

# CHILEAN EDUCATION POLICY REFORM: A DEPARTURE FROM NEOLIBERALISM?

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## Introduction

The economy of Chile has long been praised for its relative stability and growth compared to its Latin American peers. The success has largely been attributed to its strong neoliberal ideology, implemented voluntarily during the late 1970s (Stromquist & Sanyal, 2013). The conservative regime that came to power through a military junta in 1973 gave executive power to the dictator General Augusto Pinochet, who's cabinet consisted of economists educated in the United States in the neoliberal spirit to combat socialism. The dictator subsequently wrote a new constitution, in which the neoliberal agenda was firmly cemented. Written into the constitution, were laws guiding the market reform of the education system, which gave limited liability to the state and privatized almost 70% of schools throughout Chile. While the neoliberal ideology and market reforms in Chile have produced tremendous growth, generated wealth and made it the first country in South America to gain accession to the OECD, it has also produced pervasive inequalities in every aspect of its society (OECD, 2017). Most recently, this has culminated in massive protests that have shaken the country. But this is far from the first time the Chilean citizens have taken to the streets to demand equality, and one of the most frequent causes of these have been the inequity of the educational system (Dorfman, 2020) (The Economist, 2020). While the government has indeed responded to the requests of the citizens to some extent, the reforms made have adhered to the neoliberal paradigm rather than overhauling a "fundamentally broken system". This begs the question;

*To what extent do changes in Chilean education reform after 1981 represent a departure from neoliberalism as a result of growing inequality and to what extent can Constructivist Comparative Political Economy explain it?*

The essay will utilize Constructivist CPE to perform a diachronic analysis of three time periods, each representing a form of policy change. To coherently reach a conclusion of whether constructivist CPE can sufficiently explicate the situation in which Chile is found and where it might be heading, the first section of the essay will be dedicated to outline the theoretical tools that will be applied to the case. Thereafter, a brief overview of the first paradigm shift will be given, as to set the stage for the subsequent changes made to education policy. The periods 2006-2009 and 2011-2014 as well as 2019-2020 will each be summarized followed by a theoretical dissection of policy changes, respectively.

## Constructivist Comparative Political Economy

Constructivist theory in its most general terms is concerned with social structures and how ideas shape the world in which we live. It takes into account the way agents and structures influence each other, which is useful when examining policy change (Burch, 2001). The theoretical basis for this essay is in Constructivist Comparative Political Economy (CPE), as proposed by Peter A. Hall in 'Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain'. Hall lays out a compelling theory of how states reform and change their structures based on principles of 'social learning'; defined by him as 'a deliberate attempt to adjust the goals or techniques of policy in response to past experience and new information'. The proposition is based on a foundation of organisational theory and theories of the state, combined into one theoretical proposal that policy making is indeed a process that takes place within the state, but is also subject to external pressures such as social movements and externalities. Combining these two perspectives gives an opportunity to analyse policy making and its ideational components, as well as potentially foreseeing what might come out of reform-agendas of governments. The central questions that Hall aims to answer with the proposed theory of policy making are how ideas behind policy change are formed and whether social learning is an incremental process or characterised by cataclysms in the political or economic areas of society (Hall, Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain, 1993).

By defining three central variables to the policy-making process, Hall further defines the underlying mechanisms by which policy changes course. Firstly, "the overarching goals that guide policy in a particular field", secondly the instruments or procedures by which the goal can be reached and thirdly, the way in which those instruments or procedures are used (coined 'settings' by Hall). From these variables, three types of distinct modifications to policy change are identified. The first order of change concerns the 'settings' of the instruments, whereby the general goals and procedures remain unchanged, but the way in which the existing policy instruments are used changes. The second order of change regards both the 'settings' of the instruments and the instruments themselves, which are reconfigured, while overarching goals remain the same. The third order of change is what is called a 'paradigm shift', when there is a complete overhaul of goals, instruments and their settings. Third order change reflects a greater shift throughout society (Ibid). The proposal of Hall is however, that first and second order changes do not necessarily have to lead to a third order change or paradigm shift. This is what this essay aims to challenge and apply to the case of

education reform in Chile, where recent developments do indeed point to first and second order changes leading towards a radical change of the third order.

