Twitter Thread by Binyamin Appelbaum



Binyamin Appelbaum
@BCAppelbaum

Chile is the poster child for extreme economic inequality in a developed country. I spent time there last year for my book (which has a chapter on Chile) and what I found hardest to understand is why there wasn't more political unrest. Now there

A few choice facts about Chile and inequality:

In Chile, the social security system is basically designed to redistribute wealth from the masses to the rich, because workers are required to put their savings into private investment funds that charge ridiculous fees.

The commitment to private industry runs deep. If the available water is sufficient either for drinking or growing avocados... well, you get the idea.

> Instead, Chile has sought to hold down costs at the expense of its future. In the province of Petorca, between Santiago and the ocean, thick groves of avocado trees are spread like green carpets over the sere hills. Chileans eat the fruit—hot dogs are often dressed with mashed avocado—but most of the crop is exported, and demand is so high that growers are draining the region's rivers, leaving residents without water. Instead of constraining an important industry, the government delivers water to the villages by truck, and the water is often dirty. "In order to send good avocados to Europeans, we end up drinking water with shit in it," one of the villagers said.[71]

The result in Chile is two worlds, side by side.

> Wealthy Chileans are born in private rooms in private clinics. The leading newspaper, *El Mercurio*, publishes the names of newborns at the fanciest Santiago clinics. On the other side of town, at the city's best public hospital, twelve mothers share a room on the maternity ward. Infant mortality declined from 63 per 1000 births in 1973 to 9.2 per 1000 births in 2000—only a little higher than in the United States. But that is an average. In Lo Espejo, an inner-city neighborhood of dense housing projects, infant mortality was four times higher in 2000 than in Lo Barnechea, where the wealthy live in mansions on the lower slopes of the Andes.[78]

And what is most remarkable is that, for the longest time, even the ostensibly left-wing parties were on board. Chile's socialists basically don't like socialism.

> But Chile's aversion to redistribution outlasted Pinochet. In 2000, the nation elected a socialist president, Ricardo Lagos, for the first time since Allende. But Lagos, who held a doctorate in economics from Duke, didn't sound like socialists in other places. As transportation minister in the early 1990s, he had expanded the nation's highway system by recruiting private companies to build toll roads. As president, he declared that fostering economic growth was his priority, "then we are going to discuss how are we going to distribute the outcome of that growth, and not the other way around."[76] He added, "It seems to me that it's extremely dangerous to have a general who likes to have a coup, but probably it's more dangerous to have a finance minister that is a populist." Even Chile's leading socialist preferred Pinochet to Allende.[77]

But it's been clear for a while that a younger generation in Chile wasn't willing to accept the status quo.

Yet there are visible signs of frustration among the younger generation. In 2011, students poured into the streets to protest the high price of education, some carrying signs that read “Less Friedman and More Keynes.” Seven years later, in the summer of 2018, students at several universities went on strike, piling up desks at campus gates in a protest sparked by the handling of sexual assault cases, but reflective of a broader sense of disenfranchisement. I picked my way through a barricade and sat with students on the front steps of the University of Chile’s law school, long an incubator for the nation’s political leaders.

“No one can say that the country today is not more prosperous. It’s data,” said Maria Astudillo, a twenty-four-year-old student at the school. “But the way that growth was generated means that a lot of people don’t have access to education, to health, to food.” The political left, she said, has “fallen asleep,” acquiescing in free-market policies instead of fighting inequality. Her friend Isidora Parra, twenty-one, chimed in that she has little hope for the current generation of political leaders.

“They are fixed in their ways,” Parra said. “We are waiting for them to die.”

You can read more about Chile in my book, The Economists' Hour, which is the source of these excerpts.
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