

Protests in Chile – October 2019: End of the Neoliberal “Experiment”?



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“It is easier to start a war than to end it.” – Gabriel Garcia Marquez

As I write this (Sunday evening Oct. 20; Monday evening Oct. 21), my adopted home city of Santiago, Chile is under a curfew.

What happened?

More than one narrative is circulating. On the one hand, some point to a combination of deep-seated corruption of that sort that has long plagued Latin America, combined with rising prices for everything without a compensating rises in wages.

The other narrative invokes insidious far-left entities behind this. There is a hard left presence here, and in fairness to those who make such claims, they’ve done it before.

This is a developing, evolving situation. I will do my best to get events right and put them in context.

Unrest over the rising cost of living here appears to have been building for some time. The “tipping point” was an

October 6 hike in Metro (subway) fare during peak hours from 800 Chilean pesos (around \$1.17 U.S. dollars) to 820, the second hike of the year. This came on the heels of a 10 percent hike in electric rates just a few weeks ago.

These may not seem like much, but across the board price increases add up!

As a shopper I've noted gradual increases in the price of staples like bread and eggs. The price of hot water in the building where my wife and I reside has skyrocketed over the past year. I called Administration on it. They blamed the gas company.

I can absorb these price increases. Many Chileans cannot.

For their wages have remained stagnant, stretching their budgets to the breaking point. Does this sound familiar? The median income in Chile is less than half what it is in the U.S. Advanced civilizations all seem to get themselves in this kind of predicament. Chile's economy is controlled by a moneyed elite. There is [documented corruption](#) within this elite, some of it tied to foreign corporations such as Walmart who have sunk their claws in here. Penalties for those caught red handed amount to slaps on the wrist. Many Chileans are very frustrated.

A coordinated effort by students started the melee last week, by jumping turnstiles and getting on the Metro (subway) for free. They were joined by others. On October 18 – last Friday – things came to a head when police confronted these groups. Violence erupted when they used force to remove some of the student riders. It quickly spread to the streets. Police shot a female protester in the stomach. This caused things to escalate. Protesters began starting fires in Metro stations. A public utility building was set ablaze. Vandalism spread.

All this happened before the workday was drawing to a close

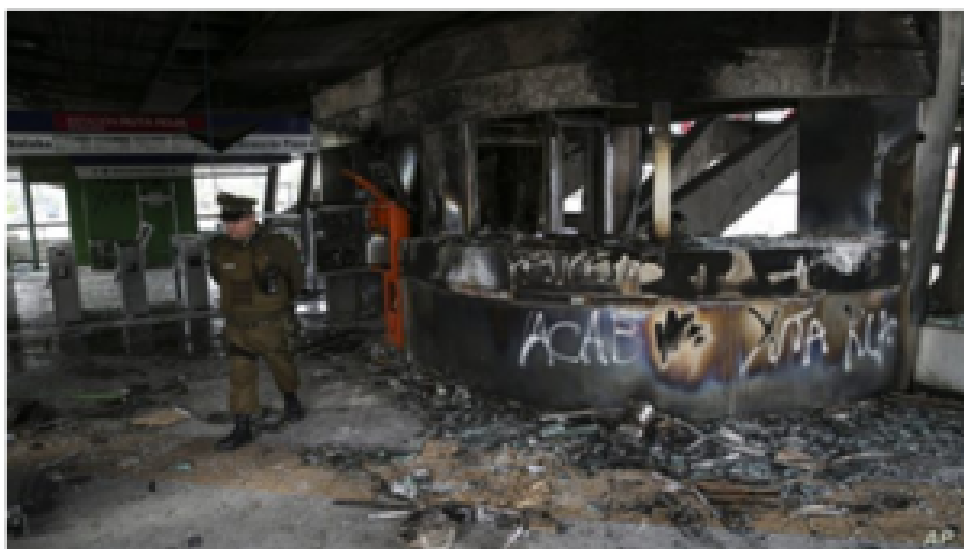
(typically around 7 pm in Chile).

The Metro had to be shut down, stranding tens of thousands of people who rely on it to get home. Many had to walk long distances.

Damaging these stations was a bad move strategically! The protesters harmed their cause even if it turns out to be a just one!

I learned much of this later. Most of my work is done by remote. I'd spent most of Friday preparing for a remote-work project. So I was in my home office the whole time. While I'd been hearing about unruly student groups disrupting Metro functions all week, I realized something major was amiss when the *cacerolazos* began. This is a traditional form of nonviolent protest consisting of unison, rhythmic banging on pots and pans. As dusk fell over Santiago, this sound coming from hundreds of people in the streets and on balconies in buildings surrounding ours, grew to thunderous proportions.

Chile's President Sebastian Piñera invoked *Ley de Seguridad del Estado* ("State Security Law") to declare a state of emergency in the city, authorizing the military to use force to crack down on protesters and prevent further damage to public property. This did not quell the protests, which continued throughout the night and into Saturday (October 19).