### 1981: The Transition to Neoliberal Education Policy: Setting the stage

The paradigm shift that led to the situation that Chile is currently in, was the transition of power from the democratically elected socialist president Salvador Allende to a military dictatorship headed by Augusto Pinochet in 1973 (Stromquist & Sanyal, 2013). The regime promptly turned the country into the picture of neoliberalism, legislating dramatic free-market policies and even going so far as to write these neoliberal policies into the new constitution, enacted in 1980 (Ibid). Against a background of sluggish growth, massive unemployment, rampant inflation and a depreciation of the peso of 270%, the paradigm shift resulted in a drastic change to Chile's position in the global sphere (FourcadeGourinchas & Babb, November 2002). Becoming the textbook example of a neoliberal country led

Chile to the highest GDP growth in Latin America, doubling per capita income in a 12-year period (Contreras, 2001). This combined with a 13% decrease in poverty, has made some, (particularly the IMF and the World Bank) hail the Chilean neoliberal experiment (Taylor, 2003).

One sweeping transfiguration was that of the education system, which prior to the military coup d'état was mostly public; private school being reserved for the wealthy. Several substantial changes were made to the educational system; full parental choice was implemented to promote competition among schools and extensive decentralisation of education made schooling a municipal affair. Additionally, social welfare retrenchment meant that government spending on education was reduced from 4.9 to 2.5% of GDP, encouraging a proliferation of for-profit 'voucher schools'. The voucher schools are a nationwide program in which public and private schools receive a subsidy for every student enrolled. The subsidy is payed directly to the school, following the student, and can in the case of private schools be distributed if it opts not to charge a fee. While the reforms that were instituted 1981 and implemented in record time did indeed lead to higher coverage of students, increasing enrolment in secondary and tertiary education by close to 10% and 5% respectively, it also led to a stratification of the Chilean society (Torche, 2005).

### 2006-2009: The 'Penguin Protests' and First Order Change

The initial success of the new education system was short lived. High-school students took to the streets protesting the lacking social mobility as a result of educational inequality. Because of the for-profit model of schooling, poorer municipalities experienced school-closings when the performance of schools deteriorated. This left the underfunded public schools as the only option for the population of the less well-off areas of Chile, resulting in sub-par test results and lower level of acceptance into tertiary education. This has resulted in 93% of high school students from public high schools failing to pass the mandatory university entrance exams, which in turn led the university student body to consist of only 10% of citizens of the poorest half of the population (Stromquist & Sanyal, 2013). The students' main demands were aimed at increasing government spending on education, stop the decentralisation of education, and repealing the PSU (the university entrance exam), as well as having the Voucher system solely apply to non-profit schools.

The policy response from the government would from Hall's (1993) constructivist perspective be seen as first order changes, as they were changes to the settings of the policy instruments. One example of such a change was the replacement of *Ley Organica de Enseñanza* (LOCE) with *Ley General de Educación* (LGE) in 2009. The first mentioned law gave the government limited liability in education, cementing the state role of guiding and coordinating the educational system. It also stipulated the decentralization of education, in addition to eliminating the possibility for teachers to unionize (Stromquist & Sanyal, 2013). The new legislation, LGE, specified the level of educational attainment required for each level of schooling and increased the liability that the state has to ensure compliance (Ministerio de Educación, 2009). The changes made in the laws governing education thus were a modification to the settings of the policy, as the instruments and goals were left untouched. One such indicator is that the language was kept to referring to the parental responsibility of education with some mention of the state's obligation (Ibid), (Hall, 1993). Nonetheless, the change in legislation was met with dissatisfaction, as it did not address the central issues of teaching conditions, education administration or financing. This is in line with Hall's notion of first order change, through which policy is altered "in the light of experience and new knowledge". It also concurs with the theory that policy might be affected by externalities such as social movements, but that the state and policy is quite insulated from the demands of citizens; demonstrated in this case through the neglect in addressing the core demands of the protesters.

