Understanding inequality in Chile – A revisited dependency analysis of education

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Abstract

This thesis makes a case for a revisited dependency analysis in understanding how socio-economic inequality is produced and reproduced. It illustrates that a succession of Chilean governments has been unable, despite policies from across the full political spectrum, to disrupt the processes of disparity. As the study spans a considerable timeframe, the research is divided into two sections: 1964 – 1989 and 1990 – 2010. The data from the initial time period reveals that levels of inequality remained as high as at any other time in the previous thirty years. The return to democracy under the Concertación (1990 – 2010) brought a policy emphasis to reduce inequality, but the impact was also less than what had been hoped for.

The research uses descriptive statistics to track persistent patterns of inequality in contexts such as income, healthcare, employment and education. This is combined with interviews with various academics and policy-makers concerning their perceptions of the roots and consequences of Chilean inequality, and their opinions regarding the impact of various policies upon it.

Despite the considerable amount of existing research addressing socio-economic inequality there is a conspicuous gap in the literature regarding the role of dependency analysis. The thesis includes a case study of educational inequalities under the Concertación and undertakes a dependency analysis of the situation. Through this work it is evident that the features of structural heterogeneity and educational commodification, along with a failure to place social and class relations at the centre of such an approach, has prevented any progressive change.

The thesis posits a set of theoretical assertions and policy recommendations that are intended to counter the criticisms that have forced dependency to the peripheries of development thinking. In summary, this research makes theoretical, empirical and policy contributions to the understanding of the processes of socio-economic disparity, within and beyond the education sector, both in Chile and elsewhere.

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Section One

Chapter One

Introduction

1.1 Introduction

The OECD's economic survey of Chile in 2012 confirmed that the country continues to struggle to reduce high levels of socio-economic disparity. Despite a recent trend of modest decline, the report reveals that income inequality is the highest in the OECD. This is despite the broad scope of socio-political and developmental approaches implemented over the past fifty years.

This thesis tracks and documents socio-economic inequality in Chile, 1964 – 2010, and assesses the political responses to it. The research focuses particularly, though not exclusively, on educational disparity and analyses its causes. Current data have shown Chile to have the most segregated educational system in the OECD (OECD, 2011b) and recent events, most significantly the continuing student demonstrations known collectively as the 'Chilean Winter', have highlighted the importance of this research.

Chile is an ideal context for the study, as over the past five decades it has been governed by presidents representing the full spectrum of political ideology and, by 2010, the dominant political paradigm had travelled full circle. Between 1958 and 1964 Jorge Alessandri led a centre-right conservative administration that was replaced by Eduardo Frei's Christian Democratic centrist reformist government from 1964 to 1970. Salvador Allende's ill-fated 'Chilean road to socialism' was terminated violently in 1973 and replaced by an extreme right-wing dictatorship led by Augusto Pinochet that would eventually see Chile become the most neoliberal economy in the world. Democracy was restored in 1990 and a centre-left coalition of Christian Democrats and socialists termed the Concertación held power under the successive presidencies of Aylwin (1990-94), Eduardo Frei (jr) (1994-2000), Ricardo Lagos (2000-06), and Michelle Bachelet (2006-10). In 2010 Sebastián Piñera led a centre-right coalition into power; this represented the first time since the early 1960s that an administration of the right wing had governed.

Perhaps one of the only constants during this half-century of extreme transformations in Chilean politics has been the spectre of socio-economic inequality. Successive administrations have sought solutions – to varying degrees and with very different methods – to the predicament. In many ways Chile became a policy laboratory for social and economic progress – defined differently during the various periods. Unfortunately, the inequality gap, measured in terms of material possessions and opportunity, has remained stubbornly high throughout all administrations and today remains as wide as it was in the early 1960s.

This particular research suggests that underlying structures and dependent social relations play a significant role in perpetuating asymmetries, and proposes that a contemporary dependency approach may be able to make a contribution to finding potential solutions for disrupting the processes of socio-economic inequality. The approach explores the multidimensional nature of inequality by analysing social relations and suggesting policies to impede ongoing uneven relationships, especially within an educational context.

Recent research incorporating relevant Chilean-specific data includes: Spagnolo (2008) and Aguirre (2008) on levels of income inequality; Agostini and Brown (2007) on spatial segregation, comparing inequality levels at disaggregated geographical levels; Agostini et al (2009) on inter-ethnic poverty and inequality; and McGuire (2010) on the provision of, and access to, basic healthcare. There has been extensive writing done on examining the effectiveness of policy on inequality, including: Hojman (1996); Cuesta (2009); Frenz (2007) and Larrañaga (2009). There is also a substantial recent body of work on education in Chile, including: Aninat (2005) on educational disparities; Torche (2005) and Carnoy and McEwen (2003) on the impacts of a privatised education system; Drago and Paredes (2011) on the quality gap in schools; and Mizala and Torche (2012) on social stratification and the school voucher system. Despite the considerable amount of research addressing current socio-economic inequality, and specifically educational disparity, there is a conspicuous gap in the literature regarding the role of dependency.

Having introduced the main concepts of the thesis, the rest of this chapter is structured as follows. The contemporary relevance of the study is further explored, before the aims and objectives of the research are outlined. The final section reveals the structure of the work.

1.2 Further contemporary relevance of the research

In Latin America the benefits of economic growth have not been equally distributed over decades, making the region one of the most unequal on the planet. ECLAC (2007, 63) notes that:

“In European countries, the income of the richest 10% exceeds that of the ninth decile by no more than from 20% to 30%, whereas in Latin America, the gaps between those two deciles is greater than 100% and sometimes even exceeds 200%.”

The financial crisis of 2007 “cut short the longest and most vigorous phase of economic growth seen in Latin America and the Caribbean since the 1970s” (ECLAC 2010, 15) and the indications are that this period has had a negative impact on poverty and inequality, with unemployment rising sharply in many countries. World Bank Development Indicators from 2012 show that inequality is particularly marked in Chile, with the Gini coefficient¹ standing at 52.1, making it one of the most unequal countries in Latin America. The income distribution in Argentina, Brazil and Chile, for example, worsened from 1960 to 2005, with Chile almost increasing its Gini coefficient by ten points. Aguirre (2008, 12) observes “the deterioration of inequality in Chile seems to have been more dramatic and widespread than in most other countries.”

Such historically consistent patterns indicate the need for a fresh approach. For twenty years, until 2010, the Concertación followed what was labelled as neostructuralism (discussed in Chapter Six). This was initially hailed as a critique of neoliberalism, and

¹ The Gini coefficient measures inequality in, for example levels of income. A Gini coefficient of zero indicates that everyone has the same income, while a coefficient of one indicates one person has all the income.

was in part an attempt to prevent established inequality from worsening. However, the ‘Chilean Winter’ may be seen as evidence of the failure to achieve this.

The Chilean education system, which at the tertiary level has been labelled the most expensive in the world (Meller, 2011a), is an important case study of the privatisation of the ‘right’ of education. There has been clear progress since the end of Pinochet’s rule in 1989: over one million students now attend tertiary education, a significant rise from 200,000 in 1990. This totals close to 45% of all 18-24 year olds and over 70% of these students are the first generation in their families to go on to higher education (Franco et al, 2011, 20). However, inequality remains embedded in the system and, on average, greater levels of exclusion are understood to lead to worse outcomes (OECD, 2011b). This ‘educational apartheid’ is a consequence of a rigid social stratification. Mario Waissbluth (2011), president of the *Educación 2020*² foundation, comments on this in a media statement: “The kids from the posh suburbs study in those suburbs, go to university in those suburbs, get jobs as company executives in those suburbs and employ friends from the schools they went to themselves.” Such a situation has brought the concept of inequality to the forefront of social awareness and protest movements, including the ongoing ‘Chilean Winter’ demonstrations. These protests have since attracted hundreds of thousands of people, not only students but also disillusioned members of the working and middle classes who share the desire for change. This desire for change also has a contemporary global relevance.

“The truth is that both the broken society and the broken economy resulted from the growth of inequality.” (Wilkinson and Pickett, 2009, 5)

In the book *Spirit Level: Why Greater Equality Makes Societies Stronger*, written before a series of protests and uprisings started on a global scale (the Arab Spring³,

² *Educación 2020* is a non-profit foundation, created as a citizens' movement that seeks quality and equity in education in Chile.

³ A series of riots and demonstrations in the Arab region, which started in December 2010. At the time of writing, governments have been forced from power in Tunisia, Egypt, Yemen and Libya, and further unrest in, among others, Algeria, Bahrain, Jordan, Iraq, Morocco, Kuwait, Oman and Syria.

riots in the UK⁴, and the escalation of the ‘Occupy’⁵ movement), Wilkinson and Pickett (2009) examined some of reasons as to why socio-economic disparity may potentially contribute to political and societal breakdowns; what they call the ‘costs of inequality.’ These ‘costs’ include: high levels of crime, social immobility, increasing debt, poor health and low education performance.

1.3 Aims and objectives

Aims

Having provided the context for the research, this section lays out the aims and objectives, and elaborates upon how these will be addressed. The core aims are as follows:

1. *Conceptualisation:* to examine the notion that underlying structural dependency plays an integral role in the production and continuance of socio-economic disparity
2. *Description:* to set-up an exploration of this notion through the tracking of Chilean socio-economic inequality, 1964 – 2010, and the policies that sought to address it, with a specific investigation of educational disparity, 1990 – 2010.
3. *Analysis:* to investigate why policies were ineffective in reducing socio-economic disparity, 1964 – 2010, and consider the role played by structural dependency in its production and continuance
4. *Prescription:* to investigate the application of a revisited dependency approach to disrupt asymmetrical relationships in education during this timeframe and consequently initiate a discussion on how this approach may be used to reduce socioeconomic disparity

Objectives

For Aim 1:

- a. To ascertain the processes that operate to create socio-economic inequality

⁴ The riots involved a high incidence of looting and arson between 6 – 10 August 2011 in several London boroughs.

⁵ An international movement concerned with socio-economic inequality and opposition to multinational corporations and the global financial system. The first Occupy protest was in New York City in September 2011.

For Aim 2:

- b. To quantify social and economic inequality in Chile, 1964 – 2010
- c. To undertake Aim 2 with special reference to inequality in economic (income), social (health) and structural (labour and housing) spheres
- d. To quantify disparity in the context of education in Chile, 1990 - 2010

For Aim 3:

- e. To consider the effectiveness of policies and broad political objectives designed to alleviate inequality between 1964 and 2010
- f. To analyse the role of structural dependency in inequality within the context of education in Chile, 1990 – 2010

For Aim 4:

- g. To define what a revisited dependency approach might look like applied to education
- h. To discuss the potential application for further research in addressing broader socio-economic inequality in Chile and internationally

The eight objectives identified here require further explanation. The first aim of the research is to better understand the mechanisms that contribute to and perpetuate socio-economic inequality. Objective (a) is therefore designed to be both analytical and explanatory of the process. The second aim is to facilitate the first aim by establishing a framework for the analysis, and this is to be achieved through objectives (b), (c) and (d), which track and quantify disparity in various social contexts between 1964 and 2010, before focusing on a more specific context (education) and timeframe (under the Concertación, 1990 – 2010). The objectives for the third aim are more analytical. The aim is to explore why the policies implemented in Chile between 1964 and 2010 were unable to diminish the levels of socio-economic inequality, and more specifically why the Concertación failed to reduce inequality in education and, by doing so, investigate the role of structural dependency in the process. Objective (e) seeks to lay out the various policies implemented and examine the levels of inequality in that timeframe. Objective (f) works at a more detailed scale in the case study of education to analyse the role that dependency plays. The final aim is to establish if a revisited dependency approach has relevance to a contemporary context and objective (g) outlines how the analysis might function with special

reference to education. Objective (h) initiates a discussion on the utility of a fresh dependency approach for various analytical scales and considers its theoretical contribution to development.

1.4 Structure of the thesis

In order to fulfil the above aims and objectives the thesis is divided into four sections and nine chapters. The general nature of each of these chapters and their purpose in terms of the fulfilment of the aims and objectives are considered below:

Section One – Introduction, theory and methodology

Section One is made up of this introductory chapter and Chapter Two. Chapter Two discusses the philosophical underpinnings, theoretical framework, methodology and methods employed in the research. The chapter outlines a critical realist philosophy of social science and a structuralist approach that underpins the research. The methods of primary and secondary data collection and analysis are then outlined, before the chapter concludes with some reflexive observations about the overall research process.

Section Two – Theories of inequality and dependency

Section Two is made up of Chapters Three and Four. The objective of this section is to establish the theoretical context for the research. Initially Chapter Three examines what inequality is and why it is important, its discursive evolution is then discussed along with its multidimensional nature and units of measurement. It is established that the concept functions across time and space and employs interactive elements at the disaggregated scales of global, national and individual. This section then introduces the theoretical approach of dependency by tracing its rise to the forefront of development thinking in the 1960s and its fall following the established dominance of Neoliberalism. Dependency is introduced as an approach most commonly associated with underdevelopment but here it is viewed within a context of socio-economic inequality. Chapter Four prepares the ground for the discussion of a revisited dependency analysis in Section Four.

Section Three – Chilean inequality: a case study of disparity

Section Three is made up of Chapters Five, Six and Seven. Section Three builds on the examination of the concept of inequality and places it within the case study of Chile, 1964 – 2010. Chapter Five begins with an overview of the persistence of inequality in Latin America between 1964 and 2010 to provide an historical and empirical context. Following this, the chapter looks at how each of the three governments in the period 1964 – 1989 pursued very different policy directions, ranging from Frei's structuralist approach and Allende's 'Road to Socialism', to Pinochet's neoliberal laboratory. Chapter Six introduces Neostructuralism and explores how each administration of the Concertación (1990 – 2010) – to one extent or another – explicitly recognised inequality as a major issue in Chilean society and instigated policies of various formats and aims to combat the problem.

The effects of these paradigmatic shifts on levels of contextual inequality (income distribution and poverty rates, employment participation, health indicators and housing) are discussed at the end of both chapters. In order to more precisely ascertain the causes of various forms of inequality Chapter Seven focuses on the persistence of educational inequality in Chile under the Concertación, discussing the types of disparity suffered leading to the protests of the Chilean Winter. The chapter ultimately asks why the policies failed and asks what can be done: a question that is tackled in Section Four.

Section Four – A dependency analysis and conclusions

Section Four is made up of Chapters Eight and Nine. This section follows the discussion of why the educational policies implemented by the Concertación failed to reduce inequalities. It considers that a dependency analysis might assist in understanding these issues, both for education and for the broader socio-economic disparities experienced in Chile and globally. The analysis is undertaken in the context of the Concertación's education system and creates a method of analysis using the inequality process model introduced in Chapter Three, and the concept of social relations of dependency. Chapter Nine considers the aims and objectives of the thesis and discusses the implications of such an analysis at national and global scales.

Finally a policy package from a dependency perspective is proposed along with further research questions.

Chapter Two

Research methodology and reflections

2.1 Introduction

Having discussed the aims and objectives of this research in the previous chapter, it is imperative to now outline how these will be achieved. This chapter clarifies the philosophical position and the methodological approach and is structured as follows. The philosophical underpinnings and theoretical approach of the research are discussed, especially the relevance of critical realism. Secondly, the methodological approach adopted is introduced along with the research methods employed in the collection of both quantitative and qualitative primary and secondary data. The final section reflects on the applicability of the overall approach, and reflects briefly on any ethical dimensions to the research.

2.2 Philosophical and theoretical underpinnings of the research

The ontological and epistemological positioning of this research builds the foundation for, and informs, the theoretical perspective assumed. As a social science, Development Studies needs to engage in the debate between objective and subjective knowledge, and subsequently that between realism and anti-realism. As Graham (2005) comments, “the epistemological debate revolves around the question of what role mental constructions (representations) play in our knowledge of the world” (cited in Flowerdew and Martin, 2005, 20). This chapter does not attempt to seek resolutions to this debate but simply to describe particular philosophical and theoretical assumptions that help to justify the findings and conclusions.

This research is driven by the possibility, and consequently the responsibility, to contribute to the disruption of the processes of social relations and institutions that create and perpetuate socio-economic disparity. To do this, an approach that finds middle ground in the philosophical debates, and demonstrates a moral dimension, is the best way forward and it is suggested that the approach to achieve this is a critical realist one.

2.2.a Critical realism and structuration

A critical realist philosophy suggests that there is a real world assembled from mechanisms and structures beyond our perceptions, and acknowledges that our experiences, values and perspectives influence how we construe reality, but not how it is constructed (Sayer, 1984). Evidently then, critical realists “retain an ontological realism, while accepting a form of epistemological constructivism and relativism” (Maxwell 2008, 165). Critical realism discusses the interaction between social structures and human agency. Graham (2005, 21) suggests that “human interactions are not haphazard or random but are ordered in lots of different ways” and that the task of a social scientist is to find order in these interactions. Such a dialogue raises the question of determinism within the debate between structuralism and human agency. A Marxist perspective introduces the notion of historical materialism, which focuses on the material conditions of human existence and an essentially economic social organisation. Subsequently determinism arises as a potential problem in Marxist analysis because:

“it sees meanings in events, which, it argues, are often hidden from the participants themselves. Individuals are said to be imbued with a false consciousness as the beliefs, roles and rules which influence the conduct of their everyday lives are part of an ideological superstructure.” (ibid, 24)

A human agency rejection of this would refute that humans are passive cogs in societal and economic structures, but rather fully conscious and in control. A critical realist approach would argue for a conciliation of sorts between these theoretical positions by rejecting determinism and yet suggesting a dual character, in which social structures and agency are co-determinate and alter each other in a constant cycle. Likewise, by perpetuating social structures, human agency produces its own conditions. To avoid deterministic interpretations, Bhaskar developed a ‘transformational model of social activity’ (TMSA), which maintains aspects of both humanism and structuralism, but acts as an alternative to both (Collier, 1994). It can be argued that the TMSA shares important consistencies with the structurationist social theory, promoted most notably by Giddens (1984), in which spatial structure

can be understood as a context where social relations develop and become established. The environment within which an individual is situated plays a significant role in enabling or restricting action within these relations and the individual needs to act to create the most conducive conditions. Harvey (2002, 170-171) comments that social structures and environments are dependent on a variety of concepts other than individuals however. He suggests that social production and reproduction is dependent on individuals' interpretations and conceptions and that social structures vary in time and from place to place.

Therefore a critical realist philosophical perspective sees social phenomena as operating in complex systems that are created by a "lattice work" (Collier, 1994, 140) of interrelationships between people, observable events and underlying structures and mechanisms. As a result any given social phenomenon is "the outcome of a multiplicity of causes in a continually changing configuration" (Manicas, 2006, 39). A critical realist standpoint, then, would argue that research cannot produce laws and that all knowledge is intrinsically imperfect.

A critical realist philosophy, imitating aspects of a hermeneutic approach, suggests that knowledge of social phenomena is based on experience, and is consolidated by an empirical observation, theorisation, reflection, and critique. Critical realist research requires an approach that devises theories of fundamental causal structures based on visible phenomena and the social and historical context within which this takes place. It therefore helps the testing and generation of theory alongside empirical observation. For, as Graham (2005, 31) states, "it is only through a dialogue between theory and practice that knowledge and understanding will be advanced".

In Chapter Three a conceptual process model of inequality is introduced and is later used as a framework (in Chapter Eight) within which to understand various elements of a dependency approach in relation to disparity. Such a model, consistent with a critical realist approach, emphasises the active link between social structures and human agency. The model might be labelled as a 'soft' hypothesis. The adjective 'soft' is justified by two reasons: first, the hypothesis will not be subjected to rigorous scientific assessment; and second, in rejecting or not rejecting the 'soft' hypothesis,

there will be no support for a general law. In this way, the process model is strictly contextual and conceptual and intended to apply to the Chilean case study only. However, it is mentioned that an exploration of testing the model operationally would be one of the potential outcomes of the research.

2.2.b A dependency approach

In the context of this thesis, the general concepts of structuration theory and, more broadly, critical realism are extremely useful in the analysis of the role dependency plays in the process of inequality. A deterministic approach would not only mean that a dependency approach was still vulnerable to existing criticism, but also that the changes in Chile's economic and social conditions had not been taken into account during half a century of persistent disparity. The criticism levelled at dependency often focused on the over-reliance of external interests but critical realism, and structuration theory, enables the analysis of a reciprocal relationship between structures and agency at both macro and micro scales. With this in mind, the research is sensitive to the contextualities of the particular relationships being explored. For example, in the context of the case study of education, economic structures interact with socio-culture structures at various scales.

Ultimately the core goals of the dependency approach were to analyse the development of Latin American capitalism and to better understand the processes of underdevelopment and inequality. Although these goals were conceived of in different ways by structuralists (a critique of conventional theories of trade and development) and Marxists (a critique of the articulation of developing societies into the global economy and a re-creation of the theory of class conflict at a global level), dependency maintained the view that the core was the cause and the periphery was the outcome, and maintained an analysis on the interplay between external domination and internal conditions. These ideas are more fully developed in Chapter Four. The writings of Cardoso, notably *Dependency and Development in Latin America* (1979), suggested a methodology based on concrete and specific examples of dependent relationships, observing the interplay between internal and external structures that formed a complex whole. As Kay (1989, 160) explains,

“The fact that underdeveloped countries have their own internal dynamic which can only be comprehended within the matrix of the international system is the *raison d’être* of dependency analysis.”

The research aims to make a unique contribution to the substantial body of work on Chilean inequality by examining the relevance of a revisited dependency approach to reducing inequality. By disaggregating the components of socioeconomic inequality, it has helped create valuable targets to work with, however – as with poverty – isolated ‘solutions’ do not reduce inequality or weaken its structure. Therefore a revisited dependency approach would aim to interrupt the processes of inequality traps by targeting the mechanisms that drive them: the unique dependent structural networks and relationships that the traps operate within, and seeking to lessen the nature of dependency / power.

A critical realist approach recognises that these mechanisms are in a constant state of flux, with human agency altering the structures that ultimately make human action possible. For example, for inequality to exist there needs to be at least two entities to compare between, and it is within the relationship between these entities that inequality operates. Therefore inequality is essentially about the relationships between agency-created structures. Examples of uneven social relationships are inter-ethnic, gender, income groups, class and spatial segregation. It is suggested that the process of inequality within these relationships is driven by a combination of structural mechanisms and human agency such as: marginalisation, debt traps, and consumption patterns.

A revisited dependency approach considers inequalities to be unique to particular circumstances, which supports Cardoso and Faletto’s (1979) recommendation of focusing on “concrete situations”. These situations operate at various scales and through various networks and relationships simultaneously. Such an approach is consistent with structuration social theory in that both micro- and macro-levels of analysis are required. These scales can be geographical: global, national and local but also temporal, as an historical approach is necessary to understand the structural roots

of inequality. This research aims to isolate various dependent structural relationships and the inequality processes within them, and subsequently discuss socioeconomic policy and developmental approaches that may help disrupt them.

2.2.c Why Chile and education?

As stated in the previous chapter, over the past five decades Chile has experienced the full spectrum of political ideologies and one of the consistent features during such a tumultuous half-century has been the persistence of socio-economic inequality. The failure of consecutive administrations to disrupt the processes of such disparity makes Chile a fascinating case study of how inequality operates and persists regardless of political context. Due to the nature of Chile's political history and current socio-economic predicament there is a considerable school of research, both theoretical and statistical, to draw from and this is another reason why Chile is a suitable case study.

The focus on Chile was also in part due to practical reasons. Victoria University's strong links with Latin America have resulted in the Victoria Institute of Links to Latin America, while a number of postgraduate studies are related to Chilean topics. This ensured that there was a contemporary body of research to draw from and a network of contacts in place to make use of.

It was decided part way through the research that a focused case study on education under the Concertación would be appropriate. This was related to a number of factors, not least of which was the momentum being carried by the student demonstrations into the timeframe within which I was to be doing my fieldwork in Chile. The demonstrations started in May 2011, however the origins of the agitation can be traced back to 2006, when a student protest movement took to the streets. These protests are discussed fully in Chapter Seven. The situation meant that the notion of inequality within education was being broadly discussed, both privately and in the media, and therefore it presented an opportunity to engage with a contemporary and relevant topic to this research, which would contribute to the contextualisation of the findings. It should be noted that, while the situation made accessing some people a little easier, it also made it more difficult to interview others. For example, politicians were not interested in discussing such a hot topic, while student leaders were heavily

involved in the movement and within the media. At one point, when it seemed it would be possible to make contact with the talismanic student leader, Camilla Vallejo, the enquiry was directed to her newly appointed personal assistant! Nevertheless, on the whole, it was a theme that people were very engaged with and being in Chile during the demonstrations was certainly beneficial to gaining insights and opinions on how inequality operates and how it is being protested against and resisted. There is also a considerable amount of available data on inequality within education, not only from within Chile but also from international organisations such as Unicef and UNESCO. Such data is invaluable in understanding patterns of disparity and establishing the importance of education in intergenerational debt and inequality traps.

2.3 Methodology

In the context of this study a mix of quantitative and qualitative research is crucial. In order to understand how inequality persists, despite numerous policies to reduce it within various contexts and at various scales then quantifiable data will be necessary and it should be tracked statistically. Similarly, to examine the manifestation of disparity in particular social relationships it is likely that a mixture of quantitative and qualitative data will be valuable. This is a useful method to analyse opinions and perceptions. This section introduces the methodology employed in the compilation and analysis of data. It is valuable to have suitable methods that both understand observable data and can uncover underlying causes and origins.

2.3.a Qualitative and quantitative methods

This research uses a mixed methodology of both primary and secondary qualitative and quantitative data as detailed in Table 2.1 and the subsequent sections. Brockington and Sullivan (2003, 72) support this approach:

“Qualitative and quantitative methods are not mutually exclusive to learning. Both can be necessary depending on the question being asked. We have both combined complex

statistical analyses of data with detailed qualitative interviews to learn more about the place and people we were studying.”

In the context of this thesis a combination of the approaches is crucial in order to track the levels of socio-economic inequality, while understanding the various social relations that operate within it.

Table 2.1: Methods used to achieve objectives

<i>Objective</i>		<i>Method</i>
A	To ascertain the processes that operate to create socio-economic inequality	Use the discourses about inequality and dependency from secondary sources to design a conceptual process model for inequality
B	To quantify social and economic inequality in Chile between 1964 and 2010	Use secondary sources to track inequality trends in Chile across the successive administrations
C	To achieve objective B with special reference to inequality in economic (income), social (education & health) and structural (employment & housing) spheres	Disaggregate inequality into various contexts and track these separate trends within the timeframe
D	To quantify disparity in the context of education, 1990 - 2010	Use secondary sources to track inequality trends in Chilean education during this timeframe.
E	To consider the effectiveness of policies and broad political objectives designed to alleviate inequality in Chile between 1964 and 2010	Use the information collated from Objectives B – D, and primary-sourced qualitative material from interviews in Chile, to inform a better understanding of the process of Chilean inequality
F	To analyse the role of structural dependency in inequality within the context of education in Chile between 1990 and 2010	Use information from Objectives A – E, and further qualitative material from Chilean interviews to inform the validity of a revisited dependency approach
G	To define what a revisited dependency approach might look like	Use secondary sources and further qualitative material from Chilean interviews to propose the content of a revisited dependency approach
H	To discuss the potential application for further research in addressing broader socio-economic inequality in Chile and internationally	Use the findings of Objectives A – G to discuss the opportunities for further research

2.3.b Collection of primary data

Primary data was gathered through fieldwork incorporating a series of interviews. In-depth semi-structured interviews were conducted with 26 people between October and November 2011. Interviews, conducted in English, contained a range of open-ended questions outlined in the Information Sheet in Appendix A. The research in Chile was directed predominantly toward collecting qualitative data and accounts from various

actors of their involvement and understanding of governmental policies responsible for persistent inequality. Semi-structured, semi-formal interviews were employed to gather the opinions of key stakeholders (government employees and academics) on the impact of various policies on inequality, the role of structural dependency and the validity and relevance of a revisited dependency approach. However, beyond this dialogue was free ranging and conversational, and interviewees were encouraged to share their perspectives. Interviews were conducted at a variety of locations, including universities, government departments and less-formal locations such as restaurants. In almost every case the interview lasted no longer than one hour.

The data from these interviews assisted in the analysis of the effectiveness of policies in reducing inequality between 1964 and 2010 and, more specifically, inequality in the education system under the Concertación, 1990 - 2010. Subsequently, they contributed to the question of whether a revisited dependency approach would be relevant to understanding the processes of these inequalities. The dependency school is very much a part of Latin America's developmental and theoretical fabric, and by discussing a revitalised approach with policy-makers and academics a better understanding of the significance of a fresh approach was obtained. Material from these interviews is concentrated in Chapters Eight and Nine.

Key stakeholders were identified through a variety of different ways. Some were recommended with the help of academic contacts at Victoria University and subsequently the Universidad Pontificia Católica and the Universidad de Chile, while others were selected through the reading of dependency literature. Other suggestions were made by friends in Santiago (who helped me get interviews with government representatives and teachers) and it was also possible to identify others by following up media releases concerning the student demonstrations which were occurring at the time. By developing relationships with local people contacted via a language-exchange website in Santiago, most of whom were students or teachers, and who had considerable social circles, it was also possible to follow up on various leads.

Through these initial contacts, clusters of key stakeholders began to emerge and the number of contacts grew via a process of gradual accumulation and references. Visits

to regions outside of Santiago came about due to good contacts already established in that region or through connections made through academics in the capital city. Travel outside of Santiago was undertaken to Valparaíso by bus and to Temuco by air.

The Human Ethics Committee of Victoria University of Wellington required ethics approval for all primary interviews and this was sought in the early stages of the project and granted in September 2011 before the commencement of fieldwork in Chile. The field research approach was designed so as to protect the anonymity of research participants and safeguard their privacy; therefore no interviewees are identified in this report unless they have explicitly opted to be. All participants were provided with a written information sheet identifying the researcher. The informed consent of all participants was required. All interviewees participating in a formal capacity signed a written consent form (Appendix A). Some respondents in governmental or NGO positions were happy to participate but did not consent to having information or opinions given in the interview attributed to them personally. No interviews were taped and transcribed and most information was recorded in note form during the interview. All participants were offered a summary of the final research findings, and some indicated an interest in receiving this. A full list of interviewees can also be found in the appendix.

2.3.c Collection of secondary data

This thesis required a thorough understanding of contemporary inequality (1964 – 2010) within a Latin American and Chilean context and this was achieved through a tracking of trends from secondary material. The quantitative data required consists of publicly available, official statistics and other secondary data. The main sources for this include: the Chilean Ministry of Planning and Cooperation's (MIDEPLAN) CASEN surveys (1985 – 2009)⁶, Banco Central de Chile's *Statistical Synthesis of Chile, 2005 – 2009* and *Chile Social and Economic indicators, 1960 – 2000*⁷, and the

⁶ The National Socio-Economic Survey, Casen, is conducted by the Ministry of Social Development with the aim of providing information to estimate the extent of poverty and income distribution, assess the various gaps separating different social groups and geographical area and evaluate the impact of social policy. Its subject is households. Casen Survey has been conducted by the Ministry of Social Development for the years 1985, 1987, 1990, 1992, 1994, 1996, 1998, 2000, 2003, 2006, 2009 and 2011.

⁷ These publications from the Central Bank of Chile contain information in five years blocks on general characteristics of the country, such as a wide range of social and economic indicators.

World Bank's *World Development Indicators Database*⁸. These resources permit a disaggregation of inequality into relationships such as inter-ethnic, spatial and income disparity, and components such as access to education and healthcare, employment and housing.

Pizzolitto (2005, 3) assesses the reliability of poverty and inequality measures and discusses methodological changes within them. Concerning the CASEN surveys he suggests, "most of these limitations arise from using the processed databases by CEPAL⁹, instead of the original ones, which are not available to the public." He notes changes in the survey, such as the redefinition of urban and rural in 1996 and a new survey sampling frame also since 1996, and questions if results across time are consequently comparable. Further issues such as non-response, invalid answers, misreporting, non-monetary income and regional variances are also discussed. In each case he concludes that the measures are robust, with the inequality trends remaining consistent despite any statistical adjustments. Agostini and Brown (2007, 1) also consider difficulties in obtaining local information in Chile but reveal that "recent theoretical advances have enabled the combination of survey and census data to obtain estimators of inequality that are robust at disaggregated geographic levels."

The scope of research on the causes and persistence of inequality in Chile since the 1960s has been considerable. A significant proportion of this work has tracked the successes of poverty reduction, including: the main household survey in Chile, *Encuesta de Caracterización Socioeconómica Nacional* (CASEN), which is currently undertaken every three years; Foxley (2004) and Murray and Kousary (2009). However, despite a large sector of the Chilean population rising out of poverty, inequality has persisted and has led to a further body of research that explicitly considers the issue of inequality, either alongside the topic of poverty or inclusive of it. This includes: ECLAC (2010), Huber (2009) and Diaz (2010). As Murray and Kousary (2009, 159) suggest, "A new shift to equality as a policy objective, as

⁸ The World Bank collection of development indicators is compiled from officially-recognised international sources. It includes national, regional and global estimates and is updated four times a year in April, July, September and December.

⁹ CEPAL, the *Comisión Económica para América Latina*, is the economic commission of the UN for Latin America and the Caribbean.

opposed to viewing poverty and the poor through a safety net lens, may well serve to redress specific structural imbalances in Chilean society.”

2.3.d Data analysis and interpretation

Primary qualitative data was collected through interviews while in Chile, and secondary qualitative data was mostly taken from the academic, governmental and NGO material. The interviews were transcribed, coded and sorted and, in some cases, the qualitative data has been incorporated into the text and commented upon.

As previously established, this research uses both qualitative and quantitative data. The quantitative data was descriptive statistics used to track patterns of inequality over a set timeframe. The limitations here were in finding unbroken sets of data that spanned half a century, or being able to locate comparative data over the same timeframe. This limited the research to contexts such as income, healthcare, employment and education, with elements of housing. Even within these contexts the topics have been confined to those which have enough unbroken data across the timeframe. For example, when discussing health indicators in Chapter Five the dialogue has been limited to infant mortality rates, vaccinations and the availability of hospital beds. Although these indicators are considered strong markers for the context of healthcare, more detailed research (e.g. solely focused on health) might have produced further data on other relevant indicators.

It is also difficult to establish the direct impact of policies due to a number of issues, including time lag, intervening factors (such as the global financial crisis), poor data and cross-correlation. However, the consistency of disparity levels across such a significant timeframe does suggest socio-economic inequalities that are resistant to policy changes.

2.3.e A reflection on conducting research in a foreign language

All of the primary interviews in Chile were conducted in English and, as most of the meetings were with academics, educators, NGO officials and government representatives it was straightforward to do so. Occasionally a contact would accompany me to an interview if the interviewee indicated in advance that some

concepts or vocabulary might require clarification. This was beneficial to ensuring that there were no misunderstandings in the questions or responses, which ensured an accurate recording of their opinions and accounts. The issue of language in the context of foreign-area research necessitates discussion and it is no different in this case, however, due to my limited Spanish the interviews that were undertaken could only be conducted in English. There were occasions when I was invited to speak with someone who had no English; in these cases I attended with a translator but have not included these meetings in my list of interviews or referenced them at any point as such a methodology was not included in the ethics approval. However, they assisted in setting the context for my research and helped shape my views on the matters at hand.

Indubitably my intermediate level of Spanish prevented more in-depth discussions and a broader range of interviews, but it does also need to be recognised that the topics the interviews were discussing were quite academic and specialised and therefore the majority of stakeholders relevant to the research did have high levels of English communication. In Temuco, where I visited the Universidad de la Frontera, I was chaperoned solidly for two days by a German member of staff who had excellent English. Occasionally it was very useful to have the linguistic clarity but overall the members of staff I interviewed were very proficient. In one case I was allowed to interview a class of second-year Social Science students but the English levels were very low and I was uncomfortable in the translation process and so this has had to be removed from the research.

2.4 Chapter summary

In summary, this research adopts a structurationist theoretical framework, underpinned by a critical realist philosophy and a mixed methodology of primary and secondary qualitative and quantitative data is used. It is suggested that an integrated dependency analysis is predicted to produce improved understandings of the underlying structures, processes and mechanisms that operate to determine uneven social development, particularly within the context of education.

Section Two

The objective of this section is to establish the theoretical context for the research and to show the value of a dependency approach to understanding socio-economic disparity. To do this Chapter Three examines what inequality is and why it is important. Such a discussion informs the later case study of disparity in Chile (1964 – 2010), including a focus on educational inequalities under the Concertación (1990 – 2010). Chapter Four then introduces the theoretical approach of dependency by tracing its rise to the forefront of development thinking in the 1960s and its subsequent decline.

Chapter Three

Concepts of inequality

This chapter introduces the concept of inequality, discussing its discursive evolution, its multidimensional nature and units of measurement. It is established that the concept functions across time and space and employs elements at various scales from the global to the individual. The numerous impacts of its constructive and destructive nature are examined, as well as considering the existence of a moral imperative to reduce any suffering that results. This is followed by a proposal that inequality operates as a process, and a conceptual model is introduced to visualise the mechanisms that drive the process.

3. 1 Introduction

Inequality is a complex and multidimensional concept. For it to exist there needs to be a comparison of a quality (or qualities) between two or more entities, and in order for it to be meaningful they must be interpreted as having certain values. Without these values Peter Westen (1982, 547) says,

“Equality is an empty vessel with no substantive moral content of its own. Without moral standards, equality remains

meaningless, a formula that can have nothing to say about how we act.”

These values often have a moral weight, but in the context of development there are also non-moral relationships, and therefore non-moral comparisons. Contrasts between individuals, groups within nations, class, gender, race, and between nations themselves, can be made. Globalisation has made such comparisons explicit and unavoidable on almost every scale. This is why it is no longer sufficient to simply ask ‘what is equality?’ – it is now necessary to also ask ‘equality of what?’ and ‘equality between whom?’ And if the concept is being approached with a view to progress and improvement, then the questions of ‘why is it important?’ and ‘how does it work?’ must also be addressed.

3.2 Contexts of inequality

3.2.a Discursive evolution

The discourse of inequality has developed over many centuries and has adapted to various revelations and revolutions. Plato (*The Laws*, as quoted in the World Development Report 2006, 76) argued that, “if a state is to avoid...civil disintegration...extreme poverty and wealth must not be allowed to rise in any section of the citizen-body, because both lead to disasters.” And this was followed up by Aristotle’s principle that “Equality and justice are synonymous: to be just is to be equal, to be unjust is to be unequal” (as cited in Westen 1982, 543). Although both philosophers supported the structure of social hierarchies, there are a few clear standards held within these statements – social cohesion, wealth-equality and social justice – that can be traced as constant dimensions of inequality throughout the evolution of this complex and dynamic discussion.

The writings of social contract philosophers, and of Enlightenment thinkers, challenged such an acceptance, as Hobbes, Locke and Rousseau questioned if authority and subordination were indeed rational and natural states. Locke embraced the libertarian precept of individual free will in his *Two Treatises of Government* (1690, 134) writing, “every man has a property in his own person; this nobody has

any right to but himself”, and later Rousseau, in his *Discourse on Inequality* (1753), was to separate out natural and artificial inequality. In *The Social Contract* (1762, 442) he went on to state, “Since no man has a natural authority over his fellow, and force creates no right, we must conclude that conventions form the basis of all legitimate authority among men.” As expressed by Hampton, discussing the established power structure of inequality (1986, 26), “it is a critical premise of any social contract theory that seeks to explain political power and political subordination as something unnatural, something created by human beings and maintained with their consent.”

In 1776 Adam Smith published his *The Wealth of Nations* writing, “No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable.” (1776, 70) Importantly Smith understood that inequality was not only recognised in terms of wealth, but also within dignity and societal judgment. He notes,

“A linen shirt, for example, is, strictly speaking, not a necessity of life... But in the present time, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed, nobody can well fall into without extreme bad conduct.” (ibid, 352)

Such ideas challenged societal structure and order and, Rousseau’s in particular, have often been associated with the French Revolution of 1789, a revolt that won the admiration and support of Thomas Paine who wrote in his *Rights of Man* (1791, 36 – 37)

“Men are all of one degree, and consequently that all men are born equal, and with equal natural right, in the same manner as if posterity had been continued by creation instead of generation...consequently, every child born into the world

must be considered as deriving its existence from God. The world is as new to him as it was to the first man that existed, and his natural right in it is of the same kind.”

Such egalitarian convictions were, at that time, also in evidence within utilitarianism.

As can be seen, inequality was no longer being considered as inevitable but rather as a consequence of human corruption and manipulation. Bottero’s later comment on disparity is relevant here: “if inequality was socially produced it could also be removed by social action” (2005, 20). However, despite the French and American revolutions inequality endured, most disturbingly within slavery. Such perseverance of ingrained social attitudes, despite widespread reform, led to evolved accounts of the biological basis of discrimination. These accounts included the emergence of an emphasis on biological determinism; of race and of physical attributes such as strength and health, which was an easy validation of slavery. Concepts such as Social Darwinism and the discipline of eugenics, which went as far as suggesting that the lower classes should be prohibited from procreating, followed. Inevitably objectionable biological characteristics were soon connected to the supposed questionable moral qualities of certain races and classes. As a result, instead of relying on a belief in divine order to assuage guilt for social inequalities, privileged groups could focus on a justification of the ‘survival of the fittest’ principle.

This institutionalisation was made easier by the stratification of industrial society. Marx proposed that classes were simply economic categories, and that these categories created economic inequality. From here the argument could be developed that such divisions also contribute to the reinforcement of negative labels and behaviours, which perpetuate other inequalities. Marx believed that it is the material conditions of lives that determine actions and thoughts. He argued that, “it is not the consciousness of men that determines their being, but on the contrary, their social being that determines their consciousness.” (Marx, 1845, 245) In other words, if you are disadvantaged due to the social strata you are classed within, then those conditions and labels structure how you see the world and your place within it. For Marx, who saw that capitalism had the potential to create a respectable standard of life for all, the

mechanisms of unfair distribution due to the exploitative relations of production needed to be overthrown.

Marx's work was challenged and expanded by the stratification theories of Émile Durkheim and Max Weber. Kerbo (2007) notes that, in his 1893 work, *The Division of Labour in Society*, Durkheim discussed two types of inequality: external and internal. External inequality was an asymmetrical circumstance enforced on an individual in the form of status, while internal inequality – more common in industrial society – was based on ability. As Kerbo (ibid, 229) comments, “What Durkheim anticipated was a meritocracy based on equality of opportunity.” Weber also expanded Marx's one-dimensional view of stratification beyond economic divisions, creating a complex approach that has been termed the ‘Three Class System’, which was first published in 1920. This suggested that society was divided by class, status (honour and prestige) and power. Weber also introduced the concept of life chances, elements of which can be seen in luck egalitarianism and Sen's Capabilities Approach, both of which are discussed shortly.

The role of ‘power’ in stratification was discussed on a larger scale a few decades later, emphasised within the Cold War rhetoric of Harry Truman's inaugural presidential address in 1949.

“...we must embark on a bold new programme for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half the people of the world are living in conditions approaching misery. They are victims of disease. Their economic life is primitive and stagnant.”

The issue was further brought into the public arena by the work of economist Simon Kuznets. In the 1955 he proposed a thesis that involved what was to become known as the Kuznet's Curve, “the workhorse of the modern theory of income distribution” (Milanovic 2011, 89). This argued that a developing country will suffer greater

income inequality during growth, and that this disparity would reduce once a certain level of average income was achieved.

The issue of distributive justice is best known through the work of John Rawls. By the time he wrote *A Theory of Justice* in 1971, the concept of global inequality was in the public consciousness. The fact that ‘others’ were living in abject poverty and abhorrent circumstances had become a moral topic and subsequently an issue of justice. Rawls returned to the social contract tradition of Rousseau and Locke to develop a concept of justice, which

“requires that basic social goods – liberty and opportunity, income and wealth, and the bases of self-respect – be equally distributed, unless an unequal distribution is to everyone’s advantage.” (Freeman 2003, 1)

Rawls argued that, if placed behind a ‘veil of ignorance’, that is that if people were unaware of their own position in society, then they would select a system of distributive justice that would benefit everyone equally using the principle of equal liberty. A second principle, that of permitting unequal distribution only when it would assist those who are most in need, was also proposed. Rawls’ work contributed to the development of luck egalitarianism, a view of justice that suggests that,

“society should try to equalise the effects of brute luck and misfortune...we need to neutralise as best we can not only the effects of social class but also the effects of the distribution of natural talents and (dis)abilities and other accidents of fortune.” (Freeman 2007, 111)

Even with the considerable diversification of the dimensions and scale of inequality, Amartya Sen has added to the concept further through his Capabilities Approach. There is a clear change here from a discussion centred on equality of outcomes in material terms to equality of opportunity. “Justice is understood in terms of capabilities: egalitarians must, Sen thinks, express their ideal in terms of equality of

capability.” (Qizilbash 1996, 1211) Sen placed his emphasis on equal opportunities for everyone to achieve their basic capabilities. These capabilities reflect a person’s ability to do and be, and therefore alter from individual to individual. Here is an important challenge to the way inequality is generally understood in much of western academia, as it shifts the perspective from where disparity is often viewed. Inequality is different from the viewpoint of the sufferer, then it is for the observer, and it will always be contextually relative. “The capability approach is concerned primarily with the identification of value-objects,” (Sen 1992, 43) says Sen, ensuring that there is a flexibility built in to the discussion.

Clark (2005) comments that Sen’s work acknowledges connections back to Aristotle, Smith, Marx and Rawls, and such a remark demonstrates the nature of the discourse’s evolution. Inequality is a complex, global and multidimensional concept that has divided opinions and societies for centuries and continues to do so. “When we assess inequalities across the world...we are not merely examining differences in well-being, but also in the basic freedoms that we value and cherish.” (Sen 1992, 69) As previously mentioned this forces other questions to be asked so that a truer understanding can be achieved; questions such as inequality of what and between whom?

3.2.b Inequality of what?

When discussing the question ‘equality of what?’, which was pervasive in Sen’s work, it is useful to consider the overlapping, interactive categories of: economic and non-economic, actual and potential, and natural and artificial. The purpose of this is to stress the multidimensional nature of inequality and to isolate the factors through which people suffer injustice. It would be possible to simply create a list of disparities, but this would fail to deepen an understanding of distinct differences in the types of existing inequalities and the scale within which they interact. It would also fail to allow for the recognition that inequality for one person is different from the next person, or from country to country.

Actual and potential: This category is based on Sen's Capability Approach, which – as previously mentioned – focuses on an individual's opportunity to achieve value-based goals.

“The notion of advantage deals with a person's real opportunities compared with others. The freedom to achieve well-being is closer to the notion of advantage than well-being itself.” (Sen 1985, 3)

An obvious difference between well-being (actual) and advantage (potential) is that the latter is much more difficult to observe or measure. This is commented upon in the *World Development Report 2006*, (2006, 4) which accepts that generally there will be a need for a reliance on “highly unequal outcomes across groups defined by predetermined circumstances – such as gender, race, family background, or country of birth – as markers for unequal opportunity.” Martha Nussbaum, as will be discussed later in this section, attempted to circumvent these issues by creating a capabilities list.

Economic and non-economic: While it is useful to create these two categories in order to better survey the landscape of inequality, it is, as Todaro and Smith (2009, 209) state, impossible to truly untangle them.

“We cannot really separate the economic from the non-economic manifestations of inequality. Each reinforces the other in a complex and often interrelated process of cause and effect.”

When considering how inequalities are generated within countries, it is immediately apparent how multidimensional and interactive the process is. The most easily accessible and published elements of inequality are economic measures. This is mostly due to how quantifiable they are, their use in observing formal and informal markets, and how effective they are at reporting poverty. A nation's economy also relates to its investment in infrastructure. For example, factors such as transport, communications,

and energy, are important measures not only of a country's development, but also of developmental comparison between regions, such as urban and rural. The concept of urban bias (Lipton, 1977) contests that authorities have long favoured the urban centres as that is where the better educated and more politically minded voters are situated. This can also include the discussion around the lack of accessibility to quality resources, such as health and education, as well as poor infrastructure for rural areas.

Just as these components contextualise an environment into which a person may be born, there are a number of other elements that need to be considered. One such example is the intrinsic needs of an individual; in this case, these basic needs refer to elements such as shelter, nutrition and sanitation to allow an individual every chance to engage in education or employment without hindrance. This would include a person's well-being, described by Sen (1995, 3) as being "concerned with a person's achievement: how 'well' is his or her 'being'?"

Education and healthcare are two further components used in examining inequality. Educational statistics may refer to items such as attendance, quality (materials, curriculum and qualified teaching staff) and accessibility (in terms of cost and location) of the education system. Attendance in primary, secondary and tertiary education is a good indicator of equality of access, as are literacy rates. This factor also includes access to the knowledge and skills for employment training. All of this information can be disaggregated to better view disparities across, among others, gender, location, and income. Such information can inform policy and its importance can be understood in ECLAC's (2010, 40) comment that "Education and knowledge are certainly essential to give equality its rightful place at the intersection of productive capabilities and social development."

Natural and artificial: Rousseau (1753) saw explaining how 'artificial' inequality had come about as the foremost issue in his *Discourse on Inequality*. He defined artificial inequality as separate from natural, such as strength and intelligence. In terms of understanding how inequality comes about, and how it can be addressed, then it is vital to differentiate the two, so as to generate successful approaches and policies. Natural qualities, such as gender and age, for example, are subject to inequalities that

can be improved through changes to attitude and perception. Artificial inequalities, as defined by Rousseau, have been caused by societal conventions and structures and therefore can be solved by altering those structures.

An individual is born into a unique situation and, while his/her attributes are not fixed and vary over time, they do continually impact upon opportunities. These include, but are by no means limited to natural attributes such as aptitude and physicality, race and age. It is worth noting that Bloor (2007) describes race as discursal, not physical, and questions if race creates stereotypes and associations that prevent individuals from fulfilling their potential. Such an approach can, of course, also be used in discussions of gender inequality. It can also be extended to non-natural attributes such as religion and class. Marx viewed class as economic categories which can cause people to lead what Sen (1984) has called ‘constrained’ lives (cited in Qizilbash 1996, 1211).

Building off this examination, the following section discusses the various units of measurement to permit accurate comparisons between units of analysis.

3.2.c Units of analysis

As was raised earlier in this chapter, to describe something as equal or unequal requires a comparison of a particular quality, between two or more entities (e.g. inequality between whom?). When discussing global inequality the entities used are commonly nation-states, but when looking at hospitals, for example, within a country then the spatial comparison might be between rural and urban regions. Gender, race, age, private and public schooling, developed and underdeveloped nations – all of these are commonly used as entities to set up comparisons.

