

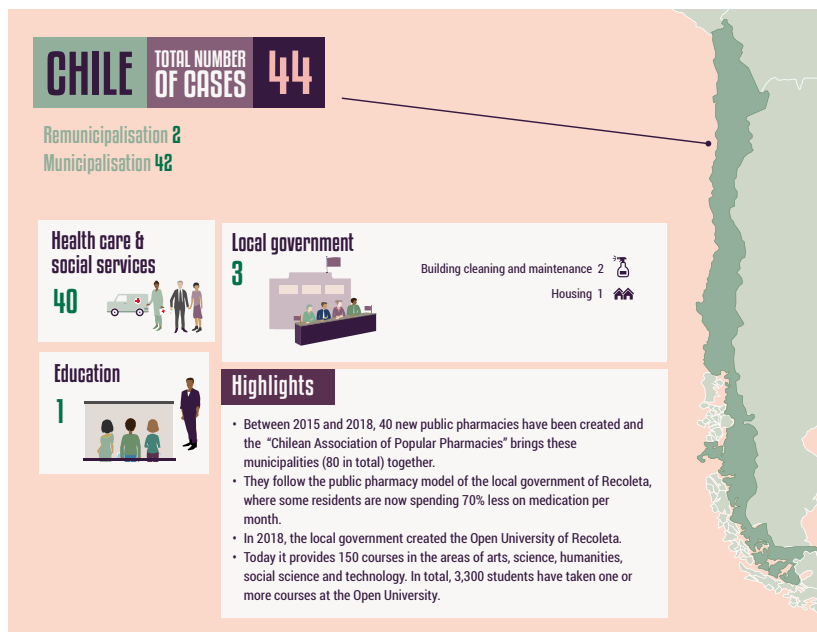
# Rebuilding public ownership in Chile: Social practices of the Recoleta commune and challenges to overcoming neoliberalism

By Alexander Panez Pinto

Chile has gone through more than four decades of neoliberalism, inaugurated by the civil-military dictatorship (1973–90). Different areas of social life (such as education, health and social welfare) went through radical processes of privatisation and commercialisation. In addition, one of the central aspects of the current model is the neoliberal exploitation of natural common goods such as the land, water and minerals. Control of these natural resources is currently concentrated in a few companies, mainly transnationals.

During this neoliberal period, some of the main privatisations were of state-owned companies for electricity distribution, gas, water supply and sanitation, hydropower and transport, leading to an increase in the price of these services for the population. Economic changes were accompanied by strong political repression of opponents to the dictatorship's policies. In addition, the centralisation of power in the national government was strengthened, which reduced the democratisation of decision-making spaces for citizens in general.

Since the 1990s, institutions like the World Bank and International Monetary Fund usually present Chile as a 'model' of development for other Latin American countries, because of its economic growth. However, after decades of neoliberal doctrine, there are massive inequalities between people who can afford privatised services and those who cannot.



In 2011, Chile saw significant student and socio-environmental mobilisation. Ever since, resentment of neoliberalism has grown. The number of movements protesting the negative consequences of this model has multiplied and gradually political forces have emerged that promise pathways out of neoliberalism. The nation-wide demonstrations of October 2019, still taking place as this chapter goes to press, are the most representative sample of discontent caused by social inequalities and the precariousness of living conditions for a majority of Chileans.

This chapter seeks to highlight local initiatives in Chile that are working for a social re-appropriation of the commons<sup>1</sup> in order to strengthen public ownership of public services across the country. We will focus on the experience of the local government of Recoleta, a commune in the metropolitan region of Santiago, Chile. Recoleta stands out as an example of proposing and practising social alternatives to market-led policies that favour the private sector.

## Background

According to the most recent census, Recoleta has 157,851 inhabitants. It is a commune<sup>2</sup> characterised by historical cycles of migration, with the arrival of migrants from other countries in South America and the Caribbean. Since 1991, the commune is administered by a municipal government. According to the latest official records, 14 per cent of Recoleta's population lives in poverty,<sup>3</sup> which is more than double the average poverty rate for the Santiago Metropolitan Region.

Daniel Jadue, a member of the Communist Party of Chile, has been the mayor of Recoleta since 2012. Mayor Jadue was elected on the promise of moving away from the market model to recover public ownership. From then on the municipality aimed to achieve local development based on participation and continuous improvement of municipal services as the core of the relationship with residents.

One of the challenges as defined by Recoleta's team was trying to create new public services in areas that were priorities for the population. Privatised services had become very expensive due to inefficient contracts that the municipality maintained with private companies.

## Key local government initiatives in Recoleta

To illustrate broader discussions about public ownership in Chile, we have selected four representative initiatives in the areas of health, housing, cleaning and education that are part of the political project in RecOLETA.

### *Box I*

#### **Popular pharmacy**

In Chile, private pharmacies supply the vast majority of the population with medication, and the government does not regulate

prices. Currently, three pharmaceutical companies dominate 90 per cent of the market. These companies have been investigated and convicted multiple times for crimes of collusion in pricing medicines. The public health system only offers medications for a limited number of serious illnesses with high mortality rates. Faced with the high price of medications, the local government of Recoleta created the country's first 'Popular pharmacy' in 2015. The pharmacy offers cheap medicines for the residents of the commune who are treated in the public health system.

