



## City profile

City profile: Actually existing neoliberalism in Greater Santiago<sup>☆</sup>

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## ARTICLE INFO

## Article history:

Received 29 March 2016

Received in revised form 1 February 2017

Accepted 15 February 2017

Available online xxxx

## Keywords:

Chile

Urban inequalities

Planning

Housing

Transportation

Privatization

## ABSTRACT

Greater Santiago, the capital of Chile, concentrates most of economic and political power of this nation and 35% of its population. It is a conurbation of 6 million inhabitants, comprising 37 municipalities without a metropolitan level authority, where large scale planning is executed by centralized authorities. The historic development of this metropolis was sharply modified by neoliberal policies that were implemented during Pinochet's dictatorship and by the constitutional definition of a reduced Subsidiary State. These structural reforms had a strong impact on urban development, due to the weakening and incoordination of sectoral planning agencies and the progressive accumulation of socio-spatial inequalities. After the recovery of democracy, a stronger emphasis on social policies was promoted, but public action became increasingly dependent on private providers of public goods. Nevertheless, the early adoption of modern regulations and a sustained period of economic growth have allowed for important advances in quality of life and to considerably reduce poverty levels. This article aims to provide a systemic and critical study of Greater Santiago's institutions, living conditions and the urban outcomes of market-driven planning, considering historical processes and the present contradictions in a partially modern but segregated metropolis. In conclusion, the uniqueness of Greater Santiago's neoliberal development is discussed, highlighting the concentration of power, the influence of capitals over policy design and the strong socio-spatial inequalities that reflect direct wealth circulation from natural resources extraction to financial and real estate rents, in the absence of a strong industrial sector. However, emerging policies and the expected first elected regional governments suggest ways to advance towards more inclusive, participative and intersectoral forms of public action, under the pressure of civil demands for a fairer distribution of wealth, public goods and decision power.

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## 1. Introduction

Santiago, the capital city of Chile, has concentrated the political power of this country during most of its history and has acquired a dominant productive and demographic weight during the last century. Alongside the industrialization process that begun in the 20th century, this city progressively acquired a hegemonic position, actually concentrating 35% of Chile's population, 46% of its GDP and most of the political and economic powers of this nation (Orellana, 2009). Nowadays, Greater Santiago is a conurbation of 6 million inhabitants that has integrated former rural towns, comprising 37 municipalities without a metropolitan level authority, where large scale planning is executed by sectoral ministries and a regional presidential delegate, the *Intendente*.

In recent history, the coup d'état and Pinochet's dictatorship had deep political and economic consequences, also involving a major socio-spatial restructuring that continued after the recovery of

democracy in 1990. Thus, Greater Santiago has become a deeply segregated city, where prosperous and globalized neighborhoods coexist with impoverished and violent areas. Average living conditions and quality of life have progressed considerably, due to income growth, improved housing standards and infrastructure development, but the mitigation of urban inequalities and the improvement of planning capacities are major challenges for the sustainable development of this city.

Greater Santiago's segregation has been extensively studied (Hidalgo, 2007; Sabatini, 2000; Sabatini & Brain, 2008; among others), also the historical place of Chile as one of the earliest neoliberal experiments (Garate, 2012; Harvey, 2003, 2005; Peck, Theodore, & Brenner, 2009) and the uneven urban development produced by these reforms (Fernández, Manuel-Navarrete, & Torres-Salinas, 2016; Rodríguez & Rodríguez, 2009) have been documented by previous research. However, a systemic perspective of these institutional and urban transformations is lacking, considering the uniqueness of local path dependency and the resemblance of Chilean neoliberal reforms with global processes.

The "actually existing neoliberalism" literature (Brenner & Theodore, 2002; Peck, Theodore, & Brenner, 2012, among others)

<sup>☆</sup> This work was supported by the Centre for Social Conflict and Cohesion Studies (COES, CONICYT/FONDAP/15130009).

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provides an adequate conceptual framework in order to characterize the processes that have shaped Greater Santiago. This notion refers to a global process of establishing market discipline over previous institutional frameworks, in different ways that depend on local path-dependence, evolving because of the crisis that it produces while deeply reshaping the political-economic space of cities (Op. cit.). This framework helps to identify the processes and outcomes that are distinctive and those that are shared with other cases, outlining the unique combination of power relationships and urban processes that characterizes Chile's capital city.

This city profile aims to provide a critical study of Greater Santiago's living conditions and planning institutions, considering the achievements of economic growth and modernization, but highlighting the relationship between market-oriented planning and the production of socio-spatial inequalities that impose severe limitations to the self-realization of excluded groups. Most of these subjects have been separately developed by previous research, but this integrated critical analysis - including historical processes, the recent evolution of planning institutions, the present contradictions in a modern but segregated metropolis and the uniqueness of this city within global neoliberal planning - is an original contribution to urban and Latin American studies.