Particular measurements can be used at various scales, for example: life expectancy, GDP, literacy rates, incomes, unemployment rates etc. Often composite indices are used to compare multidimensional measurements, and these include the Human Development Index (HDI¹⁰), the Gender-related Development Index (GDI), the Gender Empowerment Measure (GEM), and the Human Poverty Indices (HPI-1 and

¹⁰ As the Human Development Index is used later in Chapter Five when discussing Latin American inequality a definition can be found in Appendix A.

HPI-2). Another well-known measurement is the Gini coefficient, used for income distribution, along with Generalised Entropy (GE) and the 90th/10th percentile ratio.

Sen's Capability Approach, as already mentioned, problematises this issue of analysis. Concerned as it is with value objects and freedom to achieve them, Sen acknowledges that "if we are interested in the freedom of choice, then we must look at the choices a person has, not the resources." (Sen 1992, 38) Hence Sen has no definitive list of capabilities because, as Clark (2005, 5) explains, "different people, cultures and societies may have different values and aspirations." However Martha Nussbaum has resisted this approach and has attempted to create a catalogue, including bodily health and integrity, imagination, play, affiliation and emotions. Despite this, Sen's (2004) reservations remain:

"The problem is not with listing important capabilities, but with insisting on one predetermined canonical list of capabilities, chosen by theorists without any general social discussion or public reasoning. To have such a fixed list, emanating from pure theory, is to deny the possibility of fruitful public participation on what should be included and why." (cited in Clark 2005, 7)

Greig et al (2007, 13) comment that, despite the concept of equality of opportunities remaining dominant for many development thinkers, it is usually the data on actual, not potential, outcomes that is used.

This section's work on the multidimensional nature of inequality permits a more comprehensive approach to the question of its importance. The consequences of unevenness are widespread and unique to individuals and contexts, however they are also interactive and work across time, space and scale. Therefore it is extremely useful to an overall understanding of inequality to ask, 'why does it matter?'

3.3 The importance of inequality

This section discusses various perspectives on the significance of inequality. Disparity functions on various scales and across time; its dimensions interact and have outcomes that are felt across space. “Disadvantage tracks people through their lives,” warns the *Human Development Report 2005* (2005, 6), and by recording the consequences of disparity at different scales, in various situations, it is possible to better understand its full impact. It can be argued that inequality is a productive process: it incentivises growth and hence should not be viewed as a harmful condition. Additionally, it might be also be asked why inequality is any more urgent than the issue of poverty. Or further still, the viewpoint that inequality is morally objectionable can be challenged. The UNDP’s *Human Development Report 2005* (2005, 52) comments that, “most people would accept that not all inequalities are unjust”. These opinions are discussed in this section, examining whether inequality is actually detrimental, if there is a moral obligation to confront it, and if there are other more critical dilemmas that need to be addressed first.

A right-wing viewpoint would emphasise that economic growth is the obvious and practical answer to poverty and inequality. Conceptually, the stronger the economy is, the more there is to distribute, and as the benefits of this growth start to trickle down positive activity should be stimulated. This idea has held firm through Smith’s ‘invisible hand’ of the market, Rostow’s stage theory of modernisation and some proponents of globalisation, such as hyperglobalists. Wolf argues, “Rapid growth reduces poverty dramatically.” (Wolf 2008, 187). Krueger (2004) agrees,

“the solution is more rapid growth – not a switch of emphasis towards more redistribution. Poverty reduction is best achieved through making the cake bigger, not by trying to cut it up in a different way.” (cited in Woodward and Simms 2007, 132)

If this is indeed the case, then the material profits of globalisation will allow the developing nations to catch up with the rest of the world. Further to this ‘trickle-down’ concept, is the idea that more equal distribution could erode incentives for

people/businesses/nations to improve. The argument runs that growth would be stymied, as profits would be used for redistribution instead of for investing in progress. Sen (1992, 139) supports part of this argument, adding, "Inequality may, thus, play a functionally useful role in encouraging work, enterprise and investment." Grusky and Szelényi (2007, 4) draw attention to a similar argument, outlining a narrative supportive of free trade, which suggests that as the free market evolves, there will eventually be no employment discrimination as it will be too expensive to hire only desirable employees. "In standard renditions of this account, it is presumed that discriminating firms will gradually be selected out by the market."

Naturally there are rebuttals to such claims and these shall be given in the following five segments: poverty and inequality; growth and redistribution; convergence and divergence; incentivisation and the question of moral obligation.

3.3.a Poverty first, then inequality

Krueger (2002) states, "Poor people are desperate to improve their material conditions...rather than march up the income distribution ladder." (cited in Milanovic 2007, 15) Valid as this may be, it cannot be forgotten that poverty, like inequality, is a multidimensional concept. Poverty does not exist in isolation, just as inequality does not; it is part of a larger process of nature, of oppression, bad choices and bad luck, of established unjust power structures, of maldistribution and discrimination. If the focus is solely on 'resolving' the situation of poverty, then what of the discrimination of gender, caste and race, of the unequal educational opportunities of rural and urban children, of the lack of representation for indigenous people in governments, of the importance of economic convergence for social cohesion? All of these elements contribute to the coming about of poverty, and poverty cannot be suppressed and ended without an appreciation of them, and of how they are transmitted across generations. The *Human Development Report* (2005, 5) supports this notion saying, "Overcoming the structural forces that create and perpetuate extreme inequality is one of the most efficient routes for overcoming extreme poverty." However it could just as easily be argued that overcoming poverty is the best way to overcome inequality,

and such a case is made in defence of the absence of an explicit economic inequality goal in the Millennium Development Goals. Inequality is after all a composite notion of wealth, health, education, power, sustainability and partnership.

Wilkinson and Pickett (2009) take a different approach to emphasising the importance of inequality by stressing that many of the world's most pressing problems are not the consequence of poverty at all, but rather the result of inequality. They worry that deteriorating mental health, health issues, and increasing violence (both domestic and between nations), among others, are direct products of inequality. The effects of social and cultural inequalities at a national level are discussed in great detail in *The Spirit Level* (ibid). They investigate the interaction occurring between the global and national scales. The result, it is argued, of increased stratification is more violence, a weaker educational performance and social dysfunction. They (ibid, 181) claim, "the truth is that the vast majority of the population is harmed by greater inequality."

Inequality also prevents opportunities to engage with the employment market, either through poor education, access to training or discrimination. The result is a swelling informal market, which creates a situation in which "those with limited skills are the most vulnerable in the informal economy as they are most likely to work under inhumane conditions and accept low wages." (*The Inequality Predicament*, 2005, 30) The opinion that the informal economy prevents resources from being returned to the economy is worth commenting on. This is seen to ultimately reinforce the situation, and deprives local governments of the taxes and investment needed for policies to address situations of inequality. This can be responded to by arguing that an informal sector can actually contribute to the reduction of disparity and poverty by providing wages.

3.3.b Growth and redistribution

Woodward and Simms (2007) stringently oppose the theory that greater growth will indisputably reduce inequality. They argue against it on a number of fronts. Essentially, their argument is that to continue current growth is unsustainable, creating heavy environmental costs with every dollar earned. However, by redistributing part of the riches accrued by the wealthy to the poor it improves the

quality of life for billions without necessarily increasing consumption or manufacturing. To add to this, partial redistribution can have a major impact on the poor without having a deleterious effect on growth. ECLAC (2010, 40) agrees that unmanaged economic growth does not have inevitable benefits, commenting that,

“Growth has a negative effect on social inclusion and cohesion when its benefits tend to be concentrated, which in turn undermines the future growth dynamic.”

The ECLAC publication, *Time For Equality: Closing gaps, opening trails* (2010, 41), reasons that without social cohesion there is no sense of community, which can lead to conflict and undermine sustainable progress. The argument is that improved capabilities and inclusiveness stimulate greater production:

“In the long term there is a virtuous circle between the narrowing of social divides, the closing of productivity gaps and more dynamic and sustained growth. There is conclusive evidence that economic development and social equity tend to go together.”

3.3.c Convergence and divergence

Just as can be argued that globalisation has stimulated a convergence between the developing and developed world, evidence can also be given to assert the opposite. Convergence reasoning tends to rely on economic figures to emphasise the faster rate of growth of particular developing nations and regions over the more industrialised areas, but inequality's complex nature makes this a rather one-dimensional approach. As Bob Sutcliffe (2007, 51) comments: “There seems something very suspect about ignoring inequalities within countries and only comparing those between them.”

The impacts of inequality at a global scale are substantial and contentious. Murray (2006, 15), however, is quite clear in his opinion,

“Globalisation simultaneously creates spaces of exclusion /marginalisation leading to an increase in social, economic, political and cultural unevenness across space.”

When considered on such a large scale, inequality can be said to contribute to the marginalisation, and subsequent economic retardation, of certain nations and regions. That less-developed nations suffer enduring economic unevenness due to their controlled integration into, and participation in, the global system is an interesting gauge of the consequences of international inequality. As will be seen in Chapter Four, the dependency approach maintained that the core was the cause and the periphery was the outcome, and focused its analysis on external domination and repression, pointing to the declining terms of trade as a major driver in the process of underdevelopment and inequality. It was argued that poverty and marginalisation were the results of such an asymmetrical system and that the barriers to fair integration needed to be removed.

The disparity inherent in the system is revealed in Table 3.1. The comparisons between the GDP and GDP per capita as a world average in high, middle and low-income countries since 1970 are significant, and contradict the notion of greater growth stimulating convergence. Although the GDP of high-income countries reduced from 79% of the world total in 1970 to 71% in 2009, the low-income countries' GDP fell from 1.6% of the global total to 0.7%. In 1970 the GDP per capita of the low-income countries was 0.2 of the global figure, while in 2009 it was 0.06. In the same period the high incomes moved from being 3.5 times the global figure to 4.3 the size.

Table 3.1 Selected global economic trends, 1970 – 2009

	<i>GDP (in current US\$ billions)</i> (% of global GDP)					<i>GDP per capita (current US\$)</i> (compared to global GDP per capita)				
	1970	1980	1990	2000	2009	1970	1980	1990	2000	2009
High Income	2,279 (79%)	8,640 (78%)	18,218 (83%)	26,352 (82%)	41,607 (71%)	2,734 (x3.5)	9,467 (x3.8)	18,583 (x4.5)	25,071 (x4.7)	37,264 (x4.3)
Middle Income	581 (20%)	2,343 (21%)	3,534 (16%)	5,680 (18%)	16,213 (28%)	230 (x0.3)	753 (x0.3)	942 (x0.2)	1,309 (x0.3)	3,369 (x0.4)
Low Income	47 (1.6%)	124 (1%)	155 (0.7%)	176 (0.6%)	432 (0.7%)	145 (x0.2)	296 (x0.1)	284 (x0.07)	253 (x0.04)	511 (x0.06)
World	2,879	11,107	21,904	32,209	58,259	781	2,472	4,149	5,293	8,599

Source: World Bank (2011) with author's calculations

Wilkinson and Pickett (2009, 5) build on such stark statistics and link the uneven global structure to destructive consequences at national and local levels. They propose that it is the interaction of inequalities across scales that strengthen these barriers to equal opportunity and suggest that the 2007 global economic crash was a consequence of this; “The truth is that both the broken society and the broken economy resulted from the growth of inequality.”

3.3.d Incentivisation

A further important concept is that of the distinction between constructive and destructive inequality. *The Inequality Predicament* (UN, 2005, 15) defines constructive inequality as an incentive to an efficient use of resources, while destructive inequality creates envy and maldistribution. “Finding the right balance between equality and competitiveness is essential.” Wilkinson and Pickett (2009, 30) highlight the consequences of destructive inequality, both between-countries and within-countries. Clearly rejecting the idea of incentivisation through disparity, they claim, “If you want to know why one country does better or worse than another, the first thing to look at is the extent of inequality.” Within-country, they discuss the effects of the wealth gap within societies and claim that, rather than inspiring individuals, “the consumption of the rich reduces everyone else’s satisfaction with what they have.” (ibid, 222) This is also linked to dissatisfaction with status,

“Income differences within rich societies matter so much more than the income differences between them. Once we have the necessities of life, it is the relativities which matter.”
(ibid, 225)

Such discontent can have dangerous consequences, as pointed out through Wilkinson and Pickett’s *The Spirit Level* (2009), such as increased violence and the erosion of community life. ECLAC (2010, 42) also comments on this, proposing that rather than creating incentives, stratification creates vulnerability and exclusion. The recommendation is for positive discrimination and for an agreement that,

“the equality agenda needs to be supplemented by an agenda of difference – not, by any means, to make difference a euphemism for inequality, but for the sake of progress towards greater equality between people who are unlike.”

3.3.e Moral obligation

In 2005 the Commission for Africa called the disparity between the global rich and the African poor as “the greatest scandal of our age” (cited in Greig et al 2007, 1). Inequality is indubitably a moral issue for many people; the world’s major religions view it as such, with the Roman Catholic Church even naming economic inequality among the new ‘deadly sins’ it issued in 2008 (Owen, 2008). In his forward to Paul Farmer’s book *Pathologies of Power*, Sen quoted the author as saying,

“Human rights violations are not accidents; they are not random in distribution or effect. Rights violations are, rather, symptoms of deeper pathologies of power.” (Sen 2005, xiii)

What Sen was focusing on was Farmer’s anguish that those with power deliberately manipulated people’s deprivation and loss – a cruelty that the author often called ‘structural violence’, and what Sen labelled ‘a quiet brutality.’ (Sen 2005, xvi) If this is accepted then so too must the potential impacts of subordination and inequality: discrimination, loss of self-esteem and marginalisation.

The pejorative nature of inequality can destroy dignity, self-confidence and esteem. In his work *Pedagogy of the Oppressed*, Paulo Freire (1970, 544) gives his opinion on why this process is so important.

“The oppressed suffer from the duality which has established itself in their innermost being. They discover that without freedom they cannot exist authentically. Yet although they desire authentic existence, they fear it. They are at one and the same time themselves and the oppressor whose consciousness they have internalised.”

Freire's work highlights the destructive elements of inequality, often leading to an individual internalising their position in relation to others. The result is the perpetuation of a context in which individuals are prevented from an equality of opportunity either through discrimination or through their own lack of self-belief. Performance at school or in the workplace, ambition, and domestic violence can all be related to the expectations set up by society.

As mentioned earlier in this chapter, Rawls' work *A Theory of Justice* (1971) established a moral philosophy, which required that certain important liberties be provided equally for all, and that these 'basic' liberties have priority over collective social well-being. These liberties, which in some cultures include freedom of thought, movement, association, choice of careers, and a right to personal property, are fundamental to our moral being; they are immutable. Such concepts are also in conflict with the 'structural violence' talked of by Farmer; the individual is more important than the combined needs of the many. "Each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override." (Rawls 1971, 3)

3.4 The processes of inequality

This section initially considers various opinions on how inequality operates before proposing a conceptual model of the process. Inequality is understood in different ways, for example, politically, stage theorists might view between-country inequality as a growth phase in which gaps will be progressively overcome, while,

"structuralists argue that rather than looking at the symptoms of inequality (individual opportunities and outcomes), the focus should be the underpinning processes and causes (social structures that foster unequal power relations)." (Grieg et al 2007, 13)

Alternatively, an economic perspective might point to Kuznet’s hypothesis that an inverted U-shaped relationship exists between the scale of economic development and income inequality. Greig et al (2007, 10) recognise this breadth of opinion and comment, “the way that...inequality is conceptualised has profound implications for the identification of its ‘causes’.” Further to this, de Ferranti et al (2004, 7) suggest that a “pretence to an exhaustive discussion of the causes of inequality is thus a shortcut to failure.” While this section in no way seeks to construct a definitive understanding of the causes of inequality, it presents a simplistic conceptual process model (Figure 3.1).

Figure 3.1: A conceptual model of the process of socio-economic inequality

Source: Author

This process is understood from a structuralist perspective and is not designed to be operational (although this is an option for potential future research) but has been created to visualise the mechanisms that play a role in creating and perpetuating inequality. It is based upon the approach presented by Greig et al (2007, 13):

“Inequalities are not simply carefully constructed measurements scales but complex webs of dynamic social relations that privilege some while constraining the life chances of others.”

The model focuses upon the inequality experienced by an individual and has two starting assumptions: the first is that Sen’s Capability Approach defines the ultimate goal of equality, which is that an individual should have the power and freedom to achieve their unique value objects, labelled as ‘possibility’ in this model. The second assumption is that the barriers an individual confronts in achieving their value objects

(possibility) begin from the present time. It is implicit that the unique history of the individual has created their current position.

To allow the consideration of the interplay between external and internal factors, as Cardoso (1979) promoted, the model can be argued to sit within an ‘external’ environment (made up of geo-political, historical, economic, socio-cultural and environmental aspects) and the model itself can be seen as the ‘internal’ process. One of the most obvious examples of historical influence is colonialism; whether understood as a beneficial or a pernicious legacy, it has contributed to disparity in many countries. A structuralist approach is likely to consider a developing nation as suffering from the legacy of colonialism, or from neo-colonial practices, as it is placed in a disadvantaged position of dependency for international trade and growth. Wilkinson and Pickett agree with this historicist approach, that every nation has a unique history, and this history contributes to how inequality has evolved there. They write,

“The prevalence of ill-health and of social problems in these societies is not simply a patternless reflection of so many unique histories. It is instead patterned according to the amount of inequality which has resulted from those unique histories.” (2009, 181)

In other words, they view the process as follows: history has created inequality, and inequality has subsequently created health and societal difficulties. Aguirre (2008, 1) reflects on income inequality specifically within this internal/external interaction, seeing it as “the result of numerous decisions made by households, firms, organisations, and the public sector, and of micro- and macro-level shocks.”

Internally, the process that an individual experiences is influenced by their position in society and their ability to participate. To attain the goal of equality they will come up against the barriers of prejudice and power. Prejudice creates a barrier through which an individual must pass to participate fully in their society, and these prejudices are largely based upon the position of the individual. As stated, this is only a conceptual

model, but for the purposes of creating a better understanding of a structural approach to the inequality process, it is suitable. The rest of this section will examine in more detail the barriers and process.

3.4.a Position

An individual's personal choices interact with the history, geography and policies of their nation; just as such national attributes interrelate with other countries'. These choices may have been well made or badly made, but the 'internal' contextual environment that an individual is situated within also may have created restrictions. Through no action of their own, an individual's context is shaped by advantages and disadvantages, and also by prejudices inherent in that context. This idea is consistent with Giddens's structuration theory (1984), in which people are understood to create their own histories in conditions not of their own choosing.

An individual's position alters over time, as the context they were born into is fluid, although the extent of the mutability varies greatly. The importance (or weight) of the different position-variables also fluctuates from community to community, and nation to nation. In this process then, as with prejudice, it is important to consider how different weights for different position-variables have come about. Similarly, it is necessary to clarify between whom or what a comparison is being made in order to establish an inequality.

In response to the latter, a comment from Wilkinson and Pickett (2009, 25) can be used; "What matters is where we stand in relation to others in our own society." This idea is supported within the model, as it considers the barriers to equality from an individual's perspective and hence that is the scale to which it is constructed. It is accepted that between-country inequality, for example, will impact significantly upon an individual's ability to work towards the freedom to achieve their value-objects, and this is also taken into account when considering how individuals' positions vary from country to country and community to community, as well as within the framework in which the model is situated.

A combination of position-variables can be understood to create a unique position for each individual. These include: physicality, gender, age, aptitude, race, religion, family structure and wealth, among others. Therefore before discussing how an individual's position (both natural and contextual) moves beyond the prejudice barrier, just how position-variables can alter in importance needs to be considered.

Common discrimination established against the natural position-variables of physical impairment, gender, age or innate aptitude, has already been discussed. However, further to that, it is worth looking at another perspective, luck egalitarianism, which goes beyond prejudice to the process of neutralising any natural inequalities. To have the option of choosing, regardless of natural position, is a core feature of the theoretical stance of luck egalitarianism. The idea is that “people are not held responsible for brute luck, the accidents of birth and fortune that beset them during their lives.” (Freeman 2007, 123) Ronald Dworkin is one of the main contributors to this concept, and he contends that a person should not only be responsible for the choices made after having the effects of luck have been neutralised, but also for the consequences of those choices, what he calls ‘option luck’. A person therefore contributes to their position through personal choice (which may have already been affected by discrimination), before tackling the prejudice barrier from the current starting point.

The influence of an individual's material and non-material inheritance (wealth) can be significant. Materially, a person may be born into wealth, which will likely affect what quality of area the home is located in, with no concerns for their intrinsic needs such as nutrition, shelter or sanitation. Or on the other hand, it may be quite the opposite. The likelihood of either rises or falls depending on what part of the world, or what part of their country, a person is born into and if that country has high or low levels of social mobility. Milanovic (2011, 121) calculates that a person's income is explained by:

“only two factors, both of which are given at birth: his citizenship and the income class of his parents. These two factors explain more than 80 percent of a person's income. The remaining 20 percent or less is therefore due to other

factors over which individuals have no control (gender, age, race, luck) and to the factors over which they do have control (effort or hard work)”.

Therefore a context within which a good or bad inheritance can be collated, transmitting opportunity, or lack of, across generations can be argued to exist at birth. For example, whether that individual’s parents attended school, gained fairly paid employment or were able to invest or save. The World Bank’s IBRD *2010 Human Opportunity Report for Latin America and the Caribbean* (2010, 14) supports this, suggesting, “your parents’ level of education will very likely determine yours. And your birthplace is still the most powerful predictor of whether you will have access to basic infrastructure.”

Given the complexity of the factors that combine to create an individual’s position, it comes as no surprise that each position is unique and complex. It is made up of many variables that carry different weights in different locations. This is further complicated by the influence of global factors, such as the particular nation’s representation in global institutions, environmental pressures and the current state of the global market. Despite the intricacy of position-variables, each individual enters into society looking to participate equally.

3.4.b Integration: prejudice and power barriers

Prejudice plays a major role in the perceptions that perpetrate and perpetuate inequalities. Some of the more explicit forms can be seen in gender discrimination, racism, religious intolerance, class bias, and attitudes towards disabilities, however there are countless more within day-to-day life. Age, ability, family, income, rural/urban, language – just as a few further examples – can also be seen to alter the manner in which an individual is perceived and treated. An important question to ask, therefore, when considering the process of inequality, is how do prejudices come about. This section discusses the factors of discourse around gender, religion and race.

According to Jan Jindy Pettman (1997), women are reinforced as being powerless and dependent, perpetuating male social, and political, dominance. Avoiding any potential

issues of similar relativism, V. Spike Peterson (2003) investigates the notion of the informalised economy and how the 'invisible' can be made visible in this area. Women can be forced into accepting low wages and pitiful conditions as they are considered as labour made cheap and reliable employees; they are seen as willing to take on such roles to ensure the security of their family, while men often refuse to participate in such 'unskilled' work. The transnational economy of the 'maid trade' is a good example of this, forcing women, usually from developing regions, to hunt for or be placed into, domestic work overseas, work that is considered unskilled. Without a gendered account of this movement and oppression, it may be easy to accept that this is a natural freedom that many women have chosen to take advantage of. The sex industry should also be discussed here. The participation of women in their own objectification is not solely a result of the feminisation of poverty but also due to race, class and culture, for these help commodify them as, for example, exotic or submissive. Such propagation of the concept of the 'other' as valid helps to valorise skills and attributes and the impact of such a loss of respect and self-esteem can be seen in the fact that,

“Women account for half the people living with HIV worldwide...Worldwide, gender inequalities continue to affect women's decision-making and risk-taking behaviour, and vulnerability to HIV infection is often beyond a woman's individual control.” (*Millennium Development Goals Report 2009*, UN 2009, 33)

The prejudices and perspectives that have resulted from religion and race can also be approached from a post-colonial perspective. Bunche (1968, 38), when writing on modern imperialism, makes a remarkably strong charge that, “Strenuous efforts are made to make these peoples think of themselves as backwards.” This is a powerful reminder that often prejudices haven't developed naturally but have been manipulated with objectives in mind. Martin Bernal's *Black Athena* (1987, 189) returns to eighteenth-century Egypt to support this point,

“In the long run we can see that Egypt was also harmed by the rise of racism and the need to disparage every African culture...Greece, by contrast, benefited from racism, immediately and in every way.”

Bernal reveals the reworking of history, just as Edward Said's (1994, 41) work highlights the inextricable link between knowledge and power:

“Orientalism reinforced, and was reinforced by, the certain knowledge that...the West commanded the vastly greater part of the earth's surface.”

Knowledge is power, power is knowledge and both can revise history to its advantage. Said (1993, 4) is indignant; “there is no just way in which the past can be quarantined from the present,” and Claude Ake (1979, 100) similarly despairs at how Western scholarship controls “Third World perceptions of their world and eventually behaviour.” The consequential perception of ‘us’ vs. ‘them’ is a reality, reified by greed¹¹, by fear¹² or utter arrogance¹³, and was bemoaned by Bernal (1987, 189) as the reason why Greece was recognized as the “fount of European civilisation” rather than Egypt. Claude Ake (1979, 112) urges the Third World countries to stop subordinating themselves to the West by accepting the West's definitions of development. “If one must group nations as inferior and superior, it would seem that such classifications should be based ultimately on the quality of life,” and not, as Lewis (1997, 129) believes, as a result of the fact that “the standards of the dominant civilisation always define modernity.”

Said (1993, 40) is disgusted at how so many unquantifiable aspects of what it is to be a human within a culture can be “contained and represented by dominating frameworks.” These linguistic frameworks are a result of a language that comes from

¹¹ “The directing motive is this process is human greed” (Bunche 1968, 38), also Adam Smith, (1776) “Every colonist gets more land than he can possibly cultivate.” (532)

¹² “European Christendom lived under the constant and imminent menace of Islam.” (Bernard Lewis 1995, 11)

¹³ “Just as unfailingly, the Western societies are assigned the higher extreme of the evolutionary continuum.” (Claude Ake 1979, 105)

knowledge that comes from power and this is what Said's Orientalism attempts to dismantle. Said is also aware of the different scales of these frameworks; to him it isn't simply a case of changing the discourse around race or religion or gender in individual nations; the prejudices are buried deep in time and in geography and therefore require a change of authority as well to de-centre and destabilise established propositions and discrimination.

“Everything about human history is rooted in the earth...Just as none of us is outside or beyond geography, none of us is completely free from the struggle over geography.” (Said 1993, 7)

The process of creating and establishing a prejudice is complicated and occurs over both space and time, however once in place they are difficult to dislodge. Discrimination feeds into day-to-day life, just as it helps shape policy. Kallen (2004, 33) agrees, “once invalidating labels are imposed, dominant authorities can justify injustice.” Kallen identifies three distinct types of discrimination that perpetuate inequalities: institutional, structural or systemic, and cultural. All of these can lead to the destruction of an individual's, or group's, opportunities and/or way of life. These are then “perpetuated by the elite and internalised by the marginalised,” (*World Development Report 2006*, 3) leading to the establishment of the prejudice filter.

“One reason discrimination is so hard to eliminate comes from its sheer insidiousness. Beliefs about differences are embedded in everyday attitudes and practices in a way that neither the discriminator nor the discriminated against may be conscious of, even though these beliefs transform how they both behave. This is what underlies the power of the stereotype.” (*World Development Report 2006*, 94)

The conceptual model in Figure 3.1 suggests that the authority of the community or nation can still impact the freedom to achieve equality of possibility; this can be called the ‘power barrier’. The authority may choose to permit or prohibit certain

actions or situations that influence an individual's ability to attain a goal. Dependency analysts view the whole model as the dynamics of dependency, suggesting that ultimately authorities and the established processes deliberately keep minorities as minorities through their use of power.

This stage of the process model emphasises the interplay between external and internal influences. The external process of economic, environmental, political and socio-cultural components creates a context within which a nation must operate, for example on a global scale. Such a context will influence the priorities a government has, which in turn affects how an individual functions in that society. Tax rates, interest rates, indigenous land claims, state welfare, military spending, education and health investment are all examples of how policies can restrict or encourage an individual to achieve value objects.

3.4.c Participation

To have the freedom to make choices about achieving value objects, an individual needs to be actively engaged in society. This participation is multifaceted and again will differ from society to society, composed of access to education and health resources, legal and political representation, fair employment and income and the opportunity to invest and consume. Ideally, to attain equality of participation an individual should experience no prejudice as a result of their position, and have any natural or contextual disadvantage neutralised. At this stage of the process there should be no barriers to prevent full engagement with society. However, the process is not an all-or-nothing exercise. The conceptual model in Figure 3.1, though, is examining the process of how inequality is created and therefore considers all potential barriers; it does not suggest that all barriers have to be removed before progress can be made. What the model does is simply highlight the components that interact to restrict opportunity.

One of these essential components, as already discussed, is education. Not only does education create more employment opportunities, but it also has far reaching effects as

well, such as improving the intergenerational transmission of knowledge and skills¹⁴. Unfortunately inequality – particularly positional inequality – does prevent education opportunities. According to the *Millennium Development Goals Report 2009*,

“Children from poor communities and girls are the most likely to lose out. In some less developed countries, children in the poorest 20 per cent of the population are three times less likely to be enrolled in primary school than children from the wealthiest 20 per cent...Ethnic, linguistic and religious minorities also have fewer opportunities.” (UN, 2009, 16)

If, regardless of race, class, gender, wealth (and other variables), a person is free to pursue employment without restraint and expect a fair salary for the work done, then equality in this area will have been achieved. However there are numerous factors to be considered before this can occur. Even if an individual’s position does not create discrimination or disadvantage, then there are still global influences to overcome. For example, the 2008 financial crisis has deteriorated labour markets around the world, with the *Millennium Development Goals Report 2009* (UN, 2009, 22) suggesting that an extra 24 – 52 million unemployed people were created in 2009, with women’s unemployment “likely to continue increasing at a rapid pace...(as)...the financial crisis is now hitting female-dominated industries and services and may affect women more profoundly over the long term.” This situation will also impact the informal market, raising inequality by reducing the demand for formal labour and therefore wages.

3.4.d The process of inequality traps

Figure 3.1 affords a better understanding of the barriers an individual must overcome to achieve equality of opportunity, but the process by which inequality as a concept persists also needs to be considered. Inequality is inefficient and also morally offensive, so why then – despite it being talked about for centuries – is it still so active today? *The World Development Report 2006* (World Bank, 2006, 20) contends that the

¹⁴ “Although good schools make a difference, the biggest influence on educational attainment, how well a child performs in school and later in education, is family background.” (Wilkinson and Pickett 2009, 103)

answer lies in the establishment of inequality traps; “These unequal social and economic structures tend to be readily reproduced.” The traps are constructed from interactive political, economic and socio-cultural inequalities, which essentially create the context that the model presented here functions within, and the result is a “circular causality for wealth, income, social and cultural capital and power, mediated through institutions, [that] evolves throughout time and history.” (ibid, 23) In *The Bottom Billion*, Paul Collier (2007, 79) contends that,

“All the people living in the countries of the bottom billion have been in one or another of the traps I have described [conflict, natural resource, bad neighbours and bad governance]...some countries have been in more than one trap, either simultaneously or sequentially.”

Although Collier doesn’t believe that these traps are ‘black holes’, he proposes that they are difficult to escape from and many of the countries ensnared simply don’t have the resources to progress further, even if they do struggle free from the trap. Collier acknowledges the work of Jeffrey Sachs in promoting the notion of poverty traps as an explanation of inequality’s persistence. Sachs’ 2005 work, *The End of Poverty: How we can make it happen in our lifetime* discusses how traps are constructed: inability to save or invest, geographical obstacles, past debt, poor domestic and international governance, and population growth. These components of a poverty trap are inevitably intrinsic to the process of inequality traps. Sachs was discussing these traps on a global scale, analysing how certain developing nations were being left behind, however the concept of such a trap can be used in understanding how inequality – at any scale – persists.

This section has introduced a conceptual process model from a structuralist perspective in order to visualise the mechanisms that play a role in creating and perpetuating inequality. It is based upon the approach that disparity is constructed from complex social relations and reveals the underlying social and economic structures (also called power and prejudice barriers) that construct a process that

individuals, communities, nations or regions can pass through in an attempt to attain an equal playing field of opportunities. The initial social, political, physical or economic position is understood to influence the extent of participation in society or in markets. Ultimately that participation decides the opportunity to achieve objectives or ‘value goals’.

3.5 Chapter Summary

As has been regularly raised throughout this chapter, the concept of inequality is a multidimensional one. When considering the diverse qualities that are compared, and the entities involved, it quickly becomes apparent that inequality exists across time and space. It is important because it can at once demand a moral and an economic response; because it can be blamed for the loss of countless lives and the restriction of many more; because it is inefficient and environmentally destructive.

This chapter has discussed opinions on why disparity might be considered both a constructive and destructive situation. This research assumes the view, as has been discussed in this chapter, that inequality is a process and is inefficient, damaging and deprecating, and that it does not incentivise growth. The need to reduce the current levels of inequality at a global, national and local scale, and to oppose the structures that force marginalisation at these scales, is a moral, as well as a growth, issue.

The second chapter of this section turns to the theoretical introduction of dependency. Chapter Four follows the rise and fall of this approach to prepare the ‘theoretical ground’ for later discussions on the influence of structural dependency within inequality processes.

Chapter Four

The rise and fall of the dependency school

This chapter charts the rise and fall of the dependency approach. This is most commonly associated with underdevelopment but here an attempt is made to view it within a context of socio-economic inequality, as defined in Chapter Three. This includes its origins and evolution, the themes and pressures that came to define it, and the reasons behind its theoretical marginalisation. This chapter then considers the question of the ongoing relevance of a dependency approach despite criticisms of it, before arguing that a revisited perspective is capable of making a significant contribution to an understanding of the process of inequality.

4.1 Introduction

“Neither external relations nor internal ones, however, are ‘determining’; rather they exert different forces at different points in time and in different ways” (Johnson 1981, 144)

Theories and concepts are not developed in isolation; they are conceived out of necessity at a unique time with particular exigencies, building on analyses that went before. Dependency analysis was no different, evolving through inimitable historical and theoretical contexts to confront the issue of expanding global inequality. However, due to the diversity of influences that shaped the perspective, it proved challenging for dependency to establish a lucid revolutionary theory and its influence waned. Despite this, the concept of structural dependency may still remain relevant today and can potentially help to forge a better understanding of the persistence of inequality.

4.2 Evolution – an analysis of the rise of dependency

Historically, following the end of the Second World War, a conceptual space was forced open by a series of unique pressures. These pressures, such as the Cold War, global economic restructuring and the rebuilding of national identities, met a landslide

of revolution and poverty head-on, the result of which was an opening in which the voices of the developing world could be heard and where polemicists saw opportunities to unsettle established structures. Within this space, most notably in Latin America, the concept of dependency, cultivated over a few decades by the disruption and fusion of various policies and theories, matured to provide a framework for the protesting voices to cogently rise up. The events that contributed to the creation of the conceptual space within which dependency was to situate itself will be analysed, followed up by an overview of the theoretical evolution of dependency.

4.2.a Historical evolution

Post-war landscape: Although the seeds of dependency had been sown many years previously, most notably in the work of José Carlos Mariátegui (1928), it was in the three decades between 1945 and 1975, when the world experienced significant change both economically and ideologically, that a conceptual space opened for the perspective to develop. Mariátegui's 1928 publication *Seven Interpretive Essays on Peruvian Reality* had anticipated the discourse that dependency would generate. The essays discussed exploitation at the hands of foreign and domestic interests, the marginalisation and exclusion of indigenous Indians and the need for agrarian reform to arrest such processes, and considered topics such as regionalism and centralism. All of these themes were to surface again in Latin American structuralist and dependency debates years later. Samir Amin (2000, 6) sees this as the result of the stable structures of post-war growth collapsing.

“History then enters a phase that might be described later as transitional, but is lived as a transition toward the unknown, during which new historical subjects crystallize slowly. These subjects inaugurate new practices, proceeding by trial and error, and legitimise them through new ideological discourses, often confused at the outset.”

Many of the new historical subjects, the dissenting voices, were from the complex space of Latin America, which, during the same timeframe, had endured a period of violent upheaval and widening inequality. It created a ‘Third World’ perspective that

challenged the traditional viewpoints of the industrialised nations, and subsequently gave the new space the authenticity and validity to nurture the discourse of dependency. By labelling these post-war changes as economic and ideological it is possible to construct a framework to better understand how these various pressures combined to give the perspective momentum, particularly inside Latin America.

Economic Change: Samuelson and Nordhaus (2001, 627) highlight the main economic shift, that “the United States emerged from World War II with its economy intact – able and willing to help rebuild the countries of friends and foes alike.” The setting up of the Bretton Woods institutions in 1944 and the General Agreement on Tariffs and Trade (GATT) in 1947 facilitated such a process. Indeed Hobsbawm (1994, 230) points out that the U.S. government was at that time far more concerned with avoiding a repeat of the 1929 slump than with preventing any potential future conflicts. With this in mind, and while establishing a clear ideological and moral order that was evident in Truman’s 1949 inaugural address, the International Monetary Fund (IMF), the World Bank and GATT set about ensuring that the U.S. dollar became the key global currency. By 1950 most European countries had, aided by U.S. dollars through the Marshall Plan, returned to pre-war GDP levels and some of the socialist countries were also experiencing an economic surge. To maintain this momentum the industrialised countries, using aid and loans, sought to maximise global comparative advantage by promoting increased primary-good productivity within developing regions to meet the rising demand for raw materials brought about by the economic growth in the centre.

All of this occurred across a timescale when neoclassical and Keynesian economics were vying for dominance and so economic transformations also tended to initiate ideological shifts. As Sunkel (1977) comments,

“If theory did not correspond to reality, so much the worse for reality: it would have to be changed so that it would correspond to the assumptions of neoclassical and macrodynamic theory.” (cited in Kay 1989, 4)

Murray (2006) keeps an eye on these historical economic pressures by highlighting the rise of a new international division of labour in the 1960s that revolved around a form of neocolonialism defined as “economic dependence combined with political sovereignty.” (102) This concept was built around the growing control of transnational corporations (TNCs) within developing countries due mainly to developments in technology and communications.

During the same decade the economic landscape in Latin America, having experienced the global rush of post-war optimism, began to fall further behind the rest of the world. Unemployment, inflation and devaluation combined with mass political upheaval created a situation wherein Latin America produced only 4% of the world’s GDP with an average annual growth rate of 2.4%. The average for the underdeveloped world was 2.5%. In such circumstances, and with such disappointment, the nature of the writing that emerged from the region at that time should come as no surprise. Celso Furtado wrote *Development and Underdevelopment* (1964), the first of three major texts he published during the decade, in which he developed the themes of revising the structuralist work of the ECLA and shifting policy focus away from the economic to the political. These themes will be investigated later in this chapter but they can certainly be associated with the political economy of the period. The 1960s also saw Frank’s *The Development of Underdevelopment* published in 1966, *Capitalism and Underdevelopment in Latin America* (1967), followed by Cardoso and Faletto’s *Dependency and Development in Latin America* in 1969. When combined with the ideological shifts the world was experiencing at precisely the same time, this economic environment created an intense pressure that sprung open a new conceptual space and caused the calls for change to echo louder inside it. These ideological shifts are outlined in the following section.

Ideological Change: From 1945 until Frank’s *The Development of Underdevelopment* was published in 1966, the United States enjoyed a worldwide political and cultural hegemony. Immanuel Wallerstein (1988, 432) attributes this to four main policy initiatives: the construction of the ‘free world’ leadership, funded through the Marshall Plan; the stylised Cold War with the USSR; the gradual decolonisation of Asia and Africa to avoid disgruntled colonies finding solace in communism; and the creation of

a united front at home by minimising internal class conflict. These four proposals provide a suitable architecture for an examination of the ideological strains placed on the developing world and why, in combination with economic realities, the result was fertile ground for the dependency movement.

The first policy regarding ‘free world’ leadership, and the symbiosis of dogma and economy, has already been discussed in the previous section, while the second initiative introduces the ideological clash that dominated the political landscape at the time. Hobsbawm (1994, 174) explains how the post-war anti-fascist wave absorbed both the anti-communist and anti-imperialist feelings of the time.

“In spite of their conflicts of interest, which were to re-emerge after the war, the anti-fascism of the developed Western countries and the anti-imperialism of their colonies found themselves converging towards what both envisaged as a post-war future of social transformation.”

It was this vision of social transformation that shaped the ideological geography of this period. Once the threat of fascism had receded, capitalism and communism once again clashed over how exactly this change would come about. Possibly it was the relief of having the focus removed for a period of time while the forces of the world combined against fascism; perhaps it was pure opportunism but there was a renewed sense of momentum in the communist factions following the war. In 1949 Mao Zedong established the People’s Republic of China after decades of fighting and, right on the USA’s doorstep, Fidel Castro led a successful revolution in Cuba in 1959.

At the same time the colonial system was being broken down. At the Bandung Conference in 1955 opposition to colonisation was explicitly raised, but by this time Syria and Lebanon had already gained their independence in 1945, followed by the Philippines the following year. India and Pakistan achieved theirs in 1947 and one year later Burma, Sri Lanka and Indonesia all declared their independence. This third policy mentioned by Wallerstein – decolonisation – was driven by the fear that dissatisfied and disenfranchised nations would turn to communism if their lot didn’t

improve, and subsequently it was implemented swiftly. However as the movement swept into Africa (Sudan, 1956, and Ghana, 1957), Latin America also took its turn. Between 1947 with the start of the Paraguayan civil war, to 1973 when Pinochet overthrew Salvador Allende in Chile, almost every Latin America nation underwent a military coup or revolution. Bolivia, Argentina, Cuba, Brazil, Peru, Uruguay and Ecuador all experienced fundamental change during this time. All of this caused, as noted by Amin (2000, 9), critical thought to move out towards the edges of the system, leading to “the periphery’s dazzling entry into modern thought.” Amin recognised that this new critical thinking had shifted away from the schism of industrialised and non-industrialised nations to a new form of polarisation; the distribution of income. Such a change may have been initiated by the rise of national populism in, for example, Latin America, which served as an attempt to engage the world in a debate outside of the oversimplified iron curtain. However, the new, developing voices prompting the debate were not in fact original, as Mariátegui, as already mentioned, had written his *Seven Interpretive Essays on Peruvian Reality* in 1928. The difference was that suddenly there was a space within which these voices were being heard.

The fourth initiative put forward by Wallerstein was the minimisation of internal conflict so as to muffle the noises being made in the peripheries. However this proved impossible.

“Nineteen sixty-five was a watershed year in North American society and politics. In April U.S. Marines landed in Santo Domingo. In August Watts exploded. Throughout the year the war in Vietnam escalated, and political protests and movements swept the country. A country shaken by the murder of its President began to wonder whether its pathologies were systemic.” (Packenham 1992, 1)

Frank’s 1966 English text *The Development of Underdevelopment* entered the US at a time when the country was extremely receptive to new ideas. The race riots in Watts, Los Angeles, which Packenham refers to above, stress the racial inequalities of the time, and the need for the marginalised communities to find a voice. While at the same

time the failure of the US troops to make progress in Vietnam and an increasingly weak dollar underlined the hegemony's vulnerability, encapsulated in the assassination of President Kennedy in 1963. The global reaction to what Wallerstein considered the USA's strategic hegemony created opportunities for dependency to establish itself. However it was the 1968 crisis that truly instigated its rapid rise:

“The world revolution of 1968...(was) the crucial moment in which the hegemony of liberalism in the geoculture of the modern world-system was effectively challenged.”
(Wallerstein 1988, 355)

In 1968 the world experienced an explosive reaction to US dominance, with France, Czechoslovakia and Mexico, among others, all undergoing fundamental change. A series of left-led strikes and protests in Paris led to the downfall of the De Gaulle government, Mexico witnessed a student massacre in the Night of Tlatelolco, while the Prague Spring's push for 'socialism with a human face' came to an abrupt end with a Soviet incursion. In this situation of ideological attacks on both modernisation and orthodox Marxism, alongside snowballing decolonisation, the concept of development warped. With the additional pressure of a heavily imbalanced political economy it was the perfect opportunity for a new discourse from the periphery. A theoretical conjuncture took place within a conceptual space that had been forced open by historical pressures, both economic and ideological, and it was from this that a recognisable dependency movement emerged. The theoretical evolution of this movement through various influences will be discussed in the following section.

4.2.b Theoretical Evolution

Dependency emerged from the conjecture of several theoretical movements that overlapped within Latin America, creating a new, but unstable, perspective. The crisis of orthodox Marxism, the influences of imperialism and neo-Marxism spilled over from the Left, while the failures of ECLA's Latin American structuralism (which is discussed shortly), the Eurocentric modernisation theory and the liberal economic theories created an opportunity for a fresh approach. This section uses two categories in an attempt to better understand the theoretical evolution of dependency: (i) the

influences of Marxism, Imperialism, neo-Marxism and Latin American structuralism, and (ii) the responses to classical economic approach and modernisation.

4.2.b(i) Influences of Latin American Structuralism, Marxism, Imperialism, neo-Marxism

Although Marxist thought has unquestionably directly informed dependency, its more immediate evolutionary influences arguably came from Latin American structuralism, as well as imperialist and neo-Marxist approaches. However, to fully understand its evolution it is useful to start with Latin American Structuralism.

Latin American Structuralism: In 1947 the Economic Commission for Latin America (ECLA) was established, an agency whose,

“initial concern lay in discovering the major obstacles to development in Latin America and suggesting policies to overcome these. Thus, the concern was more practical than scholastic.” (Kay 1989, 25)

The ideas of the structuralist school of thought quickly gathered pace and support and were so well accepted in the 1960s that the US and some reformist governments in Latin America acknowledged many of them. Latin American structuralism was based primarily on the polarisation of the international economic structure between the industrial core and the more agrarian periphery. As Kay (1989) suggested, the core-periphery paradigm is the cornerstone of structuralism; this structure creates the single process of development and underdevelopment through international trade. Ultimately, the peripheral countries are not able to follow through the same growth stages of the core industrial countries as they are trapped in an established system of competitive disadvantage. Palma (1978, 906) suggests that the ECLA analyses drew heavily from a Keynesian approach but that this “in no way denies their originality; this lay in the way they applied the Keynesian analysis to the Latin American situation, and to the theory of economic development.” While neo-classical theories championed comparative advantage as the justification for asymmetrical international trade, and argued that the gap between developed and underdeveloped countries

would narrow as a result, structuralist Raul Prebisch was asserting that the gap was actually widening. He believed that the periphery was being forced to produce primary products by the international division of production and consequently an unequal exchange, a 'dynamic disparity of demand', was being established. As Murray succinctly explains,

“It was argued that primary products face income-inelastic demand, while manufactured products face income-elastic demand. Therefore as global income increases, the demand for, and therefore the price of primary products will decline relative to that of manufactured products.” (Murray 2006, 292)

Love (1990) suggests that the terms of trade analysis became the point of departure for the structuralist school, emphasising macroeconomics and the role of institutions, especially the state. He cites Raul Prebisch's (1963, 147) opinion on the deterioration of internal terms of trade between agriculture and industry as well, including the explanation that,

“the insufficient dynamism of development, which does not facilitate the absorption of the labour force [because such absorption is] not required by the slow growth of demand [for agricultural products] and the increase of productivity in primary activities. This insufficient dynamism prevents a rise in wages in agriculture parallel to the increase in productivity, and...[thus] primary production loses in part or in whole the gains from its technological progress.”

Together with the terms of trade analysis, the core-peripheral concept was also to heavily influence the dependency approach. The division between the core and the periphery came about due to a number of capitalist processes, not least of all “an unequal distribution of technical progress.” (Preston 1996, 184) The periphery was forced to import its technology, quite often obsolete technology, which was largely

used within primary commodity production. The result of which was a continued reliance on (income-inelastic) primary product exports and consequently a stronger hand for the industrially developed core and this meant that the periphery had to export an increasing quantity of raw materials in order to continue importing the same amount of industrial commodities. Any advanced technology that was brought in was done so within the control of foreign ownership and management, leading not only to a situation where local surplus labour was not soaked up, but also to the expropriation of surplus profit, preventing it from being re-invested back into the periphery. Both Paul Baran and André Gunder Frank make this point by drawing on the Marxist analysis of the expropriation of surplus value, “which emphasised the potential surplus which could be made available for investment under non-capitalist influences.” (Kay 1989, 32)

Prebisch’s work sets out economic recommendations as to how the lopsided terms of trade might be rectified. The ECLA “argument for industrialisation rests on [the] analysis of the periphery’s deterioration of the terms of trade and the limited international mobility of factors of production.” (Kay 1989, 36) State-sponsored Import Substitution Industrialisation (ISI) was the main policy put forward, as well as tariffs placed on any industrial imports whose production was to be substituted. Favourable foreign exchange, ‘healthy protectionism’, land reform and subsidies for local industry were all also proposed, as was a “rapid assimilation of new technology [that] requires a prodigious effort to train the masses of the population.” (Prebisch 1961, 623)

These ideas were behind Latin America Structuralism’s drive to modernise Latin America via industrialisation, using the state as the crucial – and explicit – agent of development. Leiva (2008, 4 - 5) disaggregated the role of the state to instigate structural reforms, steer capital accumulation, develop key industrial sectors, protect the economy from any external fluctuations, and absorb any pressure that resulted from conflicting social groups. Leiva (ibid) describes the outcome of such an approach as when “the economy is subordinate to politics.”

“It was expected that this substitution process would lead to two types of structural transformation: changes in the structure of production as industry’s share of national income increased, and changes in the structure and composition of imports as these would form a smaller proportion of national income.” (Kay 1989, 38)

Expectations of structural transformations were troubling ECLA from as early as 1952. ISI led to the adoption of inappropriate technology, inveterate problems with the balance of trade and payments, the exposure of poor local knowledge and management, and did not lead to the hoped-for diversification of exports, as there remained a heavy reliance on primary products, as well as a lack of rural growth. ISI countries often developed considerable budget deficits and consequently suffered from inflation and, being capital-intensive, ISI also had a debilitating impact on employment. Tavares (1964, cited in Love 1990, 150) adds to these problems, suggesting that it did not diminish capital and fuel imports, could not prevent unfair terms of trade or ceilings on the domestic market due to unbalanced income distribution, and didn’t prompt the agrarian reforms that were necessary to increase the necessary food supply. These failures not only can be seen to have contributed to the more radical dependency theories but also added to the evolutionary progression towards the later modern world systems theory.

Theorists from within ECLA did realise later that industrialisation should not work solely within a national market and “vigorously promoted the idea of regional integration by encouraging the setting up of a Latin American common market” (Kay 1989, 40). Developing countries also looked to organise themselves internationally, establishing the Group of 77 in 1955 to press for higher prices for exports and greater access to the markets of the developed countries. Although some concessions were achieved, the flaws of ISI remained. Therefore it can be said that in the 1960s, while Rostow, among others, was advocating rapid industrialisation, the Latin American structuralists had already been investigating this option for a number of years.

