla opposition grew as the military regimes grew increasingly more violent and repressive (Brockett 2009: 393-395). In Brazil, social movements also worked to create democracy by empowering youth living on the street, and did so by exposing police brutality, and creating schools, employment, and HIV/AIDS education and prevention (Scheper-Hughes 2006: 151).

<sup>3</sup> In 1980, Pinochet revised Chile's constitution mainly in favor of the military and right-wing political parties, but also included a 1988 plebiscite, which would be held to determine whether he remained president for another eight years or not (Garretón 2003).

<sup>4</sup> Since the widespread return to democracy in Latin America, there have been several accomplishments, as well as shortcomings, with some countries increasing their democratic consolidation and others decreasing it through electoral fraud or human rights violations (Hartlyn 2002: 120; Mainwaring and Pérez-Liñán 2005: 15, 48). Civil rights of the vast majority of people continue to be ignored, and just as with neoliberalism, many of these post-dictatorship democracies suffer from extreme social inequality and high rates of poverty (Adams 2003: 25, 29).

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<sup>5</sup> In response to these aforementioned conditions, many social movements have risen up, despite being undermined, and more often than not, are protesting both neoliberalism and authoritarianism at the same time.

<sup>6</sup> One example of this is in the early 1990s when newly elected President Patricio Aylwin attempted to make three reforms to the old labor code (grounds for termination required, the return of union organizations, and fairer collective bargaining), the conservative seats in the senate and the Chilean capitalists fought for the reforms not to pass, and when they finally did, they were moderate reforms that satisfied the right (Frank 2002; Posner 1999; Silva 1992).

<sup>7</sup> Much of the literature on post-dictatorship democratization in Latin America says that the reason why there tends to be incomplete democracy in Latin America is because of the continued military presence in the government and politics, even after a dictatorship has ended (Tedesco 2004: 68). This can keep congress or the judiciary from being able to reconcile the past by prosecuting those responsible for previous human rights violations, since military leaders can use threats or shows of force in order to stop them (Correa Sutil and Jiménez 1997: 132-133; Garretón 2003: 162; Hunter 1998; Tedesco 2004: 68). Further still, the military might continue to enjoy a certain level of autonomy, by being the only one responsible for those aspects considered internal to the military, having a fixed budget that accounts for inflation and cannot go below levels of a predetermined year, and in some cases, having laws making it impossible for the president to dismiss military officials at his discretion (Adams 2003: 22; Hunter 1998; Silva 2003: 106). Post-dictatorship democratization also suffers from weak institutions, such as congress or the judiciary, which exemplifies the fact that new democracies lack total control over the military, since the military does not always respect those institutions that are put in place (Weeks 2006). On top of that, presidential power tends to be much greater than that of the legislature or judiciary, enabling the president to do as he pleases (Adams 2003: 20). If civilian governments cannot rid themselves of issues such as the ones mentioned above, then new democracies can continue to operate in a somewhat authoritarian manner (Garretón 2003: 153). For instance, prolonged military power and control can lead to the continuation of human rights violations (Adams 2003: 23). In Brazil's new democracy for example, past racist attitudes led to an acceptance of police and death squad brutality and disappearances of darker skinned citizens living in poor regions of cities known as *favelas* (Scheper-Hughes 2006: 153-156).

<sup>8</sup> Eduardo Silva shows how successful some of these social movements and organizations have been, by the fact that in Argentina, Bolivia, Ecuador, and Venezuela they were actually able to get rid of pro-neoliberal presidents and replace them with more socially conscious ones (2009: 1). James also shows that despite neoliberalism's efforts at weakening social movements, there have been several peasantry movements that have played major roles in their countries, such as the guerrilla movement in Colombia, the landless workers' movement in Brazil, and the Zapatista movement in Mexico (2003: 88). Social movements have played many roles in the democratization of post-dictatorship Latin America. These movements vary in size and goal, and include rural peasants, poor city dwellers, indigenous



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peoples, and women, to name a few. Just as anti-neoliberal social movements rose up after too much exploitation and social inequality, these social movements also rose up against dictatorships in response to too much repression (Brockett 2009; Foweraker 2001).