Victims of Time, Warriors for Change

Chilean Women in a Global, Neoliberal Society

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For My Children Aria and Roen

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CHAPTER ONE

INTRODUCTION

> Globalization is the biggest example. It is presented as an advance and prosperity in countries. But obviously it means impoverishing the workers, impoverishing the least protected class, exploitation of the least protected class. But it is sold as an idea, above all in Chile, as the maximum thing, development, high economic figures. We gain this all thanks to globalization. But we all know that workers and women are impoverished by globalization (Interviewee #1, Amanda).

> What is very bad in this system is the increase in the concentration of wealth in a small group. The inequalities are the worst thing we have here in Chile . . . For women there are many new opportunities. You cannot say that all women are being affected in a negative way. No. It is very complex. We have the opening for opportunities for women in banks and services and financing that we have never had before. Our struggle is to help to control the negative impact (Interviewee #2, Tanya).

These two Chilean women described globalization in subtly different ways. Amanda, a full-time employee and union organizer, associated globalization's impact not only with growing class and gender inequalities but also with a cultural paradox women and poor people must live with: the image sold to Chileans of economic success and growth but the reality of living within a world of poverty which contradicts that image. On the whole, Amanda envisioned globalization as having a negative impact on her life both as an employee and woman within Chilean society. Tanya, a full time paid member of a non-government organization (NGO) and academic, described globalization in a more nuanced way. Like Amanda, Tanya associated globalization and Chilean neoliberal policies with growing class divisions among Chileans. However, Tanya acknowledged that women are gaining work opportunities within the economic system as well as an agenda for a women's movement. Both women's responses mirror a growing debate among neoliberal and globalization scholars. Have neoliberal reforms and the rise of globalization benefited women, and if so how? Both Tanya and Amanda believed that there are winners and losers within the neoliberal system, but they disagreed on the extent to which women benefit from Chilean neoliberal economic and political policies.

In this book, I examine how globalization and Chilean neoliberal policies, which include the opening of the Chilean economy to foreign direct investment, the changing role of the Chilean state in implementing and controlling economic policies, the privatization of social services, and the growing emphasis on individual consumerism have impacted women in Chile over the last forty years. In particular, I discuss how these policies affect Chilean women in contradictory ways in which women gain opportunities as individuals to engage in work, collective action, and community life but also face exploitation and sexism that prevent them from participating as equals within their society. Specifically, I analyze the following three areas. *First*, I describe Chilean political history and economic policies prior to and during the Pinochet dictatorship (1973–1989), the Post-Pinochet democratic governments of the 1990s through 2005, and the Bachelet administration (2006–2010). I discuss how these policies have affected Chileans in terms of economic development, social inequalities, and working conditions. *Second*, I explore women's perception of the impact of globalization and neoliberal policies on gender and class relations in Chile. I examine the ways in which Chilean women describe how political and economic policies shape their lives as employees, mothers, and citizens. *Third*, I examine women's activism and the activities of various non-governmental organizations (NGOs) in addressing current economic policies and the increasing social and gender inequalities within Chile.

This introductory chapter contains three major sections. The first introduces the theoretical framework of the effects of globalization and neoliberalism; the second presents a brief profile of Chile focusing upon the economic impact of its neoliberal policies and the status of women in Chilean society; and the third outlines the significance and organization of my project.

Theoretical Framework: The Effects of Globalization and Neoliberalism

Over the past twenty years, globalization has become a major focus of scholars in multiple disciplines including economics, political science, geography, and sociology. Defining what all scholars mean by globalization is not an easy task and goes beyond the scope of this book. However, several globalization theories do provide important explanations of the changing nature of economic development throughout Third World countries and demonstrate how global, political, and economic processes impact women throughout the world. Exploring these processes is vital to understanding the changing status of women within Chile.

What Is Globalization? The Importance of Neoliberalism and the Changing Role of the State

