

Chile's Protests Aren't Like Other Latin American Protests

 bnnbloomberg.ca/chile-s-protests-aren-t-like-other-latin-american-protests-1.1336244

October 23,
2019

(Bloomberg Opinion) -- It's tempting to conclude after a week of rampage that Chile is following its Latin American neighbors into the grip of public rage and political anomie. You should resist that temptation. No doubt the mayhem that beset the Andean nation over the weekend following a modest rise in metro fares — 15 dead, hundreds arrested and the capital city occupied by soldiers — looks all too familiar. The specific troubles vary across the Americas, but the wave of protests, vandalism and looting shows that fury is an equal opportunity affliction. Harsh fiscal measures and feckless management helped to trigger mass protests in Argentina, Ecuador and Honduras this year. Last year, Brazilian truckers nearly paralyzed the country over a markup in fuel prices. Cries of “fraud” rang out in the Bolivian streets early this week as the supreme electoral court inexplicably suspended the ballot count from Sunday's presidential election, in which both incumbent Evo Morales and his opponents are warning of foul play.

Yet the cholera in Santiago, Concepcion, Rancagua, Punta Arenas and other major cities was qualitatively different. In many ways, these cities were victims of Chile's successes: sophisticated metropolises, home to its best universities, decent transportation systems and highest quality of living. Their state of siege testifies to the complacency of national leaders, who loll on Chile's continental laurels. Chileans want more than to be the most fortunate of a rum lot or a venue for global compacts, such as the imminent Asia-Pacific Economic Cooperation summit. President Sebastian Pinera's failure to grasp those aspirations has turned him and much of the political establishment into easy targets and marred Chile's standout reputation.

Chileans have motives for discontent. But a misbegotten economic model is not one of Chile's sins. Despite lackluster growth, gross domestic product will likely expand by 2.5% this year and 3% in 2020, well above the regional average. Inflation is low and joblessness has not spiked (even though the rush of immigrants has helped tamp down wages).

Nor are deepening misfortunes the likely culprit, as some hot takes suggested. Chilean income inequality, while still stubbornly high by the standards of the rich nations comprising the Organization for Economic Cooperation and Development, has been easing for many years. Poverty, too, continues to fall, even as it worsens across the region.

What about corruption? While hardly exempt from graft and fraud, Chile's headline scandals seem modest compared with those sparking the backlash against the ruling establishment in Argentina, Brazil, Ecuador and Peru. Chile is the one major South

American economy to mostly escape the curse of Odebrecht SA, the giant Brazilian contractor that raised pay-to-play to a Latin American art form.

For sure, Chilean democracy is flawed, and some of its reforms have fallen short. Still, Chileans are the second most upbeat in Latin America about their social progress after Bolivians, and lead the region in perceptions of economic well-being. Only 16% described themselves as badly off economically.

Chileans also do not share their crankier neighbors' gloom over representative democracy. Nearly six in ten Chileans (58%) say they support democracy, compared with the Latin American average of less than half (48%). Only 15% say they are indifferent to democracy versus any other form of government. For all the funk in the public square, the country ranked 26th most contented of 156 nations listed on Gallup's latest World Happiness Report.

So if not graft, a bum economy and a widening gap between poverty and plenty, what went wrong enough to send tens of thousands amok, prompt President Sebastian Pinera to declare a state of emergency and order tanks to the streets for the first time since generalissimo Augusto Pinochet?

Here's where Chile's troubles loop back into those of the region. From Quito to Santiago, and La Paz to Buenos Aires, leaders appear to have fallen behind society, which wants timely relief from everyday indignities and more expedient gains than well-intentioned reforms can offer.

While Chile scores well by many official metrics, the numbers tell just so much. "Chile has improved overall living conditions and reduced poverty, but averages also hide things," University of the Andes economist Juan Nagel told me. "There's still a sense of two Chiles which coexist in sharp contrast."

Chileans may be tired of hearing they are the best among the least. Chile's educational system is a Latin American beauty, but the dog of the OECD, whose achievements Chile has yet to emulate. Innovation and productivity also have underwhelmed.

Likewise, Santiago's metro is a gem and justifiably the pride of Latin American public transport. Yet by telling Chileans, as Pinera did about the protests, that "we are at war," or that commuters vexed over higher peak metro fares could get up earlier, as the economy minister suggested, the governing class has proven itself tone deaf.

Pinera also did himself no favors by boasting earlier that Chile was "an oasis" of balanced economics and democratic stability in a continent roiled by recession, populism and political upheaval.

Pinera didn't order Chileans to pay more to ride the metro on a neoliberal whim. An independent board of bureaucrats did, based on dispassionate accounting. But if Latin American leaders have learned anything lately, it's the distance between being right and being politic.

The same sort of willful technocracy led Argentina's Mauricio Macri to bet that incremental fiscal containment was reform enough, and Lenin Moreno of Ecuador to suddenly ditch fuel subsidies on the faith that eventual compensation to the poor for spiking fuel prices would buy him support. Both well-meaning leaders misread the financial markets and the zeitgeist, managing mostly to discredit reformism. Like them, Pinera has had to walk back policy — he has since apologized, scrapped the fare hike and appealed to “dialogue” — and fight instead for political survival.

He might reflect on the pains of a neighbor. In 2013, Brazilians rose in rage against an equally modest rise in bus fares. There, too, the experts were flummoxed: Living standards had surged while poverty and inequality had plunged in previous years. Recent research shows that those who took part in those protests were far better off than those who disapproved.

Perhaps it was the glimpse of possibility and progress that set up Brazil for a fall when expectations soured and political leaders under-performed. “The evidence tells us that falling inequality can be problematic, especially when politicians lose favor,” said Brazilian economist Marcelo Neri of the Getulio Vargas Foundation.

Chile has been there. Student rebels besieged Pinera's first government (2010 - 2014) with their mass protests for free universal higher education. They won that battle, pressuring congress to reinstate tuition-free university for low-income earners in 2016. They also won the right to discounted public transportation and so were exempted from the recent metro fare hike. Now Chile's youth is back at the barricades. Their latest outburst suggests that they want a lot more than a cheap metro seat.

To contact the author of this story: Mac Margolis at mmargolis14@bloomberg.net

To contact the editor responsible for this story: James Gibney at jgibney5@bloomberg.net

This column does not necessarily reflect the opinion of the editorial board or Bloomberg LP and its owners.

Mac Margolis is a Bloomberg Opinion columnist covering Latin and South America. He was a reporter for Newsweek and is the author of “The Last New World: The Conquest of the Amazon Frontier.”

©2019 Bloomberg L.P.