This failure to develop further beyond the ‘easy phase’ of ISI can certainly be argued to have created an urgent need for an alternative approach. Dependency fulfilled that role, integrating, as previously discussed, Marxist concepts while at the same time continuing to use well-known ECLA language. In this way the ECLA had three major impacts on the evolution of dependency. The first was in how the more conservative dependency writers, people such as Furtado, Sunkel and Cardoso, were essentially born of ECLA’s failures, and yet were still determined to continue working with the same concepts as Prebisch had established, maintaining the belief that the solution lay in structural reforms from within the capitalist system; reforms dealing with problems such as the agrarian pattern of *latifundia* and *minifundia* and established social stratification. The second impact was more fundamental, in that the Marxist dependency writers, for example Marini, Dos Santos and Frank, building on the work of Baran, supported the destruction of the structures that caused inequality. For them ECLA’s policies had failed, and reforming the system would simply continue to propagate the same problems of backwardness in developing regions due to external domination. The ECLA was said to have only attacked the symptoms and not the problems and a solution could only be found in a new system. Dos Santos argued that ISI only brought more dependence, as it increased external vulnerability, unemployment, income concentration and reliance on foreign investment. Sánchez (2007, 7) cites Dudley Seers in support of this line of thought; “the realisation that import substitution created new, and possibly more dangerous forms of dependence converted the ECLA structuralists into dependency theorists.” This was also the case with internal dependence, as Roxburgh (1979, 44) highlights,

“What in effect the ECLA economists had done was to jump over the intervening level of social structure. They had ignored the specific class interests and the relationships between classes which led to the continuous reproduction of the structures of dependency.”

Marini’s concept of sub-imperialism, which will be discussed later in this chapter, attempted to rectify this omission, as did the theory of internal colonialism.

The third influence can be seen in an expansion of argument. Prebisch had pitted his work mostly against Ricardian and neo-classical ideas, but when the analyses began to absorb the social science elements of modernisation then a new framework was required.

“It is out of this complex pattern of debate which revolved around the exchange of metropolitan centres and Latin American economies that the notion of dependency crystallises. The theory of dependence is a response to the problems of structuralist analyses.” (Preston 1996, 189)

The major influences are summarised below in Table 4.1. With such a variety of contradictory forces at work, it is unsurprising that dependency developed a revolutionary fervour, and its landmark ideas will be discussed later in this chapter.

Table 4.1 Summary of the major influences of Latin American structuralism on the dependency approach

1. Terms of trade	Dependency accepted ECLA's analyses of a declining terms of trade (secular decline)
2. External domination	The idea of external domination and exploitation was also central to the dependency approach
3. Core and periphery	This terminology was continued and the idea extended to exist within nation-states
4. ISI	It was argued that ISI only created more dependence for developing countries

Source: Author

Marxism: Palma (1978) outlines three areas of Marxist concern that directly influenced the dependency school: the development of the advanced capitalist societies; the economic and political relations between these advanced societies and developing ones; and the slow growth in the developing societies. He suggests that dependency emerged from concern with the latter, the analysis of underdevelopment, although was not exclusively restricted to that. (885-6) While Marxism considered the capitalist stage to be a progressive one, dependency analysts disagreed and understood the consequence of underdevelopment as destructive. Indeed one half of the dependency school saw it as so destructive that it demanded that developing nations de-link from the global capitalist system. As can be seen in Table 4.2 there are a

number of Marxist features that can be seen to have influenced dependency. Most of these will be discussed in much greater detail in Section Three of this chapter, for example the centrality of class analysis to any theoretical approach and the notion of a division of labour. The Marxist way of interpreting the world – historical materialism – views the organisation of society as inherently economic and historicist and these theoretical perspectives are largely carried on within a dependency approach.

Table 4.2 Summary of the major influences of Marxism on the dependency approach

1. Mode of production	Dependency writers saw Capitalism as a mode of exchange
2. Division of labour	Picked up by imperialism and structuralism (on a global scale) and discussed in the dependency school
3. Class analysis	Although criticised for its lack of class analysis, the dependency school discussed class in internal dependency
4. Revolution	Some dependency writers demanded that the periphery should revolt and delink from the capitalist system
5. Historical materialism	Dependency provides a similarly materialist interpretation of the capitalist system but on an international scale
6. Progressive	Marx saw the capitalist stage as progressive, while some dependency analysts called it destructive

Source: Author

Imperialism: Imperialism can be seen to have created the framework within which dependency inhabited: core and periphery; exploitation and accumulation; domination and subordination. Smith (1985, 345) commented that, “dependency literature studies the effects of imperialism, not the nature of imperialism itself” and one of dependency’s best-known writers, Dos Santos, keenly supported a reformed imperialism theory to better understand dependency (1970). Roxborough (1979) agreed, arguing that if imperialism’s focus was on the accumulation of wealth in the core, then dependency focuses on the losses in the periphery. Palma (1978, 887) has a similar opinion, stating that dependency “is intimately connected with the theory of imperialism, and in no way [is] intended as an alternative to it, as some of its critics have wrongly argued.” Another concept that can be seen to have influenced dependency is the process of surplus expropriation, which is understood to be a result of monopoly capitalism. Dos Santos (1970) wrote at length of the potentially negative consequences of this condition for development.

Table 4.3 Summary of the major influences of imperialism on the dependency approach

1. Monopoly capitalism	Dos Santos (1970) wrote on the dangers of monopolies causing high profit expropriation
2. Accumulation	Frank's work placed capital accumulation at the centre of underdevelopment
3. Exploitation	Both Marini (1973) and Dos Santos (1970) wrote of the super-exploitation of labour
4. Core and periphery	While imperialism focused on accumulation in the core, dependency looked at peripheral loss

Source: Author

Neo-Marxism: Essentially a critique of Marxism, neo-Marxism is a loose term for various approaches that revise Marxist theory, typically by incorporating aspects of other intellectual traditions. Both dependency analysis and world-systems theory, as will be discussed later, can be classified as neo-Marxist but to achieve an accurate overview of the evolution of dependency it is productive to consider some concepts and ideas in their own right. It is also useful to regard it as a perspective from the periphery, rather than from the centre like Marxism and imperialism. Two very relevant elements of neo-Marxist thought are the development of non-material and material repression.

Non-material repression: Many notable neo-Marxists wrote from a sociological, philosophical or psychological perspective, often emphasising the need for different forms of liberation. The suggestion was that the power of ignorance is deliberately propagated by developed countries through a technique of repression that Marcuse describes in his text *One Dimensional Man* (1964) as domination transformed into administration. Marcuse was vocal in promoting oppositional thought and behaviour in the face of a system that retarded people's ability to think critically. He argued that individuals were being made imbeciles by the mass media creating false needs, a process made all the more important when looked at in the context of Marx's idea that, 'life is not determined by consciousness but consciousness by life.'

Material repression: The neo-Marxist idea that the capitalist system restricts development, fundamentally an economic interpretation of imperialism, is discussed in Paul Baran's *The Political Economy of Growth* (1957), which is a response to modernisation's assumption that the developing world would be able to benefit from its initial backwardness. In it Baran argued that economic development is ultimately

detrimental to the interests of the industrialised core because monopoly capitalism, as exposed by Lenin, has a tendency towards stagnation. This stagnation is caused by the same under-consumption that Hobson highlighted. These dual factors leave the capitalist system permanently fighting to avoid slumps, which it does through permitting state spending of economic surplus. This was Baran's theoretical departure – if the surplus output is used for investment rather than waste, or for the military as often is the case, then the undeveloped areas of the world could be transformed. There was no dual role of destruction and regeneration for capitalism as Marx had argued; there was only destruction. The three forces (national capital, foreign capital and the state) that Baran saw as having the capacity to increase surplus, and use towards growth, had no predisposition towards – and indeed were hostile to – the development of the backward regions. Baran's impassioned writing anticipates that of *dependentista* Dos Santos over a decade later.

“The difference is not, as in the advanced countries, between higher and lower degrees of development, between the now reachable final solution of the entire problem of want and the continuation of drudgery, poverty and cultural degradation; [it] is the difference between abysmal squalor and decent existence, between the misery of hopelessness and the exhilaration of progress, between life and death for millions of people.” (Baran, 1957, 219)

Various notable writers, such as Frank and Wallerstein, unmistakably built on the ideas of Baran, evidencing his considerable influence on the progress towards a dependency analysis (as can be seen in Table 4.4). Dependency clearly functions within a similar theoretical framework as imperialism and neo-Marxism. For example, neo-Marxists see the bourgeoisie as the creation and tool of imperialism, incapable of liberating the forces of production, an idea that is prevalent in the work of Marini (1973). Indeed it can be suggested that the tension between imperialist and neo-Marxist writers contributed to the creation of the theoretical space that dependency filled. Barone (1985) saw dependency as a new variation of a neo-Marxist theory of imperialism, Brewer (1980) believed that it filled the gap in neo-Marxism by

explaining underdevelopment, and Walleri (1978) suggested a link with informal neo-colonialism.

Table 4.4 Summary of the major influences of neo-Marxism on the dependency approach

1. Stagnation	Baran discussed the concept of economic stagnation that was also used in the dependency approach
2. Profit repatriation	The expropriation of profits was at the core of accumulation and monopolisation
3. Economic surplus	Economic surplus was blatantly not used for reinvestment within developing nations
4. Economistic	A movement away from solely economic exploitation to include non-material repression

Source: Author

4.2.b(ii) Responses to classical economic approach and modernisation

As has been referred to previously, dependency grew from a variety of influences and pressures. Some of these pressures came in the form of responses to the schools of thought of classical economic theories and modernisation. In a fashion the dependency approach – like structuralism – is a critique of these theories and as such they have played an important role in its evolution.

Classical economic approach: Adam Smith's *Wealth of Nations* (1776) and David Ricardo's theory of comparative advantage are commonly used as the founding concepts of the classical economic approach. Smith emphasised specialisation (the division of labour) and productivity as essential to economic growth, which, in turn, led to the need to access larger markets and global specialisation (an international division of labour). This process, combined with the Ricardian idea of each nation producing to its optimum comparative advantage, had obvious free trade outcomes as tariffs or restrictions on the movement of goods or capital were nothing more than impediments to growth. That the market should be open to function on its own merits, with as little government intervention as possible, was key to the success of free trade. These principles were not immediately implemented, nor indeed accepted, as Frieden points out - "the heyday of European free trade came a hundred years after Smith had demonstrated its desirability." (2006, 32) This peak expanded to encompass a global capitalism in the late nineteenth and early twentieth centuries that was only to come to an end with the onset of the First World War. However, despite the growth and success it had enjoyed to that point, this early globalisation (along with colonisation) also isolated and exploited many regions of the developing world, causing much of the inequality and dualism that structuralism was to later confront.

While Latin American structuralism is very much a reaction to the classical economic approach, dependency can also be described as having a similarly polemical position. However dependency is better defined as a critique of a combination of classical analysis (as seen in Table 4.5) and modernisation theories (Table 4.6). Add to this the pressure applied by the conflicting structuralist approach and the result of such an incompatible fusion was the buckling of established opinion and a new conceptual opening. Dependency writers believed that there was no genuine free trade and that Ricardo's comparative advantage was nothing more than an ideological tool used to justify the exploitation of developing countries. They dismissed the idea that inequality was an abnormality in the capitalist system; it was an implicit mechanism of the whole operation. The trickle-down theory was seen as nothing but a myth as the nature of the insertion of peripheral nations into the global capitalist economy simply reinforced the unequal distribution of opportunity and wealth.

Table 4.5 Summary of key dependency responses to a classical economic approach

1. 'Trickle-down' theory	Dependency strove to discredit the 'trickle-down' concept as false
2. Free trade	Free trade was a misnomer and only served to increase dependency and exploitation
3. Comparative Advantage	Ricardo's law was dismissed as an ideological tool to maintain inequality

Source: Author

Modernisation: Following the boom of post-war restructuring, there was a sense of economic buoyancy. The concept that capital accumulation would lead to 'modernity', whatever that was, was made extremely popular by Walt Rostow's stages of economic growth in *The Stages of Economic Growth: A non-Communist Manifesto* (1960, 13).

"These stages are not merely descriptive. They are not merely a way of generalising certain factual observations about the sequence of development societies. They have an inner logic and continuity. They have an analytical bone-structure, rooted in a dynamic theory of production."

This Eurocentric view was a simple idea well sold in a public arena, gaining international recognition despite severe criticism of its singularly economic path to attain the ultimate goal of mass consumption. Rostow's theory, with its ahistorical emphasis on poorer countries' internal development, was believed by dependency analysts to be unrealistic and regressive. As Frank said, modernisation was deficient because the problems weren't internal; they were external too.

“Dependency theory says the failure of modernisation to look outside is nothing more than an ideological smokescreen behind which North American imperialism operated freely.”
(Smith 1985, 552)

Although Andre Gunder Frank's work will be looked at in more depth later in this chapter, it is worth noting here that the 'reluctant dependentista', as Kay (1989, 155) called him, argued that not all countries had gone through the same economic or social processes as the developed countries had. He suggested that not all countries had been permitted to enjoy equal resources or opportunities to progress at a similar rate and condemned colonisation as a profoundly exploitative practice, which prevented the colonised world from participating in a capitalist global economy on an equal footing. This assertion represented a major change of focus from the work of ECLA, introducing a more explicitly political commentary. As a result, one of dependency's main tasks was ensuring that such abusive and repressive histories were taken into account when considering the development of poorer countries.

The hopes for Rostow's prescriptive route to 'take-off', and the hopes of a subsequent 'trickle-down' effect into the developing nations, dwindled towards the end of the decade as described by Hewitt (1992, 293):

“Approximately 70% of capital flows into developing countries in the 1960s were from the investments of transnational corporations. This raised the question of how much of the observed economic growth was of an isolated

type dependent on the location decisions of these corporations and how much it built up national capacity.”

As a result the terms of trade further weakened, forcing countries such as China, India and Brazil, which had a focus on primary products, to consider diversifying into industry through ISI. This took place at different speeds in different countries and “these patterns of industrialisation reinforced the existing diversity of developing countries.” (Hewitt 1992, 295) Growth, if there was any, was not enough for sustained progress and the realisation that all countries were not the same, not moving through the same stages, took hold.

However by the 1970s it was clear that growth and development were two different processes and did not necessarily collide, allowing writers such as Dos Santos to promote their work to a more responsive audience. Dos Santos preached of the need for developing countries to withdraw from the capitalist system, the reverse of the modernists’ creed of integration. This also highlighted another pressure point between the two approaches, that being that modernisation uses the nation-state as its unit of analysis, while dependency uses the world system. These responses are collated in Table 4.6.

Table 4.6 Summary of key dependency responses to modernisation

1. Rates of growth	A major driver of dependency was to explain the different rates of growth around the globe
2. Ahistorical	The stage theory of modernisation was ahistorical and consequently wholly inaccurate
3. Emphasis of internal	Modernisation adopted a Eurocentric emphasis on internal factors that dependency rejected
4. Growth & development	Dependency snubbed the idea that growth and development were the same process
5. Unit of analysis	While modernisation used the nation-state, dependency used the world-system

Source: Author

4.2.c Summary

The evolution of the dependency discourse was chaotic. In amongst the turbulent fall-out of two world wars dependency borrowed, rejected and reacted against ideas and theories from across the entire political spectrum, leaving it as somewhat of a hotchpotch solution to changing issues. However as the issues of growing inequality

and ongoing underdevelopment came more into focus, so too did dependency, becoming in the process the vehicle through which the previously muffled voices of the periphery could reverberate around the world.

4.3 Dependency – reform and revolution

As the concept of dependency evolved it became clear that there was a schism developing. The more conservative wing of dependency, which became known as ‘the old dependency’, aimed to remain working within the system and held the opinion that the integrated sectors of society no longer wanted reform and therefore it was up to the non-integrated groups to bring about change. On the other hand, the ‘new dependency’, the revolutionary neo-Marxist *dependentistas*, had ideas that were framed in the Marxist terms of anti-thesis with the goal of revolution. The two ‘parties’ have since been labelled as reformist and revolutionary, prompting Palma (1978, 881) to question if the concept of dependency actually ever evolved into a coherent theory and wonders if it is more appropriate to talk of a ‘school of dependency’. The most important differences between the two sides were in how dependency was understood to come about and what were the best solutions to eradicate the dependent relationships. The following section will outline some of the main themes from both the revolutionary and the reformist camps to pinpoint the major stresses within the framework.

Influential writers such as Cardoso, Sunkel, Furtado, Frank and Dos Santos all acknowledged that the global capitalist system had over time created a collection of debilitating pressures that had established an international division of labour. At the moment of history within which they were writing, this system was forcing certain regions, most notably Latin America, to depend upon an advantaged group of industrialised nations. These pressures included the consistently unfair integration of these poorer countries into the global capitalist system, mostly due to deteriorating terms of trade. The *depedendistas* argued that this imbalance inevitably led to the interests of the dominant powers, as predicted by theoretical imperialism, being internalised by the peripheral countries. Figures 4.1 and 4.2 illustrate these shared understandings of how dependent states are constructed, and also reveal various other

foci of the reformist and revolutionary strands in the creation of dependency, its consequences and potential solutions.

In reality the dependency writings do not delineate these factors as cleanly as they are presented in Figures 4.1 and 4.2. Writers often focused on more than one issue but for the objective of discussing internal pressures in the dependency school this method of differentiating foci is useful.

4.3.a Reformist Dependency

The reformist *dependentistas* tended to focus on the declining terms of trade and foreign-owned industrial bases. Sunkel (1972) saw foreign ownership as preventing a diversification of exports and consequently a reliance on the export of a limited number of primary products. The result of this was a vulnerability to external changes and a lack of foreign currency, leading to considerable debt. All of this contributed to Latin America being caught in a debt trap, and left with financial dependency.

“The Dependency perspective has contributed by pointing out the origins of the debt trap, the impact of the debt problem on the debtor nations, and the complicated issues that are involved in solving the debt problem.” (So 1990, 123)

The larger these debts grow, the greater the outflow of capital becomes. Dependent countries require this capital for successful industrialisation and the absorption of unemployment, and ISI for the reformists was still seen as a way to break out of the trap. The reformists did recognise the manifold failures of ISI but were confident that further support of it would deliver progress. This was in no small part due to the work of Furtado, who looked beyond ECLA and attempted to analyse underdevelopment in political terms and historical periods.

“...Behind the region’s superficial similarities, there is a wide variety of historical conditions, which makes it likely that the struggle to overcome underdevelopment will continue to take many forms...Structural change requires a far greater

political effort than had previously been envisaged.” (Furtado 1970, 303 –4)

Here Furtado’s marriage of ECLA language and an historical-structural approach can be seen; the classical economical tradition was not suitable to the unique historical unfolding of the Latin American region but the economic structure could be. However the many forms of struggle predicted above were complex. Kay (1989) stated that the key for Furtado was the imposition of consumption patterns from the centre. These patterns manipulated the type of technology developed and imported for developing countries, commonly permitting control of the market to pass to multinational corporations. Furtado wanted such inequitable relationships to be changed and a fairer participation implemented for the developing nations within the established economic structure.

These pressures created the dependency under which Latin America, in particular, struggled. This was a specific point in history during which the local bourgeoisie established enclave economies that represented core countries’ interests in the periphery and further held back growth. The Marxist dependency writers proclaimed this to be postponing the revolution, as the local bourgeoisie were not powerful enough to instigate it, belonging as they did to the capitalist powers. However the reformists did not support such a theoretical link and rather saw it has a purely economical hindrance; for them it was simply part of the internal pressures that were working as a result of external dependency.

“Underdevelopment is rooted in a specific connection, created in a particular historical setting, between the internal process of exploitation and the external process of dependence.” (Furtado 1974, 19)

Cardoso, emerging as one of the key reformist dependency writers, agreed and helped to re-focus the analysis from a purely external perspective and called for an examination of the ‘internationalisation of external interests.’ (Cardoso 1979, xvi)

“The problem of development in our days cannot remain restricted to a discussion about import substitution, not even to a debate on different strategies for growth, in terms of export or non-export policies, internal or external markets, orientation of the economy etc. The main issue is people’s movements and consciousness of their own interests.”
(Cardoso, quoted in So 1990, 136)

He wanted to employ dependency not as a general theory but as a methodology to analyse actual and specific dependency situations, emphasising internal social structures of dependency, such as class conflict and the interests of the local bourgeoisie, over economic formations. The writings of Cardoso, notably *Dependency and Development in Latin America* (1971), established a new, coherent methodology, with a focus on concrete and specific examples of dependency, observing the interplay between internal and external structures that formed a complex whole. Cardoso rejected stagnationist theories and the Marxist argument that revolution was necessary as capitalism had lost its progressive nature and therefore was only capable of generating underdevelopment. He coined the term ‘associated-dependent development’ to describe the open-ended process that he saw dependency as. While modernisation theory claimed that development could only occur with modernisation, and Neo-Marxist theorists saw such a relationship as stagnationist, Cardoso was more optimistic.

“To *some* extent, the interests of the foreign corporations become compatible with the internal prosperity of the dependent countries. In this sense, they help to promote development.” (Cardoso 1973, 149)

Disassociating himself from the modernisation school, Cardoso admits the costs of such a new phase of development: poverty and repression, inequality and marginalisation, increased foreign debt and vulnerability and higher levels of unemployment. His work was based on a study of the Brazilian military state in 1964

and his model heavily influenced a new investigation, also in Brazil, of the triple alliance among the state by Peter Evans (1979).

“Dependent development is a special instance of dependency, characterised by the association or alliance of international and local capital. The state also joins the alliance as an active partner, and the resulting triple alliance is a fundamental factor in the emergence of dependent development.” (Evans 1979, 32)

Evans based his alliance on the interrelationships between multinational corporations (international capital), the local bourgeoisie (local capital) and the state. He believes that the true framework for the study of these ‘partners’ is imperialism but he is a strong advocate of the checks and balances that a tripartite relationship offers over dual models. Such a triple alliance can initiate dependent development from within the established economic structure.

This half of the dependency approach is recognised as the more conservative of the two, locating its investigations and suggestions firmly within the established global economic structure, and arguing that the non-integrated groups will ultimately provoke socialist change. In the meantime Cardoso recognised that progress could still be made by unpicking the network of relations between social groups and classes, as it is these connections that make possible the dependent relationships between nations. The revolutionary writers however, were more interested in the eradication of any such external links rather than a reconfiguration.

4.3.b Revolutionary Dependency

Working within an imperialist framework the goal was, as mentioned, to recreate the theory of class conflict at a global level and reveal the machinations of an asymmetrical world in which peripheral countries were forced to function within a dependent relationship with industrialised nations. Similarly to the reformist dependistas, this approach purported that the global political economy enslaved the developing countries by making them dependent on the capitalist nations of the core.

“By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected.” (Dos Santos 1970, 231)

The only way forward, according to revolutionary dependency writers, was to de-link from the global system. However such revolutionary aspects of dependency ultimately made it too dangerous for core powers, such as the USA, to allow it to run its course but it still succeeded in presenting revolution as a feasible outcome. Dos Santos was in no doubt about what was needed;

“Everything now indicates that what can be expected is a long process of sharp political and military confrontations and of profound social radicalisation.” (Dos Santos 1970, 233)

There is an explicit political focus here that is very much a precursor of Wallerstein’s later work in World Systems Theory: tinkering with nation-states and local economies by themselves was no longer sufficient, things had to change, the system had to change and this clearly signalled the shift of the argument into a political arena.

Just as the reformist dependency writers had gauged the failures of ISI, so too did the revolutionary group. Dos Santos was particularly critical of the strategy and Landsberg (1979) expanded this by suggesting that ISI had actually exacerbated the unequal terms of trade by creating a more urgent need for foreign capital and technology. Dependency writers placed particular emphasis on technological dependence and disarticulation. While structuralist thought had emphasised the influence of technological backwardness as a major cause of underdevelopment, dependency theory took the idea even further. Not only did it signal the sucking dry of peripheral capital – necessary capital if any development was to be achieved – but it also marked the loss of control. Dos Santos bemoaned how such a timid surrender would never equalise the terms of trade;

“Foreign capital retains control over the most dynamic sectors of the economy and repatriates a high volume of profit.” (Dos Santos 1970, 233)

This dislocation between developing industries was further emphasised in Evans’ work on the technological disarticulation in the periphery.

“Peripheral economies are ‘disarticulated,’ that is, firms on the periphery are not connected to each other in the same way as firms in an autocentric economy.” (Evans 1979, 28)

Such a situation naturally retarded any potential progress, reinforcing the unfair economic integration into the global market and further excluding the periphery from equal participation. This exclusion is exacerbated by, as Dos Santos wrote years previously, foreign finance, which is necessary for industrialisation, creating a vicious circle; “Foreign capital and foreign ‘aid’ thus fill up the holes that they themselves created.” (Dos Santos 1970, 233) This is a clear step away from Prebisch’s initial support of external investment.

Indeed exclusion and disarticulation are persistent characteristics of dependency. Not only were the peripheral nations being isolated but the workers were becoming increasingly excluded as well. They were excluded as consumers but also as partakers in any new technology that was implemented. The technological monopolies had led to the local management being trained in foreign methods, which simply perpetuated the external control of local industry by dictating who had the knowledge for progress. Innovation was consequently kept in the core, imposing a division of labour on the periphery between those with the knowledge and those without. This neo-colonial idea of the monopolisation of the mind is a vital part of dependency theory. As Peter Evans says, “In the context of dependency development, the need for repression is great, while the need for democracy is small.” (Evans 1979, 48) This repression results in alienation and is one cause suggested as to why the exploited majority has not united in opposition.

As a result of this disarticulation it was suggested that the economies of the developing world were stagnating and atrophying. From this argument Marini developed his thesis of sub-imperialism, defining such a situation as an attempt to fix the issues of internal markets that were insufficient to stimulate and maintain greater profit. Similar to Furtado's work on consumption patterns, Marini noted that policies had been promoted to increase the demand for consumer durables and capital goods. This had led to collaboration between the local bourgeoisie and international imperialism, a comment that can also be compared to work already introduced, that of Peter Evans and the 'triple alliance' and Frank's concept of the lumpen-bourgeoisie. Marini calls this development of a consumer society absurd but also logical, lamenting that it was the workers who were unable to gain access to a market dominated by those who contribute no value to it. The obvious consequence is a widening class division and inequality. Evans pulls no punches when discussing this;

“the ruling groups in the more advanced peripheral societies have discovered that the kind of economic development they need to sustain their own lifestyles requires the increasing political exclusion of the mass of the population.” (Evans 1979, 29-30)

This link (between the local bourgeoisie and international imperialism) is key to the 'internalisation of the domestic market' and ongoing repression. Evans' work here is key as he introduces the concept of scale. While acknowledging the dependent development of Cardoso, Evans emphasises that one of dependency's greatest contributions has been to show the impacts of imperialism on internal social structures of developing nations. Within dependency discourse, developing countries' governments essentially exist to administer foreign capital and the workers are reliant on that same capital, effectively leaving no resistance to external domination.

Scale is integral also to Marini's notion of super-exploitation. The basis of this concept is the maintenance of low wages as this perpetually reproduces the unequal relations of production. Low wages are fundamental to the periphery's comparative advantage,

which makes it the basis of any dependent development and of repression. Exploitation however is not only an external pressure.

“With the disappearance of the direct domination of foreigners over natives, the notion of domination and exploitation of natives by natives emerges.” (González Casanova 1965, quoted in Kay 1989, 59)

From the recognition of such repression emerged the theory of internal colonialism from Latin America. The notion of colonialism between countries being mirrored within countries is explored here, and the criticism of economic and social dualism is intensified. Fair comparisons can be drawn between these concepts of spatial and social polarisation between regions with John Friedmann’s core-periphery model (1966) and Frank’s metropolis-satellite chain, but the focus is more on the extra-economic elements of domination, such as class and race discrimination that prevents political participation.

Figure 4.1 Summary of causes and results of dependency approach

<i>Causes of dependency</i>			<i>Results</i>
<i>Shared</i>	<i>Reformist focus</i>		
Unfair integration External domination Internalisation of external interests	Declining terms of trade Foreign-owned industry Multinational Corporations Debt trap Consumption patterns		Marginalisation Vulnerability Poverty Inequality Unemployment Debt ‘Triple Alliance’ ‘Associated-dependent development’
	<i>Revolutionary focus</i> Lumpen-bourgeoisie/ Class structure Colonial dependency Internal colonisation Sub-imperialism Super-exploitation Stagnation / hypertrophy Export-led industrialisation/ Industrial-financial dependency Technological disarticulation/ Industrial-technological dependency		

Source: Author

Figure 4.2 Proposed solutions to dependency (reformist and revolutionary)

<i>Reformist</i>	<i>Revolutionary</i>
Concentrate on obstacles to growth Reformulate ECLA ideas; continue ISI	De-link from the global capitalist system Socialist revolution Auto-centred development Single division of labour

Source: Author

4.3.c Summary

Having evolved across such a wide spectrum of theories and historical events, the dependency approach was stretched across an expansive framework, the result of which was two different forms of analysis. As the two halves of dependency analysis struggled to establish themselves against the centrist theories of modernisation and neoclassical economics, an internal tension grew that made the analysis vulnerable to attack. These theoretical assaults were only part of the reason as to why dependency fell so quickly out of favour. Again historical events played their part, creating, for example, a global context within which neoliberalism was to flourish. When the global economy suffered a significant transformation as a result of the oil and debt crises of the 1970s, the space that had opened for the peripheral countries to be heard quickly shut again, forcing the collapse of dependency's analysis of inequality. However, dependency also found itself coming to terms with a new theory that had grown out of itself, that being the world-systems theory. The next section of this chapter looks at the criticisms levelled at the dependency approach, causing a change to occur that resulted in brand new developmental concepts.

4.4 An analysis of the fall of dependency

Having endured importunate criticism throughout its investigations, the dependency approach increasingly found itself in an untenable position to deliver policies or a coherent theory. Sánchez (2007, 8) is particularly strong in his summary of such weaknesses of the dependency approach:

“A few scholars still hold that dependency is a more fruitful approach than neoliberalism for the analysis of the problems of underdevelopment...This view is untenable, not least because it assumes that dependency is a fully developed, self-

contained theory of development, when it is not. Dependency analysis has no specific proposals for how to improve productivity, increase the rate of growth, wage the war on income inequality, diversify and expand exports, or increase domestic savings, to name a few crucial economic challenges.”

Such opinions played a major role in the marginalisation of the dependency approach following its peak of influence, and it is useful here to outline some of the main issues that contributed to it being pushed to the margins. As outlined earlier in this chapter, global events created a conceptual space within which dependency was able to evolve theoretically, and the same can be said of its fall. Again, as with the concept of evolution, the process of its demise is messy and these proposed paradigm shifts did not proceed as tidily as the labelling in this section might suggest, but for the purposes of this overview it is useful. Before that however, it is helpful to sketch a brief overview of the global situation at the time to allow a more complete understanding of the context that dependency’s collapse took place within.

4.4.a Historical

The 1973 oil crisis created serious economic, political and social consequences but perhaps the most disappointing aspect for the Third World was that the OECD countries continued to preach free markets, while in practice greater protectionism was being overtly put in place. This later took the form of structural adjustment policies (SAPs), which demanded, among other policies, the removal of price controls, less intervention in labour markets, the reduction and / or removal of import quotas and tariffs, privatisation and reduced government expenditure. Murray (2006, 286) points out that such “structural adjustment policies have been criticised for a one-size-fits-all approach.” This is a disturbing accusation when one considers that “the adaption and implementation of an IMF-approved SAP became a prerequisite for obtaining financial support.” (Simon 2002, 88)

At the same time the economic growth of the previous decade and early 1970s, which the centrally-planned economies had enjoyed, began to slow. These countries also

started falling quickly behind the technological advances of the capitalist world, and had to begin trading with the West, falling rapidly into the similar pattern of ISI countries.

“The reform programmes stalled, and the central planners struggled with poor living standards, technological backwardness and declining growth rates. The glory days of socialism, like those of Bretton Woods and of ISI, were over.” (Frieden 2006, 359)

So how did the development of this historical context assist in the creation of an environment conducive to the ‘fall’ of dependency? The drama of the debt crisis in the developing world quite simply afforded the core the opportunity to export, as solutions, the ideology and policies of Neoliberalism. The consolidation of power of figures such as Reagan in the US, Thatcher in the UK and Chile’s Pinochet provided the perfect impetus to push the belief in the free market and reduce state involvement. As this took place, dependency analysts lost the debating space they had enjoyed.

4.4.b Intellectual challenges

The story of dependency’s evolution has highlighted the manifold influences and pressure points that forced open the theoretically fecund space for dependency to grow within. The process of the ‘fall’ of the approach is not dissimilar. Three categories of the major critiques that contributed to the neutralising of dependency’s findings, resulting in the need for a revised approach to development, can be made. These three categories are: political, theoretical and economic.

Political: Perhaps the easiest condemnation of the approach was to label it as pamphleteering and propaganda. Certainly its rhetoric can be considered idealist, notably due to a lack of any substantial policy outcomes, and as such the modernisation exponents and free-marketeers were able to depict dependency as flimsy and conspiratorial. Preston (1996) makes the comment that this was made all the more straightforward by the fact that the initial English introduction came across as confusing and polemical. Due to such a deficiency of pertinent policies, the criticism

of the 'autonomist illusion' was levelled. This related to the assumption that, should the disassociation of peripheral economies from the world system occur, or indeed a revolution take place, then all problems would be solved. However, as Kay (1989) points out, there were very few proposals put forward by dependency as to just how these solutions would come about. Issues such as economic growth, unemployment and income distribution simply had not been comprehensively answered.

“Theirs is the grand historical and total vision which fails to perceive and seize the minor but immediate opportunities. It is an all or nothing illusion.” (Kay 1989, 196)

Further to this, such a supposition reduced the periphery to the role of 'passive victim' and ignored its capacity to manoeuvre within the system, while failing to differentiate between the developing countries' specificities and unique histories. Hout (1993) called this dependency's biggest flaw as it made locals nothing more than pawns to external interests. As such, dependency was frequently denounced as overemphasising external factors in the conditioning of developing countries. This came at the expense of the examination of the internal dynamics of individual nations and led to concern that class relations had subsequently been overlooked. This is commented on in the next section.

The greatest challenge to dependency came in the form of the Newly Industrialised Countries (NICs). Indeed Stallings (1992, cited in Sánchez, 2007, 8) went as far as to suggest that “the premier factor leading to the demise is that its overall claim reiterating the impossibility of development within the framework of our world capitalist system has suffered a severe correction by the facts of the late twentieth century.” These 'facts' were the rapid growth of peripheral countries such as Singapore, South Korea and Taiwan, which seemed to undermine many of the contentions put forward by the approach and supported the argument that there is no indisputable link between dependence and exploitation. The response to such a challenge, initially developed in Cardoso's work on associated-dependent development, later focused upon the role of the state and suggested that the success of the NICs was directly related to export-led growth controlled by the government.

Theoretical: Critics of dependency analysis challenge the deterministic predisposition that is presented, arguing that such neo-Marxist assertions are simply polemical inversions of Adam Smith's ideas of free-market progress: the free market creates moribund monopolies. While it has been argued that the theory of imperialism is a sufficient approach to the question of underdevelopment, orthodox Marxists believe that the current global situation is nothing more than an inevitable stage in the process towards a socialist uprising. Both these opinions leave the theoretical approach of dependency redundant. While a Marxist approach keeps class central to any analysis, it has been argued that:

“the entire line of writers in the neo-Marxist tradition has led them to displace class relations from the centre of their analyses of economic development and underdevelopment. And the upshot of these errors is a wholly implausible analysis of the present circumstances of the underdeveloped. An analysis which is both economistic and heavily skewed to the single issue of the deleterious effects of external dependency.” (Preston 1996, 223)

Kay (1989) similarly expresses concerns that without a sufficient class analysis – or a sufficient appreciation of the relations of production – then there can be no understanding of internal class struggles and of the revolution that revolutionary dependency impatiently calls for. Similar – and further – criticism from writers such as Laclau and Brenner are thoroughly outlined by Palma (1978)¹⁵.

Economic: The deficient class analysis, as Preston commented, is put down to an overly economistic approach. The criticism here is that dependency, as already touched upon earlier, does not provide evidence of a definite link between dependency

¹⁵ Palma (1978, 901) presents Laclau's suggestion that “Frank makes no contribution, leaving the analysis exactly where it started” and cites Brenner's argument (1977) that there is a failure “to take into account either the way in which class structures, once established, will in fact determine the course of economic development or underdevelopment over an entire epoch, or the way in which these class structures themselves emerge: as the outcome of class struggles whose results are incomprehensible in terms merely of market forces.”

and exploitation, while ignoring any potential benefits of foreign exchange within a world capitalist system. In fact, as in the work of Frank for example, which was subsequently severely criticised by Laclau (1971), the circulatory nature of the world system is emphasised to the point of promoting a theory of stagnation for developing economies, as any surplus profit is expropriated back to the core:

“The present underdevelopment of Latin America is the result of its centuries-long participation in the process of world capitalist development.” (Frank, 1966)

The marginalisation of the dependency approach in understanding underdevelopment and socio-economic inequality has been complex and polarising. The approach, or school of thought, struggled with external pressures, partly due to its internal conflict, and partly because of the historical events unfolding around it. Responses to the collection of political, economic and theoretical criticisms, which will lay the foundation for a potentially revitalised dependency approach, shall be discussed in Chapter Nine, in the context of dependency’s relevance to understanding the persistence of inequality in the Chilean education system.

4.5 Is a revisited dependency approach still relevant despite its criticisms?

For a revisited dependency approach to be seen as relevant it needs to counter the variety of criticisms that have been held up against it. These criticisms can be seen as explaining the ‘fall’ of dependency, and these – and the responses – are outlined in Table 4.7. The negative assessments range widely and are discussed in detail in this section.

Perhaps the most consistent criticism of dependency has been that it is not a fully developed theory of development or underdevelopment and therefore does not produce a coherent set of outcomes and policies. What can be seen from the earlier section in this chapter is that dependency does not purport to be a self-contained theory but rather an approach or an analysis, and this is vital to understanding its efficacy. There was also a concern that dependency was essentially an autonomist

illusion or, as already cited, an “all or nothing illusion.” (Kay, 1989, 196) A revisited dependency approach responds to these claims by stating that it is concerned with an analysis of a complex whole, which involves many strands, including economy and culture. It investigates micro situations and contexts to establish ‘easier to understand’ macro situations.

It is certainly requisite for the approach to be antagonistic as there are many unfair and established structures that are contributing to unacceptable situations of inequality. A multi-scalar dependency approach, like this one, can work inside an established system to better understand how processes of inequality are created from within and then focus on those separate and individual processes such as, for example, ethnic groups in education. Therefore it cannot correctly be described as ‘all or nothing’ as it is primarily working to understand situations and contexts. Consequently, it is unlikely to be labelled as polemical or idealist anymore as it is – although antagonistic – comfortable to work alongside other systems to seek an end to unbalanced relationships and the results thereof. The historical context within which this revisited approach is being made is utterly different from the Cold War tension that the original *dependendistas* struggled in. Dependency certainly seeks change, and demands restructuring of particular elements but it can no longer be branded as propaganda or conspiratorial.

As already discussed, this lack of an articulate collection of outcomes, led some commentators (for example Sánchez, 2007) to argue that dependency creates no specific proposals for any number of economic challenges and consequently lacked the necessary measurements for academic rigour. However, there are clear pathways to a better appreciation – and response to – the issues of economic inequality, how to improve productivity and rates of growth (see Table 4.7). Economic problems clearly cannot be solved in isolation and a dependency approach that examines micro and macro social relations within a variety of contexts can only assist in creating necessarily complex responses. Such an approach also counters the claim that Sánchez (2007, 4) repeats: “Dependentistas did not show how the actual mechanisms of dependency worked, so that the parts became lost in the totality.”

A common disapproval of dependency centred on how it overlooked social relations due to being overly-deterministic, economistic or having an over-emphasis on external influences. A revisited dependency approach would acknowledge such a criticism and place the social relations of dependency at the core of its analysis. It would recognise the influence of external influences but creates the necessary contextual complex whole by focusing on the internal as well, that being how various social relationships within income, ethnicity and rural/urban dwelling groups are subject to micro situations of dependency. These relationships are a combination of economic, cultural and spatial elements and cannot be labelled deterministic as their overlapping nature ensures that the combination of external and internal is too dynamic to lead to predictable outcomes.

This criticism of an analytical reliance on external interests has already been taken up by a Modes of Production approach, which at the time was a new, or refashioned, analysis built on Marx's work, presenting the various modes of production "as a series of stages, or a sequence punctuated with periods of transformation, where one mode of production turned into the next." (Preston 1996, 227) This analysis turned the focus away from such a sequence, arguing that during the transition two modes actually co-exist and interact in a process that has come to be known as articulation. Articulation between different modes within a single nation is unique to that particular context, creating a specific national history that allows a better understanding of its development.

There are clear similarities here with Cardoso's analyses of 'concrete situations' of dependency, his idea of a complex whole (Cardoso and Faletto, 1979) created from the articulation of internal and external interests, and Palma's (1978, 911) suggestion that,

"The effort of analysis should be orientated towards the elaboration of concepts capable of explaining how the general trends in capitalist expansion are transformed into specific relationships between men, classes and states, how these specific relations in turn react upon the general trends of the

capitalist system, how internal and external processes of political domination reflect one another, both in the compatibilities and their contradictions, how the economies and politics of Latin America are articulated with those of the centre, and how their specific dynamics are thus generated.”

The analysis is very much concerned with the generation of specific dynamics between individuals and groups and their environment, which is constructed from both external and internal processes. The modes of production theory argued that the appreciation of such articulations was overlooked due to the tendency of the dependency approach to overemphasise the external relations established through the global exchange system, and this diluted the accuracy of any developmental theory. At the time Laclau (1971) went further by attacking Frank’s thesis of underdevelopment, arguing that Frank had confused the capitalist mode of production with participation in the global capitalist economy and that capitalism had actually preserved pre-capitalist modes of production in the periphery, consequently creating a context for articulation between pre-capitalist and capitalist modes. Such a relationship supports the case that external dependence is actually modified and shaped by the internal structure of a country, which explains the different processes of development in similarly structured nations. On a larger scale, it also indicates that the external influence of foreign capital does not necessarily result in underdevelopment, as the impact of the internal situation can lead to either stagnation or growth.

Dale Johnson (1981, 110) retaliated to the critics who would have seen the modes of production analysis replace a dependency approach by saying that it signified little more than a reversion to imperialism. He used Cardoso’s argument that “Lenin’s thesis of imperialism was valid in its day...but is no longer adequate to explain what he has termed ‘development with dependence’...of parts of the periphery.” He goes on to dismiss the idea further stating that it ignores the extent to which the relations of production in individual nations are shaped by the region’s articulation with the global market. This idea also counters the common criticism that dependency viewed the periphery as passive; a deterministic approach meaning that the periphery was nothing but a pawn to external interests, leaving them unable to help themselves to move out

of conditions of underdevelopment: what Sánchez (2007, 5) describes as a situation where “behaviour disappears.” Kay (1989) voices his concern as well with the perspective, questioning whether it should incorporate the internal colonialism analysis to strengthen its argument. To attain a better understanding of how the internal and external cooperate, or not, then social relations need to be central to the analysis.

4.5.a Summary

Table 4.7 collates these criticisms and lays them out as a summary beside the responses discussed above. One of the key features of a revisited dependency analysis is how social relations can be moved into the centre of the approach. This allows an examination of the process that creates disparity within each unique micro relationship, looking at the combination of internal and external mechanisms that create a complex whole. These relationships overlap and interact, creating a further complex whole on a larger, contextual sector (e.g. education). Further contexts can then be added to create a picture of disparity on a macro scale. By doing this, the concerns that dependency does not produce concrete policy outcomes have been eradicated, as the potential for policies to disrupt inequalities at various levels is significant as has already been seen. By working at various scales, it is also possible to highlight the dynamism of the marginalised groups, which reveals the potential for movement and changes over time, therefore invalidating the criticisms that dependency remains determinist with passive margins.

The responses in Table 4.7 establish an ongoing relevancy for dependency that supports continued analyses into the processes of disparity in other contexts such as education both in Chile and beyond. Other contexts and further uses on various scales will be discussed in Chapter Nine.

Table 4.7 Responses to criticism of a dependency approach

<i>Criticism</i>	<i>Response</i>
Not a fully-developed, self-contained theory of development	Dependency is an approach or an analysis
Lack of policy outcomes	By working at various scales there is potential for many policies to be created as a result of analysis, creating measurable outcomes
Needs specific histories / unique situations	Analyses of specific situations and contexts
Autonomist or ‘all or nothing’ illusion	Looks at various contexts and relationships and so, although antagonistic, works within other systems
Propaganda / idealist / polemical	A different context for a revisited dependency approach means these labels are no longer applicable
No specific economic proposals to: - improve productivity - increase rate of growth - improve income inequality - diversify / expand exports - increase domestic savings	The context of disparity in education, for example, allows for proposals to work on all of these features. Economic issues cannot be understood in isolation
Over-emphasised external interests – no examination of internal dynamics, overlooked class relations	Social relations of dependency are central to analysis, as is the concept of the ‘complex whole’, which combines both internal and external interests
Deterministic / economistic	The focus on social relations is not solely economic, and the dynamism and overlapping nature of these relationships within various contexts cannot be accurately described as deterministic
Reduced the periphery to a passive victim – to pawns of external interests	As with the response to determinism, actors – both individuals and groups – have opportunities to be very engaged in making changes in their environments

Source: Author

4.6 Linking dependency and inequality

Having earlier presented a conceptual model in Chapter Three to better understand the process of inequality, it is now viable to link concepts of dependency that relate to this. As discussed in the previous section, dependency remains relevant to contemporary issues and it is proposed here that it is a constructive and valuable approach to disrupting the mechanisms of disparity.

As inequality is a multi-faceted process, it needs to be simultaneously understood and approached on different scales and within different contexts. A dependency approach is well equipped for this by analysing specific ‘concrete’ situations of social relations and suggesting ways of dismantling these relationships at both micro and macro levels. Even though dependency is often discussed at a global scale many of its

features are relevant to understanding inequality in national and local situations. One of these features is the process of marginalisation and Kay (1989, 92) describes this at a global scale:

“global marginality is made up of several distinct forms of marginality and individuals or groups experience different combinations or configurations of these forms.”

The social position of these marginalised groups and individuals has been argued to create an unfair integration into social and market participation, which can lead to uneven levels of participation. Therefore dependency has the potential to isolate mechanisms that drive the process of exclusion and promote policies to reduce them.

Another concept linked to exclusion and marginalisation is that of the internalisation of external interests, which Cardoso and Faletto (1979) articulated. This is very useful when understanding how the social position of an individual can contribute to disparity. Individuals often accept their position in society and a dependency approach questions why this is the case and suggests that it may be due to ideas and information, usually beneficial to those in power, being internalised and normalised, leading to situations of exclusion. Cristóbal Kay (1989, 91) illustrated two interpretations of this as “a lack of integration of certain social groups in society” and secondly as the result of “integration into the world capitalist system”. It was Sunkel, as pointed out by Kay (ibid, 99), who insisted that dependency was the proper context for these concepts of marginalisation. Sunkel’s (1972) perspective was global, and he was concerned with the consequence of national disintegration as a result of transnational capital “dividing society into two sectors: one which is integrated into the transnational system and one which is excluded.”

A dependency approach is able to analysis the social relations of dependence that hinder full participation in society, whether that is in the market, employment or education. Although the following comment from Kapan (1974, quoted in Tausch, 2010, 468) is directed towards a global level, it also highlights dependency’s ability to

unsettle structures and relationships, both economic and non-economic, at any scale that play a role in producing disparity:

“the ‘theory of dependence’ implicitly challenges the atomistic, mechanistic, and legalistic conception of international relations.”

Consequently, a dependency analysis can contribute to the construction of a multi-dimensional policy approach, ensuring that all the overlapping factors that influence socio-economic inequality are considered. The relationship between dependency and inequality is crucial to this study and is further examined in later chapters.

4.7 Chapter summary

From its traumatic evolution and riven revolutionary tendencies, through to its marginalisation, dependency has never settled. Dependency theory grew from a desire to achieve a clearer understanding of the unequal and unjust system that leaves whole regions unable to control their own destiny, and which oversees a widening gap that shows no sign of abating. However despite such aspirations, and exhaustive analyses, the dependency discourse has never managed to produce a coherent and widely accepted set of policies. Responding to criticism has absorbed a great deal of energy, but this is not to say that dependency’s advocates have accepted defeat. Johnson’s (1981, 111) comment remains just as relevant today as it was over thirty years ago:

“A noneconomistic approach that is not overdeterministic, that makes production relations, class analysis, and development of the mode of production central, that adequately poses the ‘external/internal’ nexus, is more likely to emerge from the efforts of those who work within a theory of underdevelopment and dependency than from those from outside it.”

This chapter suggests that a revisited dependency analysis is able to propose appropriate and applicable approaches to the problem of inequality in Chile. Chapters

Five and Six will create a framework for such a discussion by tracking socio-economic disparity in Chile between 1974 and 2010. Chapter Seven will then focus on educational disparity under the Concertación, 1990 – 2010.

Section Three

Section Three builds on the examination of the concept of inequality and places it within the case study of Chile, 1964 - 2010. Chile is an appropriate case study due to half a century of wide-ranging political responses to the predicament of socio-economic disparity. This section begins with an overview of the persistence of inequality in Latin America between 1964 and 2010 to provide an historical and empirical context. Following this, the main policy orientation of four successive political periods in Chile is considered in Chapters Five (1964 - 1989) and Six (1990 - 2010). The effects of these paradigmatic shifts on levels of inequality (in contexts such as income distribution and poverty rates, employment participation, health indicators and housing) are discussed at the end of each chapter. Consequently, the case study in Chapter Seven, which focuses on the persistence of educational inequality in Chile under the Concertación, allows the research to drill deeper into the relations of power that perpetuate inequality in Chile and more generally.

Chapter Five

From Frei to Pinochet, 1964 – 1989: Different Chiles, same inequalities?

This chapter initially reveals the landscape of inequality that shaped Latin America between 1964 and 2010 in order to contextualise the Chilean case study, and then sharpens its focus to look at the period between 1964 to 1989, during which time three different presidents led Chile: Eduardo Frei (1964 – 1970), Salvador Allende (1970 – 1973) and Augusto Pinochet (1973 – 1990). Each of these pursued very different policy directions, ranging from Frei's structuralist approach and Allende's 'Road to Socialism', to Pinochet's neoliberal laboratory. This chapter reviews the main policy directions of each administration and concludes with an examination of inequality trends across the period.

