

Chilean police attack pensioners' protest in Santiago

Cesar Uco

31 October 2018

On Wednesday October 24, thousands of Chileans marched on the streets of Santiago protesting against the current pension fund system known as AFP—"Association of Pension Funds." The march was summoned by a group called NO + AFP (or *No More AFP*) and it was repressed by well-armed Carabineros (the notorious militarized Chilean police) who beat up demonstrators, used tear gas and brought in water cannon to stop the protest.

Workers (both young and old) and students are seeking the elimination of AFPs (which were created under Pinochet's fascist military dictatorship) and a return to the old system of public pensions.

In spite of the violent repression last Wednesday, dozens of people remained in the center of the city on the main avenue La Alameda, facing continuous harassment by the Carabineros.

While workers and retirees were being beaten up in the streets of Santiago, the right-wing President of Chile, Santiago Piñera, a former businessman and Chile's wealthiest man, made clear with whom he stood, deciding to spend the day dressed as a soldier. The newspaper *La Tercera* reported that "dressed in a military uniform, the president joined...the closure of Operation Storm 2018," a military exercise involving the Army, the Air Force and the Navy.

NO + AFP also held marches across the country from Arica, on the northern border with Peru, to Punta Arenas, on the Strait of Magellan, the southernmost region of South America. Included were the main Chilean cities such as—in addition to Santiago—Valdivia, Antofagasta, Iquique, Valparaíso, Rancagua and Puerto Mont.

Students also demonstrated, linking their fight for free education to the struggle of retirees. Amanda Luna, spokesperson for the Coordinating Assembly of

Secondary Students (ACES), said: "Secondary students will be in conjunction with the workers of this country demanding more decent pensions, more dignified working conditions and a free public education. That's why the high school students are here in support, and we will continue to fight alongside the workers."

Since 2016, the movement to eliminate the AFP system—a hallmark of Pinochet's anti-worker measures—has brought hundreds of thousands of workers and youth into the streets. Former president Michell Bachelet (of the Socialist Party) tried to placate the population, promising the reformation of the system by having companies increase their contributions to workers' pension funds. But her failure to do so opened the way for right-wing Piñera to return to power in January 2018. (He had previously been president between 2010 and 2014.)

The television network teleSUR reported: "In addition to the arrest of several people, including the spokesman and leader of the movement, Luis Mesina, 62, who was violently assaulted and taken to the police station...the teleSUR correspondent's team was attacked, [including] journalist Paola Dragnic and cameraman Hugo Silva, who were covering the event." Mesina was arrested along with a dozen leaders representing workers and retirees from the banking, commerce and health sectors.

The leader of the NO + AFP movement said to teleSUR: "For the next few years, it is projected that more than 60 percent of those who retire will get a pension that is lower than the minimum wage and 40 percent will be below the poverty line."

President Piñera is presenting his own proposed "reform" of the pension system. Given the stark truth that most retirees receive pensions below the minimum monthly wage of \$292, it is expected that Piñera's

reforms will be a defense of the neoliberal system with cosmetic changes.

Despite the fact that last week's mobilizations did not reach the dimensions of those of the last two years, Mesina told the daily *La Tercera* that "Today we have shown that this movement, despite everything that is done to try to revile it, has managed to express itself throughout the country."

A review of the Chilean economy following the September 1973 coup reveals why the AFPs are so important to the Chilean ruling class, as well as to world capitalism and institutions like the IMF.

The AFPs were created by decree on November 4, 1980, in the midst of a huge economic crisis that had plagued the Chilean economy since the military coup of September 11, 1973. Dictator General Augusto Pinochet imposed the AFPs upon Chilean workers by force.

Contrary to what bourgeois newspapers said about a "Chilean miracle" arising in the wake of the overthrow of the elected government of Socialist Party President Salvador Allende, the reality is that Chile was plunged into its worst economic crisis during the first decade of the Pinochet dictatorship.

Under shock therapy prescriptions made by the reactionary American economist Milton Friedman and under the auspices of the International Monetary Fund, Chile suffered the greatest drop in GDP in the years following the military coup. (In recent history, the magnitude of Chilean shock therapy was only surpassed in the 1990s when capitalism was reintroduced in Russia.)

It was not until Finance Minister Jose Piñera, brother of today's President Sebastian Piñera and one of Milton Friedman's "Chicago Boys," implemented what amounted to the systematic theft of Chilean workers' salaries, through AFP monthly contributions, that Chile was able to surpass economically other Latin American countries. These contributions served directly to inject capital into Chilean enterprises

It is significant that both the Chilean Armed Forces and the Carabineros did not adopt the AFP model for themselves, instead staying with the old pension model.

Together with the creation of private pension funds, the dictatorship initiated a large program of privatizations, which resulted in a sharp increase in unemployment between 1980 and 1982, with figures

skyrocketing over the rest of South America. A decade had to pass for Chilean unemployment to come close to the average for the continent.

Currently, five of the six AFPs are managed by multinationals such as MetLife, Prudential Financial, BTG Pactual, Sura Group and Principal Financial Group.

For example, in 2013 MetLife bought AFP Provida and Chile became its fourth largest market in the world. Since that year, MetLife's policy has been to strengthen asset management to increase fee income. If the objective is to increase commissions, it should not be surprising that retirees' pensions have been decreasing over time.

In March 2016, Prudential Financial bought 40 percent of the Chilean AFP Habitat, one of Chile's largest private pension funds, for \$529 million. It has \$43 billion in assets under management. In 2015, it generated about \$127 million in revenue before tax and \$125.7 million in 2014.

In other words, the Chilean AFPs have mutated from being the growth engine of Chilean industry to becoming cash cows for multinational financial interests focused on increasing commissions.

By law, the AFPs invest 10 percent of workers' salaries. The economist Gonzalo Durán of the Economic Commission for Latin America (in Spanish, CEPAL) believes that "an AFP invests workers' money in banks...whose interest rates fluctuate between 4 percent and 4.5 percent per year." The banks then offer workers "consumer loans, at annual rates of 25 percent...a very profitable business."

It is clear for to Chileans who have joined the protests against the AFPs that the system emerged in order to boost the profits of national companies and transnational investment funds at the expense of pauperizing retirees.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact