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

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Chile has gone through more than four decades of neoliberalism, inaugurated by the civil-military dictatorship (1973-1990). Different areas of social life (such as education, health and social welfare) went through radical processes of privatization and commercialization. In addition, one of the central aspects of the current model is the neoliberal exploitation of natural common goods such as land, water and minerals. Control of these natural resources is currently concentrated in a few companies, mainly transnationals.

During this period of neoliberalism, some of the main privatizations 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 those who opposed the dictatorship's policies. In addition, the centralization of power in the national government was strengthened, which reduced the democratization 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 country" 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 privatized public services and those who don't have enough income to afford them.

In 2011, Chile had significant student and socio-environmental mobilizations. 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 have promised pathways out of neoliberalism. The nation-wide mobilizations of October 2019, taking place as this essay is being written, are the most representative sample of discontent caused by social inequalities and the precariousness of living conditions for majority of Chileans.

This chapter attempts to highlight local initiatives in Chile that are working for a social reappropriation of the commons¹ in order to strengthen public ownership of public services across the country. For the purpose of this essay, 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 of the commune

According to the most recent census, Recoleta has 157,851 inhabitants. It is a commune that is characterized by historical cycles of migration, with the arrival of migrants from other countries in South America and the Caribbean. According to the latest official records, 13.86 per cent of Recoleta's population lives in poverty,² which is more than double the average rate of poverty 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 won with the promise of leaving the market model that turned everything public into a business and looking to recover public ownership. With that as its starting point, the new 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 defined by Recoleta's team was trying to create new public services in areas that were priorities for the town's population. Privatized services had become very expensive due to inefficient contracts that the municipality maintained with private companies.

Main initiatives of the local government in Recoleta

For the discussion about public ownership in Chile, we have selected four initiatives in the areas of health, housing, cleaning and education that are representative of the political project that Recoleta's local government is advancing.

Box I: Popular pharmacy

In Chile, private pharmacies supply the vast majority of the population with medication, and the government doesn't regulate the prices of the medications they sell. 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. This is supported by the registration for demand and make a bulk purchase of medicines from the national medicine supply center. 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, the results of the initiative for the population are 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

Access to 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 of the city. This has deepened urban inequality. In 2018, the local government of Recoleta created a Chilean first: the "People's real-estate agency of Recoleta." It offers affordable housing to the town's poorest families of the town. The municipality formed a partnership with the Ministry of housing and urbanism to ensure housing would get built, 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 square meter 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, Recoleta city hall will rent the apartments to poor families for a maximum of five years,³ and will charge rent that is less than 25 per cent of the family's income. The Recoleta government is also planning to add another 90 apartments to an existing condominium project in the borough. This is the first time in Chile since

the military dictatorship where a local government is tackling the housing problem and represents a landmark shift in housing policies in the country.

Box III: Workers' cooperative for city cleaning services

Until recently, the government of Recoleta was criticized for the precarious working conditions and poor service of Servitrans, a private cleaning company. Due to these problems, in 2016 the local government decided to support the application of the "Jatu Newen" cooperative for the cleaning service concession. The cooperative was created by the majority of Servitrans' own workers. The cooperative is 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 cooperative has taken over the cleaning of the city. The cooperative has improved their salaries and their conditions, thanks to the cooperative model in which the workers who are members of the cooperative perform the same work and receive the same salary, without differences. Official data from the cooperative shows a 50 per cent increase in workers' salaries.

Box IV: Open University of Recoleta (Universidad Abierta de Recoleta, UAR)

Education is another area where the private sector plays a major role in Chile. Nearly 85 per cent of the students in Chile attend a private higher education institution. In addition, graduate level courses are very expensive in relation to wages and living costs in Chile. Studying psychology in a private university can reach \$8,400 (US dollars) annually, while medicine can cost \$11,000 (US dollars) per year. Even in public universities, students face expensive fees for their education.⁴ This creates barriers to fostering a knowledgeable and educated population and overall, to the democratization of knowledge in the country.

In this context, the local government created the Open University of Recoleta with the goal of making general knowledge available to all its citizens. To create this project, the municipality used the success of the experiences of Free Universities in Europe and Latin America as its inspiration. The Open University is not only designed to improve the access to education, it also seeks to encourage the ability to exercise a more critical, liberated, active and transformed citizenry in their day to day life.