5.1 Political economy of inequality in Latin America 1960-2010

Economically, Latin America in the 1960s was heavily influenced by structuralist theorisation that rejected free-trade expansion and highlighted the dangers of an

income inelastic demand for primary products and the resultant secular decline in the terms of trade. This led, among other things, to an emphasis on inward state-led industrialisation. Despite healthy results in terms of per capita output growth in some countries, there was growing criticism that the policy of Import Substitution Industrialisation (ISI) had reached a limit and was having a muted impact on unemployment. As mentioned in the previous chapter, some structuralists became more radical and dependency analysis subsequently evolved. Such analysis was premised on the belief that the solution to inequality internationally and domestically was to cut all ties with the neo-colonial core. However, in the midst of the Cold War any turn to the left was viewed with great suspicion by the USA. This culminated in a series of coups against incumbent left-wing governments, for example in Argentina (1966 and 1976), Bolivia (1966), Peru (1968), Ecuador (1972), Chile (1973) and Uruguay (1973).

The 1970s brought a wider recognition of the importance of exports for growth, along with a greater role for multinational banks in lending capital to Latin American governments on the back of high oil prices. However, the debt crisis that followed in 1982 sunk the region into economic despair. Latin American GDP per capita growth contracted in three successive years by 1.8% in 1981, 3.6% in 1982 and 4.7% in 1983. In 1982, seventeen Latin American countries suffered economic contractions (Brid and Caldentey, 2009). The Bretton Woods institutions were consequently able to lead renegotiations of debt repayments, forcing trade liberalisation, privatisation and reductions in state expenditure. This became Latin America's 'lost decade' and inequality increased markedly as a neoliberal model was imposed on the continent. The impact of this period on Latin American economies saw the rate of growth of actual GDP per capita fall to -0.4% between 1980 and 1990 (ibid, 36) but it also had a dramatic bearing on the ideological landscape and power structure of the region:

“The Washington Consensus on market reform was indeed the consensus approach among the high-ranking policymakers, and although there were always organised interests, sectors of the population, and political parties (especially from the left) that rejected it, they were fairly

marginalised in many nations and could at best exert defensive veto power.” (Weyland et al 2010, 1)

The 1990s witnessed an end to the Cold War and the restoration of democratic administrations, which caused a shift to more centrist policies across the continent. However, despite some evidence for an economic recovery in the second half of the decade, Latin America continued to suffer from economic fluctuations that aggravated inequality. Brid and Caldentey (2009) suggest that these fluctuations occurred on average every two years after 1980, and the region’s instability at that time was further highlighted – and exacerbated – by a series of global crises that dogged the region, including the Mexican crisis (1994), the Asian crisis (1998), the Brazilian crisis (1999) and the Argentinean crisis of 2000-1.

Bárcena (2010) calculates that a boom period was experienced from 2003 to 2007 with regional GDP expansion of 5% annually, and per capita growth exceeding 3%. Ensuing confidence led to opportunities for fresh policy approaches, and the result was the evolution of centre-left governments, which sought to explicitly tackle inequality and poverty. Weyland et al (2010, 1) comment of this period that “the first decade of the third millennium has seen a striking move to the left in Latin America.” By this time, also as a consequence of the end of Cold War politics, left-leaning governments led approximately two-thirds of the entire population of the region.

This shift to the centre-left was interrupted by the financial crisis of 2007. In the same report it is estimated that Latin American net capital inflows in 2008 decreased by US\$52.6 billion on their 2007 level, and foreign direct investment (FDI) shrank by 37% - the sharpest decline in 30 years. The indications are that this period has had a negative impact on poverty and inequality, with unemployment rising sharply in many countries. Interestingly, Bárcena (2010) sums up her post-crisis reflection with the statement that “it is also universally agreed that the State will have to play a more significant and assertive role” (26). This sits alongside another ECLAC paper by Brid and Caldentey (2009), which suggests the need for a ‘third way’, combining market and state intervention.

5.1.a Inequality trends and social changes in Latin America, 1960 - 2010

As Larrañaga (2009, 6) comments, “income inequality in Chile is high even by the standards of Latin America, the region with the highest levels of inequality in the world.” It is this trend in income distribution that has done the most to highlight Chile’s plight of disparity. However, ECLAC (2007) reports that there has been significant improvement in quality-of-life indicators since the 1960s: life expectancy at birth had increased, infant mortality had decreased, and access to safe drinking water and basic sanitation services had improved, as had coverage of all levels of education. However, despite such significant progress, the region still continues to fall behind the OECD countries, as Table 5.1 illustrates, showing a six-year discrepancy in life expectancy, a gap of more than three years in schooling expectations and a GDP per capita that is three times less than that in the OECD countries.

Table 5.1: Human Development Index of global regions (HDI), 2010

<i>Region</i>	<i>HDI</i>	<i>Inequality-adjusted HDI</i>	<i>Life expectancy at birth (years)</i>	<i>Mean years of schooling (years)</i>	<i>GDP per capita (PPP US2008\$)</i>
Arab States	0.588	0.426	69.1	5.7	7, 861
East Asia & Pacific	0.643	0.505	72.6	7.2	6, 403
Europe & Central Asia	0.702	0.607	69.5	9.2	11, 462
Latin America & Caribbean	0.704	0.527	74.0	7.9	10, 642
South Asia	0.516	0.361	65.1	4.6	3, 417
Sub-Saharan Africa	0.389	0.261	52.7	4.5	2, 050
OECD	0.879	0.789	80.3	11.4	37, 077
World	0.624	0.489	69.3	7.4	10, 631

Source: (UNDP 2010, 146)

The trend in HDI improvement also remains slow by global standards. Table 5.2 reveals that Latin America has shown the slowest annual growth rate in the world over the past decade with the exception of OECD countries, and slower than the global average. This is despite countries like Guatemala, Honduras, Nicaragua and Haiti all sitting below the global HDI average. (UNDP, 2010)

Table 5.2: Human Development Index global trends, 1980- 2010

Region	Average annual HDI growth rate (%)		
	Change		
	1980-2010	1990-2010	2000-2010
Arab States	1.32	1.12	1.14
East Asia & Pacific	1.73	1.61	1.40
Europe & Central Asia	1.11	0.31	0.80
Latin America & Caribbean	0.68	0.68	0.64
South Asia	1.65	1.44	1.61
Sub-Saharan Africa	0.94	0.46	2.10
OECD	0.51	0.48	0.31
World	1.05	0.85	0.89

Source: (UNDP, 2010, 151)

After a significant fall during the 1970s, poverty levels peaked during the ‘lost decade’. It has been estimated that the number of those living in extreme poverty increased by 44 million between 1980 and 2008. This sits alongside estimates that 180 million people are currently living in poverty (Bárcena 2010). However, Kay (2006, 494) notes that between 1990 and 2002 poverty in Latin America did diminish slightly from 48.3% to 44% of the region’s total population. Examining the inequality of poverty levels between urban and rural areas, Kay also notes that although rural poverty declined in the 1990s it was at a slow rate, falling from 65.4% in 1990 to 61.8 in 2002. Comparatively, urban poverty fell from 41.4% to 38.4% during the same timeframe (2006, 456).

High unemployment has persisted due to a slow-moving formal sector, placing a greater strain on already-inadequate social protection systems and further strengthening inequality. Weyland et al (2010, 12) relate this situation to the moderate nature of the majority of left-wing governments:

“One main reason why the moderate left has acquiesced in the fundamental framework of the market system and has sought economic reforms inside these confines has been the hope to stimulate lasting economic development and thereby lay a substantial foundation for social progress – directly by boosting employment and income growth among poorer sectors, and indirectly by increasing tax revenues.”

OECD indicators in Figure 5.1 illustrate that inequality is particularly marked in some countries. In Bolivia, Brazil, Colombia, Chile, Ecuador, Paraguay and Peru, the Gini coefficient stands at over 0.5. The share of national income for the lowest income decile is less than 1% in Colombia and Bolivia, and stands at less than 2% for the lowest income decile in all of the Latin American countries reported in the table.

Figure 5.1: Inequality in Latin America, 2009 or latest year (Gini coefficient)

Source: Author, from data taken from OECD (2012)

Recent ECLAC figures, however, argue that the Gini index dropped in most countries in the region between 2002 and 2008, with only Colombia, the Dominican Republic and Guatemala's indices increasing (Bárcena 2010, 12). The record, however, is still extremely poor, and as Table 5.3 makes clear there has been little progress since the 1960s in a number of the countries.

Table 5.3: A selection of Latin American countries' Gini coefficient in selected years, 1960-2005

Country	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005
Argentina	43.3	36.0	40.9	34.7	40.8	39.8	44.4	48.1	50.4	50.3
Bolivia	-	-	54.7 (1968)	-	-	51.5 (1986)	54.5	52.7	63.3	50.5 (1998)
Brazil	52.0	-	63.8	63.5 (1976)	48.8 (1979)	58.6 (1983)	60.4	59.1	58.8	56.6 (2004)
Chile	46.2 (1964)	46.1 (1968)	50.1	47.1	52.6	53.2	55.1	54.5	55.2	54.6 (2003)
Ecuador	-	63	62.5	-	-	44.4 (1987)	56.2 (1988)	55.6	56	-
Mexico	53 (1958)	55 (1963)	57.4	57.4	-	47.1 (1984)	52.4 (1989)	52 (1996)	55.6	49.9 (2004)
Peru	64 (1961)	-	57.4	59.4	-	42.7 (1986)	49.1 (1991)	53.3 (1997)	49.6	52 (2003)

Source: World Income Inequality Database (2008)

The income distribution in Argentina, Brazil and Chile worsened from 1960 to 2005, with Chile almost increasing its Gini coefficient by ten points. Argentina increased by seven points and Brazil by over four. Only Mexico and Peru improved in the same period, with Peru reducing its score by a significant twelve points. Bolivia and Ecuador also showed improvements in a shorter timeframe.

5.1.b Summary

Latin America has made respectable progress in economic growth and some quality-of-life indicators, and yet the gap between those who experience the benefits of this development and those who don't continues to widen. Aguirre (2008, 11) suggests that in Latin America "household inequality increased in six of seven countries for which national data were available for both the beginning and the end of the 1980s." Chile is an example of this paradox that stands out particularly given its unprecedented and relatively high levels of economic growth. Indeed Aguirre (2008, 12) continues to observe that "the deterioration of inequality in Chile seems to have been more dramatic and widespread than in most other countries." To better understand such an inconsistency, the following section will examine the policies initiated by the three administrations that governed Chile between 1964 and 1989 starting with Eduardo Frei.

5.2 Chilean governments and inequality, 1964 - 1989

The period 1964 to 1989 witnessed an ongoing struggle as the nation experienced the pressures of extreme political change. Successive governments implemented very different policies that affected a variety of asymmetries, revealing different perspectives on the importance and causes of inequality. Frei's presidency (1964 - 1970) stimulated greater participatory opportunities for marginalised groups in Chile, especially the peasantry, but seemed to consequently, and inadvertently, build a platform for Allende's socialist government (1970 - 1973) to be elected. Allende's ideology polarised the nation and incited fierce international opposition, ultimately cutting short the policies that Allende had hoped would dismantle the structures that he believed created and sustained inequality. The military coup and subsequent dictatorship (1973 - 1989) executed policies that were part of an unprecedented neoliberal experiment, and stretched the gap between the 'haves and the have-nots' even wider, reducing social integration and leaving large swathes of the population vulnerable. All of this occurred within a continental context of similarly uneven development.

5.3 Eduardo Frei (1964 - 1970)

When Eduardo Frei Senior's Christian Democrats, "waging a virulently anti-Communist campaign...won the elections by a wide margin with 56% of the vote" (Collins and Lear 1995, 16), they seemed to have a clear mandate for their 'revolution in liberty.' However the political environment into which Frei was elected was problematic; the Chilean system was clearly divided into left, centre and right-wing coalitions, meaning that no president could expect clear cooperation from across the spectrum. Indeed the party held themselves up as a third option to capitalism and Marxism, with a focused community approach to social and economic problems. The situation was further complicated as the Right was able to persuasively argue that Frei actually agreed with the more radical left-wing candidate Salvador Allende on most policies: fairer income distribution, cheaper housing, open education and independent foreign policy, with only the 'revolution in liberty' slogan acting as an electoral point of difference.

However it has been argued by Valdés (1995) that Frei's revolution was more than just a political slogan, and that it established a moral differentiation between the Christian Democrats and the Marxist Left.

“Frei's Revolution in Liberty was imbued with a moral will of transformation of social structures which would threaten the most deeply rooted value of the right: the sanctity of private property. Agrarian reform, state planning, ‘Chileanisation’ of the copper mines, or the ‘popular promotion’ plans orientated to the shanty towns; in fact each one of the pillars of the Frei programme was not only a task resulting from a modernisation imperative, it was also seen as a ethical duty. Social structures were unjust and it was a duty of the state to render them more equitable. Christian Democrat ideals stemmed mainly from the teachings and practice of the Chilean Catholic Church.” (Valdés 1995, 208)

Such a progressive Christian ideology, which, according to Oppenheim (2007, 15), was inspired by the Christian humanitarianism of the French philosopher Jacques Maritain, ignored “the fatalism of traditional Catholicism in favour of a this-world approach,” and made the party and its policies particularly popular with the middle-class, intellectuals, and students. Frei's approach didn't accept the need to forgo capitalism in order to achieve justice; nor did he consider that inequality suffered through marginalisation was solely an ethical issue. He believed that injustice was responsible for the extremist tendencies in the country that were spurring communist risings. Valdés (1995, 208-9) wrote,

“At the same time...marginality conspired against national development. Injustice and development were antithetical terms. A national development programme assumed the need for efficiency and technical modernisation *and* the struggle against social injustice. For once modernisation and social justice had found common ground; ‘international

cooperation' and national development converged; ethics and economics coincided."

The international cooperation Valdés wrote of was found in US President Kennedy's 'Alliance for Progress'. Kennedy was keen to, unambiguously as a result of the Cuban Revolution, promote moderate social change by financially supporting structural reform that remained within the parameters of the capitalist system. Frei was keen to uphold such a neo-capitalist structural approach and once in office he "immediately sought to reinvigorate the national-developmental trajectory through a period of concerted institution building." (Taylor 2006, 19) He emphasised the relationship of state intervention with foreign investment, the nationalisation of the copper mines, agrarian reforms and inclusion in order to achieve stability. His policies therefore, a combination of 'ethics and economics', were an attempt to disrupt the established patterns and processes that created and maintained unequal power relations, and thus prevented development.

5.3.a. Promoción Popular: unions, land and property

Frei primarily conceived of the concept of inequality as marginalisation from, and lack of participation within, society. He sought a transformation by engaging all Chileans in political and social processes, the key to which was his *Promoción Popular*. Frei wanted "a people that demands that its voice be heard and is respected in the dialogue of power...People needed to be subjects and not objects of their liberation" (Kirkendall 2004, 692). Kirkendall continues,

"One of the major weaknesses of Chilean democracy in 1964, according to Frei and his allies, was the lack of incorporation of the Chilean peasantry into the larger political process...A relatively inclusive political system had been built in part by explicitly excluding the peasantry...One of Eduardo Frei's central concerns as president was to change the marginal status of the roughly twenty per cent of the population that belonged to the peasantry." (ibid, 691)

Frei's approach created new opportunities of participation by allowing workers to form unions, hold strikes and bargain in collectives, "which dramatically shifted the balance of power in a countryside long dominated by a handful of large estate owners." (Collins and Lear 1995, 17) The results were dramatic with union membership almost doubling from 270,542 members in 1964 to 533,713 in 1969. The number of strikes also almost doubled from 1964 – 1968 (476 to 901), although it declined after that. Indeed 18% of the Chilean population belonged to unions. By 1970, roughly half of the entire rural labour force belonged to a union. (Kirkendall 2004, 711) Additionally, real rural wages rose by 40% during Frei's term; a much higher rate than for other sectors in the economy." (McGuire 2001, 1675)

These improvements were ongoing when the government announced its agrarian reform programme in 1967. In 1964, 7% of farms had controlled 80% of agricultural land and Frei believed that the necessary reform needed to be more than just a redistribution of land; instead it needed to be viewed as a "social and human investment" (Frei 1965, as cited in Kirkendall, 2004, 693), which would drive a greater inclusiveness for the Chilean peasantry. Oppenheim (2007, 24) explains that the new laws allowed the expropriation and redistribution of landholdings over 80 basic hectares, with the landowner having the right of reserve of 80 basics hectares, as well as being able to choose which hectares they kept along with livestock and machinery. The remainder was to be redistributed for communal use over the following three to five years, and after this time a decision would be made to either maintain the farm as a cooperative or to divide the land up for individual land-ownership titles. Frei had hoped that these changes would modernise the agricultural sector and ultimately reach 100,000 peasants, but at the end of his term in 1970 only one fifth of this overly ambitious figure had been involved, with the reformed sector only accounting for 15% of the country's agricultural land. This shortfall is likely to have been a result of the restrictive political environment that Frei was working within, which strong suspicions over such redistribution continuing to be voiced from the right.

Despite this, support was galvanised by those living in the squatter settlements around the outskirts of Santiago. The Christian Democrats had set a target in 1964 of

constructing 360,000 new houses. Despite a new Housing Ministry, the total was insufficient and the deficit actually worsened.

“The number of shanty-town dwellings in urban areas rose from 35,000 in 1952 to 71,000 in 1960 and to 100,000 in 1968, and those living in them, from 174,000 to 376,000 and 499,000, respectively. By the end of the Frei government 220,000 new houses had been built and 280,000 ‘solutions’ provided.” (Hojman 1993, 123)

Hojman goes on to explain that a housing ‘solution, in the context of the Operation Plot of Land (*Operación Sitio*), was a plot to which legal access was granted plus the promise of full services in the future in exchange for a payment, plus the commitment to build a house gradually. The delivery of such ‘self-help solutions’ compromised the goals of the government and dampened the expectations of the people, while doing little to solve what was a very serious problem.

5.3.b. Promoción Popular: education and health care

These attempts to establish equal opportunity through more widespread land and property ownership were only two aspects of a larger structural strategy as social service reforms were also put into place, allowing greater access to services. The ‘Popular Promotion’ included the Education Reform (*Reforma Educacional*), which placed a strong focus on primary enrolment as well as access to tertiary education. Kirkendall (2004, 687) comments “literacy training was an essential part of Christian Democrat efforts to promote agrarian reforms and rural unionisation and incorporate the peasantry into the Chilean political system.” Indeed, in his presidential message of May 1966, Frei established expectations that illiteracy could be eradicated with the hope that 100,000 adults could learn how to read and write at 2,600 new local community education centres, allowing “active and creative participation of people in the solution of common problems.” (ibid, 696) More than 2,500 primary school teachers, using new learning techniques that had been introduced by Brazilian educator Paulo Friere, were employed in the literacy campaign. The adoption of Freire’s methodology was seen as an effort to inspire a shift in the consciousness of

the student, to allow students to see themselves as contributors to, and participants in, their own culture. As Kirkendall (ibid, 698) summarises; “ideally, the newly literate would learn to ‘speak their own words’.”

The impacts of Frei’s term can be seen in a 5% increase in spending, doubling the population that could read and write by 1970. Indeed in September 1967, on the first International Literacy Day, UNESCO listed Chile as one of the five countries doing the most to eliminate illiteracy and awarded an honourable mention for the best overall literacy programme. (Kirkendall 2010, 74) McGuire (2010, 1675) also supplies concrete results, stating that during 1964-70, school enrolment rose from 1.8 to 2.9 million, while the government doubled its spending on school meals, scholarships and loans. All of these would have considerably reduced the inequality of opportunity to those residing in rural areas, however Kirkendall (2010, 89) raises the further consequences of a growing awareness of dependence and of urban migration:

“While many in the Frei administration hoped that education would enable the peasants to produce more in an increasingly commercialised countryside, campesinos hoped that education would make it possible for their children to be freed from the burdens of a life spent working in the fields. Their children would work in the cities and, it was hoped, in an office...The true ‘Revolution in Liberty’ would involve the free choice of so many to join the ongoing migration to the cities that was transforming Latin America as a whole.”

Broadly speaking, the structural changes brought about by the Christian Democrat’s social programmes, such as the literacy campaigns, subsidies, and increased welfare services, were designed to achieve the goal of integration of marginalised groups and to reduce inequality. However it rather “contributed to a new and dynamic mobilisation of social movements in the cities that looked beyond the services offered by the state to a more fundamental and rapid transformation of their marginal existence.” (Taylor 2006, 22) As ECLA had earlier suspected, this meant retarded

rural growth despite an ongoing national reliance on primary products; the consequence of which was both increasing internal disparity between rural and urban sectors within Chile, but also the widening gap between core and peripheral countries.

The *Promoción Popular* needed therefore to rapidly expand its drive for participation to include health, and in particular to mothers by creating “*centros de madres*, where women learned about nutrition and child care and were taught handicraft trades to augment their incomes” (Oppenheim 2007, 25). The administration was also responsible for fifty-six new hospitals and an increase in public spending on health care by 80%, despite GDP rising only about 30% from 1964 – 1970. Indeed, Frei drew up Chile’s first national health plan, and training programmes were also put in place for doctors, including incentives for practice in rural areas (McGuire 2001, 107). All of these measures contributed to improved accessibility to an improved quality of services. At the time the health system was divided between a convoluted public sector and the private sector, and so the policies were clearly focused on reducing the established disadvantages that existed in the system. The results were significant: between 1964 and 1973 maternal mortality fell from 238 to 123 per 100,000 live births, while the infant mortality rate fell from 104 per 1000 live births in 1964 (in 1953 it was 105) to 82 in 1970 (ibid. 95).

5.3.c Summary

Table 5.4 collates the main policies implemented under Frei towards reducing socio-economic disparity. French-Davis (2002, 187) considers such an approach to have created positive outcomes:

“By 1970, social development in Chile was among the highest of all Latin American countries. The level of education, the national health system, the system for constructing low-rent housing, and...school meals were among the most advanced in the region.”

However, despite these social gains, problems of unequal distribution persisted, and these resulted in divisions and a strong swell of support for Allende at the general

elections of 1970. Frei was viewed as either too reformist or not reformist enough, and ultimately, as popular as he may have been, his policies didn't bring as much change as had been promised. Schatan (2001, 59) suggests that, "deeper reforms needed to be carried out, but the Christian Democratic Party, in a sort of middle-of-the-road position, was struggling between the growing demands coming from workers, peasants...and the opposition presented by the right-wing political parties." Despite this, considerable progress was made in his expressed objective of increasing participation throughout Chilean society, especially for the peasantry.

"In terms of its impact on politics, the 1960 – 1970 period had awakened great expectations on the part of the poor – workers, peasants, and the urban poor – who expected the state to enact programmes that would help change their life circumstances. In this, they were disappointed...The popular expectations, however, were to play an important role for the next administration, that of Socialist Allende." (Oppenheim 2007, 26)

Allende, as will be discussed in the following section, sought to deliver immediately on such expectations, moving to further dismantle the structures that he believed continued to cause intolerable inequality within Chile.

Table 5.4: Selected policies related to inequality under Frei snr., 1964 – 1970

<i>Policy context</i>	<i>Objectives and features</i>
<i>Promoción Popular</i>	An overall policy theme that aimed to engage all Chileans in political and social processes
Strengthening workers' rights	Workers supported to form unions, hold strikes and bargain in collectives
Agrarian reform programme	The expropriation and redistribution of landholdings over 80 basic hectares, with the landowner having the right of reserve of 80 basic hectares; remainder redistributed for communal use over the following three to five years, and after this time a decision was made to either maintain the farm as a cooperative or to divide the land up for individual land-ownership titles
New Housing Ministry and Operación Sitio	Those without their own property were given a plot with legal access plus the promise of full services in the future in exchange for a payment, plus the commitment to gradually build a house
<i>Reforma Educacional</i>	A focus on primary enrolment and tertiary education; expectations illiteracy could be eradicated with the hope that 100,000 adults could learn at 2,600 new local community education centres; more than newly-employed 2,500 primary school teachers used new learning and literacy techniques
Chile's first national health plan	An increase in public spending on health care; new training programmes for doctors, including incentives for practice in rural areas; <i>centros de madres</i> for new mothers and new hospitals built

Source: Author

5.4 Salvador Allende (1970 – 1973)

The success of Allende's fourth bid for the presidency brought him the opportunity to bring about *La via chilena al socialismo* (the Chilean path to Socialism). Allende ran his presidential campaign on the 'Unidad Popular (UP) Programme', written by the six parties in the left-wing coalition. It promised redistribution towards the poor, deeper agrarian reform, and improved social welfare programmes. Allende's views on inequality were Marxian and the "revolutionary transformation of society was based on changes in ownership of the major means of production: large farms and major industrial and financial enterprises" (Oppenheim 2007, 43). For Allende this course of action was justified by the highly skewed income distribution of the 1960s:

"While the poorest 10% of the population had a 1.5% share of total income, the highest 10% income group had a 40.2 share of income. The ratio between the incomes of both groups was 1 to 27." (Larraín and Meller 1991, 180)

5.4.a Redistribution of wealth and services

From the *Unidad Popular's* viewpoint, “the fruits of Chilean development were highly concentrated among a small privileged elite, thereby excluding low-income groups from the benefits.” (ibid, 180) and this had become self-perpetuating through an inequality trap. Larraín and Meller (1991, 181) propose that this trap came about as a result of the dominance of the Chilean market by consumption of the wealthy, meaning that production was focused on satisfying their demand. Consequently a dual productive system developed between a modern high-technology sector, supported by foreign investment, to produce these ‘luxury’ goods, and a stagnant one. ‘Luxury’ goods production was in itself a small market with inefficient processes as it produced mostly non-essential goods for high-income groups. “The small output scale led to a higher monopolistic concentration level, which reinforced the skewed initial income distribution pattern.” (ibid)

Allende was determined to also redistribute wealth. In 1968 the top fifth of the Chilean population had captured over half of national income, while the bottom fifth had less than 5 percent. Such a situation demanded urgent action and the approach was to break loose of the trap by stimulating the economy enough to raise salaries, while maintaining, or lowering the prices of basic goods. The government instigated distribution policies to ensure that these basic goods were available in all neighbourhoods. Committees were established at the neighbourhood level to observe local stores, in case they disobeyed official prices and stockpiled scarce goods.

However Allende’s administration believed that the inequality trap was being sustained by an economy that was both monopolistic and externally dependent. Collins and Lear (1995) show that in the 1960s 248 firms controlled all of the economic sectors and 17% of all enterprises controlled 78% of total assets, while in industry 3% of the firms controlled almost 60% of capital. In wholesale trade, 12 enterprises (0.5% of the total) accounted for 44% of all sales. Additionally, Chile suffered from a high reliance on copper, which totalled more than 75% of total exports, while foreigners made up a further 20% of exports from remittances. This created a strong overseas dependence that was argued to hold Chile back from developing fairer internal economic structures and maintained a biased distribution.

The path to Socialism, however, appears to have been doomed from the start. Attempts to “expand the government-owned sector to take control of the ‘strategic heights’ of the economy in order to overcome patterns of uneven development that [were] viewed as rooted in exploitation by foreign companies, feudalistic structures in the countryside and a backward industrial sector” (Ibid, 18) were never allowed to fully take hold. With a minority status in the Congress, the *Unidad Popular* was forced to negotiate with opposition parties to pass any legislation. It also faced problematic internal restrictions in that the coalition that had elected Allende was nothing more than a loose collection of independent parties that each maintained its own internal structure. The world context within which Allende came to power, despite a détente in the Cold War, remained hostile to the *Unidad Popular* with the US in particular expressing strong anti-Allende attitudes. President Nixon reportedly declared his intention to make the Chilean economy ‘scream’¹⁶. Such external pressures were too strong, and similarly to Frei, Allende was caught in the middle of those demanding more revolutionary ardour and those pressing for a stop to the reforms.

Allende had claimed from the start that his path was to be peaceful and democratic and signed, upon assuming the presidency, a “Statute of Constitutional Guarantees.” However his haste to restructure the economy and socialise the means of production made many people nervous, and his very first actions, which were to hike up wages and freeze prices, did not help. Although these policies led to a short-term 8.6 % economic growth and a major decline in inflation (from 34.9% to 22.1%) and unemployment (down to 3.8%, which was the lowest in Chilean statistics), they were simply not sustainable, and his opponents’ anxieties were confirmed by a rising inflation of 140% the following year. This was made worse by many manufacturers refusing to produce at the fixed prices, along with the ensuing rise of black markets in basic commodities that led to scarcities. Businesses not only stopped producing but also investing, creating a black hole for illegally converted dollars to escape out of the

¹⁶ Notes taken down by CIA director Richard Helms on Nixon's orders for a plan against Salvador Allende. (15 September 1970). Document reproduced as part of George Washington University's National Security Archive [Online]. Available at: <http://www.gwu.edu/~nsarchiv/NSAEBB/NSAEBB8/ch26-01.htm> [Accessed 13 October 2012]

country. On top of this, the rents and profits of the expropriated enterprises fell far short of what had been expected. However Allende continued with deficit spending, again freezing prices while raising salaries, and declared it was to default on international debts.

5.4.b Redistribution of land, property and industry

The construction of affordable housing was another primary goal of the *Unidad Popular* government. It committed itself establishing rent and housing payments that were no more than 10% of family income and to a substantial housing programme of 76,000 houses in 1971, compared to 24,000 for 1970. Ultimately Allende aimed to construct 80,000 new houses every year, and he openly acknowledged that the housing deficit was increasing all the time. However such a commitment proved unrealistic due to the available resources. (Hojman 1993, 124)

Allende continued to expand upon various policies of the previous administration, including that of land expropriation and redistribution as a process of equalising unequal structures. In the 1960s 2% of the farms had owned 55% of the land and so the attempt to establish more equal opportunities meant that peasants took control of landed estates. During the first six months of the *Unidad Popular's* term, almost 1.5 million hectares of land were seized, almost half of what the Christian Democrats had previously accomplished. Oppenheim (2007, 49) calculates that by June 1972, 4690 farms had been appropriated, approximately 9 million hectares of land, and that by the end of 1972 virtually all of the land eligible under the 1967 law had been taken. "By the September 1973 coup, over half the country's irrigated land had been affected." (Collins and Lear 1995, 19) The key challenge for the government following such a major redistribution was the organisation of the reformed land. Frei's administration had favoured the *asentamiento*, in which the expropriated farms were changed into cooperative settlements. Ultimately only a small fraction of the expropriated land was actually distributed to peasants through either individual property or cooperatives, and most of that occurred during the Frei period. During the *Unidad Popular* government almost all of the land remained in the hands of the state. "Overall, the agrarian reform programme had a significant wealth redistribution effect. Estimates indicate that former landowners had a capital loss of between \$1.2 and \$1.6 billion as of 1973."

(Larraín and Meller 1991, 187) Unsurprisingly such processes and policies strained existing tensions between landowners and peasants and the socialisation of the means of production further exacerbated these.

Allende was focused on dismantling the processes that he believed stimulated and maintained inequality. Three US companies essentially controlled copper production, which represented 60% of Chilean exports by 1970, and Allende pressed to complete the ‘Chileanisation’ of the copper industry in July 1971, refusing to give any compensation to the larger companies, as he believed they had already profited enough from Chile. Once the bill to nationalise all mines was passed Allende declared a ‘Day of National Dignity’ for Chile. When Allende came to power the state bank (Banco el Estado) controlled close to 50% of all deposits and credits, and more than half of the remainder was controlled by three banks (Larraín and Meller 1991, 180). The major Chilean banks were also bought up along with large-scale industries with the goal of breaking the near-monopolised industrial sector. Previously, any state intervention in the economy had been to encourage economic development through industrialisation, and had not been in opposition to capitalism, but Allende’s approach was different. His proposal was for a socialised sector of the economy with three areas: state-owned enterprises, enterprises partially owned by the state and partly privately, and privately owned. This was to permit greater state control of strategic industries. In 1970 there were 43 state enterprises, 30 of which were industrial. By September 1973, the state controlled 370 enterprises. Collins and Lear (1995, 50) suggest that this wasn’t entirely planned.

“Political pressures, production sabotage by Chilean and foreign owners antagonistic to the government, and factory takeovers by workers and political activists, forced the Allende administration to use emergency powers to take control of many more enterprises than it had originally envisioned – certainly beyond what made economic sense and management sense.”

The policies were basically designed to enlarge the state sector and to shift priorities away from encouraging industrial development to a more political purpose: “to change economic and, ultimately, political power relations through a transition to socialism.” (Oppenheim 2007, 43)

Such a shift was also desired within the education system, where it was to cause a similar struggle. Drago and Parades (2011) highlighted that in 1970 test scores in Chilean schools were 50% lower than those of students in France and the United States. Despite the obvious need for improvement, the national unified educational system that was introduced during Allende’s term, the *Educación Nacional Unificada (ENU)*, still proved controversial and polarising. While some aspects of the policy were widely applauded and accepted – such as increased scholarships, more schools, a decrease in illiteracy, and children’s day-care facilities – Allende’s desire to have greater control over student selection in private schools caused considerable opposition among the elite. It appeared that some were anxious that their children would become indoctrinated by Marxist principles. The clear expansionary impact of Allende’s educational policies between 1970 and 1973 can be seen in the rise of 16.7% of registered students in public primary schools, as compared to 1.8% in private schools. This trend is also evident in secondary schools, where public schools saw registrations increase by 52.6% and private schools by 18.1% (see Table 5.8).

5.4.c Summary

By the end of his three years of power, Allende had achieved a great deal in extremely complex circumstances, as can be seen in Table 5.5. His three years in power had grown increasingly complicated by the U.S. cutting all credit and aid programmes and by the polarising rumour mongering. The problem was not simply one of the means production, or of property rights, but of the dispersal of fear. Allende’s government had obtained close to 45% of the vote in the March 1973 parliamentary elections, despite the chaotic environment. Historically the party in power did not gain seats, but the *Unidad Popular* gained six and had “achieved this in the face of severe economic dislocations, including soaring inflation and scarcity of goods, and in a highly charged political atmosphere.” (Oppenheim 2007, 69) Such a result indicates that the Socialist ideals and policies towards equality that Allende was seeking to implement were not

unpopular despite the tough environment. The coup that ended his term, and life, however, sought to systematically destroy everything that he had set out to achieve.

Table 5.5: Selected policies related to inequality under Allende, 1970 – 1973

<i>Policy context</i>	<i>Objectives and features</i>
Wealth redistribution	Wages increased and prices frozen; distribution policies to ensure basic goods were available in all neighbourhoods; committees established at the neighbourhood level to observe local stores, in case they disobeyed official prices and stockpiled scarce goods.
Eradication of monopolies	The major Chilean banks bought up along with large-scale industries with the goal of breaking the near-monopolised industrial sector; proposal for a socialised sector of the economy with three areas: state-owned enterprises, enterprises partially owned by the state and partly privately, and privately owned.
Housing	Construction of affordable housing; rent and housing payments that were no more than 10% of family income established; an aim to construct 80,000 new houses every year
Land reform	Significantly larger scale agricultural land appropriation
<i>Educación Nacional Unificada</i>	Increased scholarships; more schools and children's day-care facilities; a decrease in illiteracy

Source: Author

5.5 Augusto Pinochet (1973 – 1990)

Following the coup, a military junta was immediately established and Pinochet led a junta that would, by 1975, apply the most neoliberalised policy framework ever seen, which was intended to reverse the reforms of the Allende years. Pinochet's ambition was to transform Chile utterly, to obliterate any evidence of Allende and of Socialism. This was to be achieved through neoliberal policies; through challenging – and changing – how the country saw the world around it. The shift from state-centred economy to a free market led to a dramatic shift in distribution policies, leaving many Chileans vulnerable. However the military dictatorship continued to argue that should these vulnerabilities persist despite state interventions then there were simply due to 'God or to merit.' (Raczynski 1999, cited in Murray and Kousary 2009, 132)

This study of Pinochet's brutal dictatorship is essentially a study of the experiment of neoliberalism. Pinochet gave Milton Friedman, and his group, the Chicago Boys, the freedom to impose their theories regardless of the cost to ordinary Chileans. From 1975 Chile was turned into a laboratory for free-market proponents and because Pinochet effectively ruled out any opposition, it provides a chance to examine the consequences of such policies. The following section continues the Chilean case study,

looking at what has frequently been called ‘the miracle of Chile’, and the stark implications of neoliberalism on the realities of inequality.

5.5.a Overview of 1973 - 1990

From 1973 to 1975 there was little direction in terms of economic policy. A drastic currency devaluation and the liberation of commodity prices increased inflation, causing unemployment to swell and forcing prices up by 375%. The “principle of subsidiarity of the state”, that being that no higher-level social institution should carry out activities which could be performed by a lower-level institution was institutionalised in the *Declaration of Principles of the Government of Chile* issued by the junta on March 11, 1974. By 1975 the junta had solicited the advice of the Chicago Boys, a collection of economists educated at the University of Chicago, who travelled to Chicago often during Frei’s presidency and who were largely employed at Santiago’s Universidad Católica de Chile. This group was determined to convince Chile’s leadership of the value of neoliberalism.

The push to establish free market ideals became increasingly radical as the initial reforms failed to convince, prompting the call for Chile to undergo a ‘shock treatment.’ This entailed the majority of government-owned banks (sixteen) being sold off, reduced import tariffs, and constraints on profits being expropriated by foreign corporations being scrapped. Oppenheim (2007, 130) is in no doubt of the consequences of such an approach, commenting that, “privatisation of the banks facilitated the growing concentration of wealth.” Up to 1989 state ownership of 160 corporations were sold (between 1974 and 1976 CORFO sold 99 firms), as well as over 3,000 plants, mines and real estate holdings. Additionally the property expropriated by the Allende government was returned and, dismantling the work done by Frei and Allende, the counter reform of land ownership was based on more efficient, modern farms that produced fruit for export. (Murray, 2002) Oppenheim (2007, 140) noted that these changes came at a social cost. “They created a large rural proletariat that no longer lived on farms; rather, they lived in small towns and worked part-time mainly during harvest season.” This privatisation, especially of many of the means of production, meant a greater consolidation of the concentration of wealth and power, as only a few private groups could afford to purchase such assets. For

example, two months after the introduction of the ‘Seven Modernisations’ (see below), the two largest conglomerates had gained control of 75% of the market. And, as these conglomerates were prospering, smaller businesses were struggling in what was labelled by neoliberals as ‘Economic Darwinism’.

Between 1979 and 1982 – a period of solid economic growth – the ‘Seven Modernisations’ were enacted. These drastically transformed welfare institutions: “Where possible, market mechanisms were introduced to service provision in order to recast socialised provision into atomised and apolitical relationships between individuals and private service providers” (Taylor 2006, 98). Subsidies were given to private schools, the impact of which is evident in the dramatic fall of 33% in public primary school enrolment over the term of Pinochet’s dictatorship (seen in Table 3.9). The national public healthcare system was dismantled out of preference to private insurance companies, and new labour policies curbed labour rights. The informal market grew quickly during this time, increasing inequality, which had also been affected by the decline of social services and a subsequent increase in poverty.

The 1982 Debt Crisis had an immense influence on the development of Chile. Pinochet opted to intervene in the private and financial sectors, taking control of sinking companies, absorbing the external debts of private business and setting up emergency work programmes. One in eight Chilean workers ended up on these programmes, working for less than the minimum wage, and unemployment reached its low point in 1982 at 41.8% (Montenegro and Pagés, 2004). This exacerbated the trend towards increased income inequality that had begun from 1973. Unfortunately the crisis did not create a more evenly distributed economy, despite the concept of a ‘people’s capitalism’ being introduced, wherein stocks of companies were publically sold. Naturally the majority of Chileans were in no position to buy these stocks and the concentration of ownership remained in the conglomerates and multinationals. The growing distribution gap was further exacerbated by changes in the tax system, which abolished wealth and capital gains taxes in 1975.

In 1985 Pinochet disseminated propaganda of a second miracle in GDP growth. In reality, growth was based on the exploitation of a re-employed but poorly paid

workforce. As a consequence of nearly two decades of neoliberalism, the ratio of the highest to lowest quintile was considerably higher during the Pinochet period than under the previous two governments. A further consequence was the increase in poverty; real wages plummeted 62% of their real value between 1970 and 1975. Even during the economic recovery of 1986 – 1988, real wages did not go up. In 1989 real wages were still only 90.8% of what they had been in 1970. (Oppenheim, 2007, 132)

5.5.b Public Spending: Education, health and pensions

It is possible to further disaggregate the impacts of Pinochet's policies on inequality by examining his government's approach to public spending, especially on education, health and pensions. Ffrench-Davis (2002, 189) calculates that public spending per capita on health, education and housing fell by 22% as compared to 1970. After declining in the 1970s, there was a limited improvement in funding at the start of the next decade but following the crisis, and through until 1989, this deteriorated again. Such a change had major implications on the ability of Chileans to enjoy equal opportunities. Oppenheim agrees:

“Access to such societal goods as education, health care, and social insurance was now dependent on one's economic resources. The state was not responsible for providing a safety net to the poor.” (2007, 137)

The Seven Modernisations continued the process of reducing state control and funding, making thousands of teachers, health workers and government workers unemployed as many of the social ministries were dismantled. This resulted in a significant restructuring of the education system through the Organic Constitutional Education Law (LOCE; *Ley Orgánica Constitucional de Enseñanza*, LOCE). LOCE was passed on the day when the military junta passed over power, shifting responsibility for public education away from the government into the municipalities. Drago and Paredes (2011, 163) suggest that Chile was one of the first countries in the world to introduce an educational reform on such a scale and of such a nature. “State-run schools were handed over to the country's municipalities and were financed with subsidies that did not differentiate between pupils attending municipal schools and

those attending non- fee private voucher schools.” The reform resulted in three types of schools: municipal, state-funded schools; privately run, state-funded subsidised schools and privately run schools funded by tuition fees. As a result fees across the board were also raised. “The idea of universal access to a social benefit, in this case, education, was discarded; instead ability to get an education became contingent on the ability to pay.” (Oppenheim 2007, 137)

Despite these potential obstacles for fair access to a quality education, there were some positive changes during the Pinochet era. The illiteracy rate fell to 10% around 1973, and to less than 6% in 1989, while enrolment in primary schools, as a percentage of the population aged 6 – 14, rose from 65% to almost 100% in 1973, and remained at this level until the early 1980s, when it fell to 95%. In secondary schools enrolment, as a percentage of 15 – 18 year olds, rose from 10% in 1952 to 51% in 1973 and 75% in 1989. (Ffrench-Davis 2002, 187)

The health-care system was one of the areas most impacted by the decision to strengthen the role of the private sector. State financing of health was slashed during the military rule, halved by 1988. Structural changes led to the foundation of a dual system; the introduction of competitive private companies called *Institución de Salud Previsional* (ISAPRES) and the existing public National Common Fund (*Fondo Nacional de Salud* or FONASA). The ISAPRES were based on the idea that the quality of medical coverage was dependent on the amount contributed. This was different to the old system, FONASA, which operated on a set contribution of 6% of salary. Those unable to afford the transfer to ISAPRES found that the state-run system was under-funded and under-staffed (the number of workers in the National System of Health Services dropped by half from 1973 to 1988), as contributors unsurprisingly shifted to the ISAPRES. As previously implied, the quality of medical care became dependent on the ability to pay. Ffrench-Davis comments that this system has only served to intensify inequality: “Most people in the four poorest quintiles are covered by the public health system, and only in the richest quintile do ISAPRES cover a higher proportion of people than FONASA.” (2002, 202)

Evidently, reducing inequality was not a short-term concern for the neoliberal administration but, despite the extensive health care cuts, Pinochet “channelled much of what was left to infants, young children, pregnant women and new mothers, using a ‘poverty map’ to target the poorest areas of the country” (McGuire 2001, 1678). McGuire attributes this incongruent policy to a combination of state paternalism, protest deterrence and to enhance international reputation. Whatever the reasons, and ignoring the disastrous impacts on other areas of health coverage, from 1974-1984, infant mortality rates fell, life expectancy at age one rose, and a higher proportion of babies were born to more educated mothers. Regrettably however, by the end of Pinochet’s regime in 1989, the infant mortality rate was only barely below the 1985 rate, as these targeted policies fell away in the increasingly neoliberal fervour.

Similar to the privatisation of health care, the nation’s pension scheme underwent substantial changes to become a dual system. A new fully funded private pension fund (the *Administradoras de Fondos Previsionales*, AFPs) began to operate in 1981. This replaced the old pay-as-you-go system and eradicated employer contributions for both systems. The driving concept behind the transition was that there would no longer be any government subsidies, but ultimately the public sector was left with responsibility for covering the financing of existing pensions without contributions of the most active workers. In 1982 only 40% of the labour force were contributing and although this rose to 55% in 1988, the statistics are stark when compared to 60% in 1974. The result was the social security deficit growing from 2% of GDP in 1980 to 7% in 1983-86. “Essentially the whole reform constituted a massive transfer of funds from the public to the private sector.” (Huber and Stephens, 2010, 184)

5.5.c Wages, labour rights and housing

Some of the policies that contributed most to an increasing distribution and social gap can be found within Pinochet’s approach towards employment and housing. While neoliberalism was dramatically re-shaping the economy, the common worker was suffering. In 1989, at the end of the military regime, average wages were 8% below their 1970 level, and the minimum wage had declined at the same rate. In 1989 family allowances were reduced to 72% of their 1970 level. Although these trends were not unique to Chile (a similar slump was evident throughout Latin America in the 1980s),

Ffrench-Davis argues that the government's approach was also to blame as "poverty and income distribution are determined essentially by the production process itself." (2002, 204) When the process marginalises and excludes participation, when it precludes investment in people, it becomes an inequality trap, preventing the breakdown of poverty and an ever-growing distribution gap. The importance of avoiding such income gaps is emphasised by the reality that access to quality education and healthcare in Pinochet's Chile became dependent on the ability to pay for it as previously noted.

Following the increase in union size and activity under Frei in particular, the military junta suspended unions until 1979, when a new labour code was created. The new code did authorise legal union activity again but only with limited powers at a local level. However "the labour code was designed to prevent the formation of strong unions under the guise of giving workers freedom of choice, as well as to prevent any association of political parties with unions. In essence, it was an attempt to atomise the union movement." (Oppenheim, 2007, 134) With the termination of employment made easier and tribunals eradicated, the labour legislation was heavily in favour of owners, concentrating power even more. In such an environment it would have been very difficult, and potentially dangerous, to agitate for improved and fairer conditions.

The government enforced a programme of relocation of *pobladores*, those living in marginal settlements, out of the more developed comunas. Starting in 1986, about 150,000 people were relocated to poorer outlying areas. This was:

"a policy of eradication of shanty towns in favour of definitive housing, some high-rise, others basic solutions, but all in isolated areas in the outskirts of Santiago, far away from jobs, long-established and reasonably good schools, hospitals and so on." (Hojman 2010,124)

Occasionally the relocated *pobladores* were compensated with replacement housing, but in many cases they had to live with family as guests or *allegados*. It is estimated that out of a population of 12 million Chileans in the late 1980s, an incredible 2.5

million were *allegados*. For those who did receive their own property, Oppenheim illustrates how the new townships essentially established “legal separation of the rich from the poor under the guise of social homogeneity. Greater municipal control over public services simply reinforced a growing social isolation and class segregation.” (2007, 139) One example is the relocation of the shantytown Lo Hermida from the more middle-class township of Nuñoa to Penalolén. In 1984 Penalolén’s per capita income was less than 1% that of Nuñoa. However, it wasn’t only the incomes that defined the difference between the townships; revenues were to stay locally instead of being administered centrally. The consequence of this was the richer suburbs quickly accumulated much greater resources to devote to social service projects than the poorer areas, which were in greater need of investment and basic services, could.

Further examples serve to further highlight the problems. Between 1980 and 1984, wealthier areas, such as Santiago Centro, Providencia, and Las Condes, made up 56.8% of all municipal investment, whereas the poor townships, or comunas, of La Granja, Cisterna, Conchalí, and Pudahuel, with 36% of the population, accounted for 9%. Oppenheim also provides the illustration of the Providencia comuna, with a population of 115,500, developing great services through heavy investment between 1982-87, while La Florida’s population of 191,800 had to fight for permission to build a one-room wooden day-care centre, staffed half the day by local women. (2007, 139) These are not isolated instances; Hojman points out that even in the late 1980s only 50% of the resources being spent in housing subsidies was for the poor. (2010, 125) Of course, as time went on the real estate in the wealthier regions continued to improve, while the poorer comunas didn’t follow a similar pattern, further widening the wealth gap.

5.5.d Summary

Under Pinochet Chile became a more polarised society, with a greater gap between the rich and poor. Access to education and health care was restricted by policies (outlined in Table 5.6) that favoured the wealthy, while the inability of the average worker to contribute to a pension similarly left many vulnerable. Many lost their homes, or were pushed out to isolated townships with little hope of investment to

improve facilities, while neighbouring richer comunas developed quickly. The unchecked engagement with neoliberal policies created winners and losers, and rapidly took apart the work done by his two immediate predecessors to create an inclusive and fairer society.

Table 5.6: Selected policies related to inequality under Pinochet, 1973 – 1989

Policy context	Objectives and features
Education	Public spending on education fell; state intervention decreased; thousands of teachers made unemployed; administration of public schools localised, reducing funding and staff; as a result fees were also raised. <i>Ley Órganica Constitucional de Enseñanza</i> , LOCE) shifted responsibility for public education away from the government into the municipalities.
Healthcare	State financing of health slashed; structural changes led to the foundation of a dual system - new private companies called <i>Institución de Salud Previsional</i> (ISAPRES) and the existing public National Common Fund (<i>Fondo Nacional de Salud</i> or FONASA); ISAPRES based on the idea that the quality of medical coverage was dependent on the amount contributed. This was different to the old system, FONASA, which operated on a set contribution of 6% of salary.
Maternal care	What was left over after health spending cuts went to infants, young children, pregnant women and new mothers, using a ‘poverty map’ to target the poorest areas of the country
Pensions	A new fully funded private pension fund (the <i>Administradoras de Fondos Previsionales</i> , AFPs) began to operate in 1981
Labour	New labour code created that authorised legal union activity again after suspension but only with limited powers at a local level
Housing relocation	Programme of relocation of <i>pobladores</i> out of the more developed comunas

Source: Author

5.6 Inequality trends in Chile, 1964 – 1989

Having contextualised the Chilean case study within Latin America, and tracked the various policy shifts between Frei, influenced by Latin American structuralism (1964 – 1970), socialism under Allende (1970 – 1973) and neoliberalism (1973 – 1999) under Pinochet, it is now possible to consider the impacts of these policies on selected inequality trends. These trends include: income distribution and poverty rates, education, employment participation, health indicators and housing.

5.6.a Income distribution and poverty rates

Figure 5.2 displays World Bank statistics on Chile’s Gini coefficient (1966 – 1990), revealing that following Pinochet’s tenure in 1990 the coefficient of 53.9 was significantly higher than in 1966 when it was 45.2 under Frei or in 1973 under Allende. This trend is supported in the long time-series of the Universidad de Chile

Household Survey, which indicates an increasing trend in the Gini coefficient in Chile from 1958 to 1982 (cited in Pizzolitto 2005, 12).

Figure 5.2: Gini Coefficient in Chile, 1966 – 1990

Source: Author, from data taken from World Bank World Development Indicators Data Base and Gini coefficient from background data, Montenegro, 1998

Contrasting the quintiles of the population's income distribution also highlights the extent of Chile's inequality. Table 5.7 demonstrates the tenacious nature of the disparity, with the top quintile accounting for 55.4% of all income during the socialist period of Allende's government. Surprisingly this figure was only slightly higher (62%) during Pinochet's military government. Torche (cited in Spagnolo et al 2008, 2) describes these levels as "twice those of most industrialised countries and 1.5 times larger than that of the United States." Improvement is evident in the ratio of the fifth quintile over the first, ranging from 23.0 between 1974 and 1989 to a low of 12.2 in 1992. Collins and Lear (1995, 243) take note of the size of the ratio under Pinochet and explain that "with free-market policies, the rich got richer. They did so mainly at the expense of many middle-class Chileans: between 1978 and 1988 the richest 10% increased their share of national income from 37 – 47%, while the next 30% saw their income shrink from 23 – 18%." Murray and Kousary (2009, 134) cite studies by Laban and Larraín (1995) and Romaguera et al (1995) that reveal that the wealthiest 20% increased their share of national income between 1970 and 1989. Hojman (1996, 74) wrote that Chile was behind only Brazil in terms of both income distribution

inequality and the ratio between the income share of the top and bottom quintiles, and that such disparity increased between 1989 and 1992.

Table 5.7: Income Distribution in Chile, by quintile, 1965 – 1989 (%)

<i>Group</i>	<i>Frei 1964 – 1970</i>	<i>Allende 1970 - 1973</i>	<i>Pinochet 1974 - 1989</i>
1 st quintile	3.2	3.1	2.7
2 nd quintile	7.1	7.5	6.4
3 rd quintile	11.4	10.6	10.6
4 th quintile	19.7	21.5	18.3
5 th quintile	58.6	55.4	62.0
Ratio of 5 th quintile over 1 st quintile	18.3	17.9	23.0

Source: The Chilean Economy: Policy Lessons and Challenges. Bosworth, Barry P., Rudiger Dornbursch, Raúl Labán (eds), 1994, R.R. Donnelley and Sons Co.: Harrisonburg, Virginia, pg 220 ["Survey of Household Incomes", Department of Economics, University of Chile]

Murray and Kousary (2009, 133) point out that the setbacks of the dictatorship concerning poverty rates were severe:

“Under Pinochet, the percentage of Chileans living in poverty increased substantially, from 17% in 1973 to 45% in 1985, and stabilised at 38% in 1987...Following the recession and debt crisis of 1982-83, extreme poverty reached 17.4% in 1985. In 1987 poverty was significantly more severe than previously in rural areas...Overall, by 1990 poverty was significantly higher than it had been in 1969, underscoring the reversal in development progress brought about by the military and the neoliberal shock policies.”

Such an observation supports the statistics of a rising income distribution disparity during and immediately after Pinochet’s tenure, indicating the destructive impact of the dictatorship’s extreme neoliberal approach. As will be seen in the following sections, this trend is mirrored in the growing social gap in education, health, employment and housing.

5.6.b Educational disparity

Collins and Lear (1995, 139) point out that the percentage of students beyond pre-school age in school in 1973 compared to that in 1986 was virtually identical (53%). “Given the historic and nearly worldwide tendency for this percentage to expand, not to progress is to go backward.” Hojman (1993, 33) digs deeper into the causes of barriers at that time, which are still relevant today, and comments that between 1974 and 1982, the cost of education to parents rose by a factor of 207, due to increases in clothing, school items and fees. “The latter reflects the relative and absolute increase in private sector education, in which at least part of the full cost is met by out-of-pocket payments by parents.”

However, this was not reflective of the large rise in attendance across the schooling system since 1982, as reported by Collins and Lear (1995, 125). In 1986, 265,000 more Chileans were enrolled in formal education than had been in 1973 and that by 1987 the average years spent by each Chilean in the classroom had risen to little more than eight years, almost double the figure for 1973. They also reported that through the 1960s to 1973, government programmes gave greater access to higher education to children whose parents had had little schooling. Indeed, by 1973, 9% of those enrolled in universities were children of blue-collar workers. Hojman (1993, 93) introduces gender inequality into the mix, providing an encouraging account.

“As compared with men, the relative disadvantage of women in terms of average schooling seems to have diminished substantially. In 1957 average schooling for women was 5.6 years, against 6.7 for men. By 1987 the respective figures were 10.0 years for women and 10.1 for men.”

Despite this progress for attendance and in closing the gender asymmetry, Collins and Lear (1995, 134) argue financial disparities were increased as a result of Pinochet’s policy of decentralising the national school system:

“visibly widened the gaps between the schools in poor and rich municipalities. Inequalities among schools have been

reinforced along the lines of the socioeconomic differences in neighbourhoods and the families whose children attend them...Schools in the better-off municipalities are able to supplement the government per-student subsidy with contributions from other municipal revenues, parents, and businesses. Schools in low-income municipalities, on the other hand, are unable to count on resources other than government per-student subsidy.”

Table 5.8 clearly illustrates that the educational system became segregated into a population-representative class system, further institutionalising inequalities. The figures detail the remarkable increase in private school attendance from the beginning of Eduardo Frei’s government in 1964 up to 1990. Compared to public school registrations, private schools grew at a much faster rate. While public pre-school growth was at 407% for 1964 to 1990, private schools increased by 2046%. Public primary school registrations grew by a modest 49%, with private schools increasing by 117%. This trend continued with secondary schooling, with public registrations doubling and private school showing an increase of 224%. These changes have had a major impact on the equality of opportunity for many students. Hojman (1993, 40) comments that, “performance difference between fee-paying private, non-fee-paying private and state schools were large: one in 8.3, one in 3.3 and one in 2.7 pupils, respectively, failed to reach the minimum standards for admission to university.” This difference is significant, as are the consequences for the students in terms of employment, and subsequently income, opportunities. Therefore the trend of increasing attendance at private schools can be considered to have heavily influenced the growing social gap in Chile during this timeframe.

Table 5.8: Totals of registered students, by type of school / institution, 1964 - 1990

	<i>Pre-school</i>		<i>Primary</i>		<i>Secondary</i>	
	<i>Public</i>	<i>Private</i>	<i>Public</i>	<i>Private</i>	<i>Public</i>	<i>Private</i>
1964	22,740	4,901	820,000	355,709	183,873	108,820
1970	43,322	15,668	1,580,167	464,424	237,871	70,251
1973	57,608	21,875	1,843,967	472,912	362,878	82,984
1975	66,406	26,548	1,877,716	421,282	364,740	84,171
1980	91,501	35,893	1,743,964	442,618	406,374	135,265
1985	114,163	88,089	1,406,767	655,577	397,011	270,786
1989	111,477	101,723	1,233,457	754,301	383,150	358,860
1990	115,187	105,209	1,218,348	772,830	366,985	352,834

Source: National Statistics Bureau (INE) in Banco Central de Chile, 'Chile Social and Economic Indicators, 1960 - 2000'

5.6.c Employment participation

Establishing employment opportunities was consistently upheld as a priority policy between 1964 and 1990, and yet the rates for unemployment remained consistent throughout. Montenegro and Pagés (2004, 33) calculate that the employment participation rate in 1964, when Frei's administration came into power, was 52.9%, while in 1989, the final year of Pinochet's dictatorship, it had dropped slightly to 52.0%. This rate was slightly higher for higher-income women according to Hojman (1993, 93). In the late 1950s participation was about 25% in the bottom quintile, and over 36% in the top quintile. By the late 1980s the rate was the same for the bottom quintile but had risen to over 43% in the top one. He explains that, "this is related to educational standards: between 1957 and 1987 participation among women with no education at all fell from 38 to 16%, and among women with primary education only from 36 to 33%." For women with secondary education, participation rose from 30 to 35%, with university education from 51 to 60%.

Unemployment rates hovered consistently at high levels (Argentina and Costa Rica have been used for comparison in Table 5.9), and, as further examples, both urban and informal unemployment rates acted similarly. The large gap between the urban and informal rates, while consistent between the three countries, is very wide and reinforces the importance of equal access to education as previously discussed. Collins and Lear (1995, 74) estimate that unemployment levels actually averaged 20% from 1974 to 1987. Murray and Kousary (2009, 134) cite Ffrench-Davis (2005) by suggesting that much of this unemployment was the result of thousands of state sector

employees being released due to the neoliberal policy of severe public spending cuts. This trend was mirrored in rural areas as,

“The incomes of rural small producers and small- and medium-sized entrepreneurs fell under the poverty line due to these groups’ abrupt insertion into global markets, decreased demand, the lack of credit and the monopolies engendered during the regime.” (Murray and Kousary 2009, 134)

Table 5.9: Unemployment and Informal Sector Employment in Chile, Argentina and Costa Rica, 1970 - 2001 (%)

	<i>Unemployment</i>			<i>Urban Unemployment</i>			<i>Informal Sector Unemployment</i>		
	<i>1970-1980</i>	<i>1981-1990</i>	<i>1991-2001</i>	<i>1970-1980</i>	<i>1981-1990</i>	<i>1991-2001</i>	<i>1970-1980</i>	<i>1981-1990</i>	<i>1991-2001</i>
Chile	10.4	10.6	6.6	11.7	14.4	7.7	36.1	39.4	47.0
Argentina	2.3	5.3	12.3	2.6	5.8	13.1	24.3	34.5	60.0
Costa Rica	5.9	6.5	5.3	6.0	6.9	5.4	30.0	33.1	44.2

Source: Huber, Evelyn and John D Stephens. 2010. “Successful Social Policy Regimes? Political Economy, Politics, and Social Policy in Argentina, Chile, Uruguay and Costa Rica” from Mainwaring, Scott and Timothy R Scully (eds). 2010. *Democratic Governance in Latin America*. California: Stanford University Press

The multidimensional nature of inequality is patently obvious in these findings, having already discussed the trends in income disparity and education. Employment participation is clearly related to education level, while access to a quality education is closely linked to income, and economic participation impacts income levels. The static or worsening disparities in all these areas thus closed the loop on inequality traps. Regional and gender inequalities subsequently risked becoming embedded in society, although there was a reduction in gender asymmetries within educational, and consequently, employment participation. These traps can also be tracked in an equal access to healthcare resources.

5.6.d Health indicators

Figure 5.3 clearly indicates the sharp reduction in infant mortality rates, with the 1986 rate over four-times less than 1969. The greatest reduction, dropping from 65.8 to 33.0, was in the first seven years of Pinochet’s dictatorship. Clearly technological and medical progress over this timeframe occurred irrespective of policy but Collins and

Lear (1995, 118) state that, “the infant mortality rate near the end of Pinochet’s regime (1989) was more than three times higher in Santiago’s poorest neighbourhoods than in the ritziest.” Such an observation strongly suggests that those who benefitted most from Pinochet’s policies were the wealthy; those who could afford to take advantage of private health insurance.

Figure 5.3: Infant mortality rates (0-1 age group per 1,000 live births), 1969 – 1986

Source: Author, from data taken from INE (1981), *Chile, series estadísticas; Compendio estadístico*, several numbers from Hojman (1993), pg 58

Certainly the Pinochet years can be argued to have created obstacles for a major proportion of the population to access quality levels of healthcare. Table 5.10 shows a significant drop in vaccinations and available hospital beds, most of which would have been in demand because, according to Collins and Lear (1995, 97), “deteriorated living and working conditions made millions of Chileans more vulnerable to health crises and therefore more in need of access to health services.” The number of available vaccinations per one thousand people dropped from 556 in 1964 to 387 in 1989, and this trend was the same with the number of available hospital beds falling from 3.73 per one thousand in 1964 to 3.35 in 1989. A slow increase in services can be seen towards the end of Pinochet’s term, for example in the substantial increase in available vaccinations, but regardless of this, there were still considerably fewer available hospital beds per thousand people in 1989 than there was in 1964.

Table 5.10: Selected health indicators in Chile, 1964 – 1989

	<i>Vaccinations</i>		<i>Available hospital beds</i>	
	<i>Total</i>	<i>Per thousand inhabitants</i>	<i>Total</i>	<i>Per thousand inhabitants</i>
1964	4,662,490	556	31,262	3.73
1970	4,530,775	477	35,932	3.78
1973	4,184,205	418	37,255	3.72
1975	5,073,050	491	33,772	3.27
1980	4,000,351	359	37,967	3.41
1985	3,898,202	324	42,224	3.50
1989	4,988,700	387	43,184	3.35

Source: Chile Social and Economic Indicators, 1960 – 2000. Banco Central de Chile, <http://www.bcentral.cl/eng/publications/statistics/integrated/iei03.htm>

Collins and Lear (1995) believed that such a situation created widespread health problems. They calculated that the knock-on effect left 50% of children vulnerable to malnutrition and a staggering 60% of the population unable to purchase the minimum nutritional intake each day. Again, the mechanisms of inequality traps are evident here, as the lack of employment restricts income opportunities, which in turn prevents both access to quality health care but also the ability to get sufficient nutrition.

5.6.e Housing

The housing deficit in Chile grew from 480,000 in 1970 to 900,000 in 1985. As previously stated, it is not only in terms of income that inequality can be measured, but also through location. Collins and Lear (1995, 157) reveal that 58% of houses built in Santiago in 1979 were located in the upscale eastern municipalities, where only 12% of the metropolitan population lived. This inequality of location was further exacerbated by Pinochet's policy to destroy shantytowns, and this served to underline the unfairness suffered by the poorest people in the urban centres, as replacement accommodation was consistently erected in isolated areas in the outskirts of the cities, away from employment and quality resources. Such a lack of resources is indicated in Table 5.11, which traces the growth of household access to basic amenities such as lighting and running water between 1960 and 1992. Table 5.11 indicates a positive trend, with an increasing percentage of housing accessing electric lights (by 21.4%), piped water (by 20.7%) and a sewage system (by 24.1%) from 1960 to 1992. However, a safe assumption can be made that the ongoing development was overwhelmingly for housing in rural and isolated urban areas, meaning that many

people suffered a lower quality of life over a prolonged period of time due to their location.

Table 5.11: Housing Information in Chile, according to the 1960, 1970, 1982 and 1992 censuses (% of total)

	<i>1960</i>	<i>1970</i>	<i>1982</i>	<i>1992</i>
With electric lights	70.7	78.4	86.4	92.1
With piped water	58.8	66.6	71.5	79.5
With sewage and septic system	50.4	57.1	66.9	74.5

Source: INE (1992) Various censuses

5.7 Chapter summary

The complex and multidimensional nature of inequality in Chile is evident in the trends examined between 1964 and 1989. Despite the variety of policies employed across the political and social fabric of the country, inequalities as understood in the contexts of income, poverty, education, employment, health and housing remained consistently high. The disparities interacted to create inequality traps that became embedded in Chilean society and immune to policies that sought to impact one or two particular elements. Consequently any improvements, for example in life expectancy, female employment, secondary school attendance, were unable to gain momentum leaving the Concertación a nation as divided in 1990 as in any other time in the previous thirty years.

Chapter Six examines the shift of ideological policy following the return to democracy under the Concertación (1990 – 2010). The policies implemented, both explicitly and implicitly towards reducing inequality, are tracked across the four administrations of the Concertación, and the impacts of these policies on inequality trends are then discussed.

Chapter Six

The return to democracy, 1990 – 2010: A new approach to inequality?

This chapter covers the return to democracy in the form of the Concertación between 1990 and 2010. During this period Chile voted four presidents into power: Patricio Aylwin (1990 – 1994), Eduardo Frei, jnr (1994 – 2000), Ricardo Lagos (2000 – 2006) and Michelle Bachelet (2006 – 2010). Each administration – to one extent or another – explicitly recognised inequality as a major issue in Chilean society and instigated policies of various formats and aims to combat the problem. This chapter introduces the approach of the Concertación, followed by a discussion on its theoretical origins in the forms of neostructuralism, and then reviews the main policy directions of each administration towards disparity, with the exception of education, which is studied specifically in the following chapter. The chapter concludes with an overview of inequality trends across the period.

6.1 Introduction: An overview of the Concertación (1990 – 2010)

Following the 1988 plebiscite and subsequent election the year after, Pinochet was defeated and the way was cleared for the return to democracy in the form of a new government formed of an alliance of Christian Democrats, Socialists and further smaller parties. This coalition, known as the Concertación, talked of change and ‘politics within limits’ that would operate within the restrictions of the neoliberal project. It was also labelled as ‘continuity with change’; in other words, there were to be neither significant structural changes nor any revolutionary shake-ups. The goal was for Chile to be normalised; a fully operating democracy, and this approach was heralded as ‘growth with equity’, the marriage of the market and an equal society. The background to this approach was, as Aguirre (2008, 11) comments, the inheritance of five years of economic growth, a high rate of inflation and “a poverty rate and level of income inequality that were distressingly high.” Although the main thrust partially shifted under Lagos (1990 – 1996) and Bachelet (1996 – 2010) to become more actively reformist and constitutionally challenging, the Concertación remained committed to growth-led poverty reduction policies. As Taylor (2006, 114) comments:

“While the Concertación...maintained neoliberal and technocratic solutions to socio-economic issues in an attempt to promote continued capital accumulation, this...occurred alongside an emphasis on building social institutions that correct market failures and promote social inclusion.”

Although the Concertación remains a centre-left coalition, the last two Concertación presidents, Lagos and Bachelet, ran as Socialist candidates. Their approaches to inequality were more explicit during the campaigns than either of their predecessors, but that is not to say that either Aylwin or Frei had a one-dimensional approach to improving inequality. Despite the prominence placed on repaying the social debt through poverty reduction, they also implemented new policies in, among other areas, education and health care. Table 6.1 reveals that public social expenditure in both the education and health sectors more than doubled between 1990 and 2000, and there was also a significant rise in the minimum wage.

Table 6.1: Wages, Family Allowance, and Public Social Expenditure in Chile, 1970 – 2000 (real indices, 1970 = 100)

	<i>Average Wages</i>	<i>Minimum Wages</i>	<i>Family Allowance</i>	<i>Per Capita Public Social Expenditure</i>		
				<i>Education</i>	<i>Health</i>	<i>Total</i>
1970	100	100	100	100	100	100
1980	89.0	130.0	81.6	88.6	82.3	90.1
1985	83.2	86.1	54.6	76.0	64.0	90.5
1989	91.6	91.8	28.4	62.5	69.6	83.7
1990	93.3	98.0	33.7	58.8	65.3	81.6
1994	110.7	122.1	43.9	83.9	104.0	107.4
2000	134.4	170.4	53.7	138.4	138.5	151.0

Source: Ffrench-Davis, 2002, pg 189 [Instituto Nacional de Estadística and Jadresic 1990 for wages; Cortazar and Marshall 1980 for corrected CPI; Cabezas 1988 and Budget Office (since 1986) for social expenditure]

It is apparent that there is a consistency here with previous work done by the first Frei presidency and Allende in the attempts to equalise educational opportunities and access to health. This work was carried on during Lagos’ tenure, and more explicitly during the Bachelet administration, giving greater emphasis to a social strategy that wasn’t concentrated solely on monetary transfers and sustained growth of education and health spending.

“President Bachelet’s campaign promised to make real headway in diminishing economic and social inequalities by focusing on poverty reduction, pension and health-care reform, expanded day care, and women’s rights.” (Oppenheim 2007, 249)

Bachelet, as Lagos had done before her, viewed inequality as a disabling social complexity rather than simply an economic disparity, and constructed social policies accordingly. While Aylwin and Frei, restricted by the remnants of Pinochet’s rule and initial general unease toward a left-leaning government, had worked at limiting external vulnerability by strengthening public finances and reducing public debt, their successors were able to be more progressive. Lagos revolutionised the health care system in Chile through the AUGE reform in 2005 and set out to coordinate various existing pro-poor programmes by establishing *Chile Solidario* in 2002. Bachelet worked tirelessly to extend social rights, particularly for women, and to overhaul the grossly unfair pension system in 2007. As will be discussed later in this chapter, Bachelet also placed a great deal of importance on early childhood education. Her belief that ‘inequalities begin at the crib’ drove policies in this area, and established education as one of her four governmental priorities.

This is not to infer that the final two Concertación administrations did not invest heavily in poverty reduction and monetary transfers to those in need, as both did, but their methods in reducing inequality were simply much broader. Table 6.2 tracks the public expenditure through the administrations of the Concertación showing substantial increases in spend for education, health and housing, with only social security expenditure dropping off, but what these figures do not reveal is the extensive understanding of inequality that Lagos and Bachelet brought with them. This is evident in the introduction of Bachelet’s *‘Estoy Contigo. Programa de Gobierno, 2006 – 2010’* (‘I am With You, Programme of Government, 2006 – 2010’):

“Chile continues to be an unacceptably unequal country. In truth, the inequality is made up of many inequalities: between men and women, among different ethnic groups, between rich

and poor, between small and large businesses, among those who have had access to a quality education and those who have not had it, among the regions that advance and the stragglers that remain. A *raison d'être* of the Concertación governments has been to diminish that inequality. We have sought to correct the model of growth, to humanise it and to reduce the uncertainty involved with it, trying to create a better equilibrium between economic expansion and social equity.”

Both Lagos and Bachelet, as has already been inferred, saw it as a governmental responsibility to dismantle the processes that perpetuated inequality, and to make the relationship between a fair society and greater growth potential more explicit.

Table 6.2: Social public expenditure in Chile, 1990 – 2008, as percentage of GDP

	1990	1994	2000	2002	2004	2006	2008
Education	2.26	2.52	3.84	4.12	3.73	3.16	4.09
Health	1.76	2.38	2.83	2.99	2.82	2.77	3.35
Social Security	7.61	7.32	7.90	7.73	6.65	5.82	6.36
Housing	0.26	0.24	0.36	0.28	0.29	0.31	0.41

Source: CEPAL Statistics, <http://websie.eclac.cl/infest/ajax/cepalstat.asp?carpeta=estadisticas&idioma=i> (last accessed 13 October 2012)

As the theoretical concept that unifies the approaches of the Concertación, the following sections discuss the concept of neostructuralism, before examining in greater detail the Concertación’s governance under the presidency of Patricio Aylwin (1990 – 1994) and tracking the policies of his three successors: Eduardo Frei (1994 – 2000), Ricardo Lagos (2000 – 2006) and Michelle Bachelet (2006 – 2010).

6.2 Neostructuralism – an introduction

Having introduced the broad sweep of the Concertación’s policies, it is useful to now discuss its theoretical roots. Leiva (2008, 1) dates the launch of Latin American neostructuralism to ECLAC’s publication of *Changing Production Patterns with Social Equity* in 1990. He claims it has “gradually replaced neoliberal market fundamentalism as the prevailing economic development in the region.”

Neostructuralism differs from neoliberalism in its hesitance to embrace interconnectedness unconditionally, and yet is aware of the growing complexity of governance systems and trade networks and of the transformation of power happening at a great speed. It is a holistic approach that recognises the need to vigilantly coordinate political, institutional and cultural dimensions, explicitly relating economic growth to social equality without a reliance on market forces. Leiva's (ibid, 3) thorough definition is useful here:

“Simultaneously an alternative vision to neoliberal dogmatism, a comprehensive development strategy, an integrated policy framework, and a grand narrative about the path toward modernity that the twenty-first century allegedly offers to Latin American Caribbean societies. To reduce it to just one of these dimensions is to misrepresent and underestimate it.”

It introduces the circumspection of ECLA's structuralism and the revulsion that dependency showed for intentional exploitation. As Gwynne and Kay (2004, 27) comment, it is an approach for a new environment:

“Neostructuralism should not be interpreted as caving in to Neoliberalism nor as an indication that structuralism was wrong but rather as an attempt to come to terms with a new reality.”

Leiva (2008) goes further, exclaiming that the approach is more than just a readjustment to new pressures, but a fundamental rupture from its structuralist roots in that it proposes a positive relationship between neoliberal growth and equitable development. Neostructuralism can be seen as the offspring of the critical diversity of both structuralism and neoliberalism. Its relevance is undeniable, evident as it was in the centre-right coalition government in Chile, the Concertación (1990 – 2010). To gauge its theoretical location, it is effective to look at how neostructuralism functions within the core-periphery paradigm.

“The less developed economies are seen not as static systems subject to universal, invariable, and repetitive rules, but as products of an evolutionary process in which the structural characteristics of the economy and society are in constant flux and in which there is no assurance that adjustments to disequilibrium conditions will be automatic or even equilibrating.” (Dietz 1995, 17)

This quotation is very informative in that it explicitly marries unique economies and societies in a state of evolution and flux, moving development away from fixed global structures and pure market influence and into an arena of uncontrolled influence. Sunkel (1989) proposes that neostructuralism provides an explanation of the development process in less-developed countries. More than that though, it contributes to a broader sense of human development, not only focusing on economic or political processes. It does not accept that free-market forces are unquestionably sufficient or that political structures always deliver; it recognises a hierarchical world with blatant asymmetries but still promotes selective integration into the world economy with the creation of competitive advantages through a well-designed industrial policy. Or as Gywnne and Kay (2004, 28) state:

“The achievement of competitive advantages in certain key productive areas in the world market by selective liberalisation, integration into the world economy and an export-orientated industrial and growth policy.”

This approach was heralded as ‘growth with equity’, the marriage of the market and an equal society and incorporates the correction of failures by the market by allowing the state to intervene at appropriate junctures. For example, when dealing with ‘externalities’ such as pollution, the state should be involved, as it should be to ensure equal distribution. This would comprise improvements in education, healthcare and employment opportunities among others. Leiva (2008) comments that such an

approach is ‘seductive’, as it promises a balance of market growth and social cohesion.

There remains a question mark over the true objectives, and indeed the realistic restrictions placed on any such objectives, of the approach. If a neostructuralist government wishes to reorganise social relations and distribution to achieve equity then the class structure set up by the neoliberal recent past needs to be shattered. But if those structures are destroyed then so too is the capacity to sustain economic growth. These are the limitations such a ‘middle-of-the-road’ strategy faces.

“Rather ‘growth with equity’ represents a complex political strategy that emerged unevenly from the clash between popular pressure to mitigate the inequalities and insecurities associated with neoliberal restructuring and the constraints imposed by the vastly asymmetrical power relations... ”
(Taylor 2006, 116)

This neostructuralist environment provided the backdrop for the two decades of Concertación rule and the following sections track the policies that were put in place during that time.

6.3 Patricio Aylwin (1990 – 1994)

Once it became clear that Chile was to return to a democracy, the outgoing government set about passing laws that would heavily restrict the powers of any future administrations. These laws became known as the ‘*leyes de amarre*’ (the binding laws) and included the manipulation of positions in the Supreme Court and the designation of senators, essentially giving the Right a legislative veto and providing a set budget to the military.

“So the Aylwin government took office with a constitution much of which it rejected, an electoral system which was not of its choice, armed forces over which it had relatively little

formal control, a judiciary which had been an unquestioning loyal ally of the outgoing government, an entrepreneurial class confident in its ability to mobilise the political Right if that was necessary, and a hostile media.” (Angell 2010, 273-4)

Another concern for the new government was the very real possibility of the military, still with the substantial support of the conservative elites, to attempt to reclaim unlawful power. Indeed there were reminders of such a threat in the military might was shown in *día de enlace*¹⁷ (December 1990) and *boinazo*¹⁸ (May 1993) when Pinochet coordinated shows of military power and resistance. Both events ultimately came to nothing, but the Concertación under Aylwin was mindful of the danger and assumed an office confined within strict limitations. Nowhere was this more evident, according to Duquette (1998), than in the agreement that Aylwin was forced to make with the corporate elite concerning social policy reforms. “It was political in nature: democracy would only be restored if social issues remained second on the agenda.” (313)

However, despite such restrictions, Aylwin’s administration was able to develop two separate streams of social policy. Frenz (2007) labels these streams as ‘universal’, for example education, health and housing, and ‘specific’, with priority groups highlighted, these being: children, youths, seniors, women, especially household heads, the disabled and the indigenous. The universal policies were “centred on guaranteeing an adequate level of services and benefits for all the population in an equal opportunity perspective.” (Frenz 2007, 8) and the specific policies were to ensure that such vulnerable groups were not excluded. Spending increased and, as Frenz indicates, new institutions were established to achieve these goals. Table 6.3 presents these institutions and their purposes, revealing an extensive new structural approach to both broader (‘universal’) themes of inequality and the integration of

¹⁷ Pinochet called for the return of every army soldier in the country to their barracks, an order seen as a precursor to military action and revolt. Pinochet accused Congress of making false accusations against him.

¹⁸ Soldiers were posted outside the army's headquarters in central Santiago in response to an announcement that the courts were about to reopen a case against Pinochet's son.

specific vulnerable groups. Diaz (2010, 2) summarises this approach, suggesting “the Aylwin government decided to continue the market based model established by the Pinochet regime, but to add more social protection to curb the effects of a purely neoliberal model.” Aylwin also prioritised the elimination of poverty, what he called ‘repaying the social debt’, and it is this approach that the rest of this section will focus on, especially the elements of poverty reduction, social participation and education.

Table 6.3: The New Social Institutions, 1990 – 1994

<i>Year</i>	<i>Institution</i>	<i>Purpose</i>
1990	Ministry of Planning and Cooperation (MIDEPLAN)	Executive organ responsible for coordinating social policy, whose mission includes the design and application of national and regional social development policies, coordination of public sector poverty eradication programmes and the execution of policies and programmes orientated towards priority social groups.
1990	Solidarity and Social Investment Fund (FOSIS)	To finance plans, programmes, projects, and special activities relating to social development, that contribute in particular to overcoming poverty
1991	National Institute for Youth (INJUV)	To implement actions for the social inclusion of young men and women to better exercise their rights as citizens and improve their quality of life
1991	National Service for Women (SERNAM)	To design and promote public policies destined to achieve equality of opportunities for women
1993	National Corporation for the Development of Indigenous Peoples (CONADI)	To promote, coordinate and execute State action for the integral development of indigenous people and communities, especially economic, social and cultural rights and to enable their participation in national life
1994	National Fund for the Disabled (FONADIS)	To contribute to the social integration and equal opportunities of disabled people

Source: Frenz 2007, 8

6.3.a Repaying the social debt: reducing poverty

In such an environment Aylwin had a tightrope to walk, made even more precarious by the fact that the Concertación was a relatively new coalition learning to work together. As previously discussed, the core idea was to pay off the social debt incurred at the hands of the military regime by encouraging growth with equity and diminishing poverty. Restricted to nothing more than a gradualist change of the legal and political structures, the administration quickly went about achieving what they could in a market-friendly fashion. They re-established a minimum salary and raised the minimum wage (increased by 17% in real terms between 1989 and 1991) and pushed through the 1990 tax reform, made up of a 4% increase in the tax on enterprises and a 2% increase in the national value-added tax. This reform was

designed to finance increased social expenditure. As Solimano and Pollack (2006) state,

“The Aylwin government raised taxes to fund social programmes to reverse the social deterioration of the previous years in terms of minimum wages, reduced monetary subsidies to the poor and the chronic underfunding of the public health and education systems. Additionally, fiscal resources were needed to start revamping public infrastructure such as ports, roads and highways that had deteriorated after years of little public investment.” (222)

The main priority was to lessen the high levels of poverty that had developed. Hojman (1996, 77) claims that there is agreement between most studies that the levels in Chile were at their peak, and inequality at its worst, from the mid-1970s to the mid-1980s. Relief came towards the end of the decade and at the start of the 1990s. Duquette agrees that, “underlying the agreement on the social pact was the general recognition of a serious problem of impoverishment.” (1998, 313) He suggests that the coalition were committed to engaging with this issue even before the fall of Pinochet, and that poverty had already started to decline before the Concertación came to power. This was due to a number of reasons, including the stabilising of the labour market and the appreciation of the Chilean peso. Duquette goes on to argue that, “after controlling for appreciation, the impact which growth has in alleviating poverty becomes negligible. Economic growth in Chile today plays a key role in helping to reduce poverty, but it does this more through appreciation of the peso than by any other means.” (ibid, 82) This includes taking the damage to exports, and subsequently employment rates, into consideration. To support this progress in poverty reduction, Aylwin established the National Programme of Poverty Eradication in 1994 in 80 municipal districts with the greatest poverty ratios. A few glitches surfaced when launching such a widespread programme, for example national coordination and the ability to reach those most in need. In consideration of these problems, municipalities were asked to coordinate efforts to reach the poorest families and avoid any recriminations of discrimination or marginalisation. In addition to this programme, the administration sought to alleviate

poverty through improving the housing situation. Collins and Lear estimate that 400,000 families bought homes with government assistance between 1990 and 1994. (1995, 264)

6.3.b Repaying the social debt: social participation

When the Concertación came to power the Chilean economy was showing signs of consistent performance, the government was on the verge of running surpluses (following deficits in six of the previous ten years) and poverty was decreasing. Indeed the real GDP grew 43% in the period 1990 to 1995 as compared to little over 4% between 1980 and 1985 and 37% between 1985 and 1990. However, despite this growth and increased wages, the issue of income distribution persisted.

“The challenge for the new democracy was to address social problems, while maintaining good macroeconomic performance. The fact that the Concertación was able to effectively achieve this balancing act might be called ‘the third Chilean economic miracle’.” (Duquette 1998, 316)

Hojman investigates the ongoing disparity by comparing income distribution between 1989 and 1992. He highlighted a decline in the shares of the lowest and highest quintiles, with the middle-income sectors gaining the most. He concludes that, “these results strongly suggest that although there is evidence that the particular combination of democratic politics and neoliberal economics known as ‘the Chilean model’ was good for all Chileans, at least during 1989 – 1992, it was not equally good.” (1996, 82-3) Hojman explains this through a combination of the Concertación’s social spending and neoliberal market mechanisms. Such mechanisms reward those with capital such as labour skills, whether through education or specialised training, and these people will be paid much more than those deemed to be unskilled. Aylwin also moved to protect the workers with Labour Code reforms that allowed stronger unions (through legal recognition of the national labour union) and less vulnerable workers (by ending the sixty-day strike limit). However, as Collins and Lear (1995, 263) point out, the influence of the 1979 neoliberal Labour Code remained strong. Unions remained weak during Aylwin’s tenure, despite thousands being formed, and active

membership actually dropped. They noted that José Piñera, author of the 1979 Labour Code called it “a building that could not be burned down.”

To ensure that any ‘unskilled’ or vulnerable workers would not be excluded, and inequality subsequently exacerbated, Aylwin, under the slogan ‘Investing in People’, set up two new institutions of social policy – the National Fund for Regional Development (*Fondo Nacional de Desarrollo Regional* or FNDR) and the Solidarity and Social Investment Fund (*Fondo de Solidaridad e Inversión Social* or FOSIS). These pro-growth, cross-class programmes functioned as independent, semi-private agencies that accepted project proposals from autonomous groups that intended to engage in small-scale production and projects such as rural housing improvement. The idea was to continue decentralisation through the empowerment of regional and local level government. Local authorities were to stimulate projects through grants and open competition, coordinating regional leadership and management. FOSIS had a “mission of working directly with local groups, communities and NGOs. [It] was expected to channel financial help to those groups to insure short-term self-sufficiency, conditional on measurable achievements within tight deadlines.” (Duquette 1998, 314) FOSIS and FNDR were also elements of a larger successful strategy to establish regional governments. The Regional Administration Law of Government implemented a political infrastructure of regional councils (*consejos regionales*) in the thirteen regions of Chile. Oppenheim commented that Aylwin’s “success in democratic decentralisation can be classified as one of his government’s major achievements.” (2007, 225)

6.3.c Summary

When the obstacles and restrictions that Aylwin faced are taken into account, the range of policies of the first Concertación administration – as can be seen in Table 6.4 – is impressive. The ‘*leyes de amarre*’ and a sabre-rattling military ensured that a pro-growth, market-friendly path was followed conscientiously, and yet Aylwin was able to start repaying the social debt he believed many Chileans were owed.

Table 6.4: Selected policies related to inequality under Aylwin, 1990 - 1994

<i>Policy context</i>	<i>Objectives and features</i>
Income	A minimum salary was re-established and the minimum wage raised; 1990 tax reform, made up of a 4% increase in the tax on enterprises and a 2% increase in the national value-added tax; designed to finance increased social expenditure
National Programme of Poverty Eradication	Main priority was to lessen the high levels of poverty that had developed; National Programme of Poverty Eradication established in 80 municipal districts with the greatest poverty ratios. Government assistance for families buying housing.
Labour	Labour Code reforms that allowed stronger unions (through legal recognition of the national labour union) and less vulnerable workers (by ending the sixty-day strike limit)
<i>Fondo Nacional de Desarrollo Regional, FNDR and Fondo de Solidaridad e Inversión Social, FOSIS.</i>	These pro-growth, cross-class programmes functioned as independent, semi-private agencies that accepted project proposals from autonomous groups that intended to engage in small-scale production and projects such as rural housing improvement

Source: Author

Between 1990 and 2000 (the administrations of Aylwin and his successor, Eduardo Frei, jnr), there was a significant increase in public expenditures in health (247%) and education (274%), and substantial strides in poverty reduction were made, while other social expenditures grew quickly, including monetary transfers that complimented new programmes such as FOSIS. As discussed in the following section, the new President, Frei (jnr), was able, despite similar restrictions and expectations, to build on the work that Aylwin had done.

6.4 Eduardo Frei, jnr (1994 – 2000)

In his first presidential speech on 21 May 1994, Frei said that Chile had an historic opportunity. He didn't explicitly declare that opportunity to be the reduction of inequality, or even to lessen poverty; rather he implied that both were possible within the continued economic growth of the country. There is little difference here, as has already been pointed out, to Aylwin's approach, and in many ways this could be true of much of Frei's presidency. The focus remained on a pro-growth strategy that would fund and energise broader societal policies to reduce poverty and inequity. In his inaugural speech Frei (1994) outlined the six major tasks his government would undertake, and these were (in order): the consolidation of economic development; the eradication of extreme poverty; the establishment of a modern system of labour relations; the construction of health systems; an effective educational coverage of a

rapidly growing society; and finally Chile's ongoing international integration. Although words and phrases referring to unfairness, inequality and solidarity were frequently used in this speech, they remained secondary to the main goals. The confirmation of this approach can be seen in the focus of Frei's farewell speech six years later:

“We have conducted the most prosperous period of the Chilean economy in history: 7.2% average real growth per year compared to 3.3% per year throughout the twentieth century. Thus, we have laid solid foundations for future success. We have moved decisively towards a form of equity, drastically reducing poverty levels, making the greatest improvements and investments of recent decades in health and housing, and laying the foundations of the deepest reforms of the century in the fields of education, justice and infrastructure.” (Frei, 1999)

In the same speech Frei spoke of having presided over Chile showing the greatest growth rate of national output and the highest per capita purchasing power in Latin America, with per capita income more than doubling in nine years. However one of the most important achievements was to reduce inflation to a yearly average of 6.4%, down from almost 28% in 1990. This ‘vocation’, as he calls it, “is one of the fairest ways to improve the purchasing powers of families.” (1999) Such strong growth and monetary policy was certainly behind the ongoing rate of poverty reduction during Frei's term, dropping to 5.7% in 1996 from 12.9% in 1990 (Table 6.1). Weyland (1997, 61) suggests that Frei turned to Aylwin's FOSIS fund and chose to build his strategy around that, and on top of this he increased the minimum income to almost twice the rate of inflation and in 1994 established the ‘National Plan of Poverty Eradication’. This “integral, decentralised approach”, as Foxley (2005, 13) called it, was to mobilise social support and selected eighty municipal districts, targeting extremely poor families. “The effort was a step in the right direction and it did produce some progress in some of the poor areas of the country” (ibid) but it remained troubled by the lack of resources and coordination.

With poverty reduction strategies working well, and the economy growing, Frei was able to expand his “social investments, such as improvements in education, job training programmes, and credit support for small enterprises in the informal sector.” (Weyland, 1997, 61) Early in his government, Frei had spoken of his desire to avoid the existence of two Chiles: a modern, wealthy one and a backward, poor one, and so his broader approach to lifting people out of poverty explicitly included female heads of households, the elderly, and those suffering from disabilities. However his main focus was on youth, and with that came a significant commitment to education. This politically visible commitment, according to the Minister of Finance at the time, Eduardo Aninat, was strongly backed by the government:

“After months of discussion inside the cabinet and with experts from the Concertación, the ministries of finance and education suggested that President Frei make education reforms a priority, and focus on them early in his term. The reason was not only that these reforms had important equity and efficiency effects but also that they, if well-advertised and managed, could provide a rallying point for social and political support.” (Aninat 2005, 306)

The administration decided to use VAT to finance the strategy. Having grown to 18% under Aylwin, the plan had been to reduce it but, following a recommendation from the Treasury, it was decided to maintain the level and invest in education.

6.4.a Improved quality of life

In his final presidential speech, given in 1999, he suggests that it is suspicious if a government is over-occupied with macroeconomics. “Our understanding of Chile and its development has taken us on a different path,” he says, claiming that they made,

“a huge social investment effort in health, housing, pensions and education reforms, historical justice and education, respect for the dignity of workers through the safeguarding of

their rights, employment opportunities, real increases in wages and the minimum wage...” (Frei 1999)

Two areas that Frei concentrated on were improving neighbourhoods and the continuing issue of access to quality healthcare. These topics certainly contribute to growing inequality, and as such can be understood as further examples of a more embedded approach to the problem.

The rapidly growing population was creating pressure on urban areas, and resulting in overcrowding and generally poor conditions of living for many. It was acknowledged early that investment had to be made for the open spaces of these areas, creating green areas and proper roads and pavements “that are mud in the winter and dust in the summer.” (Frei, 1994) An enhanced social infrastructure was set forward as a goal, looking to improve public transport and urban routes, and to build more, better quality housing. By the end of the administration, 780,000 additional homes had been built, the Chile Commune programme had begun to deliver properties to the municipalities for community centres among other uses, and *Chile Barrio* (Chile Neighbourhood) had been implemented. Frenz describes *Chile Barrio* as,

“the first social programme to adopt an integrated approach to resolve a highly visible problem: extreme poverty in precarious settlements, tackling not only the evident housing problem but also working for social inclusion and insertion in the labour market.” (2007, iii)

Frenz recognises the programme as a policy innovation aimed at unravelling the multidimensional complexities of inequality. Poverty, lack of opportunity, marginalisation were all issues that lowered the quality of life for the majority of Chileans. Frei’s final presidential speech in 1999 outlined this broad approach by highlighting further achievements. One goal established at the start of the administration was to have three out of every four rural houses served by electricity, and by 1999 72% were. It was a similar situation for rural houses with access to clean drinking water.

Chile Barrio was committed to establishing opportunities for everyone to participate in the job market. Public investment was increased to stimulate local municipalities to create local jobs, while the government issued reassurances that it would put a protection system for workers in place. Weyland et al (2010, 62) noted that unions and union representatives actively engaged in the new Forum of Productive Development (*Foro del Desarrollo Productivo*), which created agreements on projects such as job training programmes. The government also listened to their proposals to “extend collective negotiation effectively to the small-enterprise sector and also to agriculture and construction.” Improvements extended to the participation of women in the labour force with a package of measures that gave authority to the Plan for Equal Opportunities for Women, prepared by the SERNAM, the National Service for Women (*Servicio Nacional de la Mujer*).

Of course it would have been impossible to claim an improvement in life quality and fairer access to this without new policies in health care. Again the focus was on the most vulnerable in society by concentrating resources in particular regions and ensuring that there was no geographical advantage throughout the country for access to quality care by building new and modernising existing hospitals, guaranteeing health cover and increasing surgeries for more diseases, as well as modification to the grossly unfair system of FONASA and ISAPRES. Pinochet’s last budget for health had been 470 billion pesos, Frei says in 1999, while his final budget of that year stood at a 120% increase.

Table 6.5: Selected policies related to inequality under Frei jnr., 1994 - 2000

<i>Policy context</i>	<i>Objectives and features</i>
Chile Commune and Chile Barrio	Chile Commune programme delivered properties to the municipalities for community centres; <i>Chile Barrio</i> was the first social programme to adopt an integrated approach to resolve extreme poverty, working for social inclusion and insertion in the labour market
Rural homes	One goal established at the start of the administration was to have three out of every four rural houses connected to electric; similar goal for rural houses with access to clean drinking water
<i>Servicio Nacional de la Mujer</i>	Improvements extended to the participation of women in the labour force with a package of measures that gave authority to the Plan for Equal Opportunities for Women
Healthcare	Focus was on the most vulnerable in society by concentrating resources in particular regions; new and modernised existing hospitals; guaranteed health cover and increased access to surgery for more diseases; modification to FONASA and ISAPRES

Source: Author

6.4.b Summary

Frei's commentary on his own administration separates out some of the short-term and long-term goals: "Several seeds planted with dedication and effort, especially in justice and education, during these years, will bear abundant fruits." (Frei, 1999) Following on from Aylwin, this government continued to deliver pro-growth policies that allowed investment in areas such as education, healthcare and employment. For example, in a time of economic uncertainty due to the 1997 Asian crisis, Frei continued to grow social expenditure, especially in education, where he saw the future of equal opportunity in Chile. However Frei's strategy broadened further the approach to 'repaying the social debt' by making policies at a neighbourhood scale more explicit, such as in *Chile Barrio*, which included creating local employment and improving local (rural and urban) infrastructure. Murray and Kousary (2009, 138) reflect however that, despite progress in poverty reduction, inequality increased in 1995: "For example, while the average Chilean family augmented its per capita income by 5 per cent between 1994 and 1995, the poorest 10 per cent saw its income fall by 4.3 per cent." Despite progress in many areas, Frei's rhetoric and image remained one of a technocratic leader, highlighted in the highly structured nature of MIDEPLAN and his work on education, and his successor Lagos was quick to appear less elitist.

Despite both Aylwin and Frei committing themselves to poverty reduction through pro-growth strategies, there were still "concomitant failures to address the crises of socioeconomic and cultural polarisation, and growing alienation and disaffection among the young and poor in particular." (Barton and Murray, 2002, 334) Barton and Murray (ibid, 335) continue:

"Overall, the 1990s was a decade of polarised experiences and sharpened social differentiation within the Chilean population. Against a benchmark of the Christian Democrat administration of Eduardo Frei Montalva (1964 – 70), socio-economic conditions for most Chileans have improved very little. Political extremism led to declining fortunes for most, and democracy so far has achieved little in terms of

improving the situation for the majority of Chileans. Great expectations weigh on the shoulders of Ricardo Lagos and the Concertación.”

The following section considers the policies that Lagos implemented in the Concertación’s third administration.

6.5 Ricardo Lagos (2000 – 2006)

In their article, ‘The End of Transition? Chile 1990 – 2000’, Barton and Murray (ibid) argue that the 1990s in Chile was not a productive decade for social progress. Oppenheim (2007) agrees that Lagos’ administration started in unsettled times. There had been a marked decline in support for the Concertación during the election due to frustration around slow progress, persistent inequalities, and an elitist style of governance. This resulted in Lagos changing his campaign slogan from ‘*Crece con Equidad*’ (‘Grow with Equity’) to ‘*Chile mucho mejor*’ (‘A much better Chile’), presumably to refocus how the administration’s strengths were perceived. As Oppenheim noted,

“Concertación governments directed their energy toward making the government work and resolving specific public policy issues. Consequently, the focus of attention had shifted to the institutions of the state and away from grassroots initiatives.” (245)

So despite strong economic growth and heralded progress on poverty reduction, Lagos led the Concertación into a third term needing to make quick and visible progress in social policy. He was also under pressure from the extreme Left and the Church to establish a social agenda that would counteract the ongoing structural deficiencies of the free market approach. The goals he set for the first hundred days in office included a new social policy for families living in extreme poverty and MIDEPLAN’s Social Division was charged with accountability for the strategy. Frenz (2007, 25) outlines its evolution, starting with ideas that tended towards being

“integral and multi-sectoral, articulating existing government benefits and services in a social network, focused on the family as the centre of innovation.”

6.5.a Programa Puente (*The Bridge Programme*) and Chile Solidario

Programa Puente was started as a pilot programme in January 2002 to connect 14,000 families suffering from extreme poverty to their rights. It was a methodological shift for the Concertación, implementing a new rights-based approach to social intervention, based on the poorest families being excluded from social networks and established social programmes. The underlying acceptance was that these families were unable to achieve the necessary conditions to raise their quality of life and attain equal opportunities, and hence the purpose of the programme was to personalise an approach to provide appropriate support and benefits for various unique situations. This included, for example, socio-psychological support to assist with the complex and multidimensional nature of inequality.

At the same time, DIPRES (*Dirección de Presupuesto*), the Budget Management Office, had been in discussions with a World Bank team concerning the concept of a social protection system that would make social spending more efficient within a coherent overall approach. These ideas, together with the promise of the *Programa Puente* pilot programme, combined to support the larger programme of *Chile Solidario*. This programme, according to Kousary, “was developed as a first step in the establishment of a universal system of social protection for the poorest 5% of households.” (2008, 139) The objective of *Chile Solidario* has been described as:

“to establish a progressive social protection system based on rights, focused on families and people in extreme poverty in order to promote their inclusion in social networks and access to better living conditions, as a strategy to overcome indigence.” (Frenz 2007, 5)

Whereas before, as can be seen in the two previous governments, any approach to inequality was largely focused on poverty reduction with monetary transfers to social policies across a range of areas, such as health care, education or housing, *Chile*

Solidario was to create a coherent governmental strategy. It was decentralised, inclusive and integrated and was to connect families to a network of support and benefits. The goals set up within the programme included a ‘graduation’ after five years, should the family have met its obligations as observed by local officials, although there was an option for voluntary withdrawal. In 2006 almost 270,000 families had participated in the programme, with 60% of families completing the fifty-three conditions necessary for ‘graduation’. Additionally, 76% completed conditions to improve their housing situation.

6.5.b Chile Emprende

Working alongside *Chile Solidario*, Lagos moved to establish another programme called *Chile Emprende* in the 2005 budget. It was an attempt to seek equality in economic opportunities, to open markets to the poor by improving income levels and employment options and conditions through integration. With such an emphasis having been placed on *Chile Solidario*’s goals of ‘graduating’ and integration, it was vital that the community would be in a position to absorb new workers and businesses. The programme was orientated towards micro and small businesses and was to promote the development of these businesses within a common strategy. Regional cooperation bodies were installed to coordinate public benefits and services, and support the public-private agreement to encourage new employment and commercial opportunities for those coming out of poverty. Overall, as defined by Frenz, “it encompasses three key social aspirations: more opportunities, more employment, and more participation.” (2007, 40) Frenz calculates that by 2007 *Chile Emprende* had established public-private development councils that covered all the regions of the country. Most of the territories were rural and covered almost half the country and around one-third of the population.