Piñera declared a *toque de queda*, or curfew, over the Santiago area, from 9 pm to 7 am Sunday morning. This was necessary, for while

legitimate grievances may have motivated the initial protests (I'll speak to this below), thugs who seemed interested only in stealing, breaking, or burning things came out in force. Some looted stores and set them on fire. Three people were killed in a supermarket torched by looters. Five more were found dead in the basement of a burned-out warehouse.

Protests have spread to other cities. A second curfew was instituted to run from 7 pm Sunday night to to 6 am Monday morning in several Chilean cities, and then on Monday from 8 am till 6 am. Over the weekend two airlines cancelled flights in and out of Santiago, stranding travelers and causing chaos at the airport.

This is the first time curfews have been imposed since 1987. Augustus Pinochet was then still in power. This bothers Chileans even if many hadn't yet been born when Pinochet stepped down and "democracy" was restored (1990). There is a sense of history here, just as there is a anywhere.

Where this goes next is unclear as I write. Piñera announced that he was overseeing canceling the rate increase that triggered this. "I have heard with humility the voice of my compatriots," is the English translation of his announcement to the country last weekend.

The problems in Chile, however, go deeper than a mere rate hike on a subway, even on top of a hike in electric rates.

Many I did not see for what they were.

A laundry list: very low wages as I mentioned, guaranteeing a precarious existence; higher education dangled like a carrot as a ticket to a middle class life, but priced out of most people's reach; a health care system in which costs are going up as quality goes down (does this also sound familiar?); a privatized pension system run for profit which Chileans claim pays out a pittance despite years of paying into it.

Corruption in the police force (\$46 million stolen by police); collusion at the top between corporations and government enabling each to enrich himself at the expense of others; more, and more.

And here we come to the conflicting narratives, *each* of which may contain elements of truth. Again: narrative (1); the Communists are again on the move in Chile. Narrative (2): we are seeing the beginning of the end of what we could call the neoliberal “experiment” in Chile that began during the Pinochet era.



Narrative (1): yes, there are people aligned with Communism here, some of them fairly visible. But the extreme inequality and poverty, combined with all the above abuses, gives them material to work with. There has never been any welfare system here. One of the things I finally figured out: an advanced nation is better off *with* such a system than *without* it. The justification is pragmatic. Whether anyone likes it or not, not everyone can participate in the marketplace, for reasons that will vary. The question then is, what happens to these people, especially if they do not have family? Are they sent to charities? Such institutions also have limited resources and would soon be overwhelmed. So are they put out on the street?

Chile is filled with people who walk the streets asking passersby for money. Some sleep on the streets alongside walls or on park benches.

There is a fellow I've seen numerous times in downtown Santiago. He lies on his stomach on one of the sidewalks, begging for coins. He has no legs, you see. I don't know how he gets there in the morning, or if he has family to bring him home at night. They might be poor, too.

Is anyone going to be so cold and nihilistic as to say this man is a Communist, or is allowing himself to be used by them?

Narrative (2), in that case. What is this neoliberal “experiment”? What is neoliberalism, anyway?

Pinochet knew he was a military man, not an economist. He’d inherited a wrecked economy, the legacy of the brief Salvador Allende era. He authorized a group of economists, the Chicago Boys, to attend the University of Chicago, study under Milton Friedman, and return to Chile with what they learned. They returned and employed Friedman-style economic planning, which is all about privatization.

Friedman had spoken of neoliberalism [for over 20 years](#). He was the American protégé of the European Mont Pélérin Society, founded in the late 1940s by Friedrich A. Hayek in the wake of the latter’s highly successful *The Road to Serfdom* (1944), which argued that state-run central planning led to totalitarianism.

Neoliberalism is not classical liberalism any more than it is the kind of liberalism associated with America’s Democrats. Nor is it the free market absolutism libertarians defend. It does not eschew central planning. Its position is that free markets don’t come about on their own. Conditions have to be created for them to operate. There’s your central planning. Neoliberals just don’t want government doing it. Result: corporations end up at the helm of society, with government as servile. As Friedman observed, governments don’t have any money. Corporations, of course, do.

Some have called neoliberalism “[capitalism with the gloves off](#)”: political economy in which profit for corporations and shareholders is the only aim.

Back in 1970, Friedman authored “[The Social Responsibility of Business Is To Increase Its Profits](#).” This widely-read essay got neoliberalism on the map although it didn’t use the term.

Arguably, neoliberalism only came of age after the Soviet Union collapsed, roughly the same time the Pinochet era in Chile ended. Arguably, it became the guiding economic philosophy of an important strain of globalization.

What ensued, though, was the now-familiar claims of rising costs of living everywhere while wages remain stagnant and workers' lives grow ever more precarious. As corporate elites grow richer, most of their money made passively through investing, inequality accelerates.

