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Chile's Sea Change in Higher Education



Michelle Bachelet, Chile's newly elected president

Michelle Bachelet, who won Chile's presidency in a landslide on Sunday, has vowed to overhaul her country's economic model to deal with endemic inequality. And she plans to start by providing free higher education for all.

It's a radical departure from the current system, in which the government accounts for just 15 percent of the sector's total funding. That share is among the lowest in the world and is less than half that of the United States, according to the Organisation for Economic Co-operation and Development, or OECD.

The policy would also challenge the country's image as the free-market poster child of Latin America. Chile was the first country in the region to adopt liberalizing economic reforms, in the 1970s. It now boasts the highest GDP per capita and the highest levels of human development in Latin America, says the World Bank. It also has the third highest university-enrollment rate, after Cuba and Argentina.

But in recent years, Chile has been the site of vast protests against skyrocketing student debt, the legacy of neoliberal policies that were first imposed during Augusto Pinochet's military dictatorship, from 1973 to 1990, and that have continued under democratic rule. Those policies have led to staggering levels of income inequality; the country has the worst Gini index score, which rates the degree of income disparity, among OECD members, surpassing even Mexico.

Bachelet, who won 62 percent of the vote in Sunday's runoff election, has vowed to change that. She campaigned on a progressive platform that would involve replacing the existing Constitution to pave the way for the proposed education reforms.

"The biggest challenge Chilean society faces is education," she said in her 200-page campaign manifesto. "Inequality and segregation still persist in alarming levels."

If carried out, the reforms would bring Chile closer in line with the rest of Latin America, where most countries offer some form of free, public higher education. Currently, most of Chile's one million college students rely on government-subsidized loans to pay tuition, often incurring huge debt. They include the more than 100,000 people who defaulted on their loans in 2012 and who owed an average of \$5,400—more than a fourth of the average annual income, according to government figures.

Sound familiar? Chile's attempts at overhauling its higher-education financing system could provide key lessons for the current debate in the United States over college affordability. But it won't be easy.

Bachelet failed to introduce similar changes during her previous term as president, from 2006 to 2010. While her center-left New Majority coalition held on to a simple majority in Congressional elections last month, it fell far short of the four-sevenths majority needed to push through constitutional reforms.

But Bachelet has vowed to use her overwhelming mandate—the largest victory in 24 years of democratic elections—to increase taxes on the rich in order to subsidize higher education as well as other social programs.

Those proposals have outraged conservatives, both at home and abroad. Her opponent in Sunday's election, Evelyn Matthei, accused Bachelet of trying to impose a communist system. Matthei cited the endorsement of Bachelet by the student-protest movement, whose most high-profile representative, Camila Vallejo, is a member of the Chilean Communist Party.

Bachelet's proposed reforms also prompted a scathing opinion piece in *Forbes* magazine in October. The editorial, entitled "Is This the End of the Chilean Economic Miracle?" warned of the presence of Communist Party members in Bachelet's coalition. "Fully embedded in the logic of the Cold War," those members, it asserted, "still consider Fidel Castro's Cuba the ideal economic and political system."

The author of the *Forbes* piece, the Chilean neoconservative pundit Axel Kaiser, painted a distorted, rosy picture of the Pinochet era. He credited a group of "classical liberal experts," educated in the United States and known as the "Chicago Boys," with bringing millions of Chileans out of poverty since the 1970s through free-market reforms. What he didn't mention, however, was that the reforms were accompanied by brutal crackdowns on labor unions, the virtual giveaway of state industries, and increasing income inequalities.

Nor did he mention that the Pinochet regime murdered or "disappeared" more than 3,000 leftist dissidents. Thousands more were tortured, including Bachelet and her father, a former Army general, who was killed for refusing to support the military coup that put Pinochet in power. In contrast, Matthei is the daughter of a former Air Force commander in chief under Pinochet, a sign of the degree of political polarization in Chile.

Among the most radical changes instituted by Pinochet was the de facto privatization of the education system. Today all universities, including public

ones, charge tuition averaging more than \$5,000 a year, according to a recent study published in *The Santiago Times*. The cost is comparable to that of universities in Australia, Canada, Japan, and South Korea, OECD figures indicate.

Bachelet's proposed reforms also drew fire from the OECD, which is a staunch supporter of private funding for higher education. In an October report, the organization argued that free higher education would amount to "regressive" subsidies for the rich. Instead, it said, the government should continue to reduce interest rates on student loans and increase the number of scholarships for low-income students—changes made by the departing president, Sebastián Piñera, in a failed attempt to placate the student-protest movement.

In reality, as in the United States, those measures have done little to reduce the burden of tuition and fees on students and their families. After enduring months of paralyzing student protests during her first term as president, Bachelet is smart to attempt a more comprehensive approach to the issue of higher-education funding.

Her proposal calls for the creation of a Higher Education Secretariat that would oversee spending and set up universal, mandatory accreditation for the sector. It would also prohibit government subsidies for for-profit institutions. While such a ban already exists, an investigation in 2012 found that eight institutions were profiting illegally by renting out classroom buildings and other services. Among them was the University for Arts, Sciences, and Communication, which is owned by the U.S.-based Apollo Education Group and which had its accreditation revoked.

Bachelet has promised to present her proposed reforms to Congress within the first 100 days of taking office, in March. In a victory speech on Sunday, she called for a major "paradigm shift" in funding for education in general and higher education in particular.

“There is no question about it,” she said. “Profits can’t be the motor behind education because education isn’t merchandise and because dreams aren’t a consumer good.”