The popular pharmacy reclaims the role of the state as a direct supplier of goods. Bulk purchases of medicines are based on prior evaluation of what citizens need from the national medicine supply centre (demand-driven vs. supply-driven purchases that are standard practice with private pharmacies). The public pharmacy also provides social security based on the principle of solidarity. It facilitates equal access through subsidies for those with lower incomes.

Four years after implementation, results of this initiative for the population are already showing. The municipality's calculations demonstrate that in some cases there have been savings of up to 70 per cent compared to what the residents of Recoleta used to spend each month on medications.

#### *Box II*

#### **People's real estate agency of Recoleta**

Housing in Chile is dominated by the real estate market. The state only participates through a policy of limited subsidies for the poorest families, so they can access low-cost housing according to market prices. This implies that the poorest residents of cities

must opt for small, poorly constructed houses that in most cases are located on the periphery. This has deepened urban inequality. In 2018, the local government of Recoleta created the first Chilean 'People's real-estate agency'. It offers affordable housing to the commune's poorest families. The municipality formed a partnership with the Ministry of Housing and Urbanism to ensure construction of housing, establishing a project with shared financing (although most of the funds come from the ministry).

The first project, launched in 2018, is a building with 38 apartments. Each 55 m<sup>2</sup>-apartment has three bedrooms, as well as a living room, kitchen and bathroom. The construction of the building is scheduled to be completed in 2020. From then on, the Recoleta government will rent the apartments to poor families for a maximum of five years,<sup>4</sup> and will charge rent that is less than 25 per cent the household's income. The administration is also planning to add another 90 apartments to an existing condominium project in the commune. This is the first time in Chile since the military dictatorship that a local government is tackling the housing problem and represents a landmark shift in housing policies in the country.

*Box III*

**Workers' co-operative for city cleaning services**

Until recently, the government of Recoleta was criticised for the precarious working conditions and poor service of Servitrans, a private cleaning company responsible for street cleaning, parks, public buildings, and so on. Due to these problems, in 2016 the local government decided to support the creation of the 'Jatu Newen' co-operative for the cleaning service concession. The co-operative was created by former workers from Servitrans and is

now made up of 105 workers belonging to various ethnic groups (Mapuche and Aymara), as well as Chileans and migrants from Colombia and Peru.

Since then, the co-operative has taken over the cleaning of the commune. Workers' salaries have increased two-fold and conditions have improved, based on a model in which all members perform the same work for the same salary.

*Box IV*

### **Open University of Recoleta**

Education is another area where the private sector plays a major role in Chile. Nearly 85 per cent of the students in the country attend a private higher education institution. In addition, graduate-level courses are very expensive in relation to wages and living costs in Chile. For example, studying psychology in a private university can cost US\$8,400 annually, while medicine can cost \$11,000 per year. Even in public universities, students face expensive fees for their education.<sup>5</sup> This creates barriers to fostering a knowledgeable and educated population, and impedes the democratisation of knowledge in the country.

In this context, the local government created *Universidad Abierta de Recoleta* (Open University of Recoleta) with the goal of making general knowledge available to all citizens. To create this project, the municipality used the successful experiences of free universities in Europe and Latin America as inspiration. The Open University is not only designed to improve access to education, it also seeks to encourage the exercise of a more critical, liberated, active and transformed citizenry in day-to-day life.

Given the highly privatised education system, one interesting aspect of the Open University is that it not only accessible to Recoleta residents, it is open to all who wish to participate in the courses, free of charge.

To bring this initiative to life, the municipality built partnerships with several universities and educational institutions both locally and internationally, including the University of Chile, the University of Santiago and the United Nations Educational, Scientific and Cultural Organisation (UNESCO). Today, the Open University of Recoleta offers 150 courses in the areas of arts, science, humanities, social science and technology. To date, 3,300 students have taken one or more courses.

	<b>Main characteristics</b>	<b>Type of public ownership</b>	<b>Type of public ownership</b>	<b>Results</b>
<b>Popular pharmacy</b>	Creation of a municipal pharmacy to provide affordable medicines to residents.	Municipality	Municipality	Significant reduction in the cost of medications (average saving of 70 per cent compared to what residents used to spend monthly on medicines).
<b>Workers co-operative 'Jatu Newen'</b>	End of concession for the private company Servitrans. New city cleaning service, run by a workers' co-operative.	Municipality granted a concession to a workers' co-operative.	Municipality granted a concession to a workers' co-operative.	Better working conditions for workers. A 50% increase in workers' salaries.  Lower cost and improved cleaning services for the municipality.
<b>People's real estate agency</b>	Construction of housing projects that offer affordable housing to low-income families in the commune.	Municipality in partnership with Ministry of Housing and Urbanism.	Municipality in partnership with Ministry of Housing and Urbanism.	The housing projects are under construction.
<b>Open University of Recoleta</b>	University with nostudent fees.	Municipality in partnership with other educational institutions.	Municipality in partnership with other educational institutions.	150 courses per semester with more than 3,300 students participating so far.

