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Chilean Unions Organize Protests to Call for Greater Social Spending

by LADB Staff

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Chilean federal police clashed with demonstrators in the capital city of Santiago during protests in the final week of August. The Aug. 30 demonstrations, organized by the Central Unitaria de Trabajadores (CUT), resulted in with more than 750 arrests and 37 police officers wounded. The unrest revealed that at least a portion of the Chilean population is dissatisfied with the government of President Michelle Bachelet and its level of social spending.

Conservative opposition leaders accused the government of backing the strikes, since groups allied with Bachelet's Partido Socialista (PS) organized and supported them. Significant sectors of the Chilean left and civic groups have demanded higher expenditures from the government as copper prices have soared in the past few years.

The Chilean government derives a large portion of its revenues from the state-owned copper company Corporacion del Cobre (CODELCO), and prices are more than triple what they were earlier in the decade (see NotiSur, 2006-02-24, 2006-09-08 and 2007-07-27). As Bachelet has attempted to maintain a large budget surplus with CODELCO's increased profits, groups from copper contractors to activists critical of Santiago's troubled transit system have demanded that she spend more (see NotiSur, 2007-04-13).

Most prominent among these protest movements was a large-scale strike by public school students last year, not long after Bachelet's inauguration, calling for legal reforms to the nation's education law and greater education funding (see NotiSur, 2006-06-23 and 2006-07-28).

Demonstrators seek higher minimum wage, pensions, benefits

The marches of Aug. 29-30 sought a greater increase in the national minimum wage, among other demands. The CUT, the country's largest labor confederation, called on Bachelet to step up her role as a Socialist president and reduce the neoliberal nature of the Chilean economy. Neoliberalism is a principle that views the free movement of trade and capital as the key element driving an economy.

Chilean police used tear gas and water cannons and arrested scores of people in the first day of the protest. The CUT had billed the rally as the biggest since democracy was restored 17 years ago, after the dictatorship of the late Gen. Augusto Pinochet (1973-1990), and urged residents to turn out across the capital to march for a better minimum wage, pensions benefits, and collective bargaining.

The demonstration was a fresh blow to Bachelet, whose popularity has tumbled in recent months after the troubled introduction of a flawed, chaotic new transit system for the capital, called Transantiago. The August march also came hot on the heels of a lengthy strike by contracted workers at CODELCO.
Several thousand people gathered across the city and there were 59 arrests in the capital, said Felipe Harboe, the deputy interior minister. Other arrests followed protests in Valparaiso and Concepcion. Despite some isolated incidents, including bus and taxi drivers blocking roads and letting the air let out of the tires on a bus, city transport was not paralyzed. Harboe claimed 85% of school students had made it to class and 90% of workers got to work. "I think the turnout hasn't been what they expected," he said. "This is a protest against the economic model this government is following," said Ana Maria Munoz, CUT vice president, adding that unions were "very disenchanted" with Bachelet. "We expected much more," she said.

Union leaders say the government’s recent increase in the minimum wage to 145,000 pesos (US$284) from 135,000 (US$264) pesos per month was still too little to live on. The government passed a law in June increasing the minimum wage to 144,000 pesos (US$282), which would increase to 145,000 pesos at the start of 2008 if economic growth after the first three quarters of 2007 exceeded 5.8%.

Economists consulted by Chilean newspaper El Mercurio said that work stoppages, by slowing economic growth, might actually prevent the 1,000-peso increase. Bachelet, who says she has put social issues at the top of her agenda, urged protesters not to make trouble and to seek "dialogue not pressure, accord not violence." The president has championed a sweeping pension reform, which the government says is the biggest in 100 years, but has largely stuck to the neoliberal model introduced by Pinochet that transformed Chile’s economy.

**Opposition criticizes government**

Police accused the protesters of looting and clashing with officers. Members of the opposition Alianza por Chile accused the government of conducting a "self-strike" (autoparo), since many PS allies and leaders backed the demonstrations. Lily Perez, secretary-general of Renovacion Nacional (RN), a member of the Alianza, said, "The CUT president, who is a Socialist militant, is convoking it against a Socialist government whose problems are rooted in a ministry run by a Socialist....They are going to protest against a system they themselves have exacerbated." She referred to the CUT’s conflict with Finance Minister Andres Velasco.

Sen. Hernan Larrain of the Union Democratica Independiente (UDI), an Alianza coalition member, also laid the failures of the social net on the government of the Concertacion coalition, which includes Bachelet's PS. He pointed not only to the failure of Transantiago, which has had huge numbers of complaints about buses that are late or never come as well as about hostile drivers, but also to the collapse of the public health system and the sense of inequality and decline of salaries among public officials. "In Chile there is a state of malaise, not well-being," he said. "That has been generated by the Concertacion."

There was further unrest on Sept. 11. A policeman was killed after youths battled with riot police on the anniversary of Pinochet's 1973 military coup. The demonstrations and criticism have taken a toll on Bachelet's once-strong popularity. Inflation, the weak link in Chile's buoyant economy, is at a six-year high, adding to the dissatisfaction with her government.

Approval ratings for Bachelet have fallen by a third to 39% since she took office in March last year, according to a new poll by Adimark GFK. Her approval is well below the almost 43% who say they...
disapprove of her. That survey was conducted before the union rally and street riots. Bachelet says she is being judged too harshly, too soon. The images of rampaging youths battling with police after the Sept. 11 coup anniversary when protests are common contributed to a distorted image, making it "look like Chile is falling apart," she told The Financial Times.