### 2011-2014: Student Protests and Second Order Change

Massive protests broke out in 2011, when students once again had had enough of the inequality of education. Their demands were clear; put an end to profit-earning schools, improve the quality of

education and provide free tertiary education (Scherman, Arriagada, & Valenzuela, 2015). Many of the demands were also aimed at the very ideology governing Chile, criticizing the fundamental nature of the country's political principles. Moreover, these protests were shown to have the support of 80% of the population, giving momentum to the students who showed to have many creative ways of garnering the attention from elected officials (Anderson, 2011). The commodification of education was instituted based on free-market principles, established from the idea that competition between schools would increase quality and lower costs (Stromquist & Sanyal, 2013). Evidently, the neoliberal argument does not hold as it relates to education in Chile, as it has produced insurmountable inequalities and indebted a large part of the population (Torche, 2005).

The first round of government responses was primarily to inject more funds into the public education system, amounting to \$4 billion, in addition to *legalizing* for-profit universities (Gobierno de Chile, 2011). As could be expected, this proposal was promptly rejected by the student movement, and instigated more intense protests. According to Hall's constructivist theory, this would be another example of an attempt at first order change, as it demonstrates "features of incrementalism" as well as a result of outcomes from previous policy. The proposals that followed the first round of policy proposition were eventually passed in 2014. Although still faced with critique, the legislation reformed the taxation of business, which increased the education budget by 30%. It also led to a reconfiguration of the system of student loans, creating a state agency to provide significantly cheaper loans, as well as prohibiting profit-making institutions (Malthouse, 2014 ). These changes to legislation adhere to Hall's definition of second order change, whereby there is a reconfiguration of the institutions and a significant change to their procedures. However, this round of policy change also gives light to the power that the student movement had in creation of policy. Their rejection of suggested changes and the subsequent alterations to the policy proposals seems to point to the fact that public opinion does indeed play an important role in what legislation ultimately gets passed. This is in line with a state-structuralist approach to policy making, that social learning is influenced by pressures from parties outside of the state. [2019-2020: An End to Neoliberalism?](#)

Enter October 2019. After a couple years of relative tranquil, the people of Chile were triggered to ensue in the biggest protest in a century. This unrest was initially sparked by a 3% increase in metro fares, although it has deeper underlying causes (Franklin, 2019). This round of civil discontent is different from previous protests insofar that it encompasses all of society; students, retirees and healthcare workers united in their cause: to repeal the constitution. The constitution, enacted in

1980 by dictator General Augusto Pinochet, has principles of neoliberalism enshrined within, and a 3/5ths majority is required to rescind it (Stromquist & Sanyal, 2013). While it is evident that there has been distinct reform to the system since the enactment of the constitution, leading to better redistribution mechanisms and more equality in education, there are traces of discontent with the legacy of dictatorship which comes with the inherited constitution (The Economist, 2020). The protest growing ever more violent led president Piñera to declare a state of emergency and forcing the resignation of his entire cabinet. The protests have eventually culminated in the president announcing a plebiscite in which the people will vote on whether they do indeed want a new constitution. Some estimates point to a new constitution having the support of 60% of the people (The Economist, 2020).

The announcement of a referendum on the constitution is best understood through the historical institutionalism perspective of constructivism, whereby institutional change is assumed to follow path dependency, or 'stickiness' of institutional setup, followed by a punctuated equilibrium (Hall, 1993), (Cioffi-Revilla, 1998). This concurs with Hall's proposal of policy paradigms, which occur partly as a result of failures of past policy, as with the case of education policy in Chile. What the Chilean citizens have been demanding is not in line with the policy prescriptions that have been applied to fix the problems; they have been 'band-aid' solutions. Against a background of slowing economic growth and institutions failing to provide quality services in Chile, now seems to be the time for a third order change from what Hall's propositions would suggest (The Economist, 2020), (Hall, 1993). It is when events seem to be too inconsistent with the prevailing paradigm (i.e. neoliberalism) that paradigm shifts occur. Policies applied in this situation will inevitably fail, resulting in a more general discontent with the paradigm. Thus, if Hall's theory of constructivism and social learning is accurate, Chile seems to be moving toward a new constitution and consequently a new paradigm.