Figure 1: Main initiatives of the local government in Recoleta

## Spreading the Recoleta model nation-wide: possibilities and challenges

Finally, it is important to reflect on some developments and challenges arising in Recoleta's local politics if we are to overcome neoliberalism in the country.

After Recoleta's success, many locales have replicated some of the local government's initiatives, the most popular being the popular pharmacy.



Today, a Chilean Association of Popular Pharmacies brings together 80 municipalities. Other models like the People's real estate agency are also being used by other local governments.

The spread of these initiatives is due not only to their results at the local level, but also to the traction that Recoleta's experience has gained in the media. Importantly, they are not top-down models imposed by the national government; they represent a process of exchange and horizontal learning among different local governments.

## Diverse forms of public ownership

One of the most interesting aspects of the experience in Recoleta is the diversity of ways of building public ownership. These forms of ownership range from the creation of a new public service managed by the local government (popular pharmacy), to partnerships between local authorities and other public institutions (such as with public universities in the Open University), to a workers' co-operative taking over the concession from a profit-driven company (cleaning service). This shows the importance of thinking about public ownership that goes beyond state-led institutions in Latin America, incorporating organisations from civil society in public management. However, one point that does not appear so strongly in Recoleta's experience is the implementation of public ownership initiatives where the community plays a key role. This is a significant shortfall given the long tradition of community organisation in Latin America around services and common goods (mainly by indigenous groups, peasants and residents of impoverished urban areas).

## Does Recoleta's experience go beyond neoliberalism?

A key issue with Recoleta's new initiatives regards their scope and whether they have the capacity to transcend the neoliberal model in Chile.

I believe that Recoleta's initiatives should be taken as a starting point for social transformation rather than an end point. In one way, the initiatives described here are actions to improve the well-being of the population of Recoleta in sensitive areas such as health, housing and education, making services free or affordable. In another sense, the experience shows that it is possible to create new initiatives at the local level as an alternative to the market-led services that dominate the country.

Nevertheless, if these initiatives are not accompanied by politicisation of the debate around the transformation of Chile's current political economy, the experiences of local governments risk becoming mere corrections to the neoliberal model through which the public creates or recovers essential services that are not profitable for private companies. The fact that right-wing local governments are also creating popular pharmacies is a case in point. These governments seek to take advantage of the popularity of this initiative in order to legitimise their governance. However, these right-wing municipalities are not seeking to eliminate the privately controlled medicine market and the private health system. Their action simply builds on them. For this reason, the popular pharmacy initiative is insufficient unless accompanied by political proposals to transform the health system as a whole.

Recoleta's experience has placed the strategic importance that local governments have in overcoming neoliberalism on the political agenda. Since the dictatorship in Chile, the historical complaint of leftist political groups has been that the centralisation of power and resources in the national government leaves very little space for transformative political action locally. The government of Recoleta has shown that with innovation and an anti-neoliberal political vision, it is possible to reclaim public services and even create new forms of public organisation at the local level.

The possibilities of implementing anti-neoliberal policies at the local level have important legal and institutional limitations. At the same time, what these concrete initiatives do is exactly that: they highlight the limitations of Chile's political system and call for change in the current order to achieve social and environmental justice. This can be a key strategy to challenge the neoliberal model in Chile in the coming years. With the mass mobilisation of October 2019, the political horizon for this social momentum has widened.

#### ABOUT THE AUTHOR



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## Endnotes

- 1 In Latin America, the use of the word 'remunicipalisation' as a strategy for achieving the democratisation of the commons is controversial. Latin America has a long tradition of community management of the commons: water, land, education, health, etc. Whereas 're-municipalisation' can indeed be progressive in some European and North American countries, in the Latin American reality this kind of initiative has been used by States as dispossession policy to end community management. Networks of movements and organisations such as Plataforma de acuerdos público-comunitarios de las Américas (Platform of public-community partnerships of the Americas) prefer to talk about social re-appropriation of the public or social re-appropriation of the commons.
- 2 The commune is the smallest administrative subdivision in Chile.
- 3 According to a 2015 survey, see: Ministry of Social Development (2015) Resultados Encuesta CASEN. [http://observatorio.ministeriodesarrollosocial.gob.cl/casen-multidimensional/casen/casen\\_2015.php](http://observatorio.ministeriodesarrollosocial.gob.cl/casen-multidimensional/casen/casen_2015.php)
- 4 During the five-year rent period, the municipality of Recoleta will be responsible for advising families in the search for a more permanent housing solution.
- 5 This situation was one of the main reasons for the student mobilisation in 2011, which put the problem of profit in education and family indebtedness on the political agenda in Chile. Major protests demanded a change in educational policy, calling for free, quality public education. The demands of the students have not yet been accepted by the national government authorities.