6.5.c Plan of Universal Access with Explicit Guarantees (AUGE)

In his final presidential speech, 21 May 2005, Lagos emphasised his government’s achievements in health, saying,

“To work towards a greater equality between all Chileans
also means to produce better conditions in the scope of

healthcare... The opportunities of access to quality care were, in 1990, very unequally distributed. There was a system of quality for those who could pay, and one public system without resources for the great majority...We initiated a health reform of immense proportions. A reform centred in the people and in their health needs. A reform that guarantees universal and equal access.”

To Lagos there could be no reduction in inequality, no growth with equality, without equal opportunities to a universal quality healthcare. The run-down and under-resourced public health system that the Concertación had inherited from Pinochet was segmented and, having openly declared from the start of his tenure that guaranteeing the right to health for all was a fundamental objective, Lagos constructed reforms that set about achieving enduring advances. Despite considerable increases in government investment, the structure of the system continued to produce a context that was conducive to discrimination and disparity. As Tsai and Ji (2009, 1) observe, “the continued structural segmentation of Chile’s health care system resulted in low-income, high-risk and therefore high-cost populations served by the FONASA system, while the wealthier, low-risk populations were insured by private sources.”

Lagos’ commitment to reform took the form of a legislative package of various laws that was submitted to parliament. This included the Plan of Universal Access with Explicit Guarantees (*Plan de Acceso Universal con Garantías Explícitas*) or AUGE. This was a list of 56 priority health conditions that were guaranteed to be covered through a protection fund that both FONASA and ISAPREs were obliged to cover, plus a 0.5% increase in VAT. The reforms committed to setting maximum waiting times, set prices and also guaranteed access to private facilities if public ones were unavailable. Treatment was made free of charge for FONASA members with low incomes and for those without insurance. This approach, conceived by Lagos, together with a committee made up of the Medical Doctors Professional Association, health workers unions, and private health providers, was based on policy intervention rather than just investment. Lagos believed that such a strategy would impact a greater number of people, from a greater range of socioeconomic areas. This is a very

different tactic than those employed by earlier Concertación administrations, attacking the structure of the health system more, and focusing the approach on the worst-off groups. Tsai and Ji (2009, 1) agree, commenting,

“The committee realised that these challenges would only be met by a substantial guarantee of basic services across the public and private schemes, reining in the free market with effective state regulation to provide equitable health care.”

Unsurprisingly, such a significant change created opposition. Huber and Stephens (2010, 195) remarks that Lagos quickly came up against policy legacies and hostile power distributions. “The private sector in health care had been given a key role under Pinochet and strenuously opposed the distributive elements of the reform, as did the political right.” Parliament formed a context of further opposition and the right continued to strongly resist any infringements on the private sector. It took two years of discussions before AUGE became operational in July 2005, although only with 25 conditions that were covered. The compromise was that this was to increase to the original total within two years, and this target was achieved in July 2007.

The introduction of AUGE is a clear example of neostructural policy at work, as it maintained a public-private relationship (with FONASA and ISAPREs) but at the same time established a rights-based context and an explicit social guarantee. This defined what Tsai and Ji (2009) referred to as the principles of access, quality, opportunity and financial treatment.

6.5.d Summary

Lagos came to the end of his administration with extremely high popularity levels. He had created coherent policies and accessible programmes (see Table 6.6) that were more concerned with intervention than solely investment. *Chile Solidario* individualised disadvantage and focused on the family as a way to integrate people into society and into networks of benefits, while AUGE went beyond financial commitment to creating a rights-based social guarantee. Indeed, his successes came despite a decrease in social public investment health (-0.06% of GDP) and education

(-0.68% of GDP) between 2000 and 2006, as can be seen in Table 6.2. Critics could point to the fact that there was no significant improvement in the Gini coefficient during Lagos' government and that the country's poorest quintile did not improve their share of wealth, but it could be argued that this is unsurprising due to an expected lag-time effect. Regardless, there appears to have been a very strong sense of progress under Lagos; an understanding that perhaps the rules had been changed once again, and this time in favour of the disadvantaged, and it was on such progress that his successor, Michelle Bachelet, could seek to establish a more united Chile.

Table 6.6: Selected policies related to inequality under Lagos, 2000 - 2006

<i>Policy context</i>	<i>Objectives and features</i>
<i>Programa Puente</i>	Pilot programme to connect 14,000 families suffering from extreme poverty to their rights; a new rights-based approach to social intervention, based on the poorest families being excluded from social networks and established social programmes
<i>Chile Solidario</i>	The establishment of a universal system of social protection for the poorest 5% of households; promote inclusion in social networks and access to better living conditions; decentralised, inclusive and integrated and was to connect families to a network of support and benefits.
<i>Chile Emprende</i>	An attempt to seek equality in economic opportunities, to open markets to the poor by improving income levels and employment options and conditions through integration; orientated towards micro and small businesses and was to promote the development of these businesses within a common strategy; most of the territories were rural
<i>Plan de Acceso Universal con Garantías Explícitas</i>	A list of 56 priority health conditions that were guaranteed to be covered through a protection fund that both FONASA and ISAPREs were obliged to cover; treatment was made free of charge for FONASA members with low incomes and for those without insurance

Source: Author

6.6 Michelle Bachelet (2006 – 2010)

The Chile that Michelle Bachelet inherited was considerably more settled and prosperous than the environments her predecessors had encountered. Her own story as Chile's first female president – her father's torture at the hands of the Pinochet regime, her divorce and her agnosticism – also contributed to making her election unique. Furthermore, Bachelet's coming to power can also be considered distinctive because of its explicit focus on reducing inequality. In setting out her governmental programme, 'I am with you' (*'Estoy Contigo'*), she reveals her understanding of what inequality is and, by doing so, constructs her government's strategy.

“My unique governmental promise is to help with all my strength and ability to create a society in which no one can say, ‘I can’t’, or even, ‘I wasn’t allowed.’” (2005)

Her perspective of capability demonstrated a leader who had a fresh approach, not one of isolated solutions through social policies but one that built on the work of the previous Concertación administrations, particularly that of Lagos. Lagos had begun to build a coherent strategy to reduce inequality through programmes such as *Chile Solidario*, and Bachelet was intent on developing these ideas further. She wanted to create a social contract that removed all barriers of discrimination and prejudice, one that integrated the contribution of the whole population and put an end to marginalisation. It was, as she said in her first presidential speech, both an ethical imperative and an opportunity:

“A united Chile admits many inequalities and exclusions of which we need to take charge of – discrimination against the disabled, the elderly, immigrants, sexual minorities, the poorest. Often, as a product of our prejudices, the country wastes the talents of so many people.” (Bachelet 2006)

It was an opportunity to invest in these talents, an opportunity not only for the country to grow its competitiveness, but also, just as pragmatically, to establish social cohesion by avoiding polarisation, mistrust and confrontation. Throughout the four years of the presidency, Bachelet constantly referred to reducing inequality and poverty (the stated goal for 2010 was zero poverty), and to providing security and a better quality of life. These goals were to be achieved a new dedication to social participation via a citizen’s government (*‘gobierno ciudadano’*). This signalled a move to formalise processes of citizen participation in legislation, and emphasised Bachelet’s belief in the importance of involvement from individuals.

However Patricio Navia (2008) wasn’t convinced. He argued that this concept was both unpopular within Bachelet’s own administration and confusing to the country. He noted that, despite the strong rhetoric during the election, Bachelet’s measures in

her first one hundred days did not include any references to participatory democracy or citizen's democracy:

“Bachelet did not have a fully developed plan to introduce bottom-up democratic mechanisms. Although during the campaign she did express a preference for mechanisms like referenda and plebiscites, her government did not follow through on such ideas.” (126)

Any plans she may have had to establish a citizens' government later into her tenure were dealt a blow by the student protests between April and June 2006¹⁹. The protests seemed make the public uneasy public about the idea of popular participation and the government's opponents found it easy to create associations between popular participation and general lawlessness as a result of such street protests.

Despite this, Bachelet was able to set about coordinating what has been called her 'social safety net initiative', which was to establish basic guarantees and rights to all. The success of this concept was vital to the Concertación for, as Navia explains, “A social market economy needed an adequate safety net to give meaning to the claim that Chile's neo-liberalism had a human face under the Concertación.” (2008, 121) The safety net was cast wide across the country and included gender equality (a goal that Bachelet herself normalised through her presidency), the institutionalisation of universal health care, and what Bachelet termed the 'four transformations' of pension reforms, educational advancements, innovation and entrepreneurship, and of a higher quality of life in safer neighbourhoods. It was through these four transformations that inequality levels and processes were to be impacted the most; processes that would be allowed a greater impact were Bachelet to alter the binomial election system entrenched since Pinochet's time. As Siavelis (2008, 203) says,

¹⁹ The student protests, also known as The March of the Penguins because of the style of the students' uniforms, were a series of protests carried out by high school students across Chile that peaked on May 30 with 790,000 students participating. Amongst the students' demands were: free bus passes; the waiving of the university admissions test fee, and the abolition of the Organic Constitutional Law on Teaching (LOCE).

“The election system is not simply a curious institutional artefact of the regime; it has profound consequences for the quality of democracy and maintenance of the tacit social pact in Chile.”

As her predecessors had set out to accomplish, Bachelet sought to dismantle a system that allowed the right for a party to win 50% of the seats when it only polled a little over one-third of the votes. The binomial electoral system assigns two seats per district, thus ensuring strategic coalition building, and provides a lock on power for the two major coalitions in the country, creating disincentives for voters and restrictions on the ruling party in pushing through legislation. By the time Bachelet left office, she had been unable to achieve her goals of change.

6.6.a The Four Transformations

One of the first issues that Bachelet pledged to tackle was the grossly unfair pension system that remained from the Pinochet era. Established in 1981, the Pension Fund Administration (AFP; *Administradores de Fondos de Pensiones*) system was a contribution system that required workers to contribute 10% of their income to an individual account managed by one of a series of private pension administrators. However as Huber and Stephens (2010, 184) points out this system failed to meet any of its promises and objectives. High unemployment, low wages, and the informal market meant that many, particularly those who were disadvantaged, were unable to contribute sufficiently to the fund and hence were either dependent on a subsidised minimum pension or on social assistance pensions. Not only did this leave many of Chile's elderly vulnerable, but it also meant that the state was paying out for pensions without contributions from the middle and high earners. The Pinochet system was also voluntary, with only 10% of self-employed enrolled, and this meant that Chile was “foregoing a major source of financial support for the pension system.” (ibid, 185) Bachelet moved quickly to reform this system with an emphasis on non-contributory and subsidised minimum pensions. While she established an advisory group to tackle the reforms, a 10% increase was introduced for those on the minimum pensions.

The second of Bachelet's 'Four Transformations' was focused on education and will be discussed in the following chapter. The government's focus on innovation and entrepreneurship, the third transformation, hinged largely on a commitment of 1% of GDP to be invested into research and development. This was Bachelet's strategy to promote and sustain national growth, maintaining a neo-liberal approach to the global market. The inequality goal was to integrate small and medium businesses into a coordinated regional development programme by supporting their growth through lower borrowing costs and a simplified tax system. This was to allow fairer competition and subsequently allow individuals to fulfil their potential in a growing economy through an equality of opportunity.

Finally, there was to be a fourth transformation focused upon the quality of life within communities. In her programme of government (2005), Bachelet wrote:

“Economic progress and political progress do not mean a lot if they do not improve the conditions in which people live. The success of development is measured by the capacity of people to feel safe in their neighbourhood, to live with dignity in their house, to be carried by transport promptly to work...”

This extensive, and complex, goal committed the government to building more quality housing, establishing more green, open and safe areas, and supplying a greater number of well-trained police. Twelve measures against delinquency were introduced, including policies to investigate the causes of persistent anti-social behaviour, and reintegration programmes. Indeed Bachelet (2005) went on to say that she was not only building houses, but building neighbourhoods, promising that by 2014 there wouldn't be a single Chilean family without somewhere to live.

The Transantiago transport system²⁰ was designed to fulfil many of the infrastructural goals set out by Bachelet. However, additionally there were to be substantial improvements made to improve the existing public transport system,

²⁰ Transantiago is Santiago's public transport system, which was introduced on 10 February 2007. The system combines local bus lines, main bus lines and the metro network.

including the rural network. The government was determined to promote the idea that there weren't any second-class citizens in Chile. Unfortunately, the launch of Transantiago in 2007 was reported in the right-wing media as chaotic and uncoordinated. Bachelet's handling of the situation was heavily criticised, and those were most disadvantaged were those from the lower socio-economic areas situated far from the city. (Nickl, 2009)

6.6.b Employment

The economic crisis of 1999 and 2000 saw a dramatic increase to a 9.8% unemployment rate, which had fallen at a very slow rate to 8% by 2008. Siavelis adds that in 2006 the proportion of informal workers in Chile made up just under one third of the labour force, while there was a low participation rate of between 53-55%, largely a consequence of low female participation. (2009, 4) The levels of union representation were also dwindling; in 2006, only 45% of the total labour force had open-ended contracts, while 18.9% had no contract at all, and the method of sub-contracting was common, leaving many workers even more vulnerable.

“They are the workers with the lowest wages; they do not pay social security contributions; they generally receive no vocational training whatsoever; they have the shortest tenures and rotate frequently between low quality jobs; they cannot unionise; they can obviously be hired and fired at will; and they are not entitled to severance pay or unemployment insurance.” (Ibid, 7)

These were serious issues that significantly contributed to the persistence of inequality, and Bachelet would have been eager to be seen as quickly addressing them.

She promised ‘more and better jobs’ and, just as importantly, dignified, decent work. Siavelis (2009), however, notes that her rhetoric did not lead to any new policies in the early days of her government, and argues that her approach was simply an extension of previous policy. This included extended unemployment insurance

coverage, more flexible and part-time work to encourage the participation of women and youth, and a push to increase the numbers of unions.

Potentially however, this ‘business as usual’ attitude only added to the frustration that led to the occurrence of a national union demonstration in August 2007. The demonstration was initiated by both the government’s refusal to increase the minimum wage from 144,000 pesos per month, and by Archbishop Goic’s demands for the establishment of an ethical salary of at least 250,000 pesos per month. In response to these demands, Bachelet set up an advisory commission, asked to examine employment and inequality. This was called the Commission for Employment and Equality (*Comisión de Trabajo y Equidad*). Some of the proposals that emerged from the council were published in the 2008 report, ‘Towards a Fair Chile: Job, Wages, Competitiveness and Social Equity’ (*Consejo Asesor Presidencial de Trabajo y Equidad 2008*), and these included: an income subsidy and a transfer focused on low-income households with children, a training programme for those with less access to education to reduce opportunity gaps among workers, and the subsidising of hiring young people from the poorest households. However despite these recommendations, the slow decrease of unemployment rates, and the continued growth of wages, Siavelis (2009, 9) believes that the positive progress is,

“wiped out in the public consciousness by the high levels of inequality which cause the widespread perception that no matter how hard the poor or even the not-so-poor work, most of the country’s wealth accrues to the rich.”

6.6.c Summary

Bachelet’s historically-high 79% approval rating when she left office is evidence enough of the great strides she made in constructing a social safety net and reducing inequality. Bachelet made the discussion of disadvantage a public issue, evident in her policies, which can be seen in Table 6.7. She built on Lagos’ coherent policy approach to seek nationwide momentum for security and participation and her vigilance throughout the 2008 global economic meltdown earned her great respect.

Her vision of a safety net was comprehensive and included gender equality, universal health care, pension reforms, educational advancements, entrepreneurship, and safer neighbourhoods. The Commission for Employment and Equality (*Comisión de Trabajo y Equidad*) illustrated Bachelet's initiative and dedication to ensuring that the government's methods were inclusive and far-reaching. It considered training programmes and ways of involving young people in the workforce. Her achievements, however, may never be fully appreciated as Sebastián Piñera was voted into power in 2010, ending the Concertación's two decades of tenure.

Table 6.7: Selected policies related to inequality under Bachelet, 1996 - 2010

<i>Policy context</i>	<i>Objectives and features</i>
Pension	Emphasis on non-contributory and subsidised minimum pensions; an advisory group to tackle the reforms; a 10% increase for those on minimum pensions.
Living environment	More quality housing, establishing more green, open and safe areas, and supplying a greater number of well-trained police; twelve measures against delinquency were introduced, including policies to investigate the causes of persistent anti-social behaviour, and reintegration programmes.
<i>Comisión de Trabajo y Equidad</i>	A new Commission for Employment and Equality proposed: an income subsidy and a transfer focused on low-income households with children; a training programme for those with less access to education to reduce opportunity gaps among workers; and the subsidising of hiring young people from the poorest households.

Source: Author

6.7 Inequality trends, 1990 – 2010

Having established the end of the dictatorship in 1989 as a baseline, it is now possible to reflect on the impacts of the Concertación's policies up to 2010. This section will discuss trends in areas such as: income distribution and poverty rates, employment participation, health indicators and housing.

6.7.a Income distribution and poverty rates

Following the volatile period that preceded 1990, the Concertación oversaw a relatively stable period of income distribution, as can be seen in Figure 6.1. This is of particular interest to Cuesta (2009, 11) who remarks that, "Chile's experience of high economic growth and high-income inequality during the 1990s contrasts with the other countries in Latin America (low growth, high inequality), East Asia (high growth, low inequality), and Eastern Europe (low growth, low inequality)." Figure 6.1 shows that the twenty-year period of the Concertación's governance oversaw the

highest levels of income inequality in the timeframe of this thesis. Even at its lowest point in 2006, the Gini coefficient was higher than at any other point. Such statistics indicate that, despite the range of overtly pro-equality measures implemented by a series of centre-left governments, little or no progress was made in reducing the severe disparity of income distribution.

Figure 6.1: Gini Coefficient of Inequality in Chile, 1992 – 2009

Source: Author, from data taken from CASEN 2009, *Distribución del ingreso*, 13

This consistency of Figure 6.1 is mirrored in Table 6.8, which demonstrates a similar tendency in income distribution between 1990 and 2009. The bottom quintile's share of income distribution peaked at 1992 at 4.6% and fell to its lowest point in 2009 at 3.6%, but the movement was consistently small over the two decades. This lack of movement is also evident in the top quintile shifting from 56.0% in 1990 to 55.8% in 2009, with a peak of 57.8 in 2000. The ratio of these two quintiles consequently moved very little, from 13.0 in 1990 to 15.5 in 2009. The middle-income quintiles barely shifted at all. The doggedness of income distribution in Chile is very clearly seen here; despite the breadth of policies implemented in order to reduce the gap between social groups, the size of the disparity between the wealthy and poor in terms of income has actually worsened.

Table 6.8: Income distribution in Chile, by quintile, 1990 – 2009 (%)

Quintile	1990	1992	1994	1996	1998	2000	2003	2006	2009
1	4.4	4.6	4.3	4.1	3.7	4.0	3.9	4.1	3.6
2	8.2	8.5	8.2	8.2	8.0	8.1	8.3	8.7	8.3
3	12.3	12.2	12.0	11.9	11.9	11.9	12.1	12.6	12.7
4	18.1	18.4	18.5	19.1	19.3	18.3	19.1	19.8	19.6
5	56.9	56.3	56.9	56.7	57.4	57.8	56.5	54.6	55.8
Ratio of 5 th quintile over 1 st quintile	13.0	12.2	13.2	13.8	15.5	14.5	14.5	13.3	15.5

Source: Author's calculations based on CASEN (MIDEPLAN), *Pobreza y distribución en Chile, 1996* (Santiago: MIDEPLAN, 1997), p. 9 and CASEN (MIDEPLAN), *Población según línea de pobreza, 2003* (Santiago: CASEN, 2004), p. 16 and CASEN (MIDEPLAN), *Distribución del Ingreso, 2009* (Santiago: CASEN, 2009), 5

Pizzolitto (2005, 12-15) presents a comprehensive literature review of inequality in Chile that acknowledges the stabilisation of income inequality levels over the Concertación's tenure. Spagnolo et al (2008, 13) disaggregate this unequal distribution of income further. They argue that trends between 1990 and 2006 in income inequality, "whether between sectors, regions, or occupational groups, were high and relatively stable." Essentially, the argument is that inequality in Chile is even more embedded than it seems on the surface.

However, a positive trend is evident in the CASEN figures (2009, 3) with the overall decline of the total poor standing at 61% in 20 years, from 38.6% of the total population in 1990 to 15.1% in 2009. This indicates a return to a comparable level of the early 1970s. These statistics sit comfortably beside the findings of Murray and Kousary (2009, 140) that; "During the three democratic governments immediately following the Pinochet regime, the incidence and severity of poverty decreased substantially...The total proportion of people in poverty (extreme and moderate) measured by the headcount fell from 38.6 per cent in 1990 to 18.8 per cent in 2003." Additionally, Table 6.9 shows the percentage of households living under the poverty line more than halved between 1990 and 2003 (from 33.3% to 15.4%), as did the percentage of the Chilean population (from 38.6% to 18.8%). Nevertheless, the levels of poverty experienced within the country remain high, even taking into account this recent progress. The percentage of people currently living in poverty remains comparable to the period before Pinochet took power. The 2009 CASEN figures put the percentage of people living below the poverty and indigence lines as 15.1%, while in 1970, just as Allende had come into government, it was 17%.

Table 6.9: Households and population below the poverty line in Chile, 1990 - 2003 (%)

<i>Year</i>	<i>Households</i>	<i>Population</i>
1990	33.3	38.6
1996	19.7	23.2
2000	16.6	20.6
2003	15.4	18.8

Source: ECLAC, 2004 from Solimano and Pollack 2006, 234

Agostini et al (2009, 1036) indicate that such poverty remains a potent force within ethnic minority groups in Chile. Using World Bank (2002) data, they suggest, “on average, indigenous households in Chile are reported to earn less than half the income of non-indigenous households, and 65% of indigenous people rank in the lowest two quintiles of the income distribution.” An underlying factor of such data is that a high proportion of these households are located in rural areas. Figure 6.2 reveals that from 1990 to 2003 that a higher percentage of people living in rural areas suffered from poverty than those living in urban areas. However, between 2006 and 2009 this changed, and such a change is consistent with the comparison between national poverty rates and rural poverty. Such progress can be expected to also have positive implications for the indigenous families living in rural areas. By disaggregating the concepts of poverty and income disparity to these smaller scales, such as rural/urban and indigenous/non-indigenous, it is possible to better understand the complex nature of national disparity and poverty. While elements of some uneven relationships may be improving, as can be seen in Figure 6.2, other unequal aspects may be persisting, such as the income of indigenous households.

Figure 6.2: Population living in poverty by urban and rural area, in Chile, 1990 - 2009 (% of population in each geographical area)

Source: ECLAC, 2011

Schatan (2001, 67) suggests that similar trends of inequality impact on the difference of incomes between genders. “The average income of working women is about 40% lower than that corresponding to men; for salaried workers the relationship improves somewhat, with women receiving, on the average, 20% less than men.” Schatan links these disparities to location, suggesting that the ratios between genders vary significantly between different geographical areas. Unfortunately he doesn’t disaggregate this further into rural or urban differences.

6.7.b Employment participation

In 1989 the employment participation rate stood at 52.0%; the consequent changes during the Concertación’s four terms can be seen in Figure 6.3, a rise of 5.5% between 1990 and 2008, which is slightly higher than the average growth for Latin America. Table 6.8 also shows both the labour participation rate for men and women, and also compares Chile to the Latin American average (which is the figure in the parentheses) for 1980 to 2008. Not only are there notable gaps between Chile’s levels and those of the countries around it, but also a persistent disparity between men and women. This gap peaked in 1990 with a difference of 45% and was still high in 2008 at 26.5%. The Latin American employment gender gap in 2008 was similar at 27%, having been 39% in 1990.

Figure 6.3: Labour participation rate in Chile, 1980 - 2008 (% of population aged 15+)

Source: Author, from data taken from World Bank, 2010

The latest figures from CASEN (2009) show improvement with 52.7% of women participating in the labour force having completed secondary schooling, and 76.6% for those with a university education. Such disadvantages confirm the consequences of gender and educational inequalities and this is further substantiated in Table 6.13, which shows that female unemployment rates have been consistently higher than male, urban and national rates since 1990.

Figure 6.3: Urban unemployment rates by gender in Chile, 1990 - 2009 (average annual rate)

Source: Author, from data taken from CASEN, 2011

The gap between the genders in terms of average annual rates was larger in 2009 (3.1) than it was in 1990 (1.7), and the gap between female rates and national rates was also larger in 2009 than at the start of the Concertación's tenure.

An additional element of this discussion is formal and informal employment. Generally those employed in the informal sector will earn a lower wage and be more vulnerable in terms of contracts and insurance. Solimano and Pollack (2006, 235) disaggregate this further, listing six main differences:

1. The average product of formal workers is almost four times greater than of informal workers (explaining the difference in wages)
2. 87% of formal workers have a contract, only 50% of informal workers have one
3. Informal working conditions are harsher, with longer working hours and less safety
4. Informal workers are less educated (9.6 years of education) than formal workers (12.2 years)
5. Poverty levels are higher among informal workers
6. Women are concentrated in the informal sector, with lower salaries

Table 6.10 shows that those living in the bottom income level quintile are over ten times more likely to work in the informal sector. The unavoidable inference is that those in the lower income sectors can be expected to be vulnerable, less educated and female. When such a supposition is placed alongside statistics where monthly income is drastically reduced dependent on years of education, the mechanisms of inequality traps are revealed.

Table 6.10 Population working in the Chilean informal sector by income level, 2000 (%)

	<i>Income quintile</i>					<i>Total</i>
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	
Informal	36	28.8	16.7	13.1	3.2	16.4
Formal	64	71.2	83.3	86.9	96.8	83.6
Total	100	100	100	100	100	100

Source: Infante and Sunkel (2004) from Solimano and Pollack (2006, 236)

6.7.c Health indicators

Despite the achievement of the national infant mortality rate plummeting from 104 per 1000 live births in 1964 (in 1953 it was 105) to 8.3 in 2007, (McGuire, 2010, 94 and Banco Central de Chile, 2010, 52) Chile continues to suffer from highly uneven healthcare across its population. Diaz (2010, 2) explains “Chile’s *Fondo Nacional de Salud* (FONASA) provides poorer sectors of society with access to cheap healthcare, which is inferior to private healthcare plans. Long lines, flawed standard medical care, and gross inefficiencies all characterise this system.” Such is the problem that establishing equal access to health provisions became a main concern in both Lagos’ and Bachelet’s governments. On the flipside, McGuire (2010, 94) comments that between 1960 and 2005:

“Chile raised life expectancy and reduced infant mortality more, in percentage terms, than any other Latin American country. Indeed Chile ranked in the top 5% of countries in the world. In this period, Chile’s infant mortality rate went from being higher than Brazil’s to less than half the Brazilian rate. In 2005 the infant mortality rate was only second to Cuba’s in Latin America and only slightly higher than the US.”

However Agostini et al (2009, 1038) produced figures that claim life expectancy in 2006 for non-indigenous people was 77 years, but for the populations of ethnic minority groups, such as the Mapuche, Aymara and Chilote for example, it was 65 years. An underlying issue of such statistics is the reality of access to public or private healthcare. José Pablo Arellano (as quoted in Collins and Lear, 1995, 105) comments, “Now there are more funds for the health of the high-income groups, while the other 85% of Chileans pay more and receive less.” He believes the burden is not equally distributed. “Middle-class and even poorer Chileans have seen dramatic increases in what they must pay for health insurance and services, while many higher-income Chileans are likely to be paying less.” This statement emphasises the importance of the figures in Table 6.11. Only 16.3% of the population were able to afford private health insurance in 2009; a decrease from 20.2 in 2000. There has been a 7% increase over the same timeframe in the purchase of public health insurance.

Table 6.11: Population percentage share by type of health insurance, Chile, 2000 - 2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public	66.4	65.2	65.6	66.5	67.4	68.0	69.5	70.4	72.7	73.5
Private	20.2	18.9	18.0	17.1	16.6	16.3	16.3	16.6	16.5	16.3

Source: Banco Central de Chile, Statistical Synthesis of Chile

Such data is substantiated by the information shown in Table 6.12. 31.3% of private health insurance was purchased by the highest earning decile in 2006, with 54.2% coming from the top quintile. The lowest quintile accounted for less than 4%.

Table 6.12: Population distribution by health insurance system and decile, Chile, 2006 (%)

	1	2	3	4	5	6	7	8	9	10
Public	13.0	14.1	13.1	12.3	10.8	10.4	9.1	7.9	5.9	3.4
Private	1.9	1.9	2.9	3.6	4.8	7.0	10.3	13.5	22.9	31.3

Source: CASEN 2006, *Salud*, 3

6.7.d Housing

Uneven access to quality, such as the Chilean housing system has long suffered from, creates a complex issue that cannot be understood simply by looking at availability of housing and ownership. It requires considerable discussion concerning resources,

community-building and financial support, as can be seen in ECLAC's (2010, 123) comment:

“Territorial and social inequalities are dialectically interwoven. In other words, differences among subnational territories in terms of income, poverty, productivity, access to well-being and natural-resources endowment contribute to the aggregate contrasts in these indicators at the national level. For this reason, narrowing the gaps among territories is vital if equality is to be improved.”

While some regions and communities have suffered with financial stagnancy and social backwardness, others have flourished due to the development of infrastructure and services. Although a growing regional gap has been has led to ongoing governmental action throughout the last half-century, the results have been varied at best.

ECLAC (2010, 134) worries that the trend of pushing the lower socio-economic groups away from the established and developed urban communities has continued throughout the 1990s, arguing that,

“This urban layout intensifies segregation, as the concentration of informal or less profitable economic activities in areas inhabited by low-income families generally pushes land prices down. This reduces or limits municipal income from property taxes, business licences and municipal permits, which in turn affects the funding capacity for investment projects and for building and maintaining infrastructure and public services. This deterioration of public spaces leads to problems of access to services, a lack of places for socialisation and a decline in public safety, not to mention problems of institutional disaffiliation as young

people drop out of the education system and the labour market.”

These consequences of marginalisation are diverse. Not only are there structural consequences in terms of municipal income and support, but such economic constraints create additional impacts around quality of life and opportunities for participation in education and employment. This can create strangleholds, preventing individuals achieving objectives and contributing fully to society. ECLAC (2010, 135) continues,

“As differences grow in the coverage and quality of infrastructure and social services, so inequalities deepen in terms of quality of life and access to opportunities...In particular, there are fewer possibilities for social mobility in a city where the daily reality of the least well-off is marked by poverty and precarious working conditions.”

The naturalisation of disparities is a dangerous part of the process of inequality, as situations can become embedded in how regions and districts, populations and communities are supported, funded and viewed. This can become the unavoidable geography of inequality, and there is potential here for future research in mapping the concentration and intensity of various types of inequalities at regional levels in Chile. ECLAC (2010, 135) are in no doubt of the importance of location in establishing opportunities for communities, households and individuals,

“The geographical location of a household affects opportunities, as a result of the impact that social interaction has upon the individual behaviours and outcomes...This is the territorial basis for the vicious circle that reproduces poverty and disadvantage in the cities that are home to over three quarters of the populations in Latin America and the Caribbean.”

From these extracts it is hard not to engage with the notion that territorial disadvantage plays a key role in the persistence of inequality within Chile by creating an inequality trap of resourcing, opportunity and quality of life that reinforces various types of unevenness. Sadly, this situation has remained consistent over the previous half-century. Recent work by Agostini and Brown (2007) on spatial inequality in Chile has endeavoured to combine survey and census data to obtain geographically-disaggregated statistics of inequality in Chile. The results indicate certain consistencies, such as homes that have female heads of household suffer from lower per capita incomes than households headed by males. Interestingly though, they also reveal significant disparities in income distribution, as measured by the Gini coefficient: “Gini coefficients range from 0.409 in Pumanque county (Region VI) to 0.627 in San Fabián county (Region VIII).” (Ibid, 12)

6.8 Chapter summary

Despite the continuity of the same coalition remaining in power for two decades, the Concertación was by no means static in terms of its approach to inequality. Its strategy was neostructuralist, seeking to synchronise a reduction in inequality with a growing economy, and empowering government to dynamically involve itself in solving the shortfalls of the free market. However, within this consistent approach all four administrations – to some extent – emphasised different elements of inequality. Access to decent employment and quality healthcare, gender equality, a fairer social welfare, better housing in safer communities, and poverty reduction were all at one time key elements of government social policy. Although the results of Bachelet’s more explicit and aggressive approach to inequality won’t be fully revealed, as they will be absorbed into Piñera’s tenure, the impact of twenty years of Concertación policy on reducing inequality has been less than expected. As Murray and Kousary (2009, 1) state, “notwithstanding undeniable progress, there remain significant challenges in terms of reducing relative poverty, social exclusion, isolation and vulnerability underpinned by persistently high levels of inequality, a stratified social protection system and a dual labour market.” Chile has recovered well from the destructive military regime under Pinochet and has started to make progress within many disparities, but still it remains one of the most unequal countries on the planet.

In an attempt to gain a better understanding of why this might be, the next chapter focuses solely on education under the Concertación as a case study, concentrating on the different policies of each administration and the trends of inequality in terms of attendance, achievement and quality.

Chapter Seven

The Chilean Winter: Educational inequality under the Concertación, 1990 - 2010

This chapter considers the situation of educational disparity in Chile, specifically looking at the four Concertación governments between 1990 and 2010. The context for such a discussion is the Chilean Winter, a series of student demonstrations that have highlighted the inequality that persists within the sector. The chapter outlines a selection of the significant educational policies implemented by the four administrations and presents a collection of data that demonstrates persistently high levels of inequality of various types. The implications of such an uneven situation for Chilean society are then discussed.

7.1 Introduction

With the thesis already having reviewed the ongoing socio-economic inequality suffered in Chile over almost half a century, the Chilean Winter affords an opportunity to see the impacts of such disparity ‘in action’ and to start an investigation into why recent policies have failed to arrest it. Carnoy and McEwen (2003, 25) propose that up to 1973, Chile’s educational system was envied across the continent and “was one of the most developed in Latin America” – and so it is valid to explore what has changed. One crucial change is that, according to the OECD (2011b), Chile now has the most privatised education system in the world. The origins of this can be traced directly back to Pinochet’s Organic Constitutional Education Law (LOCE; *Ley Orgánica Constitucional de Enseñanza*). This law deregulated and decentralised education, transferring the administration of public schools to the country's 345 municipalities and, by allowing the creation of state-subsidised private (voucher) schools, it promoted profit as the key driver in the system. It was within such an environment that the Concertación sought to equalise opportunities for all students. However, as the rest of this chapter will illustrate, it has been an ongoing struggle.

7.2 The Chilean Winter

The current demonstrations started in May 2011, however the direct origins of the restlessness can be traced back to 2006, when a protest movement called *Los Pinguinos* (“the Penguins”), named after the blue-and-white uniforms of the protesting students, took to the streets. The dispute at that time was over the unfair funding system and poor quality of education, issues that are still yet to be resolved. However the current protestors have, seemingly triggered by a government initiative to increase funding of private universities, added considerably to these demands. The demands were presented in the *Acuerdo Social por la Educación Chilena* (‘Social Agreement for Chilean Education’), which included the separate petitions made by both the protesting university and secondary school students.

The university students, represented by the Confederation of Chilean Student Federations (CONFECH), have called for free public education in order to eliminate segregation as a result of socio-economic status. Among other demands, there are proposals for increased state funding for public universities (and the elimination of funding to for-profit schools) and for fairer access, with less weight given to the *Prueba de Selección Universitaria* (PSU²¹) test. The PSU test is argued to favour the students in the better resourced schools. To combat the barriers faced by indigenous students, the social agreement also suggests the establishment of an intercultural university. The demands of secondary school students include: a return to a central administration for all secondary and primary schools with an increase in public investment; no new voucher schools and the voucher system to be valid only for non-profit schools.

Despite this emphasis from the students, the protests should no longer be considered to be solely about education. The initial student demonstrations came after separate unrest concerning gas prices and the HidroAysén²² dam project. Following this, striking workers from El Teniente mine, demanding salary increases, joined the protest

²¹ PSU is an acronym for University Selection Test (*Prueba de Selección Universitaria*) and is the admission system for students wishing to study at a tertiary level in Chile. It is made up of two compulsory exams, one in Mathematics and one in Language, with two additional specific exams.

²² The HidroAysén project involves five dams to tap the Baker and Pascua rivers in Patagonia for hydroelectricity to generate 2.75 gigawatts of power.

march in July 2011 and in August the Workers' United Centre of Chile called a two-day strike. The beginning of 2012 saw student protests break out in Calama, Puerto Arenas and Puerto Aysén. The latter unrest however was also concerned with local issues, such as the misuse of natural resources and a lack of political representation. One of the student leaders, Camila Vallejo, recognised the increasingly broad implications of the demonstrations when she said, “We resolved the problem of the dictatorship but we have not resolved the models and structures that the dictatorship left in place.” (Vallejo, 2012)

The protests have consistently assembled crowds of between 100,000 and – in some estimates – up to one million and “by the end of 2011, polls put public opinion support for the student movement at an astounding 79%” (Adimark GfK, 2011, cited in Valenzuela, 2012, 299). To better understand how the situation grew to such a point where the education system – and other sectors – have been so effectively disrupted by the ongoing demonstrations, it is useful to look at the policies that were explicitly put in place by the Concertación to create a fair system.

7.3 A selection of educational policies from the Concertación, 1990 – 2010

The four Concertación presidencies that spanned two decades planned and implemented a series of far-reaching and varied education policies. The following two sections will discuss some of the major strategies put into practice and the impacts they had.

7.3.a Improvement of Equality and Quality in Education

The day after his inauguration on 11 March 1990, Patricio Aylwin started to – as he phrased it – repay the social debt by putting the ‘900 School Programme’ (P-900) into operation. The programme aimed, through positive discrimination, to improve the learning opportunities of children in free elementary schools, located in rural and extreme urban poverty areas. It was part of a national project called Improvement of Equality and Quality in Education (*Mejoramiento de Equidad y Calidad de la Educación MECE*). The programme itself selected 10% of schools with the greatest needs to support students’ learning of basic cultural skills: reading, writing, and

mathematics. Extra support was also provided for struggling students in later grades. It emphasised the combined role of the government and the community in providing the best education, underlining the phrase, ‘education is everyone’s business.’ In 1992 the programme had grown to almost 1500 participating schools, with 235,183 students and 7000 teachers, and continued to function until 2003.

However, in 1993, a new stipulation was made to existing state funding. Some subsidised schools were permitted to charge parents for a percentage of the tuition, while subsidised private schools and some public schools were allowed to receive donations. This resulted in, according to Drago and Pareda, 2011, 163-4):

“a steep rise in private school enrolment...a steep reduction in dropout rates and a steady increase in enrolment rates. The scores on the System for Measuring the Quality of Education (SIMCE) tests, however, indicate that the quality of education remains quite limited and that striking differences between the performance of students in different socio-economic sectors continue to pose a major challenge.”

The same authors consider the possibility that the change ultimately stimulated an exodus of middle-class students from public schools to private subsidised ones, which led to the inevitable result of municipal schools – who must accept all students – enrolling a higher percentage of students from lower socio-economic sectors. This is argued to reduce the average scores of the schools.

7.3.b The National Commission of Modernisation for Education

With considerable political momentum for educational change, the scale of transformation suggested for the Chilean school system under the Concertación’s second president, Eduardo Frei, jnr., was hardly surprising. The National Commission of Modernisation for Education (*Comisión Nacional de Modernización para la Educación*), was established early in the administration in 1996, and looked to offer a diagnosis of the complete system. The priority of the reforms was to increase the

quality and fairness of Chile's education system, and Frei was unequivocal in how important he understood the reforms to be:

“Education is for us one of the critical tasks that we face as a nation. Improving quality is a moral, democratic and economic development. If we aspire to be a developed nation, we cannot continue with a system that discriminates the educational opportunities of the future, neglecting the children of poor families to a destination without real opportunities for progress.” (Frei, 1994)

The reforms concerned extending school hours, increasing support for teachers, and improving the general management of the education system, which would include improvements to school buildings and resources. Aninat (2005) wrote at length about both the social and educational benefits of the reforms, in particular noting that the extension of the school day would provide assistance for low-income households, where both parents are likely to work outside the home. The number of weeks of classes grew from 37 to 40 a year, primary schools increased from 30 to 38 pedagogical hours a week, while secondary schools increased from 36 to 42 pedagogical hours. Consequently, students who received all their schooling under the new system would have received an extra two years of classes by the time they completed. There was also the Montegrando Project, which supported successful secondary schools from the subsidised education system. The program also targeted high-achieving secondary students, preferably from poor or middle-class backgrounds. The results, according to Foxley (2005, 8) were encouraging: “after a few years, the two thousand schools in the programme had an improvement of 12% in the reading and math skill scores, vis a vis a 9% in the rest of municipal schools, a modest but positive result.” Further material from Foxley (2004, as cited in Murray, & Kousary, 2009, 138) reveals “the whole process was accompanied by wage increases for teachers, more than doubling their salaries in real terms in ten years.” Furthermore, an incentive system, the National Performance Evaluation System, was also put in place in 1996 to recognise and support and encourage best teaching practice.

7.3.c Chile Solidario

Frei's successor, Ricardo Lagos, a former Minister of Education, also believed universal access to a quality education was integral to social progress and national growth. Significant investments were made, new programmes were established, such as Chile Qualifies (*Chile Califica*) for adults without formal qualifications, and the full school day (*jornada escolar completa*) was introduced. During Lagos' administration almost three thousand new schools were constructed, compulsory education was raised to twelve years, and thousands of extra textbooks and meals were distributed. However the broad and inclusive social approach of Lagos' administration is best understood in the Bridge Programme (*Programa Puente*) and *Chile Solidario* project, as discussed in Chapter Six.

The benefits that *Chile Solidario* provided included cash transfers to parents who, among other requirements, ensured their children were attending school. Borzutzky (2009, 8) reveals that the results were significant, with the number of children aged 4-5 who enrolled in pre-school increasing by 4 – 6% as a result of participation in the programme. Enrolment of children aged 6-15 also improved by 7 – 9%. The number of illiterate adults enrolled in literacy programmes also increased appreciably, with a larger number having been enrolled in the rural areas.

However Sepúlveda (2006) proposes that there were ongoing issues with how Lagos approached reducing inequality in the education system. He notes that in the last year of the Lagos administration there were cuts in government spending, leaving students responsible for more of their own school fees. There was also an increase in the cost of the PSU exam and the use of the discount student transportation pass was restricted. Sepúlveda also suggests that Lagos contributed to the establishment of privatisation in higher education by linking student loans to the banks in 2005.

7.3.d 'Chile Grows With You'

The second of Michelle Bachelet's 'Four Transformations' was linked to education, building off her comment that 'inequalities begin at the crib.' The proposal was to build more pre-schools and schools of higher quality for the older children. Frenz

(2007) quoted Bachelet from her speech at the Installation of the Presidential Commission on Infancy, 30 March 2006 as saying:

“My goal at the end of my government is to have instituted a Protection System for Children destined to equate development opportunities for Chilean children in their first eight years of life, independently of their social status, gender, geographic origin, the structure of their home or have any other potential factor.” (45)

The Commission set up a programme called ‘Chile Grows With You’ (*‘Chile Crece Contigo’*), which was an integrated social protection system for early child development, aimed at eliminating socioeconomic differences that prevent maximum development potential across all social levels. In September 2009 the ‘Chile Grows with You’ law was signed to ensure that wide-ranging support was available to vulnerable children up to the age of six, providing the necessary tools for development. It established a social welfare system of protection, based on rights, called the ‘Intersectoral Social Protection System’, which was made up of integrated benefits and subsystems, such as *‘Chile Solidario’* and “Chile Grows with You”.

Bachelet also announced goals of building hundreds of nurseries to both meet the children’s needs and to allow the mothers to return to work. Her goal was that by 2010 all children aged between one and three years of age in the poorest 40% of the population would be in pre-school care. However, despite these large-scale goals, Bachelet was caught out early in her presidency by the scale of previously dormant dissatisfaction with the education system, particularly at another Pinochet hangover in the form of the Organic Constitutional Education Law (LOCE; *Ley Orgánica Constitucional de Enseñanza*), when hundreds of thousands of students took to the streets in protest. As a result of these protests Bachelet was forced to respond by agreeing to pay 80% of the cost of entrance exams and transportation, as well as promising to spend \$200 million in improvements over the following year. In August 2009, as a result of the commission that resulted from these protests, Bachelet implemented the General Education Law (LGE). This law included provisions such as

ending the ability of schools to select students up to the ninth grade. However it has been criticised for not doing enough to prevent educational disparity, as it does not address the issues of education as a consumer good.

7.3.e Summary

Table 7.1 outlines a selection of the educational policies implemented by the four Concertación administrations between 1990 and 2010. Education was clearly a major component of the political approach with important and comprehensive programmes being established. The policies unquestionably improved access for all students to education by constructing more schools, especially in rural and lower socio-economic urban regions, and ensuring there was more support available for teachers and parents. However Burton (2012, 46) comments that, despite the return to democracy in this period, the governments still approached the market-orientated education system with a largely top-down approach. Subsequently one criticism that has been made of the Concertación is that they never fully confronted Pinochet's LOCE. Sepúlveda (2006) claims that, "instead, they continued to chip away at public education every year, transferring more public money to private hands, and passing the cost on to the families of students loans from the government." Having drawn attention to these different perspectives on the success of the policies, the next section considers the impacts by looking at a selection of data concerned with disparity in education.

Table 7.1: Selected educational policies under the Concertación, 1990 - 2010

<i>Policy context</i>	<i>Objectives and features</i>
900 School Programme (P-900) and <i>Mejoramiento de Equidad y Calidad de la Educación, MECE</i>	The '900 School Programme' (P-900); the programme aimed to improve the learning opportunities of children in free elementary schools, located in rural and extreme urban poverty areas; part of a national project called Improvement of Equality and Quality in Education (<i>Mejoramiento de Equidad y Calidad de la Educación MECE</i>). The programme itself selected 10% of schools with the greatest needs to support students' learning of basic cultural skills: reading, writing, and mathematics
<i>Comision Nacional de Modernizacion para la Educacion</i> and the Montegrande Project	To increase the quality and fairness of Chile's education system; extended school hours, increased support for teachers, and improvements for the general management of the education system, which would include improvements to school buildings and resources. The Montegrande Project supported successful secondary schools from the subsidised education system
<i>Chile Calefica</i> and 'jornada escolar completa'	<i>Chile Calefica</i> was to support adults without formal qualifications and the 'full school day' project was also introduced; three thousand new schools were constructed; compulsory education was raised to twelve years; thousands of extra textbooks and meals were distributed.
<i>Chile Crece Contigo</i>	An integrated social protection system for early child development and aimed at eliminating socioeconomic differences that prevent maximum development potential across all social levels. Needs in education and socioeconomic circumstances; hundreds of nurseries to be built to both meet the children's needs and to allow the mothers to return to work; as a result of the 2006 protests 80% of the cost of entrance exams and transportation were paid

Source: Author

7.4 Educational inequalities in Chile, 1990 - 2010

To discuss levels of inequality within education, it is important to consider a selection of variables. This section discusses inequality in terms of access (attendance and years of schooling) and outcomes (test scores and expected income).

7.4.a Access to education

Regarding attendance levels, these have increased across all levels of education since 1990 but nowhere more significantly than in higher education. Beyer (as quoted in Gibney, 2012) states that, "in 1990, once democracy came back, we had 240,000 students in higher education. This year (2012) we will have almost 1.1 million, from a population of 17 million." However, an important question is whether such an increase in overall attendance has been equally distributed throughout society.

Figure 7.1 shows that the overall net pre-school attendance rate for children aged 0 – 5 rose from 15.9% to 37.4%, an improvement of 235%. In the lowest income quintile

households more than doubled from 12.4% to 32.3% between 1990 and 2009. For the highest income quintile the rise was from 27.2% to 52.6%, an increase of 93%.

Figure 7.1: Attendance of Pre-Primary School, net, by income quintile per capita, %, Chile, (1990, 1996, 2003, 2009)

Source: Author, from data taken from CASEN 2009, *Educación*, 10

Nevertheless the percentage of tertiary students coming from working-class households remained low, as can be seen in Table 7.2, with a net attendance of 16.4% from the lowest decile in 2009 as compared with 59.5% in the richest decile. However there was significant growth in attendance levels in particular for the lowest five deciles; each of them more than tripling their 1990 attendance by 2009. The five wealthiest deciles also recorded appreciably improved levels.

Table 7.2: Attendance at Higher Education, net, by income decile per capita, Chile, % (1990, 1996, 2003, 2009)

Decile	1	2	3	4	5	6	7	8	9	10	Total
1990	3.8	3.0	4.4	6.5	7.9	10.3	11.2	21.8	24.5	40.3	11.9
1998	5.6	6.6	9.1	9.6	15.3	17.5	22.7	33.7	45.6	60.7	20.9
2003	8.3	11.5	11.7	17.9	21.9	23.9	28.9	42.2	51.4	65.4	26.1
2006	12.3	14.6	14.6	19.6	20.9	26.9	31.2	39.6	47.4	59.5	27.4
2009	16.4	16.6	19.5	22.4	25.1	26.0	29.2	38.6	49.4	61.5	29.1

Source: CASEN 2009, *Educación*, 22

Despite this, there still remains an obvious disparity in terms of opportunity of access. “The quality of primary and secondary education still depends on socioeconomic

status.” (Diaz 2010, 2) This is evident in a series of statements made by Felipe Salazar (2011, pers. comm) during an interview about the tertiary system in Chile: “Second-tier universities are for rich people – they don’t need a great PSU score.” He noted that these universities (he was referring to newer, private universities, which are not part of the ‘traditional’²³ group) are expensive, sometimes double the price of other universities, and are difficult to get to without a car; “literally at the top of the hill,” in Santiago’s higher-altitude, wealthier districts, for students coming from lower socio-economic locations.

Gibney (2012) confirms that expense is an important element of disparity. She notes that tuition fees grew by an average of about 3% each year in real terms, which prompted the introduction of a state-guaranteed bank loan scheme in 2006. However, this contributed to increasing student debt at an average of US\$40,000 that created repayments that are not proportional to income. Table 7.3 indicates that economic segregation and increasing debt is not specific to higher education. It shows student enrolment in the various types of school based on their socio-economic status. With 80.8% of the private schools’ registers coming from the richest decile and only 6% coming from the lowest seven deciles, the composition of quality private education is fundamentally economically homogenous. The population of the private-voucher schools, some of which also demand a fee, is composed of 36% of students from the bottom five deciles. This suggests that it is likely that some families entered into debt for their children’s education.

