Chile Protests

What is the issue?

- The difficult circumstances like fiery street protests, mob violence, arson, etc., were cited by Chile's President Sebastián Piñera to back out of hosting the COP25 and APEC Summit.
- It is surprising as Chile is long regarded as a remarkable example of prosperity and political stability in generally turbulent Latin America.

How did the Chile protests start and spread?

- The trigger was a modest 4% increase in subway fares announced on October 1, 2019.
- The day after the new fares came into effect, school students launched a campaign to dodge them.
- They jumped the turnstiles on the Santiago Metro in civil disobedience, and trended #EvasionMasiva, or 'Mass Evasion' on social media.
- As the campaign spread, there were violent incidents and all the Metro stations were shut down and Piñera announced a 15-day curfew.
- However, the rioting continued and spread from Santiago to Concepción, San Antonio and Valparaíso.
- So the government cancelled the fare hike, but the protests didn't cease.
- By the end of October, over a million marched in the streets of Santiago.
- Many Metro stations have been destroyed, supermarkets set afire, and stores have been looted. At least 20 people died in the protests.
- The protests have been described as the most tumultuous of the last 30 years, since the country returned to democracy at the end of General Augusto Pinochet's dictatorship.

Why are Chileans so angry?

- The protesters represent the voices of those left out of the economic growth and prosperity that most non-Chileans have come to identify the country with.
- Discontent against broad income inequality is the key provocation.
- People are angry about low incomes from salaries and pensions, and are unsatisfied with public healthcare and education.
- A major driver of the protests has been the fear of poverty in old age.

- Chile has a defined contribution pension scheme in which workers pay at least 10% of their wages each month to for-profit funds, called AFPs.
- Over the years, these AFPs have come to hold an enormous corpus about 80% of the nation's GDP at present and have huge investments in Chile and overseas.
- Thus, the AFPs have helped fuel an economic boom that has been visible in impressive skylines and apparent prosperity.
- However, not all Chileans benefit from the pension scheme. Many can't contribute enough regularly, and end up with small payouts.
- A third of Chileans who work in informal jobs, and those who don't have jobs, and women who quit to raise children, lose out too.

What is the government doing?

- Piñera has acknowledged most of the protesters' demands.
- He has offered a reform package that includes higher taxes for the rich, and multiple policies of redistribution of wealth.
- He fired several ministers against whom the public has expressed anger.
- He has said he would increase the state's contribution to basic pensions by 20% for the poorest Chileans, and raise employer contributions.
- However, the protesters remain unmoved, and want Piñera, one of the richest people in the country, and the President since 2018, to go.
- Opposition parties too, have indicated that they would not simply rubber-stamp the government's attempts to fast-track pension reform.

Is there a counter-argument?

- The AFPs argue that the problem doesn't lie with the pension scheme, but rather with low wages, a weak job market, and the country's ageing population.
- There are many in the country who doesn't sympathise with the protesters, or who disagrees with their violent methods.
- The Santiago-based Spanish language daily said that it was essential to be clear on the origin of these happenings and those who are responsible.
- This violence must be very clearly distinguished from peaceful protests.
- They say that violence only seeks the destabilisation of the country and has nothing to do with the demands of the marches.
- It had praised Piñera's reforms package as effectively taking care of the needs most felt by the people and allowing for a new political and social dialogue.
- The counter-arguers also say that Chile has 9% poverty, 2.3% destitution. Since the return of democracy, the GDP has multiplied 5 times.
- Inflation is below 5% and a high level of employment.

- Even though there exists the problem of distribution, the country continues to be rich and orderly.
- The complaints of the middle classes don’t justify the setting ablaze and destroying of a nation that is a model of development for the region.

Source: The Indian Express