Globalization refers to the social processes that emerged in the late twentieth century that promoted political, economic and social integration among people within a global community. While there is no consensus about how successful these processes have been at creating a global society, globalization theorists do agree that there are important changes within and between nation states that have had impacts on how people, governments, and international organizations interact across national borders. Although this global system is not entirely "new," it represents an economic change from Keynesian policies based on rigid, state-regulated, long-term planning to neoliberal regimes. These new policies include: flexible accumulation of wealth, time-space compression, increasing "commodification" of all services, financial and market liberation, and unregulated growth and profit (Dicken, 2007; Harvey, 2010, 2003, 1990; Soros, 2002). States are replaced by transnational corporations (TNCs) as the primary economic actors. Globalization also represents a change in the world political order from a bi-polar configuration based on division and big-state involvement to an order based on United States economic and military power. Hence, international economic and political organizations reflect Western economic interests (Held, 1995; Cable, 1995, 1999; Stiglitz, 2002, 2010; Soros, 2002). Finally, globalization refers to two opposing cultural forces. One creates a homogenized culture based on American values of liberalism and consumerism. The second reinforces ethnic and local cultural differences that divide people by class, race, and ethnicity (Ritzer, 1993; Latouche, 1996; Barber, 1996; Jameson and Miyoshi, 1998; Tomlinson, 1999). These transformations are driven by technological changes that allow greater movement of capital, information, and people across national borders at cheaper and faster rates (Friedman, 2000, 2005; Stiglitz, 2002, 2010; Sassen, 2002; Castells, 2009; Benkler, 2008). Although often ignored or underplayed, gender plays a crucial role in the economic, political, and cultural era of globalization.

One of the most prominent areas within the globalization literature is the focus on the emergence of a global economic market with the rise of neoliberalism. In essence, economic globalization refers to the adoption of neoliberal economic policies. Often the terms globalization and neoliberalism are used interchangeably. Unfortunately, this makes defining both concepts difficult. Neoliberalism refers to the policies of finance and market liberation that lead to an integrated global market. Based on liberal ideas discussed by Adam Smith and David Ricardo, neoliberalism promotes economic policies that include: the privatization of public enterprises, deregulation of the economy, liberation of trade and industry, tax cuts, economic policies that keep inflation low, reduction of public expenditures, and the removal of government controls on global financial flows (Isbister, 2006; Ellwood, 2001; Friedman, 2000, 2005; Singh, 2000; Hoogvelt, 2001). These are policies that promote international commerce and production. At the heart of neoliberal economic policies is the promotion of a global market based on trade and financial liberation from government controls. Countries become integrated, not through international relations between governments, but rather through the integration of markets, production and finance which leads to economic globalization. Dicken (2007) associates economic globalization with the change from shallow to deep integration, the creation of a separate financial system, the emerging importance of foreign direct investments, and the increasing importance of the service sector. Deep integration between nation-states, in turn, is associated with a need for flexibility and time-space compression in order to link global markets. More so than other markets, financial services have become more global and have influenced global trade, increased profits, and increased direct foreign investment among nations (Dicken, 2007; Strange, 1996; Cerny and Evans, 1994; Cable, 1995).

Neoliberal economists argue that these policies allow for more economic freedom which leads to more economic development. Markets rather than governments determine what is produced and by whom. Through freedom from government regulation and tax burdens, economic actors including investors, businesses, and individuals are free to pursue their own interests. The market decides which risks to take. There is flexibility to move capital to the most productive sectors and ultimately accelerate more efficient growth across global spaces (Easterly, 2006). Supporters of neoliberalism point to several global success stories as evidence of the benefit of neoliberal policies and economic development. *First*, countries in Latin America, including Chile and Argentina, embraced neoliberal strategies beginning in the 1970s and were successful at lowering inflation, curbing large national deficits and promoting strong economic growth by the late 1980s (Stiglitz, 2002). *Second*, economic development in East Asia in the early 1980s was based on industrialization, aggressive export promotion of their manufacturing sector, and limited government intervention. The high levels of economic growth demonstrated that the private sector rather than state planning was more effective for achieving economic goals. Also the private sector was more effective in combating poverty than traditional models of state planning (Isbister, 2006). *Finally*, the end of the Cold War, with the breakup of the Soviet Union, became a symbol for both developed and developing nations of the failure of state-owned production (Steger, 2009). Thus starting in the 1980s, various countries throughout the world began to adopt some version of neoliberal policies (Krueger, 1997).

While some countries then adopted neoliberal policies on their own, most developing countries adopted economic programs of globalization through pressure from the international community. The World Bank (WB) and International Monetary Fund (IMF) govern financial relations among nations through loans and projects. The World Trade Organization (WTO) governs international trade relations by enforcing global trade agreements (Stiglitz, 2002). Since the late 1970s these three organizations have promoted neoliberal policies through development projects and structural adjustment programs in developing countries. Developing countries with massive debts from the 1970s had little choice but to open their markets and shrink their governments in order to receive international aid to repay loans (Yates, 2003; Jackson, 1990; Isbister, 2006).