"This isn't a rising trend," she said of the protests, which have led to bad press at home and abroad. She has defended unions' rights to air their criticisms of the free-market model but counters that unemployment is at its lowest for nine years, and she says she is delivering social justice via initiatives such as the sweeping pensions reform she hopes will become law by early next year.

Meanwhile, Asian demand has delivered booming revenues from copper, of which Chile is the world's top producer, and the economy has picked up. It grew at 6.1% in the second quarter, its fastest for two years, well above the 2006 growth of 4%, although economic expansion slowed between June and July.

However, annual inflation rose to 4.7% in August and prompted the Banco Central to raise its benchmark lending rate for the third time in three months in mid-September. Bachelet said the inflation uptick was largely the result of external factors such as rising milk, wheat, and fuel costs, as well as cold weather that led to poor harvests. "We know part of this situation will continue and part will be resolved as warmer weather comes....So, I'd say we're not pessimistic," she said. "We don't like inflation where it is, but we're being vigilant."

Chile has scraped through an especially cold Southern Hemisphere winter, with severe gas cuts to electricity generators and factories after its sole natural gas supplier, Argentina, suffered an energy crisis of its own. It has so far staved off cuts to residential clients. But Bachelet acknowledged that "we'll have problems" next year if further droughts affect hydroelectric generation. Her public mea culpas regarding Transantiago, the partial improvements in recent months, and the government's aim to have a "decent" service by December have yet to placate indignant commuters. "After Transantiago, I'm not surprised by anything," one commuter said.

Senator bloodied in scuffle with riot police

A controversy around the Aug. 29 protests arose regarding an incident in which a carabinero, a member of the federal militarized police, struck Sen. Alejandro Navarro in the head with a retractable baton, bloodying the leftist politician. A video later showed Navarro, a PS member, pushing the police official before being attacked, leading to criticisms against him. Navarro later admitted to pushing the officer two times on the hand. "I hit him twice on the hand so that he would look at me, to look him in the face. I hit his sleeve and said to him, 'Who are you? Because we are going to denounce you to the officer.' Then he pushed me," said Navarro after the video was posted on the video Web site YouTube. "We were having a dialogue and not provoking when I was hit."

Navarro said that he was trying to see that officers identified themselves after they beat a leader of the Partido Comunista de Chile (PCCh) and that he would not apologize, although he would not call for the removal of the carabinero who struck him, saying it was a case of inexperience on his part. Carabinero officials claimed that Navarro's action could be considered misuse of duty for a public
servant for which he might be prosecuted but said the police were not seeking that outcome at this time. Alianza lawmakers called for an official investigation of Navarro.

**Inequality splits Chilean society**

"Chile is a very prosperous country if you look at the economic figures. But life for the people is very hard," said one protester during the August demonstrations. Chile has seen its economy grow year after year, at about 5.5% per year. Shiny state of the art office blocks are sprouting in Santiago and the streets are full of new cars.

Pablo Halpern, a wealthy lawyer, told the BBC that he believed the protests do not accurately reflect the situation in Chile. "Even if the images are sometimes very violent and the protests result in damaging the streets and the windows of the shops and things like that look very violent they're for a very short period and in some narrow areas downtown, close to the presidential palace," he explained. "They start at a certain time and they end at 12 o'clock that same day. So it's really an exercise in which there is a mixture between real political protest and social unrest in general."

The distribution of wealth in Chile is one of the worst in the region. Sandro Imacache is one of those who feels he is not reaping the benefits of the boom. "At the moment the minimum wage is too low," he said, standing behind the reception desk of the modern apartment block in the plush Las Condes district of Santiago, where he works as a concierge. "With [the minimum wage of US$208], I've got to support a family and pay for the useless transport system that we've got. Life here in Chile is expensive everything goes up and nothing comes down." "The transport system is crap and expensive. It takes me an hour and a half to get to work, with three changes, and that's without the lines," said Imacache. "The supermarkets, the hospitals, it's all going up. We used to pay 30 to 40 pesos for an onion, and now it's 150 or 160, just for one."

Imacache sees the wealth but does not get his hands on much of it. He cannot afford to join the demonstrations but is part of the growing tide of discontent in Chile among people who feel they are being left behind.

Political analyst Claudio Fuentes says the government is not acting fast enough to rectify the problem. "Chile is one of the three most unequal countries in Latin America," he says. "I think this problem has been waiting to be resolved for a very long time, the gap between the rich and poor is very wide, and you can see that in Santiago. If you go to the north and south of Santiago you see the differences between the rich and poor. And you see that these frustrations of the people in the last demonstrations the [secondary] students, for example, who can't get into the universities because the quality of the education isn't very good."

But Bachelet maintains an upbeat tone. "The Chilean economy has never been more stable or protected from external shocks," she said Sept. 25 during a speech in New York. "Recent turbulence has underscored the importance of sound fundamentals." Chile will adhere to spending limits that require putting surplus revenue aside to secure future needs for pensions and social programs, Bachelet said. Public holdings rose to US$17.8 billion in June, providing a reserve for government spending to cushion any future decline in copper prices.