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THE CURRENT: How can Chile resolve public frustration and mass protests?
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PITA: You're listening to The Current, part of the Brookings Podcast Network. I'm your host, Adrianna Pita.

For almost two weeks, thousands of Chileans have taken to the streets in ongoing protests, some of which have led to riots and violent crackdowns by police. The continuing protests have led Chilean President Sebastián Piñera to withdraw from hosting two major international conferences, Asia-Pacific Economic Cooperation (APEC), and COP25, the U.N.'s annual climate change conference.

With us to discuss what's happening is Richard Feinberg, nonresident senior fellow with the Latin America Initiative, and professor of international political economy in the School of Global Policy and Strategy at UC San Diego.

Protests originally started in response to a fare hike in Santiago's public transportation, but encompass much deeper concerns about economic inequality in Chile. To the casual observer, Chile has seemed like a Latin American success story in recent decades, politically and economically – what are the broader concerns driving demonstrators?

FEINBERG: These have certainly been v dramatic days in Chile, really massive, apparently largely spontaneous street demonstrations. In Santiago on Friday, 1.2m people demonstrated, the largest demonstration in the history of Chile, and there are also demonstrations in many provincial cities. These are largely spontaneous, that is to say not organized by the established political parties or the labor unions, so to interpret the causes requires a certain leap of analysis, b/c it's not as though a political party has organized this and said, "here are our demands."

What the media has very much picked up on is the idea of inequality, but that's a tricky one. Are we talking about the middle class, that's worried about their credit card debt? Or are we talking about workers who are paid about \$5-6K a year, or are we talking about the semi-employed, the gig economy, or the unemployed? So the idea of inequality in Chile requires some considerable thought.

I would put it in terms of, actually, the reduction of the growth rate. Chile in the 1990s grew at 7% a year, in the 00s, grew at about 5% a year, and in the last five or six years, has grown only about 1% a year. That makes a big difference to a middle class that's used to continuing increases in their standards of living.

So, think of it this way: If, over the last five years, instead of growing 1%, Chile had grown at 5% per year, as it has in the past, that 4% over 5 years is a 20% difference in your income on average. That's enough to have covered some of the increases in prices recently that have gotten people so upset.

They're upset because prices are going up and their wages are stagnant. If wages had risen as they had in the past, I think you would see less frustration. So, underneath all of this – yes, there's an issue of inequality, which I can talk some more about, but the slowing growth rate is definitely a major contributing factor to the discontent we're seeing now in the streets in Santiago.

PITA: Tell us more about the inequality issue and particularly some of the details – although the protests are, as you say, spontaneous and don't have any sort of central leadership, there have been calls for various political and economic reforms, if you can get into that, please.

FEINBERG: The recent price increases – small increase, but in utilities, the costs of public transportation – people are unhappy about those, again with the backdrop of stagnant wages. And the government under pressure now has agreed to roll back some of those price increases. I think another factor is politics. In 2017, there was an election and the conservatives won. Sebastián Piñera became president. He's a smart guy, a very successful businessman, but also very arrogant. And he surrounded himself with like-minded, essentially white, rich, males, and that created the gap, accentuated the gap between the government, the political class, and your average Chilean. Some of what's going on is the economic stagnation as the backdrop to discontent, but also the half of the population that more or less did not vote for Piñera, never liked him, and they saw in him and his government a clear representation of inequality – economic inequality, the guy is literally a billionaire – and racial inequality, a subject often not talked explicitly about in Chile. The upper class tend to be lighter-skinned than the average Chilean, and this was very visible in the Piñera government.

PITA: You have some first-hand experience in Chile yourself. You were there some 50 years ago in 1969-70. Can you give us some background about how Chile has changed over the years?

FEINBERG: I was there in the Peace Corps, a very, very dramatic period. Salvador Allende was elected in 1970. There were constant street demonstrations. The right would demonstrate one day, then a few days later, the left would demonstrate, then three days later the center would demonstrate. They could get hundreds of thousands of people onto the streets, all of them. So the idea of street demonstrations has a long and hallowed history in Chile. The role of students is also something that goes way back in history. The high schools and universities were the grounds out of which came the future political leadership. So, those things are constant.

What has changed: one, the decline of political parties. These mass demonstrations in the streets used to be organized and led by the established political machineries of the parties, whereas now it seems more spontaneous. This of course has to do with the power of social media and new technologies out there which enable people to quickly amass in certain areas and demonstrate without the organizational structures of political parties. So that's a big change, and that's worrisome because it's harder to control. We have to try to interpret what is it that people really want. Who are the leaders that ought to be negotiating with the government? That's also not entirely obvious. The new technologies, the decline of political parties, those are new factors against a backdrop of a country that is used to large-scale street demonstrations.

PITA: Given the leaderless structure and the spontaneous nature of these protests, what can you tell us how that's affected how the government has tried to respond to the protests, and what that's likely to mean for attempts to resolve this?

FEINBERG: So Piñera himself of course is not contemplating resignation – it's a presidential system. But what he has done is reshuffle his Cabinet; he's brought in some younger, somewhat more liberal individuals. And the other thing that he's doing, he's said, yes, I'm hearing what's being said out there, I'm not tone-deaf as I may have appeared to have been, and we need to address more directly the social agenda and people's concerns about the cost of living. He's initiated negotiations, direct discussions with the leaders of the established political parties. These political parties were not the organizers of these demonstrations; they've been behind public opinion. They're now trying to get ahead of public opinion once gain. These leaders of the political parties are established political figures. They all know each other, of course, they went to school together, they've been involved in politics for decades together, so let's see now if they can re-establish their leadership, and if they can come together with some kind of consensual outcome, which will at least satisfy most of the population.

PITA: Given the duration of these protests, the Chilean peso has been falling in recent weeks. And now withdrawing from these two really significant international conferences, what might be some of the longer-term international repercussions for Chile?

FEINBERG: We have to see whether or not it affects their competitiveness, in terms of their ability to attract foreign investment that's very important for Chile. Chile also exports wine and various foods – you see the berries from Chile in the supermarkets. Those all have to be exported very judiciously, and they can't afford strikes or prolonged strife. So we'll see if Chile can quickly emerge from this period of instability and return to more normal situation.

I think in the longer run, one of the tensions is between growth and distribution. Can Chile find a better distribution of the fruits of growth without undercutting their international competitiveness and their ability to grow? It is possible – other countries have found solutions to those tensions. We'll see if the Chilean political system can allow that.

Then, can the political class in Chile re-establish some legitimacy? There were a number of scandals in recent years that made it look like there was a lot of insider dealings and corruption, and that's really cost the political class in terms of their legitimacy. Can they regain some of their leadership?

And then, I think most important of all, we're seeing a lot of young people who do not remember the breakdown of the 1960s and 70s. They don't remember what can happen when utopian illusions, extreme polarization, can produce very dramatic and tragic political breakdowns. The younger people did not experience that. Let's see if they can recall the experiences of Chilean history and learn the right lessons, or if tragically, Chile will repeat some of the tragedies of the past. I tend to be pretty optimistic in this regard. I think the Chilean political system is quite sophisticated, the leadership do see the risks ahead, and they'll be able to unite behind a new consensus, which can find the proper balance between economic growth and social justice.

PITA: Let's hope. Thank you, Richard.