This article will present a brief history of Santiago and a discussion of its present conditions, in the following sections: Santiago from its foundation to the first half of the 20th century; the neoliberal turn during Pinochet's dictatorship; the creation of public policy markets and the financialization of public policies in democracy; the actual structure and living conditions of this city; and an analysis of the urban outcomes of power relationships. In conclusion, the unique form of actually existing neoliberalism in Greater Santiago will be discussed, in the perspective of expected reforms of metropolitan governance.

## 2. Centralization and industrialization: Towards Santiago's hegemony

Santiago was established in 1541 in the valley of the *Mapocho* River, as the capital of the General Captaincy of Chile, a colony of the Spanish empire (Fig. 1). It endured attacks from indigenous tribes, epidemics, earthquakes and floodings, but it grew and was consolidated as the main city of this colony. Notably, it functioned as the administrative headquarters of the prolonged war between the conquerors and the Mapuche people, mainly disputed at a frontier 600 km to the south of

this city. The position of Santiago as a key power center for controlling the national territory was reasserted shortly after Chile's independence (1810–1818), following the Conservative party's victory in the battle of Lircay (1830) and the enactment of the 1833 Constitution, which established a centralized presidential regime (Ortiz & Valenzuela, 2013).

The population and economic production were evenly distributed in the first century of the Chilean republic, with several important cities that controlled commercial activities in different regions (Geisse, 1978). This situation started to change with the development of saltpeter mining in the north of Chile (1866–1929), which created economic surpluses expanded the budget of the state and accelerated urbanization trends. This allowed for public investments in railway networks and urban infrastructure that were particularly advantageous to Santiago, which became the major transport node of the country and benefited from important public works, including public spaces, new avenues and an effective channeling of the *Mapocho* River to prevent floodings. State-financed mortgages were offered to big landowners to increase agricultural production, strengthening the ties between the centralized bureaucracy and the oligarchy, which progressively migrated to the capital (Op. cit.).

During the First World War, national industries were boosted by the combination of an increased international demand for saltpeter and a reduction of imports. This accelerated rural-urban migrations, especially towards Santiago, where the concentration of state employees and the upper classes provided additional demand for services and manufactured products (Geisse, 1978). The Great Depression heavily impacted Chile, as demand for mining exports collapsed and unemployment soared. Unemployed miners migrated from the north towards southern cities, mostly to Santiago. The state responded to the crisis with an ambitious industrial policy, boosting internal demand and replacing imports (Salazar & Pinto, 2002). The simultaneous convergence of a strong state bureaucracy, private capitals, unemployed population and the political organization of the middle classes in Santiago, led to a spatial concentration of the developing industries in this city and reinforced its already rising population share (Figs. 1 and 2), sustaining an irreversible process of urban dominance in Chile (Geisse, 1978).

The consolidation of a developmental state in Chile, characterized by the political, demographic and economic centralization in Santiago and by decisive public investments and subventions in the industrial sector, also had important consequences for urban planning in this city. The

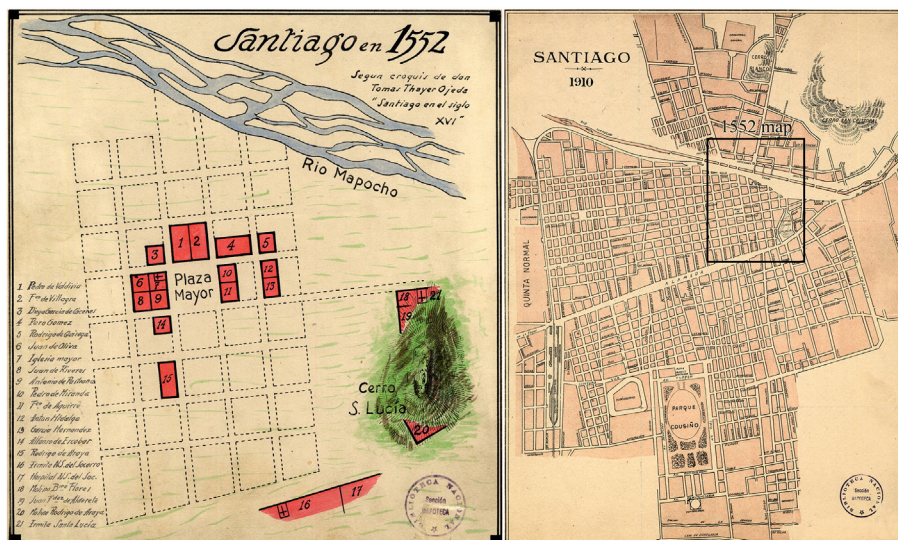


Fig. 1. Santiago in the 16th and beginning of the 20th century. Source: <http://archivovisual.cl/>.

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