The problem is not simply that inequality is immoral or unjust, but that eventually it destabilizes. The situation is now such that even billionaires have grown uneasy and called for [capitalism to be reformed](#).

In a neoliberal political economy *as practiced* (as opposed to academic *theory*), *freedom is economic*, not grounded in theological, ethical, or even political principles. *Your freedom is proportional to your purchasing power*. Values are defined in economic terms. Human beings are essentially self-interested utility maximizers, or should be.

To describe neoliberalism as postulating *economics über-All* is not entirely unfair.

The Chicago Boys brought it to Chile. And to all appearances, it made Chile seem the most stable and prosperous country in Latin America. (This relative stability and prosperity was one of the features that attracted many of us to the country.)

For a time, it works. It allows infrastructure and malls to be built, skyscrapers to rise, import-and-export arrangements to develop, and otherwise puts people to work so they can increase that purchasing power.

It has turned out, though, that to the majority of Chileans, prosperity is a mirage. The country's long-term stability may turn out the same unless the problems enumerated above can be

addressed.

Critics charge that Chile is a very unequal society. Wealth and power has accrued to a handful of plutocrats who run the country and game the system, with no real alternatives or competition in major utilities (I discovered that only one ISP services our neighborhood; deal with that company or don't have the Internet).

Utilities such as water, gas, electricity, and telephone cable have all been raising their rates. There is rampant price inflation here as I noted. This is because the Chilean peso is losing its purchasing power, just as is the dollar. Which means that if wages remain stagnant, people actually lose financial ground.

So is this the beginning of the end of the neoliberal "experiment" in Chile. What was that "experiment"?

Let's take a quick detour up north, and into history.

The U.S. developed the largest financially independent middle class in history (late 1904s – early 1970s).

Hold that thought. Now think like a global elitist whose ambition is dominance.

Industrial civilization is by its very nature centralized. You cannot have all the rabble running around on their own. You allow them enough freedom of choice in areas that are of no importance to you that most believe themselves to be free. You allow them out of their cages, as it were, but want them on leashes.

In the U.S., this became harder and harder. Generations were too well educated. They asked questions. They challenged wars you wanted (think: Vietnam).

Globalists did not want to see that kind of middle class

again.

So whether they undertook to deliberately destroy the American middle class or just allowed capitalism's natural tendency to expand overseas to operate, they oversaw its slow and very painful destruction. Via NAFTA, GATT II, etc. Outsourcing of jobs to cheap labor countries, etc. They allowed higher education to [self-destruct](#).

In Chile, they saw the possibility of a brand of neoliberalism that does not allow a financially independent middle class to develop. There would be a small middle class to administer and manage various aspects of the system, but it would remain fundamentally subservient to economic power. Pay would not be sufficient to do more; and bureaucratic entanglements would be too great.

There would be almost no education on such things as managing one's time and money. If people cannot do those two things they are easily controlled. At least until their lives become so miserable that they rebel – in large numbers, especially if they see others rebelling. Exercising that pent up anger, they begin smashing and burning things.

Neoliberalism served up a system that has furthered the interests of globalist power elites in various regions. But things are coming unraveled. As more and more of the masses have figured the system out, they have begun to monkeywrench it. I believe this will continue, in one form or another.

Neoliberalism is, in fact, fundamentally nihilistic to the core. One cannot be a Christian, for example, and also be a neoliberal. Neoliberalism's gods are money and power. It is one of the latter-day consequences of [materialism](#) having escaped the intellectual centers, seeped through the entire cultural fabric, until it dominated political and economic systems. In its quiet rejection of the idea that there is any goal to human existence beyond accumulating things, gaining

power, and perhaps having as much sex as possible, for the superrich and powerful neoliberalism is an instrument of total economic and sensual liberation!

I do not pretend to know how this will play out, either in Chile or in the larger world.

I do believe we can outline where the most *basic* fault line is. It is not between “left” and “right,” as I’ve noted previously. Those in the upper echelons of wealth and power do not care about “left” and “right” except as tools they can use to keep us all divided and fighting one another. So we won’t look at *them*.

The real fault line is between this globalist power elite and those whose aspiration is to live and govern their communities as they see fit and be left alone. I am not sure what this means for Chileans, or for Latin Americans generally. Their countries have been manipulated so much by Anglo elites and plundered by Anglo corporations that they may have to find their identity all over again.

My suggestion will be that they be listened to, that their grievances against the system be documented, and that we work out a form of stakeholder capitalism that tries to address their problems. [This](#) might be a good place to start exploring ideas.

Pretending that neoliberalism will continue to work in Chile is what we should not do. For to the extent neoliberal economics is associated with the “right,” most Chileans just seeking better lives than they have now *will* tilt “left.” This is a given. While I am not making any predictions, they could well support a Chilean Hugo Chávez, should such a figure appear between now and the next national election. The country will then go from the frying pan into the fire.

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