Structural Adjustment programs were requirements imposed on developing countries by the IMF, World Bank, and other international lending organizations. They required governments to open their economies to the global economy by reducing and sometimes eliminating trade tariffs and barriers on foreign goods and services thus promoting free trade with other nations. The programs also forced countries to devalue local currencies as a means of making exports cheaper and reducing the dependency on foreign imports. States were required to eliminate subsidies and price controls over local agricultural products and manufactured goods, and reduce state spending. This often led to decreased spending on social programs such as education, health services, and assistance to the poor. These policies differed from previous modernization policies, as they adopted neoliberal ideology over the role of the state. Unlike modernizing policy makers, neoliberal policy makers do not believe the state is an effective economic actor at providing both infrastructure for development and a check on the instability of capitalist growth. Rather, creators of structural adjustment programs believe that government becomes an obstacle to economic growth and must significantly reduce its role in economic policy and development (Isbister, 2006; Rich, 1994; George, 1994; Stiglitz, 2000; Jackson, 2005).

Neoliberalism is a political theory as well as an economic one. Neoliberal theorists argue that not only should individuals be free from government control over their economic relations but also they should be free from government intervention in their cultural and social relations. Thus, neoliberalism is associated with the reduced power of the state over economic production and social welfare programs and with the increased power of economic institutions to distribute resources and create order within a society (Friedman, 2000, 2005; Gill, 1998; Faulks, 2000). However, most neoliberals recognize the importance of the state in supporting economic production by protecting property rights, providing some infrastructure for business, and providing protection from outside threats and disorder within the society. Neoliberalism, therefore, seeks to promote democratic governments that have limited powers and budgets.

The Effects of Globalization and Neoliberal Policies on the State

The effects of the liberalization of finance, trade and production on state economic policies are almost undeniable. Over the past thirty years, states all over the world have had to cooperate over economic development, trade, and finance with transnational corporations and other states through global economic agreements and organizations. Due to the changing nature of states' roles in their national economies and the growing power of transnational organizations like the WB, IMF, and WTO, there is disagreement over how much power the state retains in the era of globalization.

"Constraint" globalization theorists (Luttwak, 2006; Ohmae, 1995, 2005; Strange, 1996) argue that the globalization of finance, trade, and production threatens state sovereignty in a variety of ways. *First*, Strange (1996) argues that changes in technology prevent states from controlling financial markets since they will be unable to control the faster, cheaper transportation of capital, ideas, and people. *Second*, the shift in the structure of production from local and national markets to global markets has created the greatest challenge to state economic power. In essence, production has shifted from producing goods and services for national markets to producing goods and services for a global market that is controlled by transnational corporations (Strange, 1996; Dicken, 2007). *Third*, states are no longer the main investors in or purchasers of technology and infrastructure, and their attempts to regulate TNCs have often been unsuccessful (Strange, 1996). *Fourth*, states no longer have sovereignty over trade. *Finally*, employment in developed countries has changed from a primary emphasis on manufacturing to services, thereby decreasing labor rights and states' ability to manage labor and corporate disputes. The decline of unions and the threat of capital flight have transferred labor management and protection to TNCs (Harrison, 1994; Korten, 2001). In essence, constraint globalization theory emphasizes that globalization will lead to the reduction of the welfare state, the loss of state economic power to transnational organizations, and the decline of security for the poor.

"Moderate" globalization theorists (neoliberals and competition state theorists), such as constraint theorists, also associate globalization with the decrease in sovereignty and authority of the nation state. However, while neoliberals often emphasize that capitalist firms are more effective in controlling global markets, they do recognize that the state still plays an important role in protecting the infrastructure of the economy and society (Swank, 2003; Freidman, 2000, 2005; Weiss, 2003a; Dicken, 2007). In essence, globalization both enables and constrains the state because the state both enables and constrains the market. Globalization enables states in three ways. *First*, global markets and competition among states actually increase the need for state intervention to both promote foreign direct investment and protect national economies. *Second*, globalization often provides incentives for TNCs to enter into middle-ground relationships with states which prevent exit strategies to other havens of free enterprise. *Third*, competition pressures threaten key sectors of national economies which in turn urge governments to devise new strategies to protect national producers (Weis, 2003a, 2003b, 2003c).

Skeptics of globalization contend that both constraint and moderate globalization theories over-emphasize the extent to which finance, trade, and production have become globalized as well as the degree to which they preclude state action (Wade, 2009, 2007, 1996; Anderson, 2008, 2000, 1995). Wade (1996) argues that the globalization of trade and production is still insignificant in comparison to production and trade within national economies. Moreover, Anderson (1995) argues that it is a myth that the economy has or could operate autonomously from the state. Furthermore, increasing levels of foreign direct investment (FDI) are generally dominated by a few countries and in a few sectors and do not necessarily apply to the world economy as a whole (Hirst and Thompson, 2002, 1995, 1992; Hirst et al., 2009). As with FDI, most international trade and production is occurring between a few countries and a few TNCs and does not constitute a "globalized" economy (Hutton, 1995; Hutton and