²³ Traditional universities (*universidades tradicionales*) refers to the group of universities founded before the 1980s, and includes ‘offshoot’ universities from traditional ones. Another collective name is the Universities of the Rectors’ Council of Chilean Universities (*Universidades del Consejo de Rectores*).

Table 7.3: Enrolment in school sector by family SES decile (percent distribution), Chile 2002.

<i>Household SES decile*</i>	<i>Public</i>	<i>Private-voucher</i>	<i>Private fee-paying</i>
1	14.5	5.7	0.0
2	14.7	5.4	0.0
3	13.1	7.5	0.1
4	12.8	7.9	0.2
5	11.3	9.9	0.4
6	10.9	10.5	0.5
7	8.4	13.7	0.9
8	7.0	15.1	3.9
9	5.3	15.8	13.1
10	1.9	8.5	80.8
Total	100.0	100.0	100.0

Source: Mizala and Torche, 2012.

*Family SES obtained from a facto analysis of mother's years of schooling, father's years of schooling and total family income.

However, it is not only the issue of socio-economic status that creates disparity in access to education; it is also necessary to consider gender, indigenous students and spatial segregation. Between 2003 and 2009 the average schooling for females rose from 10.0 years to 10.3 years. (CASEN, 2009, *Mujeres*, 11) In the longer period of 1990 to 2009, the net attendance rate of females in higher education rose from 11.8% to 30.0%. This increase is similar to the trend of males in higher education, which rose from 13.9% to 30.0% in the same period. 2006 marked the first time that more females attended higher education than males. (CASEN, 2009, *Educación*, 23) However, this positive trend is not mirrored in the progress made by ethnic minority groups in Chile. Statistics gathered by Agostini et al (2009, 1038) show that in 2003 37.7% of the indigenous population had failed to complete primary school (it was 24.4% for the non-indigenous population), and only 2% had completed university (6.9% for non-indigenous). From a statistical point of view this figure likely fluctuates due to self-identification in the census, and may therefore influence the results, but the disparities remain significant: "Educational attainment among working adults in the indigenous population averages 7.3 years compared to 9.5 years for non-indigenous working adults." (ibid)

A further barrier to equal access is location. Table 7.4 clearly shows that students residing in rural areas receive a considerably shorter education than their counterparts living in urban centres. In 2009 students from urban areas of Chile received an average of 10.8 years of schooling, while students from rural homes could expect 7.8 years.

This gap in schooling has shown no signs of significant improvement over the full two decades of Concertación administrations: in 1990 the gap was 3.5 years.

Table 7.4: Average years of schooling of the population, 18 years old and over, by area of residence, Chile, 1990 - 2009

	1990	1992	1994	1996	1998	2000	2003	2006	2009
Urban	9.6	9.6	9.7	10.1	10.3	10.5	10.7	10.6	10.8
Rural	6.1	6.1	6.3	6.1	6.3	6.5	6.9	7.4	7.8
Total	9.0	9.1	9.2	9.5	9.7	9.9	10.2	10.2	10.4

Source: CASEN 2009, *Educación*, 3

7.4b Educational outcomes

The disparities in access to education, as discussed in the previous section, are worthwhile discussing in relation to educational outcomes. Torche (2005, 5) highlights the importance of such a connection:

“Educational inequality is still substantial in Chile. Differences in attainment by income level are noticeable even at the primary completion level in Chilean society. Whereas 99.1 percent of children in the wealthiest income quintile completed the primary level in 2000, only 71.9 percent of children in the poorest quintile did so. Socioeconomic differences are wider at the secondary level, with 30 percent of the children in the poorest quintile completing secondary school, compared to 95 percent of the children in the wealthiest quintile. Disparities magnify at the tertiary level, with only 3.1 of the poorest youngsters, but 48.2 percent of the wealthiest ones, completing tertiary education.”

Such levels of inequality are also evident in the OECD (2010) results for its Programme for International Student Assessment (PISA). The report focused on social background and equity in learning opportunities. Amongst the findings were that: the performance gap between students in Chilean city schools and those in rural schools is significant; Chile shows below OECD-average student performance in reading and an above-average strength in the relationship between socio-economic

background and performance; and Chile suffers from below OECD-average levels of both academic and social inclusion²⁴. Research from Mizala and Torche (2012, 2) further investigates the link between a student’s socio-economic status (SES), or that of their family, and academic achievement. They write:

“The association between the school’s aggregate family SES of the student body and achievement is twice as strong in the private-voucher sector, resulting in pronounced socioeconomic stratification (i.e. educational achievement of private-voucher sector depends more on the aggregate SES of the school than an individual’s family’s SES)”

Their work shows that there is a profound socio-economic stratification in the Chilean education system. This is unmistakably evident in the results shown in Table 7.5, where it is shown that achievement in a national standardised test (mathematics and language) varies significantly across the various types of school. Private fee-paying schools achieve results that are considerably higher than for schools from both the public and private-voucher sector.

Table 7.5: SIMCE test scores across school sector, Chile 2002

<i>Mean test scores</i>	<i>Public</i>	<i>Private-voucher</i>	<i>Private fee-paying</i>	<i>All schools</i>
Math	235	254	298	247
Language	239	259	300	251

Source: Mizala and Torche, 2012. (4) Authors’ calculations, based on SIMCE standardised test and SIMCE parental questionnaire, 4th grade students, 2002.

The full range of consequences of this gap is difficult to measure, but one unequivocal result is presented in Figure 7.2 in terms of average income. It shows that higher-achieving students, understood as students who continue on to higher levels of education, can expect considerably higher incomes.

²⁴ “This signals a school system in which students of similar socio-economic background and academic performance generally attend the same school.” (OECD, 2010, 86)

Figure 7.2: Average monthly income from work, years of schooling, Chile (pesos, November 2009)

Source: Author, from data taken from CASEN 2009, *Educación*, 6

A student receiving 8 years of schooling (close to the rural average in 2009) could expect 270,708 pesos a month, while 11 years of schooling (similar to what an urban-dwelling student could expect) would be paid 311,227 pesos. This gap widens appreciably with every extra years of schooling completed. Figure 7.2 highlights the significant difference of opportunity available to individuals depending on the years of schooling they have completed. However an individual may not always be able to choose whether they continue their education or not, or indeed may not have equal chances to achieve the necessary results to continue.

Drago and Paredes (2011, 162-3) consolidate and analysis similar data as presented in the previous tables by collating a range of other opinions. They agree that the crucial issue is the significant difference between the scores of students in the different types of schools, which are of course strongly correlated with household income. They indicate that the difference between the scores on standardised tests of students in different schools contributes to the significant change in enrolments at the various types of schools:

“As a percentage of the total, the 80% public school enrolment rate registered in 1980 had dropped to less than 45% by 2010 and that this steep reduction could be the result, at least in part,

of the declining quality of the education being provided by the country's municipalities... ”

This shift of student enrolment is just one consequence; the following section outlines a variety of other social outcomes that have impacted Chile as a result of educational disparity.

7.5 Implications of educational disparity

The importance of education to social inequality can be seen in the work of Contreras and Gallegos (2011, 34). They suggest: “education plays the greatest role in determining inequality...Schooling makes a particularly significant contribution to inequality.” Ostensibly then, the unyielding income disparity that Chile suffers from, and the ongoing ethnic, class and residential segregations that thwart greater development, may be understood as inextricably linked to education. At the core of the Chilean Winter demonstrations is the belief that greater equality of access to, and outcomes from, the education system is integral to any broader solution. The social impacts of such high levels of educational inequality can be clustered into three groups: growth, social disintegration and inequality traps. A discussion of these impacts is helpful to conclude this case study of education.

7.5.a Growth

In 2011 President Piñera outlined his aim for Chile to become Latin America's first developed country:

“First of all, we need to grow at least 6 percent per year in order to reach \$25,000 by 2020, which is roughly the average per capita income of most OECD countries. We need to create one million jobs to defeat underdevelopment and end poverty.”
(as quoted in Henkoff and Attwood, 2011)

For this to happen it can be argued that Chile first needs to ensure it draws as much value as possible from its investment in education. An over-reliance on copper leaves

the economy vulnerable and so – in order to develop other robust, high-value sectors – it is important that education is inclusive and of a high quality. Ffrench-Davis (2010, 3) agrees and argues that disparities in educational types and outcomes hold back a nation's economic development. For an economy to grow “the top priority is to improve the performance of the labour market, creating better job opportunities for mid- and low income workers; generating ‘decent jobs’, with rising real incomes.” In order to increase productivity and opportunities, he suggests making a structural change of greater investment in human capital, particularly education and labour training to prepare people for more effective participation. This is an opinion echoed by the United Nations (1995, 22): “In sum, greater education and opportunities for training and skill development in order to reduce inequality and foster broader competitiveness in the labour market.” Such improvements in education and training, according to Carlson (2000) are increasingly necessary for investment, trade and competitive job markets.

7.5.b Social disintegration

The student demonstrations have continued for over a year and, with the previously mentioned additional unrest from unions and miners, it can be suggested that Chile is suffering from symptoms of social disintegration. With the Chilean education system so heavily privatised, it is useful to consider the notion of social disintegration as a result of market forces. Han (2011, 9) discusses Tomás Moulian's 1997 seminal work, *Chile Today: Anatomy of a Myth (Chile Actual: Anatomía de un mito)* and highlights the impacts of a consumer society on values and aspirations. He suggests that the market has replaced the idea of community and that “political rights are now construed by the state as consumer rights”. He writes of how Moulian labels the credit economy as responsible for the “individualisation of social relations.”

This disintegration of community is plainly visible in education, as there is considerable opportunity for an education system to create and sustain a variety of disparities. As Wilkinson and Pickett (2009, 76) state, “Education also represents a medium through which the worst forms of social stratification and segmentation are created.” These social divisions, as previously discussed in this chapter, can be seen within, for example, gender, ethnic and socio-economic relationships, and can occur

in the education contexts of, among others, the school environment, curriculum and access. Such a series of fractured contextual relationships can lead to a breakdown in social cohesion, which is highlighted in the ECLAC publication, *Time For Equality: Closing gaps, opening trails* (2010, 41). It reasons that without social cohesion there is no sense of community, which can lead to conflict and undermine sustainable progress.

This highlights the destructive elements of inequality, often leading to an individual internalising their position in relation to others. The result is the perpetuation of a context in which individuals are prevented from an equality of opportunity either through discrimination or through their own lack of self-belief. Performance at school can be related to the expectations set up by society. Wilkinson and Pickett (2009, 164) support this opinion by using French sociologist Bourdieu's label of 'symbolic violence'. They argue, "another way in which inequality directly affects educational achievement is through its impact on the aspirations, norms and values of people who find themselves lower down the social hierarchy." (ibid, 115)

The process of segregation can be observed through a disaggregation of relationships, which demonstrates the need for a,

"greater autonomy and respect for...personal identity in the educational process, free from discrimination based on gender, race, ethnicity or social status. The right to fair treatment and respect in school should include a gender approach and an intercultural perspective as well." (ECLAC, 2006, 7)

Gender inequality in schools, as an example, can be reproduced due to stereotypes carried in textbooks, school activities and curriculums. Furthermore UNESCO (2010, 56) suggests that the learning environment "should be sensitive to the specific needs of girls", which incorporates elements such as the proximity of the school to home and separate bathrooms for each gender. Similarly, intercultural education was found to require recognition and respect for students of various ethnic and cultural

backgrounds in order to avoid the reproduction of “historical patterns of discrimination based on ethnicity and cultural differences” (ibid, 49).

The importance of establishing equality in education extends beyond socio-economic segregation and reproduction to issues of exclusion and marginalisation. Kay’s excellent overview of these concepts (1989) discusses three dimensions in the process of social exclusion as economic, political and cultural, and the kernel of subordinated participation in these processes and practices can be argued to lie in education. Such connections can compound the vulnerability of individuals and groups, which Greig (2007, 27) believes “further fuels processes of impoverishment and inequality.” This links to the concept of inequality traps, and of how educational disparity fuels them, and is considered in the following section.

7.5.c Inequality Traps

One of the greatest repercussions of educational inequality is the perpetuation of further disparities across a range of socio-economic contexts. The cycle of disadvantage can be discussed in terms of intergenerational reproduction and social mobility. Chile suffers from high levels of inequality and low levels of social mobility and part of the reason for this, according to Torche (2008) is that educational attainment. The United Nations (2005, 21) understands the mechanics of the cycle as follows:

“Because such disparities are typically transmitted from generation to generation, access to educational and employment opportunities is to a certain degree inherited, with segments of the population systematically suffering exclusion.”

And Wilkinson and Pickett (2009, 105) agree, using Teachman’s (2005) research to argue that the greatest influence on a child’s achievements in school is family background, and if this background is situated in a higher socio-economic environment than the child is more likely to achieve highly:

“Children do better if their parents have higher incomes and more education themselves, and they do better if they come from homes where they have a place to study...and where education is valued”

The analysis of Mizala and Torche (2012, 11) supports this, showing that characteristics such as school size, teachers’ experience, rural location, the faith of the school, or additional school fees have a small influence on achievement once the socio-economic composition of the student body has been taken into account. Earlier work from Torche (2008, 3) argues that the main intergenerational barriers in the social structure are located in the pattern of social mobility. She comments, “research suggests...an important factor mediating intergenerational association is educational attainment.” There are a couple of dimensions of this observation, the most relevant to this article being both the association between social background and education attainment and the influence of education attainment on class position. These dimensions indicate that inequalities, within both access to quality education and the opportunities to achieve highly, have major impacts on an individual’s potential social mobility, as “where there are greater inequalities of outcome, equal opportunity is a significantly more distant prospect.” (Wilkinson and Pickett, 2009, 169) Such a commentary is supported by the findings of the OECD (2010, 14) PISA report. “Among OECD countries, a student from a more socio-economic advantaged background...outperforms a students from an average background by...about one year’s worth of education in reading.” Such a significant statistic demonstrates how influential education, and the apparent quality of education, is to individuals becoming locked into a class system. “A class is defined as much by its *being-perceived* as by its *being*, by its consumption ... as much as by its position in the relations of production (Bourdieu, 1984, 483). The resulting aspirations for achieving social status can lead to, as previously discussed, social disintegration if they are not realised.

The impacts of traps can be seen in the work of Contreras at al (2012, 114). They write,

“Not surprisingly, the regions with the best results in the opportunity index for high school graduation also have the highest positions in the opportunity index for access to preschool. Conversely, those with the worst results in graduation from secondary school also have the lowest index for access to preschool.”

Such findings serve to further emphasise the reproductive qualities of educational disparities and highlight the importance of disrupting the process at an early stage.

7.6 Chapter summary

At the time of writing (October 2012) the stalemate over education reform continues. The demonstrations have succeeded in showing that the Chilean education system has failed to provide a system that offers the same quality and opportunities to every student, regardless of social status, ethnicity or residence. This is despite two decades of a ‘growth with equity’ strategy under the Concertación that produced a series of policies to deal with social disparities in the education system. It is argued that such persistent inequalities prevent Chile from obtaining the levels of social development that it seeks, regardless of its steady, if unremarkable, economic growth. Indeed, such high levels of disparity within schools potentially hold back growth.

This Chapter has discussed the failures of the Concertación’s neostructural policies to reduce inequalities within the Chilean education system and proposed that there is an array of contributing factors to the establishment and perpetuation of socio-economic disparity. For Chile to continue its development, an overhaul of its quasi-market of an education system would appear necessary. Whether that might be through a revised dependency policy approach will be discussed in the next section, but what is certainly required are structural changes, both economic and social, where strategies of inclusivity and unfair social relationships are brought in from the margins and put at the centre of development.

Section Four will explore the relevance of a revisited dependency approach to the problems of inequality in the Chilean education system as discussed in this chapter.

Finally, a broader consideration will be made as to the application of a refreshed approach to socio-economic inequality.

Section Four

Section Four builds off the research in the previous section regarding the persistence of inequality despite the Concertación's range of policies. Using the link established between the processes of inequality and dependency in Chapter Four, it proposes that a dependency analysis is able to contribute to finding solutions to these issues, both for broader socio-economic disparities and for education.

Chapter Eight

A dependency analysis of educational disparity, 1990 - 2010

This chapter conducts a dependency analysis of the situation outlined in the previous chapter. It considers the core question of this research: can a revisited dependency approach be used to create a better understanding of how inequality operates and persists? A combination of research is used in this discussion: interviews during fieldwork in Chile, the study of Chilean socio-economic inequality, 1964 – 2010 (Chapters Five and Six), the case study of the Chilean education system, 1990 – 2010, presented in Chapter Seven, and the studies of inequality and dependency in Chapters Three and Four respectively.

8.1 Introduction

The concept of social inequality, as suggested throughout this thesis, is complex. There is no singular starting point or source to eradicate and no one clear consequence to address. Evidently, this makes both theoretical and policy-focused approaches extremely difficult to construct and execute. Having already discussed in the previous section the ineffective attempts of Chilean governments to disrupt, restrict and control the different elements of socio-economic disparity, this chapter presents a dependency analysis of the situation of inequality in the Chilean education system. Gwynne and Kay (2004, 137) support such research:

“The time is ripe for the re-incorporation of a number of the ideas of dependency and structuralist thinking which...

remain relevant. Such ideas must be altered to reflect changing global realities and past weaknesses.”

The rest of this chapter is structured as follows. The next two sections outline the rationale for a dependency analysis before establishing a framework for the study by using the process model introduced in Chapter Three. Following this, the study of educational inequality is carried out, ultimately proposing the mechanisms that drive the process. The subsequent section discusses how the failures of Concertación’s policies to identify and disrupt these mechanisms. The final section links to the concluding chapter.

8.2 The rationale of a dependency analysis of educational disparity, 1990 – 2010

This section explores the possibility that the best way to understand and disrupt the process of an inequality trap is to approach it from a dependency perspective. Gwynne and Kay (2004, 147) comment, “Dependency theorists...want to understand the socio-economic and political roots of under-development and the difficulty in overcoming it” and this is what a revisited dependency approach in this case seeks to achieve. The same authors suggest that dependency prescribes “effective political participation for lower classes, and the politics of class alliances” (ibid) and these elements remain integral to the objectives of the analysis. The following paragraphs outline some of the broad reasons as to why a dependency approach is applicable to this case.

In the context of the unique example of Chilean education over the last two decades, a dependency analysis may be understood as a critique of the Concertación’s failure to reduce inequality in education. This provides a ‘concrete’ situation within which policies and various social relationships can be analysed. The approach is applicable as it views inequality, just like dependency, as a process – not a condition. Consequently, despite the lack of social mobility in such a highly stratified society as Chile, a dependency approach views the participants of the process as dynamic and therefore contests any charge of determinism. This is why an understanding of disparity as a process, not a condition, is crucial as it focuses on the movement from a position to participation in an integrative manner.

There are various processes that individuals, groups and communities follow, and these create different social relationships and various conditions of in/equality within a range of contexts. In the case of Chilean education, these relationships are frequently uneven and benefit some at the expense of others. These can be called social relations of dependency. Just as the social relations of production are involuntary, so too are the social relations of dependency and, equally, they are conditioned (but not necessarily determined) by the mode of production, i.e. capitalism. As the education system in Chile operates as a quasi-market, it is important that these social relations of dependency are therefore central to any understanding of the process of disparity.

Uneven relationships can be found within, for example, income groups and ethnic groups, and within these groups there are also other unequal associations, such as gender and spatial segregation. A significant failure of the Concertación was not to put these relationships at the centre of its policymaking. Kay (1989, 181) was alert to the importance of this when he wrote: “By focusing on market and exchange relations, such a circulationist position neglects the analysis of social relations of production and consequently the configuration of class and their characteristics.” A dependency approach highlights these relations as unique situations that have their own mechanisms and history, and recognises the need to analyse each one individually. By doing so, it becomes apparent that the ‘complex whole’ that Cardoso and Faletta (1979) spoke of not only considers the external and internal concerns of a nation, but also of communities within that nation, and of groups and individuals within those communities.

Therefore for the processes of disparity to be disrupted any new approach needs to be antagonistic to the current environment. For a dependency approach to do this in a modern Chilean context requires it to act as a critic of neostructural and neoliberal policies. As suggested, this requires a discussion as to why the Concertación’s policies were unable to prevent ongoing educational inequality. Prior to this however, a framework for the analysis needs to be established. This will help identify what the mechanisms were that drove the process of educational inequality in the following

section. It is proposed that the best framework for a dependency analysis of educational inequality is the conceptual process model (position-participation-possibility) introduced in Chapter Three. Figure 8.1 shows the two stages of the process model, and the integration between them, that are relevant to the study.

Figure 8.1: Adapted conceptual model of the process of socio-economic inequality

Source: Author

8.3 A dependency analysis of educational disparity, 1990 - 2010

This section uses dependency concepts to identify the mechanisms that drove the process of educational disparity between 1990 and 2010. The aim is to create a better understanding of how these mechanisms worked together to operate the process of inequality. By doing so it prepares a contextual and theoretical framework to examine the failure of policies to disrupt the process in the final section of this chapter.

8.3.a Position

Araujo and Martuccelli (2011, 164) suggest that, in Chile, individuals must create their own responses to structural failures. What they label as ‘positional stability’ is no longer only transmitted by ancestry or surname, nor by class or wage; but it now requires personal and social strategies to define it. “Consequently, positional inconsistency is a structural phenomenon of prime importance in contemporary Chilean society.” This inconsistency is influenced by the variable nature of social relations and this section considers the importance of ensuring that these relations, such as between socio-economic status, gender and ethnicity, are at the core of any analysis of inequality.

8.3.a(i) Marginalisation of social relations

Social relations can be grouped within the context of, in this case, education. The overlapping nature of these relationships requires an acknowledgment of a ‘matrix of

social relations’ and such a matrix can be used to identify ‘micro-dependencies’ within particular social relations. If they remain peripheral to the analysis, it becomes more difficult to understand an individual’s social position and ultimately to stimulate social mobility and participation. For example, when looked at in the context of education, it can be argued that uneven social relations seriously influence the levels of access and outcomes, as can be seen in the data from Chapter Seven.

Field-work interviews, focused on socio-economic status within an educational context, asked whether an individual’s social position, as decided by income, creates relationships of social dependency and consequently prevents a fair integration into social participation. Ernesto Treviño (2011, pers. comm), the Director of the *Centro de Políticas Comparadas de Educación*, Universidad Diego Portales, believes that it does, suggesting that the causes of disparity in the Chilean education system are socio-economic and are reinforced by Chilean society and policies. He says, “Segregation in institutions is caused by social capital – split into groups that rarely mix,” and “The education system mirrors structural inequality – a meritocratic discourse.” He maintains that social disadvantage is due to prejudice. Such prejudice is one of the barriers that individuals meet while attempting to participate fully and equally in society.

The dependency notions of the ‘monopolisation of the mind’ and the ‘internalisation of the external’ (Cardoso and Faletto, 1979) are relevant here to showing how students construct their own expectations and society’s expectations of them. This is evident in the work of Carnoy and McEwen (2003, 14):

“Lower income parents might not be as likely to choose higher-performing schools with higher social status student bodies even when their children might qualify for these schools or they could afford to pay the somewhat higher costs associated with them. Their self-perception as not “belonging” in these better public or private schools could explain why the utility functions apparently vary by parents’ education. Less-educated parents’ perceptions of their

position in the social structure may prevent them from making choices to send their children to higher status schools.”

However, Carnoy and McEwen (2003, 16) point out, “higher status schools are no better at producing high achievement scores for a child of a given socio-economic background than public schools. They are better at attracting higher scoring students.” Given the highly stratified Chilean system the poorer results of students in public schools might be attributed to a peer effect; “when less gifted students are grouped together, they are less likely to do well scholastically”. (Drago and Pareda, 2011, 165) This simply means that higher status schools, almost exclusively located in higher-income neighbourhoods, are able to build ‘cultural capital’ and raise academic expectations.

Consequently, such inequality is strikingly apparent in the process of accessing schools, which is overwhelmingly determined by an individual’s residential situation, but also in: the quality of learning received due to funding; teachers’ salaries and the internalisation of low expectations; and consequently in highly unbalanced outcomes for the students. These factors were evident during the visit to the Centro Politécnico Particular San Ramón school, where it was suggested that almost one third of the female students became pregnant during their schooling; and that 80% of the students’ mothers are maids and 90% go on to work in manual service jobs after graduating. Such statistics indicate a certain cycle of opportunity and behaviour. Torche (2005, 316) comments on the dangers of such a cycle:

“The effect of parental resources and conditions when growing up on individual educational attainment – is a key component of the intergenerational reproduction of inequality in contemporary societies.”

If, as Treviño (2011, pers. comm) says, “Segregation in institutions is caused by social capital – students are split into groups that rarely mix,” then such a cycle can easily

become normalised and it would hardly be surprising if students were to accept their position and status in society based on what school they attend.

The need to highlight positional inequality (e.g. income and class) as an influential factor of ongoing disparity can be seen in comments made by Rocio Venegas (2011, pers. comm), the Secretary of Communications for the Student Federation at Universidad de Valparaíso. When referring to the methods of Pinochet, she said in an interview: “Break education, break the people,” and suggested that the significant difference in the quality between public and private schooling perpetuated this concept. Those with a weaker education, or a perceived weaker education, usually enter into lower-paid employment and Vanae Sinclair (2011, pers. comm) questions this as a fair process. She asks: “Is it better for the poor to have a worse education because the mode of production still requires workers?” Although this might be considered a simplistic view, it does highlight how education can influence how an individual may perceive their role in society – and, by inference, how someone from a lower socio-economic community may see themselves, accept their social position, and subsequently contribute to static levels of social mobility.

Another example of the importance of social relations can be seen in the impediment of spatial segregation. Felipe Salazar (2011, pers. comm), also from the *Centro de Políticas Comparadas de Educación*, notes that spatial segregation, especially in Santiago, contributes significantly to the creation of disparity. Treviño (2011, pers.comm) agrees, noting that rural children have a clear disadvantage when it comes to the quality of education: in terms of mobility to attend higher education, isolation plays an important role.

There is an obvious relationship between location, income and ethnicity as many Mapuche live in rural poverty or in urban destitution in the poorest areas of Santiago and Mapuche students are often the poorest students. Ethnic groups in Chile, which account for close to 10% of the population, such as the largest ethnic population of the Mapuche, also suffer from an asymmetric integration into the national educational system. Indeed, it can be argued that they are inserted into an alien system; a system not based on important aspects of Mapuche identity, such as oral tradition and the

Mapudungun language. This is what Elisa Loncon (2011, pers. comm), from the Universidad de Santiago de Chile, calls 'Indian knowledge.' (Loncón, 2011). The impact of learning the knowledge of another culture in another language cannot be underestimated and recalls the work of Said discussed earlier in this thesis, and Evans' (1979) neo-colonial idea of 'the monopolisation of the mind'. González (2011, pers. comm), the Director of the School of Pedagogy in the Universidad de la Frontera, Temuco, suggested that: "There is an impact on cultural identity – a process of 'whitewashing' for the students. They have to learn a culture but lose their own." The result, as argued in this dependency analysis, is an uneven relationship that denies many students the equal opportunities to succeed, even before they can fully participate.

However, the imbalances are also sustained by cultural circumstances. For example, there are gender disparities also present in the inter-ethnic context. Loncón (ibid) believes that it is more difficult for women than men to achieve a quality education, as they tend to be more dedicated to keeping the traditional community alive and consequently stay at home to look after their families, while men tend to migrate to urban areas more in search of work.

The existence of enduring dependency is evident in a number of interviews with Chilean academics concerning ethnic inequity. Guillermo Williamson (2011, pers. comm), the Director of the Department of Education at the Universidad de la Frontera, Temuco, suggests that social mobility is very difficult without intervention and claims that "for capitalism to work everyone needs to start at the same point." Alejandro Herrera (2011, pers. comm), from the same university, agrees, stating, "Mapuche are disadvantaged because they are Mapuche. As simple as that."

In summary, to truly understand how inequality operates within an educational, or any, context, it is imperative to understand the individual or group as existing within a matrix of social relations. These overlapping relations can create various and disparate 'micro-dependencies', or social relations of dependency. It is impossible to conduct a worthwhile analysis without positioning these relations as central to the approach, as to do otherwise would be akin to starting the analysis at the halfway mark.

8.3.b Integration

A dependency analysis requires a robust discussion of marginalisation. Certain groups in Chile struggle to integrate themselves fully into society, which – in the case of education – results in groups such as those with low-incomes, Mapuche and rural-based not fully participating. Singer (1973, 312, as cited in Kay, 1989, 119) suggests that there is a need to better understand the relationship between marginalisation and dependency:

“Although there are significant causal relations between dependence and marginality, these relations can be better studied and analysed at a more concrete level, in which dependence ceases to be the principal source of social determination so as to become one of many factors which influence development, urbanisation and marginality in societies like the Latin American.”

Examples of uneven insertion demonstrate some of the issues of educational inequality in Chile, such as the insertion of Mapuche culture and language into a ‘national knowledge’ curriculum; the marginalisation of class issues; and the social relations of production, all of which are related to the commodification of education. These elements have all led to segregation and, as Matías Reeves (2011, pers. comm), the Social Director from Educación 2020, a citizen movement that seeks to improve the quality and equity of Chilean education, pointed out during his interview, “The biggest problem with Chile’s education system is with segregation.” This segregation means that integration can be a vulnerable process, especially with the barriers of established social stratification, restricted social mobility, and entrenched dependent relationships, such as rural and urban, which Kay (ibid, 96) calls sectoral disequilibria. An individual’s ethnicity in Chile can also appreciably influence the level of educational participation they can achieve. During interviews with Loncon (2011, pers. comm), Erazo (2011, pers. comm) and Yéssica González (2011, pers. comm) all three remarked that Mapuche students’ participation was held back due to cultural reasons. In other words Mapuche students were being unfairly integrated into

an alien system – what Treviño (2011, pers. comm) called “desk colonialisation.” Erazo and Loncon discussed the notions of ‘national knowledge’ and ‘Indian knowledge’, suggesting that Mapuche students were stranded between the two as a considerable distance separated the schools’ codes and the local indigenous culture. Loncon concluded that, “There is discrimination inside the schools and the curriculum.”

A dependency approach points to negative consequences of uneven integration, viewing the process as one in the same thing as marginalisation. As Kay (ibid, 101) says, marginality is “a particular manner of social integration and participation rather than non-integration and non-participation.” This also recalls the dependency concept of disarticulation, as individuals and communities within Chile, having been integrated into the education system in varying fashions, are not connected to each other to form a fully functioning society. Some groups, for example the Mapuche, are being assimilated into ‘foreign’ knowledge, some income groups find themselves on a direct path to the top universities in the country, while some students are unable to access that path and have no choice but to engage with low-income work. Meller (2011b, pers. comm) finds the blame for this in the commodification of education: “the market has failed – it has invaded universities.”

The Chilean education system under the Concertación presents a concrete situation to explore the role of marginalisation in creating disparity. Kay (ibid) suggests “marginality is a characteristic of dependent societies and a sign of its disarticulation,” and the disruption of such disarticulation would need to come through preventing both exclusion and unfair integration. No individual in Chile is excluded from having an education but many are excluded from a high quality of education. Such exclusion is at the same time an unfair integration, as the higher quality of education in Chile then the greater the likelihood of tertiary education and a career with greater earning potential. According to Sunkel (1973, 142) such a study of marginality can be understood in terms of:

“the different forms of racial, social, cultural, political and other types of discrimination which may lead to a loss of

accessibility to the means of production and transfer necessary for obtaining, maintaining or increasing a reasonable and stable income...In order to grasp the phenomenon of marginality in all its complexity, it must be related to the process of underdevelopment, of which it is an essential part, as much as the phenomenon of dependency, with which, therefore, it must also be related.”

It terms of how a dependency analysis might operate in this respect, there is a significant overlap with social position and participation levels. Preventing vulnerability by reducing levels of segregation is crucial to successful integration and consequently full social engagement. A dependency analysis would look at whether all socio-economic groups were being offered a consistent level of quality of teaching and access to resources in both urban and rural schools; an appropriate level of indigenous content and language in the school curriculum to allow for high levels of engagement and relevance; and a university system that was socially responsible in opportunities to gain admittance. This responsibility extends to regulations on content, research output and consistent graduation criteria. By examining these aspects of integration a dependency approach would be looking to disrupt intergenerational social relations of dependency by ensuring equal opportunities for success at a secondary and – if applicable to the student – a tertiary level by preventing marginalisation. Once again, this methodology extends across the ‘micro’ level of relations between incomes, ethnic and spatial groups.

8.3.c Participation

The process of an individual’s insertion into the education system has a significant influence on the levels of participation and quality they can expect. Participants are exposed to structures and processes that, should they already be at a disadvantage, can further prevent full and meaningful involvement. As Sunkel (1973, 135) states: “An adequate analytical framework for the study of underdevelopment and development must rest of the notions of process, structure and system.” Two such structures and processes that have contributed to the disparity present in the Chilean education

system are the commodification of education and structural heterogeneity in the country's production system. These two concepts are discussed below.

8.3.c(i) Commodification of education

In the case of Chile the dual system of public and private provision has meant that the societal inequalities have been mirrored in education, leaving those already disadvantaged because of their societal 'position' unable to use their schooling to access a higher quality of participation. By making education a commodity it means the quasi market is driven by profit, not human development and it is the poor and marginalised that miss out. Chilean education has varying qualities to which access is determined by the ability to pay. Therefore Chile's highly-stratified society was mirrored – and subsequently perpetuated – in education.

This stratification works on two levels, both of which exacerbate situations of dependency: firstly, the school a student attends has a significant influence on further study and career opportunities; and secondly, if a lower socio-economic status family wishes to spend the extra money – on top of any government subsidy – to put their child through private, or more likely government subsidised, education then there is a very real risk of high levels of debt.

Wilkinson and Pickett (2009, 105) explain this debt trap: "Children do better if their parents have higher incomes and more education themselves, and they do better if they come from homes...where education is valued." As a result of this, families are understandably tempted to spend more money to send their children to private schools. This type of debt trap, although on a different scale than what many dependency theorists discussed, sits very much with a dependency discourse and relates closely to the concept of consumption patterns that Furtado spoke of (as explored in Kay, 1989, 132). The debt trap in Chile is concentrated in the lower-middle class and the middle class. Patricio Meller (2011b, pers. comm) said, "the middle class is being hit the hardest through consumerism...and the resultant debt" and Sunkel (2011, pers. comm) agreed: "The boom of education connected to the market voucher system has led to debt. The middle class is immersed in consumerism."

Education has been absorbed into a society that has a middle class ‘immersed in consumerism’ and the result is debt for families and consequently a large proportion of a class that is unable to enjoy social mobility. As Bromley (1987) says, “Surely this ‘loss of control’ is the most classic manifestation of dependency.” (quoted in Kay, 1989, 185). What can be taken from this discussion is that the consumption patterns evident on a global scale are being mirrored within national economies. It was Sunkel (1973, 152-3) who commented – thirty-nine years ago – that it was a fundamental fact that “Inequality is the result of the internationalised consumption sector of high incomes.” This pattern has been allowed to repeat on the national scale in education.

One of education’s primary goals is to give people more opportunities, not reduce them and there is a strong argument that this is what is happening in Chile as a result of consumerism. Marketing of education is contributing to a rapidly developing consumer culture. According to Udo Jacobsen (2011, pers. comm), an academic from the Universidad de Valparaíso: “students tend to decide through marketing.” He claims that, “There are no more citizens, only consumers. Even the students are thinking like consumers; not students, not citizens.”

Matías Reeves (2011, pers. comm) commented in an interview that the *Sistema de Medición de Calidad de la Educación* (SIMCE) results shows a huge difference between wealthy schools and poorer schools. This comment clearly indicates that there is a division in the levels of quality participation. Reeves (ibid) suggests, “Public schools can be good but marketing makes the private-voucher schools look better.” This statement highlights one of the major issues of a public / private education system, that being how private schools can advertise, creating a sense of a higher quality ‘product’, which then feeds into the notion of emulative consumption – that everyday life becomes a exhibition of the ability to buy the best quality. This is very much part of the process of creating inequality through levels of participation, as essentially students (and their families) are purchasing a quality of education. As Jonathon Barton (2011, pers. comm) says, “Free choice? Aren’t you buying education based on your income?”

It would appear from these comments that the education system is perpetuating the process of social inequality. The system appears to legitimise this disparity through the integration of graduates into the workforce. This is achieved through a hierarchical division of labour in Chile, where various qualities of education prepare and 'rank' graduates for different levels of labour and subsequent salary. Qualifications have become one of the most important means for social participation at high levels and the pathways to achieve these qualifications are not evenly meritocratic. The Chilean education system has ostensibly reproduced massive differences in wealth by reducing competition for the most desirable employment.

Danae Sinclair (2011, pers. comm), a medical student and member of *Izquierda Autonoma*, a leftist movement of students mainly from the University of Chile and the Pontificia Catholic University of Valparaiso, added to the notion of a process of inequality being driven by unfair integration. She commented that, "Segregation means that people don't care about the public system as they'll never use it." This is a particularly interesting remark and highlights how full participation can be prevented by attitudes created by 'every-person-for-themselves' individualism. Why should the wealthier members of society care about a system they don't use? As Treviño (2011, pers. comm) says, "The fees create socio-economic segregation – the perfect system of classification; perfect price discrimination."

Consumption patterns feed inequality and create a trap. "The idea that inequality ratchets up the competitive pressure to consume is not just speculation. It has observable effects." (Wilkinson and Pickett, 2009, 227) This is evident in the example of how some private universities in Chile do not ask for PSU grades for admission: "Just pay and show up. This is dangerous as students are ill-prepared and it can be very expensive if you cannot get a job." (Reeves, 2011, pers. comm) The lack of regulation of the employment market means that university students, heavily in debt from high fees, enter an extremely competitive market where – quite often dependent on social status and networks – they may be unable to find quality work.

Arguments have developed on both sides of the philosophical debate as to whether the commodification of education is beneficial or detrimental for students. For those who

support opening education up to market drivers, the argument is that state intervention is regressive and the natural self-interest of humans should be employed for the common good through market mechanisms, most importantly choice. Scullion (2011) adds to this that governments turn to markets because they believe that growth and expansion are essential if the economy is to remain globally competitive. Conversely, there is the line of reasoning that market outcomes tend to be fundamentally unfair and that the allocation of resources should not therefore be reliant on them. Le Grand (2003a, 101) looks at both of these perspectives and comments that it is not so much a dialogue about equality and the extent of choice, but rather the equality of choice.

“To accept the argument that there is a strong relationship between equity and choice does not imply accepting any particular view concerning the extent of the choices that people actually face; the relationship between equity and choice is a matter of value, the extent of choice a matter of fact...A society with less inequality in choice sets will be one with less inequity; the challenge for policy is to move in the direction of greater equality of choices, and hence greater equity, without too serious a compromise of other values”.

However, the reality can be markedly different from the theory. As Le Grand (2003b, 117) says, “those market pressures are quite intense.” The results of such market pressures in education are league tables, performance-related pay scales, service-orientation, ‘creaming’ of the best students (where private schools select the most academically able students), and a profit-driven focus on ‘lower-cost’ students (e.g. those with higher grades, better attendance records and lower drop-out or failure rates). Drago and Pareda (2011, 165) use the work of Carnoy to challenge the notion that competition has a positive effect and instead suggest that it only benefits higher-income students because, “if schools are in competition with one another, they will try to select for the top students”. Muñoz (2011) agrees that the consequences of such market behaviour are not equal. The 2011 UNESCO report, *The right to education: a comparative viewpoint. Argentina, Uruguay, Chile, and Finland*, which he authored, revealed that schools with good exam results experienced a reduction of pupils coming

from poor backgrounds, while those with weak results experienced the opposite. Muñoz (2011) commented in a media interview that:

“The system which characterises Chilean education is geared to privatisation processes which tend to segmentation, exclusion, discrimination and highly selective mechanisms.”

He continues to propose that “there are no doubts that the admission tests establish criteria and differentiation effects which in practice lead to selectivity and probably to stigmatisation”, while the scholarships system in Chile, which “protects and benefits private initiative,” prevents education being appreciated as a public asset. (ibid)

There is an observable knock-on effect here, which has already been touched on in the earlier comments concerning cycles of disadvantage. The social stratification that is strengthened in such a system cannot be regulated or improved by straightforward monetary transfers, as this will not succeed in eliminating either economic or social barriers. As Le Grand (2003a, 92) comments, “it is clear that the cost of college fees, or the existence of racial discrimination, are factors beyond individual control.” Individuals have extraneous restrictions, obstacles and responsibilities, which are tied up with social status and if the schooling system is deliberately set up in such a market-driven manner for successful schools to attract wealthier students then such disadvantages will remain. As Muñoz (2011) argues, Chilean parents are given a great deal of responsibility of ensuring quality education for their children and if those parents are already caught in an inequality trap it can be hard for the children to escape a similar pattern.

There are also the behavioural effects of consumerism and marketisation, such as the ‘customer is always right’, which sit uncomfortably in an educational setting. Scullion (2011) argues that these effects in higher education are incongruent for student learners as they cannot be allowed to “be lord of all they survey” regardless of the scale of their investment. Research by Stillerman (2004) discusses further effects of the commodification of education, looking more at parental behaviour. He suggests that, “consumption may be a means to cement personal ties; and consumption is one

way that social classes police their boundaries with other groups.” (74) This would support the notion that market forces in the schooling system make a significant contribution to further social stratification, and is backed up by Carnoy and McEwen’s (2009, 19) statement: “Chile’s experience also suggests that vouchers increase inequality in the social system, mainly through peer effects.”

All of these points indicate that a system in which retail patterns are paralleled, debt traps are entered into, and profit creates a lack of responsibility for the quality of schooling, is failing the majority of Chilean students. It is placing them into a highly stratified system that impacts their ability to participate in society on an equal footing, creating social relations of dependency that will pass along generations. Part of the reason for this inter-generational situation is that poor education links to the causes of an established structural heterogeneity in Chile.

8.3.c(ii) Structural heterogeneity

ECLAC’s (2010) comment below demonstrates the significance of the concept of structural heterogeneity to understanding Chilean educational inequality:

“Structural heterogeneity largely explains acute social inequality in Latin America and the Caribbean, because gaps in productivity reflect, as well as reinforce, gaps in capabilities, in the incorporation of technical progress, in bargaining power, in access to social safety nets and in options for upward occupational mobility throughout working life.” (86)

Chile’s structural heterogeneity plays a major role in the quality of education individuals have access to. The disparity of salary and employment opportunity is significant and this situation influences what type of school is affordable and suitable in a privatised system. In an interview on this topic Ricardo Ffrench-Davis (2011, pers. comm) commented that there had been socio-economic progress between 1990 and 2010 – but nowhere near enough: “The Concertación tripled wages but it wasn’t enough. There has been progress but...you need to have income integration and

education creates that.” The vicious circle of job vulnerability and poor quality education was emphasised by Ffrench-Davis when he said, “A strong factor is the origin of students’ background – the wages and productivity” and subsequently proposed that investment in education is a long-term solution to macro-economic issues. He suggested that education creates income integration and recommended that the four administrations should have looked to “the middle and bottom [because] education and labour training and a secure macro-economy, and developed small and medium firms, equal growth and equity.”

Infante and Sunkel (2009, 145) point out that a high level of societal inclusion though work creates, “better primary distribution of income at source.” Ffrench-Davis (2010) shares a similar view, that the generation of productive employment, what he calls decent jobs with rising real incomes, is the main channel through which economic and social progress is transmitted. Such statements take on added significance due to the recent changes Chile has undergone on the global scale. According to the OECD (2011a, 28), Chile has experienced “significant structural changes, driven by closer integration into the global economy and...rapid technological progress” since the 1980s. These changes, the report argues, have rewarded highly skilled workers more than low-skilled ones and thus impacted income distribution. This is primarily due to two factors: the integration of trade and financial markets has created a greater demand for highly-skilled workers and, secondly, technological advances have also favoured skilled labour. This creates a complicated landscape for students to navigate in order to successfully cross the educational quality gaps between public and private schools.

These gaps, influenced significantly by income disparity, can be viewed as barriers to individuals and groups wanting to remove themselves from the cycle of disadvantage, leaving them socially immobile and unable to access higher quality education. Wilkinson and Pickett (2009, 163) reason that,

“social mobility is lower and geographical segregation greater in more unequal societies. It is as if greater inequality makes the social structure of society more rigid and movement up and down the social ladder more difficult.”

This would appear to be the case in Chile. Research conducted by Torche (2008,1) argued that evidence about the main influencers of mobility was inconclusive. However “the most likely candidate to affect fluidity rates is the level of cross sectional inequality, under the assumption that a more unequal distribution of resources will determine differential access to opportunity across generations.” This is most certainly true of access to different qualities of education. In the case of Chile, Torche (ibid, 3) suggested that the barriers to mobility were closely related to the structure of economic inequality and this explained the high concentration at the top of the income distribution but less disparities among the lower and middle classes.

“This corresponds to the Chilean pattern of intergenerational and intragenerational mobility, characterised by high barriers to and from the wealthiest income group (largely composed of college-educated professionals) but significant fluidity among middle and lower classes.”

Therefore a failure at a macro-economic and macro-social scale to address a productive system that perpetuates socio-economic disparity, and consequently social immobility, can be argued to have contributed to the unbroken cycle of inequality within the education system.

Dependency theorists used the notion of an enclave economy to define an industry that was controlled by foreign capital and therefore unprofitable for the host country. It was argued that the foreign companies often exploited workers and manipulated the local systems to maximise their gain. In these cases the enclave economies contributed to a country’s structural heterogeneity by restricting wage growth and – as often unions were suppressed – job security. The education system can be argued to have played a similar role in Chile on a different scale, channelling certain socio-economic groups into particular schools of different qualities. This establishes a restrictive pattern wherein the graduates from these schools are equally unlikely to attain high grades and hence experience – and contribute to – social mobility through career opportunities. Torche (2005, 20) agrees:

“In general, students of private-paid schools fared better than did those who attended private-voucher schools, who, in turn, had higher attainment than those who attended public schools... Naturally, this does not mean that the voucher sector that emerged after the privatisation reform created educational inequality, but it does mean that this sector became a relevant arena in which inequality was actualised and reproduced.”

Members of the wealthier class exclusively own private schools and, as these schools operate on unregulated fees, salary-systems and investment, a gap continues to develop between the quality of private and public education, as well as between the types of employment that can be expected by graduates, and so the cycle is perpetuated. This situation is enhanced by the action of ‘creaming’. Such a practice isn’t permitted but is “common and they get away with it”, according to Felipe Salazar (2011, pers. comm). He explains that a law was put in place in 2009/10 to ban entrance tests for students going into Grade 1-6 but not from Grade 7. Torche (2005, 8) suggested that there were two characteristics of the Chilean voucher system that perpetuated the practice of particular schools ‘stealing’ the better students: “voucher schools were established in more-affluent areas of the country, where business was more profitable. Second, they could select students according to their own criteria, in contrast to public schools, which were forced by law to accept all students who registered.” The comparisons between the education system and enclave economies inspires the term ‘education enclave’, which is a good description of the role dependency suggests it plays.

The relationship between the idea of an education enclave is strongly linked to another dependency concept, that of sub-imperialism. This situation has been partly created by the local market taking advantage of the lack of investment into the public education system to establish a commodity that is of a much higher quality and therefore exclusive to those that can afford it. With such influence held by private business, it creates a void of responsibility for the quality of education across all the classes and in

all parts of the country. Romero (2011, pers. comm) suggests that this is due to, “neoliberalism creating a lack of governance; a lack of responsibility.” Salazar (2011, pers. comm) is very clear about how dangerous he thinks this is:

“How does profit-making create inequality? There are one million university students and 10% are in good universities, while the other 90% are in poor institutions where they learn nothing but get charged top dollar, being told they will get great jobs but don’t. Poor people pay a lot of money for poor services and are then at a disadvantage in a difficult work environment.”

The ongoing process of *internal colonialism* can also be considered in an ethnic context. Kay (1989, 85) cites Stavenhagen (1986, 89) concerning the usefulness of internal colonialism in understanding disparities in ethnic contexts: “Ethnic demands may be couched in more cultural or economic, rather than in political or territorial terms.” In the case of Chilean education, it can be argued that many indigenous students find themselves at a disadvantage due, among others, to discrimination through the mechanisms of linguistic, private education and rural dwelling. The level of this discrimination was emphasised by Herrera (2011, pers. comm) when he said, “90% of Mapuche children cannot speak their own language – their parents don’t teach it to avoid discrimination.” Loncón (2011, pers. comm) touches on the origin of this discrimination pointing out that, “Chileans claim not to discriminate but without a knowledge of the indigenous, how can they not?” This internal pattern of exclusion sits within a dependency approach and displays once again how established structures within Chile prevent full participation in the education system, and consequently in employment. It is this segregation, based on position, integration, educational privatisation and structural heterogeneity, which dependency describes so well, and by doing so reveals the various mechanisms by which full and equal participation is denied.

8.3.d Summary

Using the framework of the process model in Figure 8.1, this dependency analysis scrutinised the situation of educational disparity in Chile. It focused on two stages of the process: position and participation and the integration between them. It is acknowledged that the process is ostensibly an inequality trap, with social position influencing social participatory levels and vice-versa. However, it is valuable to maintain the distinct stages so as to achieve a better understanding of the discrete mechanisms of the process. These mechanisms can be seen in Figure 8.2²⁵.

For ‘position’ the analysis proposed that social relations should be central to any policy or theoretical approach. It emphasised that ‘micro-dependencies’ need to be understood within a matrix of social relations in which various social elements, such as income or ethnicity, overlap. The analysis concentrated on the concepts of the monopolisation of the mind and the ‘internalisation of the external’ to better understand how social dependency operates. The process of integration was discussed in terms of marginalisation and disarticulation to indicate how an individual or group may engage with society at an immediate disadvantage. Regarding the stage of participation, the commodification of the education system and the continuation of structural heterogeneity are presented as mechanisms of the process of disparity. It also suggested that the low levels of social mobility in Chile contribute to the persistence of disparity. These were explored using dependency concepts such as debt traps and consumption patterns. Further ideas such as educational enclaves and comparable processes to internal colonisation within the education sector were also discussed.

Overall, this analysis has established a comprehensive theoretical and contextual framework for a discussion on why the Concertación’s policies failed to address disparity in education. This is undertaken in the following section.

²⁵ The mechanisms overlap and could potentially be positioned in different stages of the process but it is argued here that they have the most influence where they have been placed.

Figure 8.2: Outline of a dependency analysis of educational disparity, 1990 - 2010

<i>Process</i>	<i>Mechanism</i>	<i>Relevant dependency concept</i>
<i>Position</i>	Marginalisation of social relations	Monopolisation of the mind 'Internalisation of the external'
<i>Integration</i>		Exclusion / marginalisation Disarticulation
<i>Participation</i>	Commodification of education	Debt trap Consumption patterns
	Structural heterogeneity	Enclaves Internal colonisation

Source: Author

8.4 A discussion on the Concertación's failure to prevent educational disparity

This section reflects on the mechanisms outlined in the previous section to achieve a better understanding of why the policies implemented by the Concertación failed to address high levels of educational inequality.