### Theoretical Reflection: Alternative Approaches

There are of course other theoretical applications that could be interesting in the case of Chile. Chile being the neoliberal posterchild of the world makes it fit perfectly into Hall and Soskice Varieties of Capitalism (VoC) model. It could have been an interesting perspective on what is currently happening in Chile, insofar that Chile would be the textbook example of a Liberal Market Economy (LME). The theorization of Hall and Soskice is that when a country's institutions emulate an ideal type on either side of the spectrum (LMEs on the one side, Coordinated Market Economies on the other), they will function better than if they tend toward the middle (Hall & Soskice, 2001). If a VoC

approach was applied to the case of Chile, it could be argued that because Chile has steered toward integrating more regulation on the free market mechanisms and therefore become less of an LME ideal type, it is more likely to experience market and policy failures because the institutional complementarity has become disrupted. Nonetheless, this was not the theory chosen to make the analysis of this essay, because of the rational choice aspect of it. If applied to the case of Chile, it would neglect to account for the ideational aspect that social movements have brought into the policy making process.

Another interesting theoretical perspective would be the proposition of Hemerijck (2012) where a third wave of welfare state transformation is described. His theory is, like Hall's Constructivism, influenced by Historical Institutionalism and punctuated equilibriums. However, it goes on to define a state post-neoliberalism, the 'social investment phase'. If applied to the case of Chile, it would provide some insight into whether Chile's recent changes to its' institutions is pointing toward a new phase. This is rather similar to Hall's constructivism, but where Hall's theory provides a description for *how* the changes come about, Hemerijck's theory answers *what* might come out of a change. Thus, the analysis would be rather slim and answer a different research question than the one at hand.

Additionally, the theory of Social Structures of Accumulation (SSA), as presented by Terrence McDonough (2015) would provide an interesting platform from which to analyze Chile. An application on Marxian stages theory to modern capitalism, the SSA approach provides a framework of how different SSAs rise and fall through different phases. Applied to the case of Chilean education policy, one might see how the 'institutional fixes' of the policy have indeed stabilized capitalism in the country for a while. The SSA approach considers power dynamics and ideas in how the configuration of institutions is construed. Consequently, an SSA application to the Chilean situation would indeed provide a basis for an interesting analysis. Class conflicts are also central to the approach, because of its foundation in Marxism. This could lead to an intriguing analysis of the different classes and their struggle to reach common ground on policy goals. Therefore, the case of Chile lends itself to be examined further with the application of an SSA approach. Perhaps with more time and resources this essay could have been based around a comparison of Constructivism and SSA in their take on the path of Chile.

## Conclusion

To conclude, this essay has aimed to explore Chilean education reform in three time periods, examining whether they adhere to the different types of policy change defined by Hall in 'Policy Paradigms, Social Learning, and the State: The Case of Economic Policymaking in Britain'. The analysis has also centered around neoliberalism and if the policies have represented a departure from the paradigm. From the analysis of different policies, it is evident that Chile has become more regulated, which to some extent can be described as a departure from neoliberalism. What has become evident throughout the analysis is that the case of Chile can to a great extent be explained from the perspective of Constructivist CPE. The theoretical framework illuminates the different aspects of policy making and what causes them, which in the case of education policy in Chile seems to be in large part a result of civil unrest and protests. Therefore, the ideational aspects of constructivism have an important part in understanding the mechanisms of policy change, visible through the impact that students have had on policy change. Although it at this point in time is impossible to say if there will be a new constitution in Chile and what it might include, it seems that many indicators are pointing toward a new Chile and a departure from neoliberalism.

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