Facing the highly privatized 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, like the University of Chile, the University of Santiago and the United Nations Educational, Scientific and Cultural Organization (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.

Figure: Main initiatives of the local government in Recoleta

	Main characteristics	Kind of public ownership	For whom?	Results
Popular pharmacy	Creation of municipal pharmacy to provide affordable medicines to people living in the city.	Municipality.	All people living in Recoleta, whether they are users of the public or private health system.	Significant reduction in the cost of medications (average saving of 70 per cent compared to what residents used to spend monthly on medicines).
Workers cooperative "Jatu Newen"	End of concession for the private company Servitrans. New city cleaning service, run by a workers' cooperative.	Municipality granted a concession to a workers' cooperative.	The entire population of Recoleta.	Better working conditions for workers. 50 per cent increase in workers' salaries. Lower cost and improved cleaning services for the city.
People's real estate agency of Recoleta	Construction of housing projects that offer affordable housing to the poor families of the town.	Municipality in partnership with Ministry of housing and urbanism.	Poor families who cannot afford rent costs.	The housing projects are under construction.
Open University of Recoleta	University without student fees.	Municipality in partnership with other educational institutions.	All who wish to participate in the courses (no need to live in Recoleta).	150 courses per semester with more than 3,300 students participating so far.

Spreading the Recoleta model nationwide: possibilities and challenges

Finally, it is important to reflect on some developments and challenges that can be seen in Recoleta's local politics, through the perspective of seeking to overcome neoliberalism in the country.

Replication of initiatives

After Recoleta's success, many cities have replicated some of the local government's initiatives. The most-replicated experience is the popular pharmacy. Today, a "Chilean Association of Popular Pharmacies" brings together 80 municipalities that have created their own popular pharmacies. Other initiatives like the People's real estate agency are also being used as a model by other local governments.

The spread of these initiatives is due not only to their results at the local level, but also to the popularity that Recoleta's experience has gained in the media. This is an important point, since it is not a top-down model imposed by the national government, but instead is a process of exchange and horizontal learning between 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 public authorities and other public institutions (such as with public universities in the Open University), and a workers' cooperative taking over the concession from a profit-driven company (city cleaning service). This shows the importance of thinking about a vision of public ownership that goes beyond state-led institutions in Latin America, incorporating organizations 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 has a key role. This is important to consider, because of the characteristics of Latin America, where community management of public services is an important challenge due to the long tradition of community organization in Latin America around services and common goods (mainly by indigenous groups, peasants and residents of poor urban areas).

Does Recoleta's experience go beyond neoliberalism?

A key issue regarding Recoleta's new initiatives, is the discussion about the scope of its initiatives and whether they have the capacity to overcome the neoliberal model in Chile.

We 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 like 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 politicization of the debate around the transformation of Chile's current political economy, the experiences of local governments risk becoming corrections to the neoliberal model: where 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 an example of this. These governments seek to take advantage of the popularity of this initiative in order to legitimize their governance. However, these right-wing municipalities are not seeking to eliminate the privately controlled medicine market and the private health system. Their pursuit simply builds on them. For this reason, the popular pharmacy initiative is insufficient unless it is 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, the historical complaint of leftist political

groups was that the centralization of power and resources in the national government left very little space for transformative political action in local governments. 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 organization at the local level.

The possibilities of making anti-neoliberal policies at the local level have important legal and institutional limitations. At the same time, these concrete initiatives are a way to 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 mobilizations in 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 “remunicipalization” as a strategy for achieving the democratization of the commons is controversial. Latin America has a long tradition of community management of the commons: water, land, education, health, etc. Some experiences might look like “progressive” initiatives of “remunicipalization” or “municipalization” in European and North American countries. In the Latin American reality, these initiatives have worked as ways of dispossession by the State of the community management. Networks of movements and organizations such as the PAPC (Platform of public-community partnerships of the Americas, or “Plataforma de acuerdos público-comunitarios de las Américas” in Spanish), in the Latin America context prefer to talk of social re-appropriation of the public or social re-appropriation of the commons.
- 2 According to the CASEN Survey of 2015.
- 3 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.
- 4 This situation was one of the main reasons for the student mobilization 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.

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