8.4.a Marginalisation of social relations

Although the Concertación targeted education through social policies, they were unable to disrupt the process that created inequality within relationships based on class, race, gender etc. The suggestion is that these individual units of analysis were not focused on and this permitted the process to continue. There is also a need to reflect on these elements at different scales as well, for example at the individual, the community and the national levels, all within a complex whole.

Although many of the Concertación's schooling policies were directly linked to helping lower socio-economic groups, such as the Montegrande and '*Chile Crece Contigo*' projects, they failed to attend to the fact that it was the imbalanced relationship between rich and poor that maintained the structural inequality. By focusing completely on (albeit very important) issues such as vital learning skills the opportunity was missed to disrupt the structural processes that produced different qualities of education for different economic groups, and indeed to eliminate the elements of segregation and marginalisation that created cycles of dependency.

As already argued, the decentring of the social relations of production in the approach to inequality contributes to the persistence of cycles of disadvantage and social immobility. The system that perpetuates these cycles, however, was actually supported and nurtured by the government, that being the commodification of education and the

introduction of consumer choice in a market system. By continuing to support and operate a voucher system that was established during the dictatorship, the Concertación has naturalised an unfair insertion for many into education. The system can be seen as a mirror of Chile's socio-economic stratification, a system of segmentation through price discrimination. This chapter has clearly demonstrated that publically- and privately-educated students can expect a very different quality of education at all levels. Of course, entrance into privately-run schools is not an option for the vast majority of children in Chile, so, put simply, in a country of high-income disparity such as Chile, a market approach to education seriously disadvantages those without resources.

By producing such comparatively low levels of investment in public education and continuing to support a system that further widened the gaps of achievement, the Concertación failed to supply its poorest citizens with an equal opportunity to break the cycle of socio-economic disadvantage. Despite Lagos' innovative strategy to 'individualise disadvantage' through inclusive and rights-based programmes such as *Programa Puente* and *Chile Solidario*, it still dealt with individuals outside of relationships. This might improve the unique situations of individuals or families but would not release them from unfair contextual relationships, which maintained, and potentially aggravated, the condition of disparity.

Although – as already seen – the Concertación instigated certain policies to reduce inter-ethnic inequalities of access and quality, they were either not easy to implement or didn't go far enough to integrate a knowledge of indigenous culture into the national curriculums (Loncón, 2011, pers. comm), and segregation has been allowed to persist within the system. These 'micro-relationships' of inequality within the market system are reproduced in individual schools due partly to prejudices that are fuelled by a society that has clear winners and losers. Without intervention to provide quality public education in rural areas with an integrated curriculum, then these disparities can be expected to persist.

Treviño (2011, pers. comm) and Loncon (ibid) both discussed the *Sector Lingua Indígena*, the special programme for bilingual schools, which was introduced by the

Chilean Ministry of Education in 2009. The programme instructed all schools with at least 20% of indigenous students to have a course on indigenous languages. However there are very few trained teachers and inadequate resources to teach with, especially as many of the indigenous languages have a variety of dialects.

As mentioned, socio-economic relations of dependency overlap with socio-cultural and geographical relationships too but the need remains to isolate them as much as is possible to attain a fuller picture of the process of inequality. The cycle of dependency needs to be broken by a fuller participation in schooling from ethnic minorities in Chile; this would lead to a support of the extension and implementation of programmes (e.g. '*Sector Lengua Indígena*'). The growth of initiatives such as '*Araucanía Aprende*', piloted under the current Chilean government, which supplies transportation to connect rural schools is also a positive approach. The need for this is very evident in the statistics that 40% of all schools in Chile are in rural areas, but these schools only enrol 10% of students and usually only have one or two teachers. Such ideas would challenge segregation issues and consequently the issues of 'positional inequality' before students even get to participate in education.

Disparity within the Chilean educational system is indisputable, both at a macro-social scale and within many contextual relationships at the micro-level. These scales interact to form a complex whole that perpetuates inequalities through cycles of disadvantage and dependence. Neostructuralism, in the form of the Concertación's social policies, failed to disrupt these cycles at any level, due to the marginalisation of the concept of social relations of production (as Leiva (2008, 9) observed, "ECLAC jettisoned the 'core-periphery' paradigm") and a broad brushstrokes approach to reducing inequality for particular groups of various circumstances trapped in dependent relationships.

8.4.b Commodification of education

Underlying all of these issues is the Concertación's decision to retain education as a quasi-market. This private sector created a school situation in which, as Carnoy and McEwen (2003, 18) suggest, "vouchers encourage a large-scale sorting of students across public and private schools." This stratification establishes relations of dependency, as already inferred, as students subsequently have a varied opportunity to

access quality education. Therefore a dependency approach suggests that a voucher schooling system, which also has a limited academic impact (see Carnoy and McEwen, 2003), contributes to consumption patterns and debt cycles that perpetuate inequality. Importantly, as Ffrench-Davis (2011, pers. comm) reminds us, “The alternative to private wasn’t nothing – it was public. We need the government to force equity.” In August 2009 Bachelet implemented the General Education Law (LGE), but this failed to change the market structure that the system operated within.

A further example of the ‘profit-over-people’ issues can be seen in the loan system for university students, which, according to Reeves (2011), is dangerous for middle class families as students from these families are likely to be only eligible for bank loans with 6% interest rates. None of the Concertación administrations made an attempt to remove the banks from the student loan system. These loans need to be paid back immediately after graduation, which can create considerable stress if quality work is not quickly obtained. There is a line of reasoning here, espoused by Meller (2011b, pers. comm), that calls for the government to control university fees and the interest rates on loans, and to regulate the universities’ faculties and degrees based on employment supply and demand. Otherwise private universities, operating like private businesses, will continue to put profit ahead of people. Sunkel’s (2011, pers. comm) opinion on this is clear; “The boom of education – connected to the market, the voucher system – has led to debt.”

A visit to a school in the lower socio-economic Santiago commune of La Pintana, Centro Politécnico Particular San Ramón, emphasised the sense of frustration at the lack of opportunities. The teachers bemoaned that the businessman who runs the school has no accountability in how his investment is used and this doesn’t need to be revealed publicly. The Concertación did not promote regulations to ensure transparency in the financial management of these voucher schools. The teachers suggested that the profits were never re-invested into the school and so student resources and teacher salaries remained static. The teachers all confirmed that public school teachers got paid considerably less than those teaching in private schools as salaries were not regulated. When asked if the top-up fee system, when some schools ask for an additional fee from parents, created a disadvantage for these lower socio-

economic students, the teachers agreed strongly. These fees were based on attendance and so if a student was absent the school did not receive any money. Therefore, due to the high levels of absenteeism in the community, the school had little money to invest in either infrastructure or teachers.

This situation highlights ongoing issues of urban Mapuche, of which a significant number live in La Pintana. (Contreras, 2011, pers. comm) For rural Mapuche, other ethnic groups and all rural inhabitants, the issue of under-investment is important. Torche (2005, 7) comments:

“Voucher schools prospered in urban, highly populated, areas, where they became an attractive alternative for middle-income families who were unable to afford the expensive private-paid schools. Voucher schools were not profitable, however, in poor and rural areas.”

Therefore, any attempt to disturb the social relations of dependency requires that the government increase investment in public schools in rural and lower-economic areas, to improve the quality of teaching and resources.

At the very heart of the question of why education continued to be so unequal between 1990 and 2010, is the continuation of a heavily privatised system. By choosing to maintain the schooling structure, the Concertación effectively resigned itself to producing reactionary, piecemeal policies that would never be capable of dismantling the networks of unfair social relations that ultimately drove disparity. So long as education was operated as a commodity and not a right, debt traps and patterns of consumption would prevent equal access to quality education.

8.4.c Structural heterogeneity

Infante and Sunkel (2009, 143) state,

“the Chilean economy, and thus Chilean society, are divided into differentiated and largely unconnected worlds. The first,

the world of high-productivity firms, is the one that drives the economy and pays good wages, while the others, the worlds of medium- and low-productivity firms, do not greatly influence growth, even though they absorb the bulk of the workforce.”

Therefore, while the Concertación presided over a period of economic achievement and a busy period of social – and explicitly educational – policy, the segregation that has blighted Chile for so long worsened. As Infante and Sunkel indicated above, one such impact is a severely segregated society and such gaps are maintained by a structural heterogeneity in the production system. However the Concertación did not improve this situation; it was unable to create productive employment or secure adequate participation for the majority of workers in the production process, leaving many continuing to work in vulnerable and informal jobs.

The Concertación consistently displayed a focus on social policies, however to rely on social policy as an instrument of redistribution and social progress is precarious. This is not only because it depends on the performance of the economy but also because it enables a superficial social linkage solely through subsidies and resource transfers, rather than constructive employment, which continues to contribute to the cycle of socio-economic immobility. Consequently, there is an argument to avoid such dependent and uncertain relationships and place the social relations of production as central to any development approach. This would create a conducive context within which social policies, the like of which seen throughout the Concertación’s tenure, have a greater opportunity for success.

By allowing social mobility to remain static over such a long period of time, the Concertación permitted the ‘positions’ to stagnate, which resulted in an unequal insertion into ‘participation’ for a large proportion of Chilean society and for existing social status to become naturalised. Leiva (2008, 12) argues that this has come about due to the marginalisation of social relations from theorisation. He lists labour-capital relations, capital accumulation, class, labour and the gendered nature of the economy as elements that have been pushed aside. He writes:

“Latin American Neostructuralism fails to delve into the nature of power relations that characterise the current dynamics of the international political economy.”

This failure is not only relevant to the concept of the international political economy, as it can also be seen to have created a highly stratified Chilean society that was largely accepted under what Leiva (ibid) calls ‘non-antagonistic’ policies. Hugo Romero (2011, pers. comm), from the Universidad de Chile, agrees, stating that, “The Concertación only marketed equality and social welfare; in reality nothing changed from Pinochet’s time – not education, not health, not mining. Nothing.” Such comments indicate that there were no policies that seriously challenged either the established social relations of dependency, nor the severe social stratification in Chile, and therefore the obstacles to a fairer integration into social participation remained.

It can therefore be argued that the Concertación, despite consistent social policies, failed to respond to the issue of structural heterogeneity. Successive governments failed to create productive or adequate employment opportunities for a great number of Chileans, leaving them in insecure jobs that constrained the possibility of attaining individual value goals. The consequence of this was an intergenerational inequality that prevented many students from accessing a quality education.

8.4.d Summary

The Concertación strove to forge an image of globalisation ‘with a human face’, seeking growth with equity. This approach maintained education as a quasi-market that hoped to make the system more efficient with greater quality. However, Chile has continued to suffer from persistent educational disparities at all levels, specifically regarding access and academic outcomes. It is suggested that this is because the Concertación’s policies, uncoordinated across the various dimensions, did not successfully address the social cycles of disadvantage and dependency: at the macro-social, macro-economic or micro-social levels. Leiva (2008, 12-13) adds to this by highlighting the fact that neostructuralism “explicitly characterises key economic relations as essentially nonantagonistic...a society sanitised of conflict and

asymmetrical power relations.” One reason for this can be taken from Carnoy and McEwen’s (2003) suggestion that the approach was nothing more than new policies patched onto the existing system of market fundamentalism. Ultimately, the Concertación failed to address the complex whole that Cardoso and Faletta (1979) had highlighted, ignoring the obvious consequences of worsened social stratification in order to maintain their faith in the market mechanisms of the school voucher system.

8.5 Chapter summary

This chapter has outlined a dependency analysis of the Chilean situation of educational disparity, 1990 – 2010. An adapted process model from Chapter Three (position – integration – participation) was used as a framework for the analysis and this resulted in the identification of a selection of mechanisms that were proposed as drivers of educational inequality. These were: the marginalisation of social relations, the commodification of education and structural heterogeneity. The process of integration was discussed in the dependency context of marginalisation and exclusion. Subsequently various other dependency concepts, such as consumption patterns and internal colonialism, were introduced to allow for a deeper understanding of how these mechanisms were formed and operated. This ultimately led to a discussion of why the policies were unable to identify and stop these mechanisms, and therefore prevent ongoing inequality in the education system.

The following chapter summarises the research undertaken in this thesis and also discusses potential policies, both specifically for educational disparity in Chile but also for broader themes, which may result from this dependency analysis.

Chapter Nine

Summary and conclusions

9.1 Introduction

In this chapter the various issues and themes addressed in this thesis are summarised and conclusions offered. The chapter is divided into six main sections based on the four aims established in Chapter One plus separate sections for policy recommendations and theoretical implications, in which both educational disparity and broader socio-economic inequality are considered.

The aims of the thesis were set up as:

Conceptualisation: to examine the notion that underlying structural dependency plays an integral role in the production and continuance of socio-economic disparity

Description: to set-up an exploration of this notion through the tracking of Chilean socio-economic inequality between 1964 – 2010 and the policies that sought to address it, with a specific investigation of educational disparity, 1990 – 2010

Analysis: to investigate why policies were ineffective in reducing disparity in education during 1990 – 2010 and consider the role played by structural dependency in its production and continuance

Prescription: to investigate the application of a revisited dependency approach to disrupt asymmetrical relationships in education during this timeframe and consequently initiate a discussion on how this approach may be used to reduce socioeconomic disparity at various scales

As each aim is discussed, the objectives outlined in the first chapter will also be evaluated.

9.2 Aim One – Conceptualisation: the processes of inequality

The underlying purpose of this research has been to contribute to the understanding of how socio-economic inequality operates and suggest potential approaches to prevent its formation and perpetuation. To do this inequality as a concept and why it is important were discussed, and this built a foundation for the exploration of the notion of a conceptual process model of socio-economic inequality.

Objective A: To ascertain the processes that operate to create socio-economic inequality

The objective to determine the processes of socio-economic disparity was designed to be both analytical and explanatory of the process. This initially required a thorough definition of socio-economic inequality. The concept is a complex and multidimensional one. When considering the diverse qualities that are compared, and the entities involved, it quickly becomes apparent that inequality exists across time and space and can at once demand a moral and an economic response.

Chapter Three consolidated these opinions and by discussing inequality in terms of its units of analysis, natural / artificial and economic / non-economic categories, and on various scales (global, national and local), it established an appropriate framework within which to consider its processes. A conceptual process model was introduced from a structuralist perspective in order to visualise the mechanisms that play a role in creating and perpetuating inequality. The model was based upon the approach that disparity is dynamic and privileges some at the same time as placing others at a disadvantage. It reveals the underlying social and economic structures (also called power and prejudice barriers) that construct a process that individuals, communities, nations or regions pass through in an attempt to attain an equal playing field of opportunities. The initial social, political, physical or economic position is understood to influence the extent of participation in society or in markets. Ultimately it is the level of participation decides the opportunity to achieve objectives or ‘value goals’.

The model consolidates the conviction that things can get better, that inequality is not a result of fate but an outcome of alterable circumstance and policy. Disparity does not exist nor develop in isolation; there are many variables to consider, one of which,

it is proposed, is the mind-set of those suffering from it. Chapter Three argues that for individuals to have access to a true equality of opportunity then the dangers of indefensible social stereotyping must be recognised and rendered ineffectual.

The potential research implications of this aspect of the research are primarily theoretical, as a conceptual process model allows the nature of inequality to be disaggregated into structural causes, as well as: categories of disparity; contexts; overlapping but discrete units of analysis and scale. Such a break down subsequently invites further investigation into the various aspects that contribute to an overall definition of social disparity and therefore affords an opportunity for theoretical approaches to these ‘micro-relationships’ to create policy applications. If disparity can be understood in terms of structures and social relationships then its complexity can be reduced and disparate policies can be pulled together into a coherent methodology.

Having proposed that underlying structural dependency plays a role in the production and perpetuation of socio-economic disparity, a case study was required to examine this relationship further.

9.3 Aim Two – Description: socio-economic disparity in Chile, 1964 - 2010

The second aim was to establish a framework for the analysis of a process of inequality, and this was achieved by tracking and quantifying disparity in various social contexts between 1964 and 2010, before focusing on a more specific context (education) and timeframe (1990 – 2010) under the Concertación.

Objective B: To quantify social and economic inequality in Chile, 1964 – 2010

Objective C: To undertake Aim 2 with special reference to inequality in economic (income), social (education and health) and structural (labour and housing) spheres

The objectives of quantifying social and economic inequality in Chile between 1964 and 2010 with special reference to inequality in economic, social and structural spheres required a detailed statistical overview of various contexts of disparity across almost half a century. These contexts were divided into the period of 1964 – 1989 (Chapter Five) and 1990 – 2010 (Chapter Six). Across the five decades and across all

these examined social spheres, levels of disparity were consistently measurable and it indicated that the multidimensional nature of inequality is a vital component in the creation of inequality traps.

Objective D: To quantify disparity in the context of education, 1990 - 2010

For the objective of quantifying educational disparity Chapter Seven focused on the period of 1990 - 2010 under the Concertación. Disparity was measured in terms of: student performance; student attendance; years of schooling; completion rates; and average income for years of schooling. The statistics used in this chapter clearly quantified the significant disparities suffered by low-income, rural and indigenous students.

The information presented in Chapters Five to Seven achieved the objectives of the second aim of the thesis by quantifying levels of socio-economic disparity across various social spheres between 1964 - 2010. This accomplishment established the framework for the third aim, which was to investigate the effectiveness of the policies that were implemented by the different administrations over the same timeframe.

9.4 Aim Three – Analysis: the effectiveness of policies to reduce inequality

An underlying feature of this research has been the notion that a range of political approaches to the dilemma of inequality has failed. Hence the objectives for the third aim were more analytical. The aim was to explore why the variety of structuralist, socialist, neoliberal and neostructural policies implemented in Chile between 1964 and 2010 were unable to diminish the levels of socio-economic inequality, and more specifically why the Concertación failed to reduce inequality in education and, by doing so, investigate the role of structural dependency in the process.

Objective E: To consider the effectiveness of policies and broad political objectives designed to alleviate inequality, 1964 – 2010

This thesis does not intend to provide a mathematical or inferential statistical analysis, but rather a broader political-economic perspective on the impact of policy. It has been possible to collate a substantial list of such policies to complement the statistical

evidence of the thesis' second aim. In this way, it is possible to observe the impact, or lack of, various policies from across the political spectrum. This would appear to be one of the unique contributions of this research. It validates the notion that inequality levels were largely unaffected by any particular policy, or cluster of policies, implemented by any of the administrations in power over the last fifty years. What it also infers is that the political positioning of the administrations also had little or no impact on social disparity. However it is difficult to establish the direct successes or failures of policies due to a number of issues, including time lag and intervening external factors (such as the global financial crisis). Nevertheless, the sheer consistency of disparity levels across such a significant timeframe does infer socio-economic disparities that are resistant to policy changes.

Objective F: To analyse the role of structural dependency in inequality within the context of education in Chile, 1990 and 2010

By focusing on the case study of educational disparity under the Concertación's governance the collated data was more directly related to specific policies. This meant that the persistence of inequality in this context could be analysed more closely, without so much interference from time lag issues, cross-correlation or external occurrences. The result was a successful 'snap shot' of how neostructural policies, explicitly linked to the reduction of inequality, were unable to prevent such high levels of disparity both of access to quality and of accomplishment. The Concertación strove to create a condition of growth with equity, and this approach was maintained within the educational sector, creating a quasi-market that hoped to make the system more efficient with greater quality. It is suggested that the failure to achieve this is because the Concertación's policies did not successfully address the social cycles of disadvantage and dependency: at the macro-social, macro-economic or micro-social levels. The implication is that the Concertación ignored the obvious consequences of worsened social stratification in order to maintain the school voucher system. The two features that emerged as a result of this were the commodification of education and the ongoing condition of structural heterogeneity.

The research indicates that a broad variety of policies failed to counteract ongoing socioeconomic disparity in Chile and subsequently creates the opportunity to examine

the relevance of a dependency analysis to the process of educational disparity under the Concertación, and to the broader discussion of the role of structural dependency within the creation and persistence of inequality.

9.5 Aim Four – Prescription: the value of a revisited dependency approach

At the very heart of this research is the idea that a revisited dependency approach might be relevant to the ongoing – and worsening – issues of socio-economic disparity. This connection was proposed in Chapter Four. Therefore the final aim was to establish if a revisited dependency approach has relevance to the contemporary context of Chilean education. To achieve this aim the objective was to define what a revisited dependency approach might look like. The last objective was to discuss the potential application for further research in addressing broader socio-economic inequality in Chile and globally.

Objective G: To define what a revisited dependency approach might look like

The failures to disrupt ongoing educational disparity under the Concertación were placed within the conceptual process model introduced in Chapter Three to help understand them better. This process model is based on an idea that inequality is a process, not a condition. Within this model relevant dependency concepts were associated with the various failures of the Concertación; this was done to explore the reasons for ongoing disparity within a theoretical context. Crucially, the social relations of dependency were made central to any analysis. With this in place, it was easier to explain the mechanisms of internal colonialism, patterns of consumption, debt traps, exploitation and the notion of education enclaves.

The dependency analysis in Chapter Eight indicated that at the various points of this process (position, integration and participation) dependency concepts acted as mechanisms. Positional inequality was proposed to be the result of restricted social mobility and the marginalisation of the social relations of dependency, and these issues were linked, via a dependency analysis, to the ideas of internalisation and ‘the monopolisation of the mind’. Uneven integration was understood in terms of exclusion, marginalisation and disarticulation, while the features of commodification

and structural heterogeneity were argued to largely determine the levels of participation. Relevant dependency concepts, such as debt traps, consumption patterns, educational enclaves and internal colonisation were proposed as mechanisms for such a process. A dependency analysis of commodification suggested a system in which retail patterns are paralleled, debt traps are entered into, and profit creates a lack of responsibility for the quality of schooling. Such a system places students into a highly stratified system that impacts their ability to participate in society on an equal footing, creating social relations of dependency that will pass along generations. A similar analysis of the issue of structural heterogeneity suggested that an improved income could assist in breaking the debt trap and the intergenerational cycle of social relations of dependency in an educational context.

The result of the work in Chapters Eight was a coherent response to the question of why the Concertación's policies failed to stop inequality in education, ultimately suggesting that a revisited dependency was the key for progress. Such a response reiterated the general key aspects of a dependency approach, including the need to work at micro-levels of dependency, investigating the concrete examples of social relations of dependency for lower socio-economic groups, ethnic groups and rural dwellers, which can be seen to overlap to form a complex whole. Therefore by disrupting the processes of dependency at 'micro' levels, the process of disparity can be similarly interrupted at a larger scale.

Crucially, such an approach needs to engage in a critical dialogue concerning the criticisms that left the dependency movement marginalised in discussions of development and underdevelopment, and this challenge was taken up in Chapter Four. An ongoing criticism of dependency has been its failure to put social relations at the centre of its analysis, but one of the key features of the revisited analysis is how social relations are fundamental to it. By doing this, it disaggregates and isolates situations and relationships, ensuring that the concerns that a dependency approach isn't able to produce concrete policy outcomes are eradicated, as the potential for policies to disrupt inequalities at various levels subsequently becomes significant. By working at various scales, it is also possible to highlight the dynamism of the marginalised groups, which reveals the potential for movement and changes over time, therefore

invalidating the criticisms that dependency remains determinist with passive margins. Strong responses to historical and well-documented criticisms such as these, potentially give dependency the scope to engage with other contexts of inequality other than education in Chile.

Objective H: To discuss the potential application for further research in addressing broader socio-economic inequality in Chile and globally

The role of socio-economic disparity in the process of underdevelopment is too complex a concept to be 'solved' by one overarching theory or approach. There are processes of inequalities operating at various scales that are mutually perpetuating both each other and larger scale imbalances, such as between nations on a global level. These processes exist within social relations of dependency, which function within social contexts, such as education, health or employment. The overlapping of these contexts contributes to the creation of situations of socio-economic and socio-cultural inequality. Such internal pressures combine with external interests, such as economic and historical-cultural elements, to generate a complex whole. As such, a revisited dependency approach allows a multi-scalar approach to inequality and an opportunity to work at various levels to disrupt ongoing processes. The conceptual process model could also be incorporated into further studies to explore the validity of testing it as an operational model.

With this in mind, the most immediate use of such an approach is inside Chile but within different social contexts. The process model of position-integration-participation can be seen to operate within the social relations of, among others, ethnicity, gender, spatial segregation and income groups, and these relations can be examined within contexts where disparity is present such as: access to healthcare, employment vulnerability, or decent housing and living environment. By investigating the social and class structure and relations a revisited dependency approach can reveal how various mechanisms work. As previously discussed, such mechanisms include: internal colonialism, exploitation and consumption patterns. Having broadened the analysis, larger scale patterns could be examined in Chile to disrupt structural heterogeneity, high-income disparity and an over-reliance on primary products (due to a potentially diversified production).

The concept of dependent-development is also relevant here, as the impacts of foreign investment and control can also be argued to create situations of dependency. Tausch (2006, 63) wrote a discussion titled '*The Most Promising Direction For Future Dependency Research on Structural Violence, but Dependency Theory Fails to Explain Economic Growth and Income Inequality*' in which a variety of social issues were linked to dependent states caused by high foreign savings and invasive practices by multi-national corporations. Concepts of repression, political and social conflict, female life expectancy, suicide rates and CO2 emissions were – among many others – argued to be connected to multi-national penetration into local markets. This would certainly be an interesting direction in which to take a revisited dependency approach, creating reasonable comparisons with Cardoso's (1973) writings on associated-dependent development and Wilkinson and Pickett's work in *The Spirit Level* (2009). It would be consistent with an analysis of micro-level relationships of dependency to see how the build-up of disparity can have major consequences at larger scales, for example the 'Chilean Winter.' The idea of national and social disintegration has been around for some time. Sunkel (1973, 163) said that development, underdevelopment, dependence, marginality and spatial imbalances "are not only interrelated, but that in fact they are different manifestations of a single global process, which is simultaneously a process of transnational integration and national disintegration."

When talking about dependency on a global scale, there are a number of active unbalanced relationships. Kay and Gwynne (2000) in '*Relevance of Structuralist and Dependency Theories in the Neoliberal Period: A Latin American Perspective*' outline a number of ongoing dependency mechanisms and contexts: financial, technological, globalisation and unequal exchange to name a few. If these are added to the conclusions of this research then it is consistent to read Tausch (2010, 483) declare that:

“today, the prognoses of classical theories of dependency all come true with a vengeance, and dependency is at the root of all the current European malaise. The mechanisms have

remained the same, only the geography of the victims of dependency have changed.”

In a separate article, Tausch and Heshmati (2010, 60) suggests that Sunkel and Cardoso correctly predicted the outcomes of intensive foreign capital penetration. Sunkel foresaw social polarisation, while Cardoso envisaged the penetration of the periphery and semi-periphery as creating an unbalanced economic structure. This in turn would lead to restricted growth in the peripheries and a specific pattern of class relations. A revisited dependency approach might compartmentalise elements of economic and technological relationships between countries to investigate whether there are situations of dependency operating at various scales within those contexts and seek policy outcomes to disrupt any processes. These might be between certain countries or potentially within countries’ ‘Triple Alliances’ (Evans, 1979). Such an approach would certainly pull dependency back from the development margins, particularly in the current economic climate.

9.6 Policy recommendations

It has been proposed that the Concertación’s neostructural policies were too reactionary, general, descriptive and short-term, resulting in ongoing and increasingly dependent structural relationships. Consequently the process of inequality within these relationships continued to operate at various scales despite the range of approaches implemented by the Concertación. Although many of the policies were valid and potentially relevant, the method was non-antagonistic to the established market approach and was uncoordinated across the various dimensions that inequality operates at, allowing disparity to persist in many contextual relationships. The following range of policy suggestions create a policy package from a dependency perspective: a response to both micro situations of dependency (within income, ethnic and spatial groups) and, consequently, to a contextual situation of disparity, e.g. education.

When Kay (1989, 96 - 97) outlines the policy implications suggested by the Centre for the Economic and Social Development of Latin America or DESAL (*Centro para*

el Desarrollo Económico y Social de América Latina) to measure and prevent marginality, he mentions the need to overcome both a rigid class structure and “the persistence of sectoral discontinuities or disequilibria such as those prevalent between the rural and urban worlds.” Both of these barriers are significant to social relations of dependency, as is the idea that it is necessary to first:

“overcome the atomisation of the individual by the formation of solidarity links around a common goal or function. This type of internal functional integration can be achieved by promoting the establishment of grass-roots organisations.”

He also promotes the need to design “institutional mechanisms to integrate marginal groups into wider society.” Although the context (of preventing communism) from which DESAL made these recommendations was historically unique, the policy themes are still applicable to the contemporary situation of educational disparity in Chile. Such a ‘grass-roots’ concept is valid for a dependency approach that is analysing micro relations of dependency that have been created through ongoing mechanisms related to the concepts such as internal colonialism.

Drago and Paredes (2011, 172) caution that the confirmation of educational inequality actually “tells us little about what types of policies we need to introduce in order to benefit the very considerable percentage of students who attend municipal schools and have no real chance to transfer to another type of school.” There is considerable literature investigating potential policies on this topic, but this section uniquely locates a series of relevant policy recommendations within a dependency perspective that focuses upon the process model used throughout the thesis, using ‘position’ to refer to policies that focus on access to education and ‘participation’ to refer to resources and investment. The proposal is that any successful package needs to recognise the ‘complex whole’ of inequality processes and operate simultaneously at community and national scales, at all school levels, recognising the various social relations that create dependency, such as location, income and gender. Due to intergenerational inequality, policies will require an expansive consensus that outlasts terms of government, “both to ensure continuity and ever- increasing achievement and

to provide the resources needed for a leap forward in education and knowledge that matches up to the challenges.” (Hopenhayn, 2003, 185)

9.6a Position and access

This research has shown that ‘social position’ is a significant factor in educational access and as such it is imperative that policies focus upon ensuring that no student is denied the opportunity to experience a suitable level of quality education. This concept of equalising access was discussed in ECLAC’s 1992 publication, *Education and Knowledge: Basic pillars of changing production patterns with social equity*. Seven policy areas were identified and proposed to strengthen the connection between production, education and equity, and one of these was ensuring universal access to the codes of modernity, by which was meant the necessary knowledge and skills for full social participation. To achieve such impartiality education needs to be able to neutralise background factors and this requires a disruption in social relations of dependency.

The context of education is significantly influenced by social relationships shaped by income. A dependency analysis requires that policies be considered to prevent income disparity from negatively influencing the quality of education of some students. One such attempt was proposed in 2007, when Bachelet established a commission to study broad socio-economic issues and to propose suitable public policy. One proposal that emerged was an income transfer to households from the lowest income quintile. It was a conditional transfer, and necessitated that the children attend school and receive health check-ups. “The combined effect of these transfers would reduce poverty from 13.1% to 9.9%, extreme poverty from 3.1% to 1.9%, and the 90/10 household income ratio from 9.1 to 7.7.” (Larrañaga, 2009, 28 - 29) In the same publication Larrañaga also discussed Chile Solidario, the programme that guaranteed participants access to the social programmes available in education, health, training, and employment and also provided a temporary income transfer. Both these examples, which were introduced in Chapter Six, indicate that the Concertación did propose social policies that sought to remove social disadvantage but, as previously mentioned, not within a dependency analysis. Although conditional income transfers would carry significant benefits, a dependency approach, within an educational context, would not rely solely

on such transfers but work towards dismantling the structure that caused the disparity, that being the system of different school types and qualities.

An urgent re-evaluation of the private / private-voucher / public Chilean school system is necessary to ensure students have equal opportunities to access schools of regulated quality. The structure of the schooling system, which began under Pinochet and was carried on by the Concertación, would appear to continue to hinder students that attend public schools, placing them into social relations of dependency that create a cycle of disadvantage. A recent New Zealand report by the Education Policy Response Group (2012, vi) entitled, *Charter Schools for New Zealand: An investigation designed to further the debate in New Zealand on education policy in general and on charter schooling in particular*, concluded that there was little evidence that charter / voucher schools would: provide choice for large numbers of low income parents; promote greater equality; or eliminate underachievement. Such conclusions could be further developed in the Chilean context with discussion on how social dependency might contribute to / further consolidate these findings.

Such a re-evaluation would also require discussion of the following features of an uneven school system: stricter regulation of entrance criteria; quotas created by the distribution (rural and urban) of the private, voucher and public schools; appropriate levels of profit-making in education and subsequent family/consumer debt; as well as more thinking on the impacts of certain schools ‘creaming’ the best students. Policies need to be considered to restrict such a practice, both when accessing education and when leaving it. “If, for example, elite employers really are recruiting ‘people like them’, providing students from non-dominant backgrounds with routes into elite universities will do nothing to encourage employers to change their practices.” (Strathdee, 2009, 93) Strathdee’s comments highlight the need for regulations to prevent certain schools attaining social prestige through cherry-picking the best students.

As Carnoy and McEwen (2003, 19) point out: “It is clear that a full evaluation of the Chilean reform—or any voucher plan, for that matter—should weigh the beneficial effects of competition against the potentially harmful effects of cream-skimming.”

Chilean education – operating in such a system – requires an acceptance of inequality and has created and reproduced mechanisms to maintain social advantage for some. A dependency approach has highlighted the intergenerational nature of this disadvantage, of social immobility and the marginalisation of social relations, demanding that these social relations (both of production and dependency) are central to any thinking so as to remove social prejudice.

A more comprehensive collection and analysis of student results from *propedeuticos* would also be beneficial to help prevent positional disadvantage. A dependency approach would look to see if students, regardless of social status, were motivated by the opportunity to prepare for university in this way. Consequently, there may be a disruption in the affect of the internalisation of how students see themselves in relation to other social classes, permitting an easier transition into social participation. These preparatory institutions have the potential to neutralise the effects of a highly stratified society for some students by challenging established social expectations of who goes to university.

9.6b Participation and resources

Further policy targets outlined in the 2010 OECD publication, *PISA 2009 Results: Overcoming Social Background - Equity in Learning Opportunities and Outcomes* (104-5) are useful in considering potential approaches for creating equal classroom experiences. These include the targeting of low educational performance, regardless of students' background, either by focusing on low-performing schools or low-performing students within schools. This would require a specialised curriculum and additional instructional resources or economic assistance for these students. Such policies would contribute towards the elimination of 'education enclaves', which reproduce benefits of elite groups by channelling particular socio-economic groups into certain schools. Hopenhayn (2003, 173) sees such disparity operating in class bias at intermediate level and high education, but not so much at primary level. He comments that, "This is serious, since statistics show a positive correlation between education and equity, which means that the countries whose educational attainments are most widely spread also have smaller income differentials and are more

egalitarian in their social structure.” Such observations support the need for the multidimensional approach that is promoted here.

There is also an ongoing need to disrupt the consequences of the internal colonialism that appears to reproduce discrimination through the mechanisms of linguistic, private education and rural dwelling. Subsequently, policy work is recommended in the areas of rural schools and indigenous students. Particularly, greater support is required for the extension and implementation of inclusive programmes (e.g. ‘*Sector Lengua Indigena*’), which ensure indigenous languages and cultures, are taught. Continued growth of initiatives such as ‘*Araucania Aprende*’ to support students in rural schools is also recommended, as is more significant government investment in rural schools to improve the quality of teaching and resources.

Policies concerned with restricting practices such as ‘creaming’ would also have a positive impact on the accumulation of debt that is a result of the Chilean school system. Families concerned that elite employers do only recruit from certain schools will feel under pressure to finance their child’s enrolment into those schools. These schools tend to have access to greater funding, which subsequently leaves them better resourced for staffing and materials. There is a need to obstruct this ongoing scenario that results in ‘profit-over-people.’ Consumer behaviour of parents and students attending these schools consequently mirrors social consumption patterns, creating debts traps. Severe social stratification would suggest that these schools are better placed to form networks and social relationships, meaning that policies are required to effectively advocate for stronger governmental regulation of qualifications and the employment market to ensure that the supply and demand balance is correct and not only rewarding particular skills. ECLAC (1992) highlighted this requirement by proposing the strategy of overcoming the relative isolation of education by connecting it to social needs. French-Davis (2010, 22 & 24) considered the need for such a relationship within a macro-economic context:

“The domestic market is home to the great majority of workers and firms. Improved systemic competitiveness achieved in this way helps to reduce domestic structural heterogeneity, a

precondition for greater equality in the labour market and between the array of different-sized business... the choice of macroeconomic approach decisively affects the stability and speed of growth, and influences the degree of equity built into the structure of domestic markets.”

This policy package proposes a concerted effort to prevent structural heterogeneity and vulnerability that reproduces uneven social relations and resultant educational disparity through intergenerational cycles. To do this there is a need to create productive, supported and secure employment at local and national scales. It could be argued that every Concertación administration attempted to do exactly this but their lack of success has perpetuated the high levels of educational disparity. Therefore any serious effort to resolve inequality in the school system needs to include policies that will dismantle social relations of dependency and stimulate fair competition in the labour market.

9.7 Theoretical implications

This section considers the theoretical implications of the research in order to establish a broader relevance for a revisited dependency approach. Some of these implications have already been discussed earlier in this chapter, and in Chapter Eight, but it is certainly worthwhile to develop such suggestions further. The thesis has not in any way attempted to reconstruct the dependency approach but has simply revisited it to highlight its contemporary relevance. Naturally this has led to a ‘refreshing’ or ‘revitalising’ of some concepts due to a different context and time. Care has been taken throughout to emphasise that the dependency approach is still considered as an analysis and not a theory. It is primarily a framework to understand social relations of dependence and the structures within which they operate. However, this research has unquestionably produced important theoretical implications that can be followed up for further evolution of the analysis.

9.7.a Antagonistic and alternative

This research has confirmed that dependency needs to be antagonistic to the current dominant approaches of neoliberalism and neostructuralism, in so much as they can be differentiated (Murray and Overton, 2011). It must act as an alternative to these and not propose mutually advantageous relationships between global flows, accumulation, economic growth and equity and social development of Latin American societies. Leiva (2008, 13) spells out the nature of such an approach:

“[The] marginalisation of power relations from production, the sphere of social reproduction, and international economic relations along with a utopian, sanitised version of corporate-led globalisation.”

Leiva demands that power relations are fundamental to any social or economic analysis and goes on to suggest that the Concertación were too scared to do this as it wanted to avoid potential conflict with the still military backed right wing during the 1990s. However he recognises that “a theoretical perspective which explicitly incorporates power relations into economic, social and political analysis” is required (ibid, 12). The approach towards the educational condition in Chile under the Concertación indicates how this may be done, while also centring the importance of analysis of social and class relations.

9.7.b Social relations of dependency

Kay and Gwynne (2000, 53) suggest that the combination of power and social relations contributes to the ongoing issue of underdevelopment. They comment, “It is in the internal class configuration and the role of the State within the peripheral country that the main reason for the continuance of underdevelopment is found.” A revisited dependency analysis recognises the necessity of a class focus to sit alongside the influence of external influences and consequently acknowledges a contextual ‘complex whole’. The resultant relationships are a combination of economic, cultural and spatial elements. Leiva (2008) also voices concern at the omission of key features of social relations from theoretical approaches, including: labour-capital relations; the capital accumulation-social reproduction nexus; the gendered nature of the economy;

and the transformations of social arrangements at the community/individual level. By achieving the absorption of both power and social relations into an analysis these omissions can be included, as they are vital to the production and reproduction of structurally dependent relations. For example, the labour-capital relationship can create opportunities for new investigations about the increasing informalisation of the employment market and the subsequent levels of vulnerability for so many.

9.7.c Determinism

The social relations of production are said to be involuntary and so too, it is proposed, are the social relations of dependency. They are also conditioned (but not necessarily determined) by the mode of production, i.e. capitalism. This is another influence on the process of disparity and with so many ‘moving parts’ it is impossible to label such an approach as deterministic. Dependency was often criticised as leaving the periphery as passive; a deterministic approach which meant that the periphery was nothing but a pawn to external interests, leaving it unable to help itself to move out of conditions of dependency and underdevelopment. However, it is possible to reject the tag of determinism due to the dynamic nature of the process of inequality and the overlapping social relations. A dependency analysis investigates how the conditions for such high levels of disparity have arisen but it does not suggest that those within it cannot change the situation and this indicates an ongoing and influential process that cannot be described as passive. This has theoretical implications because it means that dependency can operate and explore the mechanisms of disparity at various scales.

9.7.d Scale

Dependency has often been understood to work largely on a global scale but this research has emphasised its value across various scales. This thesis has shown dependency to be a potentially practical approach with disaggregated contexts and categories of inequality allowing more precise policy responses at different scales. Although a refreshed dependency analysis would avoid a dominant focus on a particular scale, it is still essential to understand how individuals view themselves in social relations of dependence. These ideas of scale can certainly be further developed and utilised by a dependency analysis. The UN (2005, 136), however, do have a warning for an over-reliance on such an approach, stating that, as useful as

community-based policy targeting can be for reducing inequality, “it should not become a substitute for universal coverage.” Therefore, the balance of a complex whole is again reiterated.

There would also need to be a return to the centrality of a core-periphery paradigm, on all levels. There are a number of advantages of such a framework for understanding the reproduction of dependent relationships, but on a global scale it is essential for the defensible conception that the “process of development and underdevelopment is a single process: that the centre and periphery are closely interrelated, forming part of one world economy.” (Leiva, *ibid*, 9) Kay and Gwynne (2000, 51) support this notion by proposing, “Structuralist and dependency theories have continuing relevance since they view the problems of underdevelopment and development within a global context.”

9.8 Further research questions

Having discussed the potential broader uses of a revisited dependency approach, some further research is suggested below.

If the conceptual process model introduced in this research was trialled operationally within particular contexts, what units of analysis (e.g. gender, income groups) would be used and could such research isolate more social relations of dependency for further research?

Concepts of repression, political and social conflict, life expectancy, obesity, suicide rates and pollution have been argued at various times to be connected to multinational penetration into local markets and increasing socio-economic disparity. This would certainly be an interesting direction in which to take a revisited dependency approach, creating comparisons with Cardoso’s writings on associated-dependent development and Wilkinson and Pickett’s work in *The Spirit Level* (2009).

It would be fascinating to track how a build-up of disparity can have major consequences at larger scales, for example the ‘Chilean Winter.’ The opportunity to

build on these ideas using the contemporary global condition of unrest (the Chilean Winter, the Arab Spring, riots in the UK, and the escalation of the ‘Occupy’ movement) alongside the work of Sunkel (‘national disintegration’), Tausch and Wilkinson and Pickett is intriguing and potentially valuable for understanding the greater impact of dependency on disparity.

A revisited dependency approach could compartmentalise elements of economic and technological relationships between countries to investigate whether there are processes of dependency operating simultaneously within those contexts and seek policy outcomes to disrupt any processes on national and regional scales.

A final question is, if the inefficiencies of a capitalist global system can be more clearly outlined within a dependency analysis by better understanding how inequality is produced and reproduced, then might dependency be adopted as a theoretical approach by governments wanting to reduce levels of disparity?

9.9 Final remarks

This thesis has made a case for the validity of a revisited dependency analysis to be used in understanding how socio-economic inequality is produced and reproduced. It has shown that over almost half a century a succession of Chilean governments has been unable, despite policies from across the full political spectrum, to disrupt the processes and mechanisms of disparity. In a case study focused on educational inequalities under the Concertación, 1990 – 2010, it became evident that the features of structural heterogeneity and educational commodification, along with a failure to place social and class relations at the centre of such an approach, prevented any positive change. Such a context provided the possibility to investigate what a dependency analysis might present as a pathway to eradicate these social relations of dependency and create an equality of opportunity, and the result was a coherent set of theoretical assertions and policy recommendations that sought to counter the criticisms that have forced dependency to the peripheries of development thinking since the 1960s. From this investigation a broad set of proposals, both theoretical and policy-orientated, have followed, setting up potential opportunities to extend this

work. In summary, this research has made what is hoped to be significant theoretical, empirical and policy contributions to the understanding of the processes of socio-economic disparity and consequently to the future production and implementation of policies that can reduce levels of dependency and create a greater equality of opportunity both within and beyond education and Chile.

Appendix

Interviews

a. Interview information Sheet

Information sheet for an interview on policies related to inequality in Chile, 1964 – 2010

Researcher: Colin Kennedy, Development Studies, School of Geography,
Environment and Earth Sciences, Victoria University of Wellington

I am a PhD student in Development Studies at Victoria University of Wellington. The research I am undertaking considers the effectiveness of policy on levels of socioeconomic inequality in Chile between 1964 and 2010. The University has granted ethics approval for this research.

Participants will take part in a semi-structured, semi-formal interview in English, during which they will be asked their opinions on:

- why socioeconomic inequality has persisted in Chile, 1964 – 2010
- what policies were implemented to influence this inequality
- if those policies successful – and why or why not?
- what might work in the future to reduce inequality in Chile

All interviews are of a voluntary nature and participants do not have to answer any question they do not want to. Interviews will take place at a pre-determined location and are not expected to last more than one hour at a maximum.

Responses collected will assist my research and will be integrated into the written thesis. If requested, names will not be attached to opinions. If the participant consents to their opinions being attributed to them, then this information may be included.

Interviews may be recorded with the participant's consent. No other person besides me and my supervisor, Professor Warwick Murray, will see the interview transcripts or listen to the recordings. The participant may withdraw (or withdraw any

information they have provided) from this research before 31 July 2012 without having to give reasons.

The thesis will be submitted for marking to the School of Geography, Environment and Earth Sciences. Material will be destroyed immediately after the completion of the thesis.

If you have any questions or would like to receive further information about the project, please contact me at colin.kennedy@vuw.ac.nz or my supervisor, Professor Warwick Murray at warwick.murray@vuw.ac.nz.

Colin Kennedy

b. Interview consent form

Consent to participation in research

Running to stand still: the persistence of inequality in Chile, 1964 - 2010

I have been given and have understood an explanation of this research. I have had an opportunity to ask questions and have them answered to my satisfaction. I understand that I may withdraw myself (or any information I have provided) from this research (before the thesis is complete) without having to give reasons.

☐ I consent to information or opinions which I have given being attributed to me

or

☐ I do not consent to information or opinions which I have given being attributed to me (in this case you will not be quoted as having given these opinions)

☐ I consent to this interview being recorded

☐ I understand that the recording of this interview will be cleared at the end of this research unless I indicate that I would like it returned to me

☐ I agree to take part in this research

Signed:

Name of participant:

(please print clearly)

Date:

c. Interview list

13 Oct	Felipe Cousino	Director, International Relations, Ministry of Education (Chile)	Felipe.cousino@mineduc.cl
14 Oct	Jonathan Barton	Instituto de Estudios Urbanos y Territoriales. Pontificia Universidad Católica de Chile	jbarton@uc.cl
18 Oct	Prof Hugo Romero	Profesor, Departamento de Geografía, Laboratorio de Medio Ambiente y Territorio, Facultad de Arquitectura y Urbanismo, Universidad de Chile	hromero@uchilefau.cl
25 Oct	Francisco Lagos Marín	Jefe Centro de Estudios, División de Planificación y Presupuesto Ministerio de Educación, Chile	Francisco.lagos@mineduc.cl
25 Oct	Matías Reeves	Director Social, Educación 2020	mreeves@educacion2020.cl
26 Oct	Fernando Piño	Departamento de Geografía, Facultad de Arquitectura y Urbanismo, Universidad de Chile	fpino@uchilefau.cl
26 Oct	Rafael Pastor	Cruzat ,Ortuzar & Mackenna Ltda Baker & McKenzie LLP Nueva Tajamar 481, Torre Norte, Piso 21, Santiago, Chile	Rafael.Pastor@bakermckenzie.com
2 Nov	Moritz Bilagher	Regional Coordinator Evaluation and Trends Analysis. Latin-American Laboratory for the Assessment of the Quality of Education (LLECE), OREALC/UNESCO Santiago	m.bilagher@unesco.org
3 Nov	Danae Sinclair	Member of Izquierda Autónoma and medical student at University of Chile	dsinclair@gmail.com
3 Nov	Prof. María Soledad Erazo Jiménez	Directora Doctorado en Ciencias de la Educación, Universidad de Santiago de Chile	Maria.erazo@usach.cl
4 Nov	Ernesto Treviño Villarreal	Director, Centro de Políticas Comparadas de Educación, Universidad Diego Portales	Ernesto.trevino@mail.udp.cl , ernesto.trevino@cpce.cl
7 Nov	Elisa Loncon Antileo	Experta en Educación Intercultural, Departamento de Educación, Facultad de Humanidades	Elisa.loncon@usach.cl

		Universidad de Santiago de Chile	
8 Nov	Irene Claramunt	Principal, Centro Politécnico Particular San Ramón	infovenancia@politecnicosanramon.cl
9 Nov	Rocio Venegas Vivanco	Secretaria de Comunicaciones, Federación de Estudiantes, Universidad de Valparaíso	Rocio.venegasv@gmail.com
9 Nov	Udo Jacobsen	Academico, Universidad de Valparaíso	udok@jacobsen.cl
10 Nov	Gustavo Pacheco Figueroa	Encareado Nacional, Unión Nacional Estudiantil, Universidad de Chile	Gustavo.pacheco@ucach.cl
11 Nov	Felipe Salazar	Investigador, Centro de Políticas Comparadas de Educación, Universidad Diego Portales	Felipe.salazar@cpc.e.cl
11 Nov	Professor Juan Vielmas Cerda	Director, Escuela de Enfermería, Facultad de Medicina, Universidad de Chile	jvielmas@med.uchile.cl
14 Nov	Carmen Cisternas Zañartu	Directora de Relaciones Institucionales, Fundación Belen Educa	ccisternas@beleneduca.cl
14 Nov	Patricio Meller	Investigador, CIEPLAN (Corporation de Estudios Para Latinoamerica)	Patricio.meller@cieplan.org
15 Nov	Daniel Contreras	Consultor, Fondo de las Naciones Unidas para la Infancia, UNICEF	dcontreras@unicef.org
15 Nov	Ricardo Ffrench-Davis	Departamento de Economía, Universidad de Chile	rffrench@econ.uchile.cl
16 Nov	Dr. Guillermo Williamson Castro	Director Departamento de Educación, Universidad de la Frontera	gwilliam@ufro.cl
17 Nov	Alejandro Herrera A.	Director, Instituto de Estudios Indígenas, Universidad de la Frontera	aherrera@ufro.cl
17 Nov	Yéssica González Gómez	Directora, Escuela de Pedagogía, Universidad de la Frontera	jgonza@ufro.cl
18 Nov	Osvaldo Sunkel	Presidente del Consejo Editorial / Chairman, Editorial Board, CEPAL Review	Osvaldo.sunkel@cepal.org

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